

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **FOSUN PHARMA**

## **复星医药**

**上海復星醫藥（集團）股份有限公司**

**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02196)**

### **CONTINUING CONNECTED TRANSACTIONS**

**(1) ENTERING INTO OF THE CQ PHARMA MUTUAL SUPPLY AGREEMENT**

**(2) ENTERING INTO OF THE FRAMEWORK TENANCY AGREEMENTS**

**AND**

**(3) ENTERING INTO OF THE FOSUN INTERNATIONAL MUTUAL  
SUPPLY FRAMEWORK AGREEMENT**

#### **CQ PHARMA MUTUAL SUPPLY AGREEMENT**

The Board announces that on 1 April 2022, the Company and CQ Pharma Holdings entered into the CQ Pharma Mutual Supply Agreement in relation to the supply of Sales Products and the purchase of Procurement Products, and the provision of services between the Group and CQ Pharma Holdings Group, for a term of 1 year commencing from 1 January 2022 to 31 December 2022.

#### **FRAMEWORK TENANCY AGREEMENTS**

##### **Lessee Framework Agreement**

The Board announces that on 1 April 2022, Fosun International and the Company entered into the Lessee Framework Agreement in relation to the lease of the relevant Fosun International Premises to the relevant members of the Group, as tenant, for a term of 1 year commencing from 1 January 2022 to 31 December 2022.

##### **Lessor Framework Agreement**

The Board announces that on 1 April 2022, the Company and Fosun International entered into the Lessor Framework Agreement in relation to the lease of the relevant Fosun Pharma Premises by the relevant members of the Group, as lessor, for a term of 1 year commencing from 1 January 2022 to 31 December 2022.

## **FOSUN INTERNATIONAL MUTUAL SUPPLY FRAMEWORK AGREEMENT**

The Board announces that on 1 April 2022, the Company and Fosun International entered into the Fosun International Mutual Supply Framework Agreement in relation to the mutual supply of products and provision of services between the Group and Fosun International Group and/or its associates, for a term of 1 year commencing from 1 January 2022 to 31 December 2022.

## **HONG KONG LISTING RULES IMPLICATIONS**

### **CQ Pharma Mutual Supply Agreement**

CQ Pharma Holdings is a substantial shareholder of Yao Pharma, an indirect non-wholly owned subsidiary of the Company. Therefore, CQ Pharma Holdings is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Hong Kong Listing Rules. As a result, the transactions contemplated under the CQ Pharma Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the CQ Pharma Mutual Supply Agreement is more than 1% but less than 5%, and the transactions contemplated under the CQ Pharma Mutual Supply Agreement are conducted on normal commercial terms, such transactions will be subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **Framework Tenancy Agreements**

Fosun International is the controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Framework Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the Framework Tenancy Agreements is more than 0.1% but less than 5%, the Framework Tenancy Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **Fosun International Mutual Supply Framework Agreement**

Fosun International is the controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Fosun International Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the Fosun International Mutual Supply Framework Agreement is more than 0.1% but less than 5%, the Fosun International Mutual Supply Framework Agreement is subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **A. CQ PHARMA MUTUAL SUPPLY AGREEMENT**

The Board announces that, on 1 April 2022, the Company and CQ Pharma Holdings entered into the CQ Pharma Mutual Supply Agreement in relation to (i) supply by the Group of its products to the CQ Pharma Holdings Group including, among others, pharmaceutical products, raw materials and preparations from time to time during the term of the agreement; (ii) supply by the CQ Pharma Holdings Group to the Group of products including, among others, pharmaceutical products, raw materials and preparations from time to time during the term of the agreement; (iii) provision by the Group to the CQ Pharma Holdings Group of products promotion services from time to time during the term of the agreement; and (iv) provision by the CQ Pharma Holdings Group to the Group of product warehousing, transportation and channel consulting services from time to time during the term of the agreement.

The principal terms of the CQ Pharma Mutual Supply Agreement are summarised as below:

Date : 1 April 2022

Parties : (1) the Company; and  
(2) CQ Pharma Holdings

Supply of Sales Products : Under the CQ Pharma Mutual Supply Agreement, the Group may supply the Sales Products to the CQ Pharma Holdings Group from time to time during the term of the CQ Pharma Mutual Supply Agreement in accordance with the term and conditions thereof (the "**Sales Transaction(s)**").

Pricing basis and policy for the Sales Transaction(s) : Pursuant to the terms of the CQ Pharma Mutual Supply Agreement, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group will from time to time during the term of the CQ Pharma Mutual Supply Agreement engage in discussions with a view to entering into the Sales Transaction(s) on terms mutually agreed between the parties. Once the terms have been agreed, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group shall enter into a Sales Order to set out the detailed terms and conditions of the relevant Sales Transaction.

