OVERVIEW

As of the date of this Document, (i) Mr. Guo Guangchang, directly and indirectly through FHL (which is wholly owned by FIHL, a company controlled by Mr. Guo Guangchang as to 85.29%), is interested in approximately 72.79% of the shares in Fosun International, and (ii) Fosun International, directly and indirectly through its wholly owned subsidiary, Fosun High Tech, is interested in approximately 36.23% of the total share capital of Fosun Pharma. Fosun Pharma is a subsidiary of Fosun International and in turn indirectly holds approximately 68.47% of the Shares in issue.

Immediately following the completion of the [**REDACTED**], (a) Fosun Pharma will have an indirect interest (through its interests in its wholly-owned subsidiary, Fosun Pharma Industrial Development) in approximately [**REDACTED**]% of the Shares in issue (assuming the [**REDACTED**] is not exercised), (b) the Company will remain as an indirect non-wholly owned subsidiary of Fosun International and Fosun Pharma, and (c) Mr. Guo Guangchang, FIHL, FHL, Fosun International, Fosun High Tech, Fosun Pharma and Fosun Pharma Industrial Development will together constitute a group of the Controlling Shareholders. Please refer to "History and Development" for the simplified corporate structure of the Group.

DELINEATION OF BUSINESS

Background of the Controlling Shareholders

The Fosun International Group

Fosun International is a global 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 have been listed on the Main Board of the Hong Kong Stock Exchange with stock code 00656 since 2007.

The Fosun Pharma Group

The Fosun Pharma Group is an innovation-driven global pharmaceutical and healthcare group, with focus on developing innovative medicines, medical technologies and diagnostics as well as delivering healthcare services. Through Sinopharm Group Co. Ltd. (國藥控股股份有限公司), an associated company of Fosun Pharma, it has also established pharmaceutical distribution network, built a comprehensive pharmaceutical and healthcare ecosystem.

Fosun Pharma's A shares have been listed on the Shanghai Stock Exchange with stock code 600196 since August 1998 and its H shares have been listed on the Main Board of the Hong Kong Stock Exchange with stock code 02196 since October 2012.

Mr. Guo Guangchang

Mr. Guo Guangchang, the ultimate Controlling Shareholder, does not have any interest in healthcare and pharmaceutical businesses other than through his interest in Fosun International and its subsidiaries.

Delineation from the Remaining Fosun Pharma Group

Overview

There is a clear delineation of the business of the Group and the businesses of the Remaining Fosun Pharma Group. The major areas in which the businesses between the Group and the Remaining Fosun Pharma Group are delineated are summarized below:

	The Group	Remaining Fosun Pharma Group
Nature of business	• R&D, manufacturing and sale of prophylactic vaccines	• **Pharmaceutical manufacturing segment:** R&D, manufacturing and sales of pharmaceutical and medicinal products other than those developed by the Group • **Medical devices and medical diagnosis segment:** R&D, manufacturing and sales of medical equipment and diagnostic products • **Healthcare services segment:** provision of healthcare services and hospital management • **Other business operation segment:** businesses other than those mentioned above **All of the above business segments do not include the business of the Group.**
Key products, services and/or business activities	The business activities of the Group and the Remaining Fosun Pharma Group in relation to the R&D, manufacturing and sales of pharmaceutical and medicinal products focus on different products.	
	• The Group focuses on the R&D, manufacturing and sale of prophylactic vaccines. • As of the Latest Practicable Date, the Group had already launched four types of prophylactic vaccines for market sale in Chinese mainland that were self-developed by the Group, and had nine vaccine candidates that were self-developed by the Group and in different stages of development. See "Business" for further details.	• **Pharmaceutical manufacturing segment:** R&D, manufacturing and sales of drugs, including the sale of only one series of vaccine product, namely Comirnaty, an mRNA vaccine licensed by BioNTech SE that is applicable to the COVID-19 virus • **Medical diagnosis and medical devices segment:** Mainly involving in medical aesthetics, respiratory care, advanced medical devices and consumables, in-vitro diagnostics, etc. • **Healthcare services segment:** Operation and management of hospitals • **Pharmaceutical distribution and retail segment:** Distribution and retail of medicine and medical devices

