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CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2877)

**CONNECTED TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS**

On 19 December 2023,

- (1) Shineway Pharmaceutical, an indirect wholly-owned subsidiary of the Company, and Shineway Medical entered into (i) the Shineway Medical GSA in relation to the provision of the property management and catering services; (ii) the Shineway Medical TA in relation to the lease of Shijiazhuang Site by Shineway Medical to Shineway Pharmaceutical; (iii) the Hotel Services Agreement, in relation to the provision of hotel rooms rental services and hotel services of the Hotel by Shineway Medical to the Group; (iv) the Car Lease Agreement in relation to the provision of the lease of certain cars by Shineway Medical to Shineway Pharmaceutical; and (v) the Equipment Lease Agreement in relation to the lease of certain Equipment by Shineway Medical to Shineway Pharmaceutical;
- (2) Hebei Shineway, an indirect wholly-owned subsidiary of the Company, and Shineway Sanhe entered into (i) the Shineway Sanhe GSA in relation to the provision of the property management and catering services and (ii) the Shineway Sanhe TA in relation to the lease of Sanhe Site by Shineway Sanhe to Hebei Shineway; and
- (3) Shineway Pharmaceutical and Shineway Training School entered into the Training Agreement, in relation to the provision of training services and training venue by Shineway Training School to the Group.

As at the date of this announcement, Ms. Ren, the spouse of Mr. Li, indirectly owns 100% of the interest in Shineway Medical and Shineway Training School and 30% of the interest in Shineway Sanhe, and the remaining 70% of interest in Shineway Sanhe is held by Yangpu Kang Yi Investment Co., Ltd.* (洋浦康意投資有限公司), whose ultimate beneficial owner is Ms. Wang Zhihua, who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is a third party

independent of the Company and its connected persons. Accordingly, Shineway Medical, Shineway Sanhe and Shineway Training School are associates of Mr. Li, and therefore connected persons of the Company within the meaning of the Listing Rules.

The entering into of (1) the General Services Agreements, (2) the Hotel Services Agreement in respect of the hotel services of the Hotel, and (3) the Training Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under each of (1) the Shineway Medical GSA and (2) the Training Agreement exceeds 0.1% but are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under (1) the Shineway Sanhe GSA and (2) the Hotel Services Agreement in respect of the hotel services of the Hotel are less than 0.1%, the transactions contemplated thereunder are fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into of (1) the Tenancy Agreements, (2) the Hotel Services Agreement in respect of the room rentals of the Hotel Rooms, (3) the Car Lease Agreement, and (4) the Equipment Lease Agreement constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets under each of (1) the Shineway Medical TA, (2) the Shineway Sanhe TA, (3) the Hotel Services Agreement in respect of the room rentals of the Hotel Rooms (whether on a standalone basis or when aggregated with the 2022 Shineway Medical Hotel Services Agreement in respect of the room rentals) and (4) the Car Lease Agreement are less than 0.1%, the transactions contemplated thereunder are fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 17 December 2020 and 18 December 2020 in relation to, among others, the entering into of the 2020 Agreements which constituted connected transactions and continuing connected transactions (as the case may be) of the Company under the Listing Rules. As the 2020 Agreements will expire on 31 December 2023, on 19 December 2023, the Group has entered into the General Services Agreements, the Tenancy Agreements, the Hotel Services Agreement, the Training Agreement, the Car Lease Agreement and the Equipment Lease Agreement to continue carrying out and/or extend certain transactions contemplated under the 2020 Agreements.

GENERAL SERVICES AGREEMENTS

Save for the consideration and the annual caps, the principal terms of the General Services Agreements are substantially the same. The major terms of the General Services Agreements are set out below:

- Date : 19 December 2023
- Parties : Service provider: Shineway Medical or Shineway Sanhe (as the case may be)
- Service recipient: Shineway Pharmaceutical or Hebei Shineway (as the case may be)(both of them are indirect wholly-owned subsidiaries of the Company)
- Term : From 1 January 2024 to 31 December 2026 (both dates inclusive), subject to early termination of a particular service in case Shineway Pharmaceutical or Hebei Shineway (as the case may be) serves a three-month written notice to Shineway Medical or Shineway Sanhe (as the case may be).
- Scope of services : (i) Provision of property management services by (“**General Services**”) Shineway Medical or Shineway Sanhe (as the case may be) to Shineway Pharmaceutical or Hebei Shineway (as the case may be), including provision of environmental maintenance services such as security services, green management of the Factory Premises, hygienic cleaning and handling services in accordance with existing property management regulations.
- (ii) Provision of catering services by Shineway Medical or Shineway Sanhe (as the case may be) to staff of Shineway Pharmaceutical or Hebei Shineway (as the case may be).