With respect to the Sales Products, the selling price shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to factors such as the market prices of the Sales Products (or similar products in the market), the cost of the Group's sales channels, and the scale of sales, provided that with respect to the Group, such prices and other terms shall be consistent with, or more favourable to the Group than, the prices and other terms on which the Group may supply the Sales Products to independent third parties in comparable scale.

The terms of each Sales Transaction, as evidenced by the relevant Sales Order, must comply with the terms of the CQ Pharma Mutual Supply Agreement.

Purchase of Procurement Products : Under the CQ Pharma Mutual Supply Agreement, the CQ Pharma Holdings Group may supply the Procurement Products to the Group from time to time during the term of the CQ Pharma Mutual Supply Agreement in accordance with the term and conditions thereof (the "**Purchases Transaction(s)**").

Pricing basis and policy for the Purchase Transaction(s) : Pursuant to the terms of the CQ Pharma Mutual Supply Agreement, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group will from time to time during the term of the CQ Pharma Mutual Supply Agreement engage in discussions with a view to entering into the Purchases Transaction(s) on terms mutually agreed between the parties. Once the terms have been agreed, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group shall enter into a Purchases Order to set out the detailed terms and conditions of the relevant Purchases Transaction.

With respect to the Procurement Products, the selling price shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to market prices of the Procurement Products (or similar products in the market), provided that with respect to the Group, such prices and other terms shall be consistent with, or more favourable to the Group than, the prices and other terms for on which the Group may acquire the Procurement Products from independent third parties in comparable scale.

The terms of each Purchases Transaction, as evidenced by the relevant Purchases Order, must comply with the terms of the CQ Pharma Mutual Supply Agreement.

Services provided by the Group to CQ Pharma Holdings Group : Under the CQ Pharma Mutual Supply Agreement, the Group may provide products promotion services to the CQ Pharma Holdings Group (the "**Fosun Pharma Services**").

Pricing basis and policy for the Fosun Pharma Services : Pursuant to the terms of the CQ Pharma Mutual Supply Agreement, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group will from time to time during the term of the CQ Pharma Mutual Supply Agreement engage in discussions with a view to entering into the Fosun Pharma Services transactions on terms mutually agreed between the parties. Once the terms have been agreed, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group shall enter into a separate service agreement to set out the detailed terms and conditions of the relevant Fosun Pharma Services transactions.

The price at which the Fosun Pharma Services are provided shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) the type and quantity of the promoted products; (ii) content of the specific services, and (iii) price of same of similar services provided on the market, provided that with respect to the Group, such prices and other terms shall be consistent with, or more favourable to the Group than, the prices and other terms on which the Group may provide the Fosun Pharma Services to independent third parties in comparable scale and form.

The terms of each Fosun Pharma Services transaction, as evidenced by the relevant service agreement, must comply with the terms of the CQ Pharma Mutual Supply Agreement.

- Services provided by the CQ Pharma Holdings Group to the Group : Under the CQ Pharma Mutual Supply Agreement, the CQ Pharma Holdings Group may provide product warehousing, transportation and channel consulting services to the Group (the “**CQ Pharma Services**”).
- Pricing basis and policy for the CQ Pharma Services : Pursuant to the terms of the CQ Pharma Mutual Supply Agreement, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group will from time to time during the term of the CQ Pharma Mutual Supply Agreement engage in discussions with a view to entering into the CQ Pharma Services transactions on terms mutually agreed between the parties. Once the terms have been agreed, the relevant member(s) of the Group and the relevant member(s) of the CQ Pharma Holdings Group shall enter into a separate service agreement to set out the detailed terms and conditions of the relevant CQ Pharma Services transactions.

The price at which the CQ Pharma Services are provided shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) content of the specific services; (ii) price of same or similar services provided on the market; and (iii) the fee standards of same service provided by the CQ Pharma Holdings Group to third parties, provided that, with respect to the Group, such prices and other terms shall be consistent with, or more favourable to the Group than, the prices and other terms upon which the Group may obtain the same services from independent third parties in comparable scale and form.

The terms of each CQ Pharma Services transaction, as evidenced by the relevant service agreement, must comply with the terms of the CQ Pharma Mutual Supply Agreement.

- Term : 1 year from 1 January 2022 to 31 December 2022 (both days inclusive).
- Other : Subject to the requirement under the relevant laws and regulations and stock exchange rules of the PRC and Hong Kong, the parties agreed that the transactions under and during the term of the CQ Pharma Mutual Supply Agreement shall be subject to the annual cap for such transactions as determined or approved by their respective board of directors or shareholders at the general meeting.

## Annual Caps

The annual caps of the transactions contemplated under the CQ Pharma Mutual Supply Agreement are determined through arm's-length negotiations between the Company and CQ Pharma Holdings based on the relevant pricing basis and policy with reference to the current market prices, the indicative prices (if any) prescribed by government and prices of similar transactions of their respective third-party customers, the historical transaction amounts, and the estimated sales and purchase quantities, type and content of services during the term of the agreement.

