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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)

**REVISION OF ANNUAL CAP OF
CONTINUING CONNECTED TRANSACTION**

REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTION

Reference is made to the Announcement in relation to, among other things, the entering into of the Fosun International Mutual Supply Framework Agreement between the Group and the Fosun International Group and/or its associates in relation to the mutual supply of products and provision of services.

In order to satisfy the demand of further relevant business cooperation as aforesaid between the Group and the Fosun International Group during the second half of 2022, which is expected to incur additional transactions to the products provided by the Fosun International Group and/or its associates to the Group under the Fosun International Mutual Supply Framework Agreement, and the Board envisages that the original annual cap for the products provided by the Fosun International Group and/or its associates to the Group will not be sufficient to fulfil the amount of relevant transactions that may take place under the Fosun International Mutual Supply Framework Agreement for the year ended 31 December 2022. Therefore, the Board proposes to adjust the annual cap for the products provided by Fosun International and/or its associates to the Group to RMB320 million.

HONG KONG LISTING RULES IMPLICATIONS

According to Rule 14A.54 of the Hong Kong Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Hong Kong Listing Rules in relation to the relevant connected transaction. 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. REVISION OF ANNUAL CAP OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 1 April 2022 (the “**Announcement**”) in relation to, among other things, the entering into of the Fosun International Mutual Supply Framework Agreement. Unless otherwise specified, capitalized terms used herein shall have the same meaning ascribed to them in the Announcement. Under the terms of the Fosun International Mutual Supply Framework Agreement, among other things, the products and services to be provided by the Group to Fosun International Group and/or its associates from time to time during the term thereof principally include the following:

- (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; and

the products and services to be provided by the Fosun International Group and/or its associates to the Group principally include the following:

- (a) Products: the Group may from time to time purchase from the 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 the relevant associate of the Fosun International Group 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 the relevant associates of the Fosun International Group which are subsidiaries of the Company; and (vii) logistics and freight operation proxy services.

In order to satisfy the demand of further relevant business cooperation as aforesaid between the Group and the Fosun International Group during the second half of 2022, where additional transactions will incur in relation to provision of products by the Fosun International Group and/or its associates to the Group under the Fosun International Mutual Supply Framework Agreement, and for which the Board envisages that the original annual cap for the products provided by Fosun International Group and/or its associates to the Group will not be sufficient to fulfil the amount of relevant transactions that may take place under the Fosun International Mutual Supply Framework Agreement for the year ended 31 December 2022.

Pricing and other terms

The terms of the Fosun International Mutual Supply Framework Agreement have not been changed or modified in any way and the major terms (including the pricing terms) are set out in the section headed “FOSUN INTERNATIONAL MUTUAL SUPPLY FRAMEWORK AGREEMENT” in the Announcement.

Historical transaction amount

For the five months ended 31 May 2022, the transaction amounts incurred in respect of the products provided by the Fosun International Group and/or its associates to the Group (unaudited) were as follows:

**For the five
months ended
31 May 2022
(RMB million)**

| | | | |
|--|--------|---|--------|
| Products provided by the Fosun International Group and/or its associates to the Group | 149.45 | Percentage of the original annual cap for products provided by the Fosun International Group and/ or its associates to the Group | 74.73% |
|--|--------|---|--------|

The Company also confirms that as at the date of this announcement, the actual transaction amounts for the products provided by the Fosun International Group and/or its associates to the Group have not exceeded the annual cap in respect of these relevant transactions.

Revised Transaction Annual Cap

Accordingly, the Board resolved to revise the annual cap for products provided by the Fosun International Group and/or its associates to the Group as follows (the “**Revised Transaction Annual Cap**”):

| | For the year ending 31 December 2022 (RMB million) | | For the year ending 31 December 2022 (RMB million) |
|---|---|--|---|
| Original annual cap for the products provided by the Fosun International Group and/or its associates to the Group | 200 | Revised annual cap for the products provided by the Fosun International Group and/or its associates to the Group | 320 |

The Revised Transaction Annual Cap is determined with reference to (i) the historical transaction amounts in respect of the products provided by the Fosun International Group and/or its associates (amongst which are mainly associates of Fosun International which are the Company’s subsidiaries) to the Group under the Fosun International Mutual Supply Framework Agreement; (ii) the anticipated increase in the products provided by Fosun International and/or its associates to the Group in line with the relevant business cooperation of the Group and the Fosun International Group.

B. REASONS FOR AND BENEFITS OF THE REVISION OF TRANSACTION ANNUAL CAP

The Board has been carefully monitoring the performance of the Fosun International Mutual Supply Framework Agreement. Taking into account of the factors set out above, in view of the business relationship between the Group and the Fosun International Group and their respective business development, the Board envisages that the original annual cap for the products provided by the Fosun International Group and/or its associates to the Group will not be sufficient to fulfil the transactions that may take place under the Fosun International Mutual Supply Framework Agreement for the year ended 31 December 2022. Hence, the Board proposes to increase the original annual cap to the Revised Transaction Annual Cap to satisfy the increasing demand for the products provided by the Fosun International Group and/or its associates to the Group. The management of the Group will continue to 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 in the Announcement.

The Directors (including the independent non-executive Directors) consider that the proposed Revised Transaction Annual Cap arises in the ordinary and usual course of business of the Group, is determined based on normal commercial terms, and is fair and reasonable 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 the 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 Revised Transaction Annual Cap. Save as disclosed above, other Directors did not have any material interest in the determination of the Revised Transaction Annual Cap.

C. INFORMATION ON THE PARTIES

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.

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.

D. HONG KONG LISTING RULES IMPLICATION

According to Rule 14A.54 of the Hong Kong Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Hong Kong Listing Rules in relation to the relevant connected transaction. 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 (after taking into account the Revised Transaction Annual Cap) is more than 0.1% but less than 5%, the adoption of the Revised

Transaction Annual Cap under 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.

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

Shanghai, People's Republic of China
24 June 2022

As at the date of this announcement, the executive directors 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*