Consideration and payment term : The annual property management fee and the annual catering service fee payable by Shineway Pharmaceutical to Shineway Medical under the Shineway Medical GSA shall be RMB6,552,000 and RMB5,280,000 respectively.

The annual property management fee and the annual catering service fee payable by Hebei Shineway to Shineway Sanhe under the Shineway Sanhe GSA shall be RMB2,538,000 and RMB169,000 respectively.

The property management fee is determined based on the actual land areas occupied by the Factory Premises of Shineway Pharmaceutical or Hebei Shineway (as the case may be). The catering service fee is determined based on the numbers of tables served by Shineway Medical or Shineway Sanhe (as the case may be).

Shineway Medical or Shineway Sanhe (as the case may be) will issue an invoice to Shineway Pharmaceutical or Hebei Shineway (as the case may be) every calendar month. Shineway Pharmaceutical or Hebei Shineway (as the case may be) shall pay the service fee monthly within 10 days upon receipt of the invoice.

TENANCY AGREEMENTS

The principal terms of the Tenancy Agreements are substantially the same. The major terms of the Tenancy Agreements are set out below:

Date : 19 December 2023

Parties : Landlord: Shineway Medical or Shineway Sanhe (as the case may be)

Tenant: Shineway Pharmaceutical or Hebei Shineway (as the case may be)(both of them are indirect wholly-owned subsidiaries of the Company)

Term : From 1 January 2024 to 31 December 2026 (both dates inclusive) subject to the early termination by agreement signed by the parties thereto.

Land : The land to be leased pursuant to the Shineway Medical TA comprises a total gross floor area of approximately 49,276 square metres, situated 1 km south of Luancheng in

Shijiazhuang, the PRC (“**Shijiazhuang Site**”).

The land to be leased pursuant to the Shineway Sanhe TA comprises a total gross floor area of approximately 20,986 square metres, situated at No. 31 Yingbin North Road, Yanjiao Development Zone, Sanhe, the PRC (“**Sanhe Site**”).

Rent and payment term : The annual rent payable to Shineway Medical by Shineway Pharmaceutical pursuant to the Shineway Medical TA amounts to RMB1,600,000.

The annual rent payable to Shineway Sanhe by Hebei Shineway pursuant to the Shineway Sanhe TA amounts to RMB1,200,000.

Shineway Medical or Shineway Sanhe (as the case may be) will issue an invoice to Shineway Pharmaceutical or Hebei Shineway (as the case may be) every quarter. Shineway Pharmaceutical or Hebei Shineway (as the case may be) shall pay the rent for such quarter within 10 days upon receipt of the invoice.

Use of the land : Pursuant to the Shineway Medical TA, use of the leased land is restricted to the operation of a building complex, plaza and animal centre.

Pursuant to the Shineway Sanhe TA, use of the leased land is restricted to the entrance and injection workshop.

Basis of determination of the annual rent

The annual rent payable under the Tenancy Agreements is determined after arm’s length negotiations between the relevant parties after taking into consideration the historical and prevailing market rental for comparable premises in the vicinity of the leased premises.

Value of right-of-use assets

Pursuant to the IFRS 16, the rental payments for the Shijiazhuang Site and the Sanhe Site leased under the respective Tenancy Agreements will be recognised as right-of-use assets of the Group. The value of the right-of-use assets (unaudited) for the Shijiazhuang Site under the Shineway Medical TA is approximately RMB4,487,841; and the value of the right-of use assets (unaudited) for the Sanhe Site under the Shineway Sanhe TA is approximately RMB3,365,881.