For the financial year ending 31 December 2022, it is expected that the caps for relevant Sales Transactions, Purchases Transactions, the relevant transactions for Fosun Pharma Services and CQ Pharma Services of the Group to be conducted during the term of the CQ Pharma Mutual Supply Agreement are as follow:

	<b>Annual cap for the financial year from 1 January 2022 to 31 December 2022</b> <i>RMB Million</i>
Sales Transaction	1,000
Purchase Transaction	400
Fosun Pharma Services	5
CQ Pharma Services	<u>20</u>
<b>Total</b>	<b><u><u>1,425</u></u></b>

The relevant historical annual caps and actual transaction amounts for the financial year ended 31 December 2021 incurred under the previous mutual supply framework agreement entered into with CQ Pharma Holdings in 2021 are set out below:

	<b>Annual cap for the financial year from 1 January 2021 to 31 December 2021</b>	<b>Actual transaction amount for the financial year from 1 January 2021 to 31 December 2021</b>
	<i>RMB Million</i>	<i>RMB Million</i>
Sales Transaction	750	749.6
Purchase Transaction	200	148.5
Fosun Pharma Services	0.3	0
CQ Pharma Services	<u>15</u>	<u>8.8</u>
<b>Total</b>	<u><u>965.3</u></u>	<u><u>906.9</u></u>

#### **Reasons for and Benefits of Entering into the CQ Pharma Mutual Supply Agreement**

Entering into the CQ Pharma Mutual Supply Agreement is in line with the business model of the Group. The subject products and services that may be supplied by the Group under the CQ Pharma Mutual Supply Agreement fall within the ordinary and usual course of business of the Group, and the subject products and services that may be acquired by the Group under such agreement are what the Group may require from time to time in the ordinary course of its normal business operations. In addition, entering into the CQ Pharma Mutual Supply Agreement provides the Group with more alternatives to source the products and services it needs at prices that may be more competitive than those available in the market.

The management of the Group will conduct periodic reviews and sample checks to verify that the pricing of the subject products and services under the CQ Pharma Mutual Supply Agreement adheres to the pricing principles stipulated in the CQ Pharma Mutual Supply Agreement as described above.

The Directors (including the independent non-executive Directors) consider that the terms of the CQ Pharma Mutual Supply Agreement are on normal commercial terms and are fair and reasonable, and the entering into the CQ Pharma Mutual Supply Agreement is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

## **B. FRAMEWORK TENANCY AGREEMENTS**

The Board announces that on 1 April 2022, the Company and Fosun International entered into the Framework Tenancy Agreements in relation to the lease of the relevant Fosun Pharma Premises and Fosun International Premises in accordance with the terms thereof.

Details of each of the Framework Tenancy Agreements are set out below:

### **Lessee Framework Agreement**

- Date : 1 April 2022
- Parties : (1) Fosun International; and  
(2) the Company
- Fosun International Premises : the properties owned by the Fosun International Group and/or its associates (excluding members of the Group unless such members are also connected subsidiaries of the Company under the Hong Kong Listing Rules, in which case such members shall be included) as set out in each of the relevant Tenancy and Property Service Agreements.
- Term : 1 year from 1 January 2022 to 31 December 2022 (both days inclusive).
- Determination of the rent and property service fees : The parties agreed that the rental and property management fees (including other expenses in relation to the lease of properties) in respect of Fosun International Premises leased to the Company and/or its subsidiaries) shall be determined in accordance with the following principles, to ensure that the relevant pricing terms are fair and reasonable:
- (a) based on the respective interests of the lessor and lessee;
  - (b) with reference to the then prevailing market conditions and at a rate of the rental, market turnover rent ratio and property management fees for similar or comparable premises and/or commercial properties which may be leased by the Company and/or its subsidiaries from independent third parties; and

(c) where the similar or comparable premises referred to above are not available, with reference to the rental, market turnover rent ratio and property management fees of commercial premises and/or commercial properties that are of the same grade as and that are in the same district.

Other : Subject to the requirement under the relevant laws and regulations and stock exchange rules in the PRC and Hong Kong, the parties agree that the transactions undertaken under the during the term of the Lessee Framework Agreement shall be subject to the annual cap for such transactions as determined or approved by their respective board of directors or shareholders at the general meeting.

Fosun International and/or its associates and the Company and/or its subsidiaries have entered/or will enter into various Tenancy and Property Service Agreements for the lease of the relevant Fosun International Premises. The terms and conditions thereof shall comply with the Lessee Framework Agreement.

#### **Lessor Framework Agreement**

Date : 1 April 2022

Parties : (1) the Company; and  
(2) Fosun International

Fosun Pharma Premises : the properties owned by the Company and/or its subsidiaries as set out in each of the relevant Tenancy and Property Service Agreements.