	The Group	Remaining Fosun Pharma Group
Production and R&D	The Group and the Remaining Fosun Pharma Group own separate production facilities tailored for their respective businesses and products. The Group and the Remaining Fosun Pharma Group own separate R&D resources, personnel and facilities. As of the Latest Practicable Date, there was no overlap between the R&D resources, personnel and facilities between the Group and the Remaining Fosun Pharma Group.	
Ownership of intellectual property of pharmaceutical products	Save for the Relevant Trademarks (as defined below) licensed by the Remaining Fosun Pharma Group to the Group, the Group and the Remaining Fosun Pharma Group have registered their own respective intellectual property rights, including patents, separately and independently with the CNIPA. The respective licenses in relation to the businesses operated by the Group and the Remaining Fosun Pharma Group have been registered with the NMPA separately and independently. The Group independently owns all material trademarks, patents, licenses, and other intellectual property necessary to carry out its business. The Controlling Shareholders have, through Remaining Fosun Pharma Group, licensed certain trademarks (the "**Relevant Trademarks**") to the Company on a royalty-free basis. See "Connected Transactions" for details. The licensing of the Relevant Trademarks by the Remaining Fosun Pharma Group will not affect the Company's operational independence from the Remaining Fosun Pharma Group. The Relevant Trademarks are mainly used by the Group (a) as logo displayed on the exterior wall of the office buildings of the Group and (b) on the outer packaging of the influenza and rabies vaccines of Fosun Apexvac. The Company believes that the Controlling Shareholders have built significant brand recognition of "Fosun", therefore it is essential and reasonable for them to maintain the control over such Relevant Trademarks to ensure consistent development and maintenance of their core value in a coordinated manner.	
Customers and suppliers	For each of the years ended December 31, 2023, 2024 and 2025, there is no overlap between the ten largest customers and suppliers of the Group and the ten largest customers and suppliers of the Remaining Fosun Pharma Group. In addition, there are no sales or purchases of products or services by the Group and the Remaining Fosun Pharma Group conducted on a bundled basis or dependent or conditional upon each other.	

Delineation of the vaccines developed by the Group and Comirnaty sold by the Remaining Fosun Pharma Group

The Remaining Fosun Pharma Group is engaged in, among other things, sales of Comirnaty in Hong Kong, Macau and Taiwan of China (the "**Fosun Pharma Retained Business**") licensed by BioNTech SE. Comirnaty is a series of mRNA vaccines solely applied to the prevention of infectious diseases caused by the COVID-19 virus, the R&D and manufacturing of which are conducted by BioNTech SE. The Group's vaccines are sold in Chinese Mainland and the Group's vaccine products and candidates are mainly applied to preventing rabies, influenza, pneumonia, varicella, meningococcal disease, herpes zoster, and tetanus. As of the Latest Practicable Date, the Group had no plans to develop any vaccine product targeting the COVID-19 virus.

The vaccines developed by the Group are clearly delineated from Comirnaty sold by the Remaining Fosun Pharma Group given (i) the delineations in product applications and sales regions of the Group's vaccines and Comirnaty as detailed above, (ii) the Group's vaccines and Comirnaty are developed based on different technological platforms and manufactured with different process technology and key raw materials.

Based on the foregoing, in spite of the Fosun Pharma Retained Business, there is clear delineation between the businesses of the Remaining Fosun Pharma Group and the Group.

Non-compete Undertaking

Notwithstanding there is a clear delineation between the businesses of the Remaining Fosun Pharma Group and those of the Group as detailed above, Fosun Pharma has provided a non-compete undertaking governed by laws of the PRC to the Company in connection with the [**REDACTED**] (the "**Non-compete Undertaking**") to ensure there remains a clear delineation of their respective businesses in the future. Pursuant to the Non-compete Undertaking,

(i) other than the Fosun Pharma Retained Business, Fosun Pharma shall not, and shall procure its subsidiaries (other than the Group and other subsidiaries listed on the stock exchanges) not to, carry on or be engaged in, R&D, manufacturing and sales of prophylactic vaccines, which are the core businesses of the Group (the "**Restricted Businesses**"); and

(ii) Fosun Pharma further undertakes that in the event there is any new business opportunity to acquire an interest in any Restricted Businesses (an "**Investment Opportunity**"), to the extent permitted by applicable laws and regulations and subject to contractual arrangement with third parties, Fosun Pharma and its subsidiaries (other than the Group) will first offer the Investment Opportunity to the Company in writing. The Company will have a period of 15 days following the receipt of such notice to make a decision. The Remaining Fosun Pharma Group will only be permitted to participate in the Investment Opportunity if the Company decides not to participate in the Investment Opportunity.

The Non-compete Undertaking will commence on the [**REDACTED**] and will end on the earlier of (i) the date on which Fosun Pharma or its subsidiaries (other than the Group) cease to be the Controlling Shareholders and (ii) the date on which the H Shares cease to be [**REDACTED**] on the Hong Kong Stock Exchange.