HOTEL SERVICES AGREEMENT

Save for the parties and the annual caps, the principal terms of the Hotel Services Agreement are substantially the same. The major terms of the Hotel Services Agreement are set out below:

- Date : 19 December 2023
- Parties : Service provider: Shineway Medical
Service recipient: Shineway Pharmaceutical (an indirect wholly-owned subsidiary of the Company)
- Term : From 1 January 2024 to 31 December 2026 (both dates inclusive), subject to the early termination in case Shineway Pharmaceutical serves a 60-days advanced notice to Shineway Medical.
- Scope of services : (i) room rental services of 57 rooms on the 1st and 2nd floor of the Hotel (“**Hotel Rooms**”) for accommodation; and
(ii) hotel services of the Hotel
- Consideration and payment term : In respect of the room rental of the Hotel Rooms, the annual rent payable to Shineway Medical amounts to RMB1,368,000. Shineway Medical will issue an invoice to Shineway Pharmaceutical every quarter. Shineway Pharmaceutical shall pay the fees for such quarter within 10 days upon receipt of the invoice.

In respect of the hotel services, the consideration will be determined based on fair market price and the actual expenditure, and shall be settled in real time.

Basis of determination of the annual rent

The annual rent payable under the Hotel Services Agreement is determined after arm’s length negotiations between the relevant parties after taking into consideration the historical and prevailing market rental for comparable premises in the vicinity of the leased premises.

Value of right-of-use assets

Pursuant to the IFRS 16, the rent payable by the Group under the Hotel Services Agreement in respect of the room rental of the Hotel Rooms will be recognised as

right-of-use assets of the Group. The value of such right-of-use assets (unaudited) under the Hotel Services Agreement is approximately RMB3,837,104.

TRAINING AGREEMENT

The principal terms of the Training Agreement are substantially the same. The major terms of the Training Agreement are set out below:

- Date : 19 December 2023
- Parties : Service provider: Shineway Training School
Service recipient: Shineway Pharmaceutical (an indirect wholly-owned subsidiary of the Company), for and on behalf of all other members of the Group
- Term : From 1 January 2024 to 31 December 2026 (both dates inclusive), subject to the early termination of a particular service in case Shineway Pharmaceutical serves a three-month notice to Shineway Training School.
- Scope of services : Shineway Training School will provide (1) the Group with training services including but not limited to new employee training, management ability improvement training, internal certification training, performance management training, skills training and value-added services which will help enhancement of the performance of the Group and (2) training venue.
- Consideration and payment term : The consideration will be determined based on the attendance of the training, number of training sessions and the type of training.
Shineway Training School will issue an invoice to the relevant members of the Group within 30 days after completion of the relevant service. The relevant members of the Group shall pay the consideration within 10 days upon receipt of the invoice.

CAR LEASE AGREEMENT

Save for the consideration, the principal terms of the Car Lease Agreement are substantially the same. The major terms of the Car Lease Agreement are set out below:

- Date : 19 December 2023

Parties	: Lessor: Shineway Medical Lessee: Shineway Pharmaceutical (an indirect wholly-owned subsidiary of the Company)
Term	: From 1 January 2024 to 31 December 2026 (both dates inclusive)
Scope of lease	: Lease of certain cars by Shineway Medical to Shineway Pharmaceutical.
Rent and payment term	: The annual rent payable to Shineway Medical by Shineway Pharmaceutical pursuant to the Car Lease Agreement amounts to RMB1,304,000. Shineway Medical will issue an invoice to Shineway Pharmaceutical every quarter. Shineway Pharmaceutical shall pay the rent within 10 days upon receipt of the invoice.
Other obligations of Shineway Pharmaceutical	: The fees for petrol and maintenance during the leasing period shall be borne by Shineway Pharmaceutical.

Basis of determination of the annual rent

The annual rent payable under the Car Lease Agreement is determined after arm's length negotiations between the relevant parties after taking into consideration the historical and prevailing market rental for comparable vehicles.

Value of right-of-use assets

Pursuant to the IFRS 16, the rent payable by the Group under the Car Lease Agreement will be recognised as right-of-use assets of the Group. The value of such right-of-use assets (unaudited) under the Car Lease Agreement is approximately RMB3,657,590.

EQUIPMENT LEASE AGREEMENT

Save for the consideration, the principal terms of the Equipment Lease Agreement are substantially the same. The major terms of the Equipment Lease Agreement are set out below:

Date	: 19 December 2023
Parties	: Lessor: Shineway Medical Lessee: Shineway Pharmaceutical (an indirect wholly-owned

subsidiary of the Company)

- Term : From 1 January 2024 to 31 December 2026 (both dates inclusive)
- Scope of lease : Lease of production machines (“**Equipment**”) by Shineway Medical to Shineway Pharmaceutical.
- Rent and payment term : The annual rent payable to Shineway Medical by Shineway Pharmaceutical pursuant to the Equipment Lease Agreement amounts to RMB3,012,000.