Term : 1 year from 1 January 2022 to 31 December 2022 (both days inclusive).

Determination of the rent and property service fees : The parties agreed that the rental and property service fees (including other expenses in relation to the lease of properties) in respect of Fosun Pharma Premises leased to Fosun International and/or its subsidiaries (excluding members of the Group unless such members are also connected subsidiaries of the Company under the Hong Kong Listing Rules, in which case such members shall be included) shall be determined in accordance with the following principles, to ensure that the relevant pricing terms are fair and reasonable:

- (a) based on the respective interests of the lessor and lessee;
- (b) with reference to the then prevailing market conditions and at a rate of the rental and property service fees for other similar or comparable premises and/or commercial properties which may be leased by the Company and/or its subsidiaries to independent third parties; and
- (c) where the similar or comparable premises referred above are not available, with reference to the rental and property service fees of commercial premises and/or commercial properties that are of the same grade as and that are in the same district.

Other : Subject to the requirement under the relevant laws and regulations and stock exchange rules of the PRC and Hong Kong, the parties agree that the transactions undertaken under the during the term of the Lessee Framework Agreement shall be subject to the annual cap for such transactions as determined or approved by their respective board of directors or shareholders at the general meeting.

The Company and/or its subsidiaries and Fosun International and/or its associates have entered/or will enter into various Tenancy and Property Service Agreements for the lease of the relevant Fosun Pharma Premises. The terms and conditions thereof shall be in line with that of the Lessor Framework Agreement.

#### ***Annual Caps under the Framework Tenancy Agreements***

The Framework Tenancy Agreements comprise the Lessee Framework Agreement and the Lessor Framework Agreement.

For the financial year ending 31 December 2022, the annual cap under the Lessee Framework Agreement is RMB80 million, which is determined with reference to: (i) the estimated aggregated annual rental, market turnover rent ratio and property management fees payable under the relevant Tenancy and Property Service Agreements which are estimated to be entered into by Fosun International Group and/or its associates (excluding members of the Group unless such members are also connected subsidiaries of the Company under the Hong Kong Listing Rules, in which case such members shall be included) and the Company and/or its subsidiaries in accordance with the terms of the Lessee Framework Agreement; (ii) the amount involved under the previous lessee framework agreement and (iii) allowing a reasonable buffer to cater for possible increases in the

number of the lease transactions and in the amount of rental, market turnover rent ratio and property management fees payable. For the financial year ended 31 December 2021, the transaction amount incurred under the previous lessee framework agreement was RMB35 million.

For the financial year ending 31 December 2022, the annual cap under the Lessor Framework Agreement is RMB60 million, which is determined with reference to: (i) the estimated aggregated annual rental and property service fees payable under the relevant Tenancy and Property Service Agreements which are estimated to be entered into by Fosun International Group and/or its associates and the Company and/or its subsidiaries (excluding members of the Group unless such members are also connected subsidiaries of the Company under the Hong Kong Listing Rules, in which case such members should be included) in accordance with the terms of the Lessor Framework Agreement; (ii) the amount involved under the previous lessor framework agreement and (iii) allowing a reasonable buffer to cater for possible increases in the number of the lease transactions and in the amount of rental and property service fees payable. For the financial year ended 31 December 2021, the transaction amount incurred under the previous lessor framework agreement was RMB7 million.

### ***Reasons for and Benefits of Entering into the Framework Tenancy Agreements***

The size and location of the Fosun International Premises are appropriate and feasible for conducting the Group's business operations, and the size and location of the Fosun Pharma Premises meet the business needs of Fosun International Group and its associates and will provide stable income to the Group.

The management of the Group will conduct periodic reviews and sample checks to verify that the pricing terms under the Tenancy and Property Services Agreements adhere to the pricing principles stipulated in the relevant Framework Tenancy Agreement as described above.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Framework Tenancy Agreements are on normal commercial terms and are fair and reasonable, and the entering into of the Framework Tenancy Agreements is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

As Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui, Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui hold positions in Fosun International Group and/or its associates or otherwise related therewith, they have abstained from voting on the resolutions of the Board to approve the annual caps under the Framework Tenancy Agreements and the transactions contemplated thereunder. Save as disclosed above, other Directors did not have any material interest in the Framework Tenancy Agreements.

## C. FOSUN INTERNATIONAL MUTUAL SUPPLY FRAMEWORK AGREEMENT

The Board announces that on 1 April 2022, the Company and Fosun International entered into the Fosun International Mutual Supply Framework Agreement in relation to the mutual supply of products and services between the Group and Fosun International Group and/or its associates, for a term of 1 year commencing from 1 January 2022 to 31 December 2022.

