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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 CAPS OF  
CONTINUING CONNECTED TRANSACTIONS**

**REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcements in relation to, among others, the entering into the CQ Pharma Mutual Supply Agreement and the revision of Purchase Transaction Annual Cap thereunder. Under the terms of the CQ Pharma Mutual Supply Agreement, among others, (i) the Group agreed to supply the products of the Group, including but not limited to pharmaceutical products, raw materials and preparations, to CQ Pharma Holdings Group from time to time during the term of the agreement; and (ii) CQ Pharma Holdings Group agreed to provide warehousing, transportation and channel consulting services to the Group during the term of the agreement.

In order to satisfy the demand of further aforesaid relevant business cooperation between the Group and CQ Pharma Holdings Group during the fourth quarter of 2021, which is expected to incur additional transactions to Sales Transactions and CQ Pharma Services between the Group and CQ Pharma Holdings Group under the CQ Pharma Mutual Supply Agreement, and the Board envisages that the original annual caps for Sales Transactions and CQ Pharma Services will not be sufficient to fulfil the amount of relevant transactions that may take place under the CQ Pharma Mutual Supply Agreement for the year ended 31 December 2021. The Board therefore proposes to adjust the Sales Transaction Annual Cap and CQ Pharma Services Annual Cap to RMB750 million and RMB15 million, respectively.

## **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. 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 profit ratio) calculated in accordance with the Hong Kong Listing Rules for the sum of the Revised Sales Transactions Annual Cap and CQ Pharma Services Annual Cap and annual caps of other transactions under the CQ Pharma Mutual Supply Agreement on an annual basis 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 exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **A. REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS**

References are made to the announcements of the Company dated 9 June 2021 and 23 August 2021 (the “**Announcements**”) in relation to, among others, the entering into the CQ Pharma Mutual Supply Agreement and the revision of Purchase Transaction Annual Cap thereunder. Under the terms of the CQ Pharma Mutual Supply Agreement, among others, (i) the Group agreed to supply the products of the Group, including but not limited to pharmaceutical products, raw materials and preparations, to CQ Pharma Holdings Group from time to time during the term of the agreement; and (ii) CQ Pharma Holdings Group shall provide warehousing, transportation and channel consulting services to the Group during the term of the agreement. Unless otherwise specified, capitalised terms used herein shall have the same meaning ascribed to them in the Announcements.

In order to satisfy the demand of further aforesaid relevant business cooperation between the Group and CQ Pharma Holdings Group during the fourth quarter of 2021, which is expected to incur additional transactions to Sales Transactions and CQ Pharma Services Transactions between the Group and CQ Pharma Holdings Group under the CQ Pharma Mutual Supply Agreement, and the Board envisages that the original annual caps for Sales Transactions and CQ Pharma Services will not be sufficient to fulfil the amount of relevant transactions that may take place under the CQ Pharma Mutual Supply Agreement for the year ended 31 December 2021.

## Pricing terms

The terms of the CQ Pharma Mutual Supply 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 “CQ PHARMA MUTUAL SUPPLY AGREEMENT” in the Company’s announcement dated 9 June 2021.

## Historical transaction amount

For the ten months ended 31 October 2021, the transaction amounts incurred in respect of the Sales Transactions and CQ Pharma Services (unaudited) were as follows:

			<b>For the ten months ended 31 October 2021</b> <i>(RMB million)</i>
Sales Transactions	548.65	Percentage of the original Sales Transaction Annual Cap	91.44%
CQ Pharma Services	8.40	Percentage of the original CQ Pharma Services Annual Cap	84.00%

The Company also confirms that as at the date of this announcement, the actual transaction amounts for the Sales Transactions and CQ Pharma Services have not exceeded the annual caps of these relevant transactions.

## Revised Transaction Annual Caps

Accordingly, the Board resolved to revise the annual caps for Sales Transaction and CQ Pharma Services as follows (the “**Revised Transaction Annual Caps**”):

	<b>For the year ended 31 December 2021</b> <i>(RMB million)</i>		<b>For the year ended 31 December 2021</b> <i>(RMB million)</i>
Original Sales Transaction Annual Cap	600	Revised Sales Transaction Annual Cap	750
Original CQ Pharma Services Annual Cap	10	Revised CQ Pharma Services Annual Cap	15

The Revised Transaction Annual Caps are determined with reference to (i) the historical transaction amounts in respect of the Sales Transactions and CQ Pharma Services under the CQ Pharma Mutual Supply Agreement; (ii) the anticipated increase in the Sales Products of the Group to CQ Pharma Holdings Group and receipt of CQ Pharma Services by the Group in line with the relevant business cooperation between the Group and CQ Pharma Holdings Group.

## **B. REASONS FOR AND BENEFITS OF THE REVISED TRANSACTION ANNUAL CAPS**

The Board has been carefully monitoring the performance of the CQ Pharma Mutual Supply Agreement. Taking into account of the factors set out above, in view of the business relationship between the Group and CQ Pharma Holdings Group and their respective business development, the Board envisages that the original annual caps for Sales Transactions and CQ Pharma Services will not be sufficient to fulfil the transactions that may take place under the CQ Pharma Mutual Supply Agreement for the year 2021. Hence, the Board proposes to increase the original annual cap to the Revised Transaction Annual Caps to satisfy the increasing demand for Sale Transactions from CQ Pharma Holdings Group as well as the Group's demand for warehousing, transportation and channel consulting services.

The Directors (including the independent non-executive Directors) consider that the proposed Revised Transaction Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **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.

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.

## **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. 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 profit ratio) calculated in accordance with the Hong Kong Listing Rules for the sum of the revised Sales Transactions Annual Cap and the CQ Pharma Services Annual Cap and annual caps of other transactions under the CQ Pharma Mutual Supply Agreement on an annual basis 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 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, the PRC

24 November 2021

*As at the date of this announcement, the executive director of the Company is Mr. Wu Yifang; 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*