Shineway Medical will issue an invoice to Shineway Pharmaceutical every quarter. Shineway Pharmaceutical shall pay the rent within 10 days upon receipt of the invoice issued by Shineway Medical.

- Other obligations of Shineway Pharmaceutical : The maintenance fee for the Equipment during the leasing period shall be borne by Shineway Pharmaceutical.

Basis of determination of the annual rent

The annual rent payable under the Equipment Lease Agreement is determined after arm’s length negotiations between the relevant parties after taking into consideration the historical and prevailing market rental for comparable equipment.

Value of right-of-use assets

Pursuant to the IFRS 16, the rent payable by the Group under the Equipment Lease Agreement will be recognised as right-of-use assets of the Group. The value of such right-of-use assets (unaudited) under the Equipment Lease Agreement is approximately RMB8,448,361.

ANNUAL CAPS

The annual caps in respect of the transactions contemplated under the Shineway Medical GSA, the Shineway Sanhe GSA, the Hotel Services Agreement (in respect of the provision of hotel services) and the Training Agreement respectively for the three years ending 31 December 2026 are set out below:

Agreement	Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
Shineway Medical GSA	RMB12,500,000	RMB12,500,000	RMB12,500,000

Shineway Sanhe GSA	RMB3,500,000	RMB3,500,000	RMB3,500,000
Hotel Services Agreement (in respect of the provision of hotel services)	RMB3,000,000	RMB3,000,000	RMB3,000,000
Training Agreement	RMB5,000,000	RMB5,000,000	RMB5,000,000

HISTORICAL FIGURES AND BASIS OF DETERMINING THE ANNUAL CAPS

General Services Agreements

The fees paid by Shineway Pharmaceutical to Shineway Medical for provision of General Services during the two years ended 31 December 2021 and 31 December 2022 and the 11 months ended 30 November 2023 were RMB9,836,000, RMB10,430,000 and RMB10,128,800 (unaudited) respectively. The fees paid by Hebei Shineway to Shineway Sanhe under the Shineway Sanhe GSA during the two years ended 31 December 2021 and 31 December 2022 and the 11 months ended 30 November 2023 were RMB2,410,800, RMB2,555,500 and RMB2,483,063 (unaudited) respectively.

The relevant annual caps are determined with reference to the historical figures for provision of General Services, the anticipated number of staff of the relevant parties receiving the services, adequate buffer in the event of change of business plan, cost and inflation and price factors of the independent third parties in the market which provide comparable services.

Hotel Services Agreement

The fees paid by Shineway Pharmaceutical to Kang Yue Hotel for provision of hotel services during the two years ended 31 December 2021 and 31 December 2022 were RMB514,632 and RMB176,896 respectively. The fees paid by Shineway Pharmaceutical to Shineway Medical for provision of hotel services during the 11 months ended 30 November 2023 were RMB55,925 (unaudited).

The relevant annual caps are determined with reference to the historical figures for provision of hotel services, the anticipated fee in hotel services of the Hotel, price factors of the independent third parties in the market which provide comparable hotel services, the prevailing market rent for similar properties in the district and adequate buffer in the event of change of business plan, cost and inflation.

Training Agreement

The fees paid by Shineway Pharmaceutical to Shineway Training School for provision of training services and training venue during the two years ended 31 December 2021

and 31 December 2022 and the 11 months ended 30 November 2023 were RMB1,064,964, RMB1,061,551 and RMB490,681 (unaudited) respectively.

The relevant annual caps are determined with reference to the historical figures for provision of training services and training venue, the anticipated number of staff of the Group receiving the training and the price factors of the independent third parties in the market which provide comparable training services.

INTERNAL CONTROL AND PRICING POLICY

The Group has a policy to govern the members of the Group to ensure that the transactions are on normal commercial terms, fair and reasonable and not prejudicial to the interests of the Company and its minority shareholders. Before signing any business agreement, the members of the Group will compare the terms (including the amount of consideration) of the connected parties with those of independent third parties to ensure that the terms of connected parties are no less favourable to the Group than those available from independent third parties. In particular, the price of the services and tenancies will be approved by the members of the Group with reference to the market prices including prices charged to other independent third party customers of comparable services and tenancies and prices offered by other independent third party suppliers in the market for comparable services. The finance department of the members of the Group will report on a monthly basis to the Company regarding the actual monetary amount of the continuing connected transactions conducted during the month so as to facilitate the Company to (i) monitor the actual amount of the continuing connected transactions carried out; and (ii) assess whether the annual caps were exceeded.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

General Services Agreements

The Group considers that it is in the interests of Shineway Pharmaceutical or Hebei Shineway (as the case may be) to engage the services from Shineway Medical or Shineway Sanhe (as the case may be) to ensure smooth operation of the Group's business of manufacture and trading of Chinese pharmaceutical products and upkeep of the Factory Premises.