Details of Fosun International Mutual Supply Framework Agreement are set out below:

- Date : 1 April 2022
- Parties : (1) the Company; and  
(2) Fosun International
- Products and services provided by the Group to Fosun International Group and/or its associates : Under the Fosun International Mutual Supply Framework Agreement, the services to be provided by the Group to Fosun International Group and/or its associates from time to time during the term thereof mainly include the followings:
- (a) Products: medical products including medicine, diagnostics and medical devices; and
  - (b) Services: (i) medical services; (ii) medical examination services such as body check and health risk assessment and other related services; (iii) diagnosis testing services; (iv) pharmaceutical industry consulting services; and (v) consultation, import and export agency and related services in relation to the supplied materials for epidemic prevention.
- Products and services provided by Fosun International Group and/or its associates to the Group : Under the Fosun International Mutual Supply Framework Agreement, the products and services to be provided by Fosun International Group and/or its associates to the Group mainly include the followings:

- (a) Products: the Group may from time to time purchase from Fosun International Group and/or its associates various types of products including, among others, (i) custom-made products, such as food and beverage, gifts, and software; (ii) other products, such as daily necessities, food and beverage, cultural and creative products; (iii) non-medical materials for epidemic prevention and other related products in relation to COVID-19 epidemic prevention; and (iv) medical materials provided by relevant Fosun International Group's associates which are subsidiaries of the Company.
- (b) Services: (i) conferencing services and IT technical support services; (ii) insurance and insurance brokerage services; (iii) training services; (iv) business travel services; (v) consulting services including business development; (vi) medical services provided by relevant Fosun International Group's associates which are subsidiaries of the Company; and (vii) logistics and freight operation proxy services.

Term : 1 year from 1 January 2022 to 31 December 2022 (both days inclusive).

Pricing basis and policy of products and services to be provided by the Group : (a) With respect to the medical products including medicine, diagnostics and medical devices to be provided by the Group to Fosun International Group and/or its associates, the prices payable by Fosun International Group and/or its associates shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature, specification and volume of the products; (ii) prices approved by the local pricing authorities, if and where applicable; and (iii) market price of the products (or similar products on the market), and provided that with respect to the Group, the prices and other terms of the products shall be consistent with, or more favourable to the Group than, the prices and other terms on which the Group may provide such products to independent third parties in comparable scales.

- (b) With respect to the medical services, medical examination services and other related services, diagnosis testing services and pharmaceutical industry consulting services to be provided by the Group to Fosun International Group and/or its associates, the service fees shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature of the medical services and relevant pharmaceutical industry consulting services; (ii) rules and regulations on pricing by market adjustment promulgated by the relevant competent authority in relation to non-governmental medical institutions in the PRC and the applicable medical code set and pricing system commonly used in the industry, if and where applicable; (iii) relevant charging standards of same or similar industry consulting services provided by third parties; and (iv) the market supply and demand situation, and the brand positioning, and provided that with respect to the Group, the service fees and terms shall be consistent with, or more favourable to the Group than, the service fees and other terms on which the Group may provide such services to independent third parties in comparable scale and form.
- (c) With respect to the consultation, import and export agency and related services in relation to the supplied materials for epidemic prevention to be provided by the Group to Fosun International Group and/or its associates, the service fees shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) the nature of materials for prevention that require import and export agency service; and (ii) price of similar services provided by third parties on the market and provided that with respect to the Group, the service fees and terms shall be consistent with, or more favourable to the Group than, the service fees and other terms on which the Group may provide such services to independent third parties in comparable scale and form.

- Pricing basis and policy of products and services to be provided and supplied by Fosun International Group and/or its associates
- : (a) With respect to the custom-made products, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature, volume and custom-made requirements of the relevant products required by the Group, and (ii) the prices and terms shall be not less favourable than those for the Group to purchase customized products from independent third parties (where such products can be supplied by independent third parties in the market) and those offered by Fosun International Group and/or its associates to its customers for similar transactions. The procurement and financial departments of the Group will review and consider the terms with reference to certain factors, including, among others, the procurement volume, detailed custom-made requirements and payment terms before entering into the relevant transactions under the Mutual Supply Agreement;
- (b) With respect to other products, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature and volume of the relevant products, and (ii) quotes from at least two independent third party suppliers, the market prices for similar types of products, and provided that the prices and terms are not less favourable than those offered by Fosun International Group and/or its associates to independent third party customers thereof. The procurement and financial departments of the Group will review and consider the terms with reference to nature and volume of the relevant products and the quotes from independent third party suppliers before entering into the relevant transactions under the Mutual Supply Agreement, to ensure that the prices payable by the Group and other terms are consistent with, or more a favourable to the Group than, the prices and other terms on which the Group may purchase such products from independent third parties in comparable scale;

- (c) With respect to non-medical materials for epidemic prevention and other related products in relation to COVID-19 epidemic prevention, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature, specification, volume and sales area of the relevant products; and (ii) quotes from at least two independent third party suppliers, the market prices for similar types of products, and provided that the prices and terms are not less favourable than those offered by Fosun International Group and/or its associates to independent third party customers thereof. The procurement and financial departments of the Group will review and consider the terms with reference to certain factors of the relevant products, including market price and relevant policies of similar products, and negotiate the terms and conditions to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, the prices and other terms on which the Group may purchase such materials from independent third parties in comparable scale;
- (d) With respect to medical materials provided by relevant Fosun International Group's associates which are subsidiaries of the Company, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature, specification, volume and sales area of the relevant products, and the related business operation demand of the Group; (ii) prices of such products in previous transactions entered into between relevant members of the Group and the relevant Fosun International Group's associates; (iii) market conditions of such products; and (iv) internal pricing guidelines of the Group for such products. The procurement departments of the Group will review the procurement price and the terms with reference to certain factors of the relevant products, and negotiate the terms and conditions with the Fosun International Group's associates to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, the prices and other terms on which the Group may purchase such materials from independent third parties in comparable scale;

(e) With respect to IT services, conferencing services, insurance and insurance brokerage services, training services and business travel services, the prices payable by the Group shall be determined between the parties based on reasonable costs to be incurred through arm's-length negotiation on normal commercial terms with reference to (i) the nature of IT services to be provided, which is designed for internal use only, (ii) the location of conference venue, (iii) content of related training course and number of participants, (iv) current operation scale of relevant businesses of the Group and estimated demand of the insurance services, and refer to the current insurance market conditions and the brokerage commission rate determined based on factors such as the actuarial product pricing model, the price of the same type of product in the relevant business and the brokerage commission rate of Fosun International Group and/or its associates, (v) types of the business travel services and market price and/or commission rate provided by service suppliers that provided same type of services, and (vi) provided that the prices and terms are not less favourable than those offered by Fosun International Group and/or its associates to independent third party customers for similar transactions, and the relevant internal departments of the Group will obtain the service fees of similar services from at least two independent third party service suppliers that provided similar services for comparison. The procurement, financial and business departments of the Group will review and consider the terms with reference to certain factors, including, among others, nature and specific purpose of various services required, the specific requirements of members of the Group and payment terms before entering the relevant transactions under the Mutual Supply Agreement, and negotiate the terms and conditions to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, the prices and other terms on which the Group may engage independent third parties to provide such services in comparable scale;

- (f) With respect to business development services, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) nature, specification, volume and sales area of the relevant products related to the services; (ii) comparable market prices from at least two independent third party service suppliers that provided similar services; and (iii) the price and terms shall be subject to normal commercial terms comparable to other independent third party customers of Fosun Pharma Group and/or its associates that provide similar services. The procurement, financial and business departments of the Group will review and consider the terms with reference to certain factors of the relevant services, including market price and relevant policies of similar services industry, and negotiate the terms and conditions to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, prices and other terms on which the Group may engage independent third parties to provide such services in comparable scale;
- (g) With respect to medical services provided by relevant Fosun International Group's associates which are subsidiaries of the Company, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) content and nature of the services; (ii) prices of such services in previous transactions entered into between relevant members of the Group and the relevant Fosun International Group's associates; (iii) government/authorities' guidance price of such services, if and where applicable; and (iv) internal pricing guidelines of the Group for such services. The procurement departments of the Group will review the procurement price and the terms with reference to certain factors of the relevant services, and negotiate the terms and conditions with the Fosun International Group's associates to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, prices and other terms on which the Group may engage independent third parties to provide such services in comparable scale; and

(h) With respect to logistics and freight operation proxy services, the prices payable by the Group shall be determined between the parties based on arm's-length negotiation on normal commercial terms with reference to (i) content and nature of the services, including the weight, type and modes of transportation of goods; (ii) areas covered by the services; (iii) comparable market prices from at least two independent third party service suppliers that provided similar services; and (iv) the price and terms shall be subject to normal commercial terms comparable to other independent third party customers of Fosun Pharma Group and/or its associates that provide similar services. The procurement, financial and business departments of the Group will review and consider the terms with reference to certain factors of the relevant services, including market price and relevant policies of similar services industry, and negotiate the terms and conditions to ensure that the prices payable by the Group and other terms are consistent with, or more favourable to the Group than, prices and other terms on which the Group may engage independent third parties to provide such services in comparable scale.

Other : Subject to the requirement under the relevant laws and regulations of the PRC and the stock exchange rules, within a financial year (or relevant period) during the term of Fosun International Mutual Supply Framework Agreement, the parties agreed that the performance of the transactions contemplated thereunder shall be subject to the annual cap for such transactions as determined or approved by their respective board of directors or shareholders at the general meeting.