Tenancy Agreements

In view of the close proximity between (i) Shijiazhuang Site and Sanhe Site and (ii) the current production plant of the Group, the Group considers that it is in the interests of Shineway Pharmaceutical or Hebei Shineway (as the case may be) to lease Shijiazhuang Site and Sanhe Site from Shineway Medical or Shineway Sanhe (as the case may be) to facilitate the expansion of plant facilities of the Group.

Hotel Services Agreement

Given that the Hotel is located at the site of the Group's headquarters, the Directors consider that it will save time cost by entering into the Hotel Services Agreement to rent the premises in the Hotel as a temporary office and dormitory for non-domestic staff of the Company.

Training Agreement

The Directors are of the opinion that employees are an important asset of Shineway Pharmaceutical. The Training Agreement can provide continuous training to the employees of the Group.

Car Lease Agreement

The rental rates of the cars under the Car Lease Agreement are relatively more favourable to the Company as compared with market rates. The Directors are of the opinion that the safety, condition and performance of the cars leased from Shineway Medical are guaranteed.

Equipment Lease Agreement

The lease of the Equipment under the Equipment Lease Agreement is more cost-efficient than to purchase the Equipment from independent third parties. The Directors are of the opinion that the safety, condition and performance of the Equipment leased from Shineway Medical are guaranteed.

GENERAL

The Group, including Shineway Pharmaceutical and Hebei Shineway, is principally engaged in research and development, manufacture and trading of Chinese pharmaceutical products.

Shineway Medical and Shineway Sanhe are principally engaged in the business of property and investment holding.

Shineway Training School is principally engaged in business of providing training services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Ren, the spouse of Mr. Li, indirectly owns 100% of the interest in Shineway Medical and Shineway Training School and 30% of the interest in Shineway Sanhe, and the remaining 70% of interest in Shineway Sanhe is held by Yangpu Kang Yi Investment Co., Ltd.* (洋浦康意投資有限公司), whose ultimate beneficial owner is Ms. Wang Zhihua, who, to the best of the Directors'

knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and its connected persons. Accordingly, Shineway Medical, Shineway Sanhe and Shineway Training School are associates of Mr. Li, and therefore connected persons of the Company within the meaning of the Listing Rules.

General Services Agreements and Training Agreement

The entering into of the General Services Agreements and the Training Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under each of (1) the Shineway Medical GSA and (2) the Training Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the aforesaid agreements are subject to the reporting and announcement requirements under the Listing Rules and are exempt from circular and shareholders' approval requirements under the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the Shineway Sanhe GSA are less than 0.1%, the transactions contemplated thereunder are fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Tenancy Agreements

Pursuant to IFRS 16, the entering into of the Shineway Medical TA and Shineway Sanhe TA will require the Group to recognize the rental payments for the Shijiazhuang Site and the Sanhe Site leased under the respective Tenancy Agreements as right-of-use assets of the Group, which constitute a one-off connected transaction of the Group.

As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of right-of-use assets for each of Shijiazhuang Site and Sanhe Site are less than 0.1%, the transaction contemplated under each of the Shineway Medical TA and the Shineway Sanhe TA is fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Hotel Services Agreement

The payments to be made by the Group under the Hotel Services Agreement contains different components and therefore different accounting treatments shall be applied.