## Annual Caps

The annual caps under the Fosun International Mutual Supply Framework Agreement are determined through arm's-length negotiations between the Company and Fosun International, with reference to the government guidance price and prevailing market price of relevant products and services, historical transaction amounts and the expected products to be supplied and relevant services required according to the business conditions of parties during the term of the Fosun International Mutual Supply Framework Agreement.

For the financial year ending 31 December 2022, it is expected that the caps for mutual supply of products and services (which are not fully exempted under Chapter 14A of the Hong Kong Listing Rules) to be conducted by the Group during the term of the Fosun International Mutual Supply Framework Agreement are as follow:

	<b>Annual cap for the financial year from 1 January 2022 to 31 December 2022</b> <i>RMB million</i>
Products provided by the Group to Fosun International Group and/or its associates	150
Products provided by Fosun International Group and/or its associates to the Group	200
Services provided by the Group to Fosun International Group and/or its associates	50
Services provided by Fosun International Group and/or its associates to the Group	<u>200</u>
<b>Total</b>	<u><u>600</u></u>

The relevant historical annual caps and actual transaction amounts for the financial year ended 31 December 2021 incurred under the previous mutual supply framework agreement entered into with Fosun International in 2021 are set out below:

	<b>Annual cap for the financial year from 1 January 2021 to 31 December 2021 <i>RMB Million</i></b>	<b>Actual transaction amount for the financial year from 1 January 2021 to 31 December 2021 <i>RMB Million</i></b>
Products provided by the Group to Fosun International Group and/or its associates	200	14.3
Products provided by Fosun International Group and/or its associates to the Group	250	26.7
Services provided by the Group to Fosun International Group and/or its associates	50	13.6
Services provided by Fosun International Group and/or its associates to the Group	120	27.5
<b>Total</b>	620	82.1

### **Reasons for and Benefits of Entering into the Fosun International Mutual Supply Framework Agreement**

Entering into the Fosun International Mutual Supply Framework Agreement is for the normal operation of the Group. The subject products and services that may be supplied by the Group under the Fosun International Mutual Supply Agreement fall within the ordinary and usual course of business of the Group, and the subject products and services that may be acquired by the Group under such agreement are what the Group may require from time to time in the ordinary course of its normal business operations. In addition, entering into the Fosun International Mutual Supply Agreement provides the Group with more alternatives to source the products and services it needs at prices that may be more competitive than those available in the market (to the extent such product/services are otherwise available in the market).

The management of the Group will conduct periodic reviews and sample checks to verify that the pricing of the subject products and services under the Fosun International Mutual Supply Agreement adheres to the pricing principles stipulated in the Fosun International Mutual Supply Agreement as described above.

The Directors (including the independent non-executive Directors) consider that the terms of the Fosun International Mutual Supply Framework Agreement are on normal commercial terms and are fair and reasonable, and the entering into the Fosun International Mutual Supply Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

As Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui, Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui hold positions in Fosun International Group and/or its associates or otherwise related therewith, they have abstained from voting on the resolutions of the Board to approve the annual caps under the Fosun International Mutual Supply Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, other Directors did not have any material interest in the Fosun International Mutual Supply Framework Agreement.

## **HONG KONG LISTING RULES IMPLICATIONS**

### **CQ Pharma Mutual Supply Agreement**

CQ Pharma Holdings is a substantial shareholder of Yao Pharma, an indirect non-wholly owned subsidiary of the Company, therefore, CQ Pharma Holdings is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Hong Kong Listing Rules. As a result, the transactions contemplated under the CQ Pharma Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the CQ Pharma Mutual Supply Agreement is more than 1% but less than 5%, and the transactions contemplated under the CQ Pharma Mutual Supply Agreement are conducted on normal commercial terms, such transactions will be subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **Framework Tenancy Agreements**

Fosun International is the controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Framework Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the Framework Tenancy Agreements is more than 0.1% but less than 5%, the Framework Tenancy Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

## **Fosun International Mutual Supply Framework Agreement**

Fosun International is the controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Fosun International Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the aggregated annual cap for the continuing connected transactions under the Fosun International Mutual Supply Framework Agreement is more than 0.1% but less than 5%, the Fosun International Mutual Supply Framework Agreement is subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As at the date of this announcement, the actual transaction amount for the relevant transactions under each of the CQ Pharma Mutual Supply Agreement, Framework Tenancy Agreements and Fosun International Mutual Supply Framework Agreement have not exceeded the relevant threshold under Rule 14A.76 of the Hong Kong Listing Rules.

### **INFORMATION OF THE GROUP, THE CQ PHARMA HOLDINGS GROUP AND FOSUN INTERNATIONAL**

The Group is a leading healthcare group in the PRC and directly carries out business including pharmaceutical manufacturing, medical devices and medical diagnosis as well as healthcare services.

The CQ Pharma Holdings Group is the leading modern pharmaceutical group in the southwest region of China. It engages in the distribution and retail of medicine and medical machinery. Its shares are listed and traded on the main board of the Shenzhen Stock Exchange (Stock Code: 000950).