Pursuant to IFRS 16, the entering into of the Hotel Services Agreement in respect of the room rentals will require the Group to recognise the rentals of the Hotel Rooms as right-of-use asset of the Group, which constitute a one-off connected transaction of the

Company under the Listing Rules. As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of such right-of-use asset (whether on a standalone basis or when aggregated with the 2022 Shineway Medical Hotel Services Agreement in respect of the room rentals) are less than 0.1%, the transaction contemplated under the aforesaid agreement in respect of the room rental of the Hotel Rooms is fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into of the Hotel Services Agreement in respect of the hotel services of the Hotel constitutes a continuing connected transaction of the Company under the Listing Rules. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the Hotel Services Agreement in respect of the hotel services of the Hotel are less than 0.1%, the transactions contemplated thereunder are fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Car Lease Agreement

Pursuant to IFRS 16, the entering into of the Car Lease Agreement will require the Group to recognize rental payments in relation to the lease of the cars under the Car Lease Agreement as right-of-use assets of the Group, which constitute a one-off connected transaction of the Company under the Listing Rules. As all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of such right-of-use assets are less than 0.1%, the transaction contemplated under the aforesaid agreement is fully exempted from the reporting, announcement, circular, and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Equipment Lease Agreement

Pursuant to IFRS 16, the entering into of the Equipment Lease Agreement will require the Group to recognize the rental payments in relation to the lease of the Equipment under the respective Equipment Lease Agreement as right-of-use assets of the Group, which constitute a one-off connected transaction of the Company under the Listing Rules.

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

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the General Services Agreements, the Tenancy Agreements, the Hotel Services Agreement, the Training Agreement, the Car Lease

Agreement, and the Equipment Lease Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group. They also consider that the terms of the transactions contemplated under the General Services Agreements, the Tenancy Agreements, the Hotel Services Agreement, the Training Agreement, the Car Lease Agreement, and the Equipment Lease Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Mr. Li, an executive Director, is deemed to be materially interested in the transactions contemplated under the General Services Agreements, the Tenancy Agreements, the Hotel Services Agreement, the Training Agreement, the Car Lease Agreement, and the Equipment Lease Agreement. Accordingly, he has abstained from voting on the relevant Board resolutions.

Save as disclosed above, none of the Directors (including the independent non-executive Directors) has any material interest in the transactions under the General Services Agreements, the Tenancy Agreements, the Hotel Services Agreement, the Training Agreement, the Car Lease Agreement, and the Equipment Lease Agreement and so none of them was required to abstain from voting in respect of such Board resolutions.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

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|-------------------|--|
| “2020 Agreements” | collectively, |
| | (i) the general services agreement dated 17 December 2020 entered into between Shineway Medical and Shineway Pharmaceutical; |
| | (ii) the general services agreement dated 17 December 2020 entered into between Shineway Sanhe and Hebei Shineway; |
| | (iii) the tenancy agreement dated 17 December 2020 entered into between Shineway Medical and Shineway Pharmaceutical; |
| | (iv) the tenancy agreement dated 17 December 2020 entered into between Shineway Sanhe and Hebei Shineway; |
| | (v) the hotel services agreement dated 17 December 2020 entered into between Shineway Pharmaceutical and Kang Yue Hotel; |
| | (vi) the training agreement dated 17 December 2020 entered into between Shineway Pharmaceutical and Shineway Training |

	School;
	(vii) the car lease agreement dated 17 December 2020 entered into between Shineway Medical and Shineway Pharmaceutical; and
	(viii) the equipment lease agreement dated 17 December 2020 entered into between Shineway Medical and Shineway Pharmaceutical
“2022 Shineway Medical Hotel Services Agreement”	the hotel services agreement dated 31 December 2022 entered into between Shineway Pharmaceutical and Shineway Medical in relation to the provision of hotel rooms rental services and hotel services of the Hotel by Shineway Medical to the Group for a term of one year from 1 January 2023 to 31 December 2023, in respect of room rentals, for an annual rent of RMB1,368,000, and in respect of hotel services, for a consideration determined based on fair market price and the actual expenditure and subject to an annual cap of RMB3,000,000
“Board”	the board of Directors
“Car Lease Agreement”	the car lease agreement dated 19 December 2023 entered into between Shineway Medical and Shineway Pharmaceutical, as further described under the section headed “Car Lease Agreement” in this announcement
“Company”	China Shineway Pharmaceutical Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment”	has the meaning ascribed thereto under the section headed “Equipment Lease Agreement”
“Equipment Lease Agreement”	the equipment lease agreement dated 19 December 2023 entered into between Shineway Medical and Shineway Pharmaceutical, as further described under the section headed “Equipment Lease Agreement” in

this announcement

“Factory Premises”	(i) in relation to the Shineway Medical GSA, the factory premises of Shineway Pharmaceutical situated at 中國河北省石家莊市欒城區石欒大街 168 號 (168 Shi Luan Street, Luancheng District, Shijiazhuang municipal, Hebei province, the PRC*), being the principal place for its manufacturing of Chinese pharmaceutical products; or (ii) in relation to the Shineway Sanhe GSA, the factory premises of Hebei Shineway situated at 中國河北省三河市燕郊開發區迎賓北路 (Yingbin North Road, Yanjiao Development Zone, Sanhe municipal, Hebei province, the PRC*), being the principal place for its manufacturing of Chinese pharmaceutical products
“General Services”	has the meaning ascribed thereto under the section headed “General Services Agreements”
“General Services Agreements”	collectively, the Shineway Medical GSA and the Shineway Sanhe GSA
“Group”	the Company and its subsidiaries
“Hebei Shineway”	河北神威藥業有限公司 (Hebei Shineway Pharmaceutical Co., Ltd.*), a wholly foreign-owned enterprise incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the hotel owned and operated by Shineway Medical and situated at 168 Shi Luan Street, Luancheng county, Shijiazhuang municipal, Hebei province, the PRC
“Hotel Rooms”	has the meaning ascribed thereto under the section headed “Hotel Services Agreement”

“Hotel Services Agreement”	the Hotel Services Agreement dated 19 December 2023 entered into between Shineway Pharmaceutical and Shineway Medical, as further described under the section headed “Hotel Services Agreement” in this announcement
“IFRS 16”	International Financial Reporting Standard 16 – “Leases”
“Kang Yue Hotel”	康悅大酒店有限公司 (Kang Yue Hotel Co., Ltd.*), a company established in the PRC and is ultimately controlled by Ms. Ren
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Li”	Mr. Li Zhenjiang (李振江), an executive Director
“Ms. Ren”	Ms. Ren Junying (任俊英), the spouse of Mr. Li
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sanhe Site”	has the meaning ascribed thereto under the section headed “Tenancy Agreements” in this announcement
“Shijiazhuang Site”	has the meaning ascribed thereto under the section headed “Tenancy Agreements” in this announcement
“Shineway Medical”	神威醫藥科技股份有限公司 (Shineway Medical Science & Technology Co., Ltd.*), a joint stock company incorporated in the PRC and is ultimately controlled by Ms. Ren
“Shineway Medical GSA”	the general services agreement dated 19 December 2023 entered into between Shineway Medical and Shineway Pharmaceutical, as further described under the section headed “General Services Agreements” in this announcement
“Shineway Medical TA”	the tenancy agreement dated 19 December 2023

	entered into between Shineway Medical and Shineway Pharmaceutical, as further described under the section headed “Tenancy Agreements” in this announcement
“Shineway Pharmaceutical”	神威藥業集團有限公司 (Shineway Pharmaceutical Group Co., Ltd.*), a wholly foreign-owned enterprise incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shineway Sanhe”	神威（三河）房地產開發有限公司 (Shineway (Sanhe) Property Development Limited.*), a company established in the PRC and ultimately controlled as to 30% of interests by Ms. Ren
“Shineway Sanhe GSA”	the general services agreement dated 19 December 2023 entered into between Shineway Sanhe and Hebei Shineway, as further described under the section headed “General Services Agreements” in this announcement
“Shineway Sanhe TA”	the tenancy agreement dated 19 December 2023 entered into between Shineway Sanhe and Hebei Shineway, as further described under the section headed “Tenancy Agreements” in this announcement
“Shineway Training School”	石家莊市欒城區神威職業培訓學校 (Shijiazhuang Municipal Luancheng County Shineway Training School*), a vocational training school located in Luancheng District, Shijiazhuang City, Hebei Province, the PRC, and is ultimately controlled by Ms. Ren
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Tenancy Agreements”	collectively, the Shineway Medical TA and the Shineway Sanhe TA
“Training Agreement”	the training agreement dated 19 December 2023 entered into between Shineway Pharmaceutical and Shineway Training School, as further described under the section headed “Training Agreement” in this announcement
“%”	per cent

By order of the Board
China Shineway Pharmaceutical Group Limited
Li Zhenjiang
Chairman

Hong Kong, 19 December 2023

As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Xin Yunxia and Mr. Li Huimin; the non-executive Director is Mr. Zhou Wencheng and the independent non-executive Directors are Mr. Liu Shun Fai, Mr. Yew Yat On and Ms. Wang Guihua.

** For identification purpose only*