Fosun International Group is an innovation-driven consumer group with mission to provide high-quality products and services for families around the world in health, happiness, wealth and intelligent manufacturing segments. Its shares are listed and traded on the main board of the Hong Kong Stock Exchange (Stock Code: 00656).

### **DEFINITIONS**

“A Share(s)”	the domestic Share(s) of the Company with a nominal value of RMB1 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“associates”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors

“CQ Pharma Holdings”	Chongqing Pharmaceutical Holdings Company Limited* (重藥控股股份有限公司), a substantial shareholder of Yao Pharma, which is a subsidiary of the Company, the shares of which are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000950)
“CQ Pharma Holdings Group”	CQ Pharma Holdings and its subsidiaries
“CQ Pharma Mutual Supply Framework Agreement”	the mutual supply framework agreement entered into between the Company and CQ Pharma Holdings in respect of sales, purchases and services transactions for the term of 1 year from 1 January 2022 to 31 December 2022, the particulars of which are disclosed in this announcement
“Company” or “Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“Fosun International”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 00656), and a controlling shareholder of the Company
“Fosun International Group”	Fosun International and its subsidiaries
“Fosun International Mutual Supply Framework Agreement”	the mutual supply framework agreement entered into between the Company and Fosun International in respect of mutual supply of products and services for the term of 1 year from 1 January 2022 to 31 December 2022, the particulars of which are disclosed in this announcement

“Fosun International Premises”	the premises owned by Fosun International Group and/or its associates (excluding members of the Group unless such members are also connected subsidiaries of the Company under the Hong Kong Listing Rules, in which case such members shall be included) as provided in the relevant Tenancy and Property Service Agreements entered into under the Lessee Framework Agreement
“Fosun Pharma Premises”	the premises owned by the Company and/or its subsidiaries as provided in the relevant Tenancy and Property Service Agreements entered into under the Lessor Framework Agreement
“Framework Tenancy Agreements”	the Lessee Framework Agreement and the Lessor Framework Agreement
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed share(s) of the Company with a nominal value of RMB1 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Lessee Framework Agreement”	the framework tenancy agreement entered into between Fosun International, the controlling shareholder of the Company, and the Company, in respect of the lease of the Fosun International Premises for a term of 1 year from 1 January 2022 to 31 December 2022, the particulars of which are disclosed in this announcement
“Lessor Framework Agreement”	the framework tenancy agreement entered into between the Company and Fosun International, the controlling shareholder of the Company, in respect of the lease of the Fosun Pharma Premises for a term of 1 year from 1 January 2022 to 31 December 2022, the particulars of which are disclosed in this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region

“Purchases Order”	each separate purchases agreement and/or order in respect of the purchases transactions entered into by the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries, the terms of which are determined in accordance with those under the CQ Pharma Mutual Supply Agreement
“Purchase Transaction Annual Cap”	the cap amount of purchases transactions carried out in each of the relevant financial years during the term of the CQ Pharma Mutual Supply Agreement
“Procurement Products”	the raw materials and/or commodities related to and required for the Group’s business to be purchased by the Company and/or its subsidiaries to CQ Pharma Holdings and/or its subsidiaries as contemplated under the CQ Pharma Mutual Supply Agreement and the relevant purchases Orders
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Order”	each separate sales agreement and/or order in respect of the sales transactions entered into by the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries, the terms of which are determined in accordance with those under the CQ Pharma Mutual Supply Agreement
“Sales Transaction Annual Cap”	The cap amount of sales transactions carried out in each of the relevant financial years during the term of the CQ Pharma Mutual Supply Agreement
“Sales Products”	the products to be supplied by the Company and/or its subsidiaries to CQ Pharma Holdings and/or its subsidiaries as contemplated under the CQ Pharma Mutual Supply Agreement and the relevant Sales Orders
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules

“Tenancy and Property  
Service Agreements”

various tenancy and property management service agreements (including tenancy agreements and property management service agreements that separately entered into under each of the Framework Tenancy Agreements) for the lease of the relevant Fosun Pharma Premises and/or Fosun International Premises entered into and/or to be entered into by the Company and/or its subsidiaries and Fosun International and/or its associates, the terms of which are determined in accordance with those under the Framework Tenancy Agreements (as applicable)

“Yao Pharma”

Chongqing Yao Pharmaceutical Company Limited\* (重慶藥友製藥有限公司), an indirect non-wholly-owned subsidiary of the Company

“%”

per cent

By order of the Board  
**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***  
**Wu Yifang**  
*Chairman*

Shanghai, the PRC  
1 April 2022

*As at the date of this announcement, the executive director of the Company are Mr. Wu Yifang, Mr. Wang Kexin and Ms. Guan Xiaohui; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson.*

\* *for identification purposes only*