Measures adopted to ensure the proper implementation of the Non-compete Undertaking

When the Company decides whether to participate in the Investment Opportunity offered by the Remaining Fosun Pharma Group, the decision will be made by the executive Directors and the independent non-executive Directors who do not have any ongoing role with the Remaining Fosun Pharma Group. The Remaining Fosun Pharma Group will be permitted to participate in the Investment Opportunity on terms no favorable than those offered to the Company if the Company decides not to participate in the Investment Opportunity.

In addition, the following measures will be adopted to ensure the proper implementation of the Non-compete Undertaking:

(i) a committee comprising all the independent non-executive Directors (the "**Independent Board Committee**") will be responsible for overseeing the implementation of the Non-Compete Undertaking and, in particular, the Independent Board Committee will review on an annual basis compliance by Fosun Pharma with the Non-Compete Undertaking;

(ii) Fosun Pharma will provide an annual confirmation to the Company regarding its compliance with the Non-Compete Undertaking and all such information as the Independent Board Committee may reasonably request for its annual review of Fosun Pharma's compliance with the Non-Compete Undertaking; and

(iii) the Company will disclose in the annual report the annual confirmation of Fosun Pharma regarding its compliance with the Non-compete Undertakings and the findings of the Independent Board Committee regarding compliance by Fosun Pharma with the Non-Compete Undertaking (if any).

Delineation from the Remaining Fosun International Group

Overview

The Fosun International Group operates businesses in the Health Ecosystem segment principally through:

(i) the Fosun Pharma Group, of which the Group forms a part;

(ii) Shanghai Zhuli Investment Co., Ltd. (上海助立投資有限公司, "**Shanghai Zhuli**"), a non-wholly owned subsidiary of Fosun International, which invests in and operates senior care and nursing institutions; and

(iii) Luz Saúde, S.A., a non-wholly subsidiary of Fosun International and one of the largest private healthcare groups in the Portuguese healthcare market, providing a wide range of general hospital and clinical services in Portugal.

There is a clear delineation of business between the Group and the Remaining Fosun International Group as (i) the businesses of Shanghai Zhuli and Luz Saúde, S.A. are clearly delineated from those of the Group and (ii) there is a clear delineation of business between the Group and the Remaining Fosun Pharma Group as further explained above.

In addition, there is an existing non-compete undertaking provided by, among others, Fosun International in favor of the Fosun Pharma Group to ensure a clear delineation of business between the two groups of companies and the businesses carried on by the companies mentioned above (except for the Fosun Pharma Group) are clearly distinguished from the businesses carried on by the Fosun Pharma Group (including the Group).

Existing Non-compete Undertakings in relation to Fosun Pharma

As disclosed in the document of Fosun Pharma dated October 17, 2012, pursuant to the deed of non-competition undertakings dated October 13, 2012 (the "**Existing Non-compete Undertakings**") and executed by each of Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, FIHL, FHL, Fosun International and Fosun High Tech (collectively, the "**Existing Covenantors**"), being the controlling shareholders of Fosun Pharma at the time of the execution of the Existing Non-compete Undertakings, the Existing Covenantors have undertaken in favor of Fosun Pharma (for itself and as trustee of Fosun Pharma's subsidiaries from time to time) that, among other things:

(i) save for the Existing Covenantors' indirect interest in Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), which is mainly engaged in commercial retail, wholesale and retail of gold and jewellery, and other interests in companies in which the Existing Covenantors and their respective associates may have from time to time in future but will not have control over the same, the Existing Covenantors will, subject to any applicable laws, regulations or stock exchange rules, use their commercially reasonable efforts to procure those companies and other business entities which are primarily controlled by the relevant Existing Covenantors (other than the Fosun Pharma Group) not to engage in any business in the PRC and Hong Kong which is of a similar nature to the Fosun Pharma Group's pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices businesses (the "**Fosun Pharma Restricted Businesses**"), so long as:

(A) Fosun Pharma's shares remain listed on the Hong Kong Stock Exchange (and for this purpose, including any period during which the trading of Fosun Pharma's shares on the Hong Kong Stock Exchange is suspended for whatever reason);

(B) the Fosun Pharma Group has any interest, whether directly or indirectly, in any members of the Fosun Pharma Group which engages in any of the Fosun Pharma Restricted Businesses; and

(C) each of the Existing Covenantors remains as a controlling shareholder of Fosun Pharma; and

(ii) subject always to its obligations referred to above, if any of the Existing Covenantors obtains any business opportunity in the PRC and Hong Kong which competes or is likely to compete with Fosun Pharma Restricted Businesses (the "**Fosun Pharma Business Opportunity**"), it will promptly notify Fosun Pharma of such Fosun Pharma Business Opportunity and will first offer it to Fosun Pharma on terms and conditions no less favorable than those offered to the Existing Covenantors, any of the associates of the Existing Covenantors or any other third party. Such Fosun Pharma Business Opportunity will be reviewed by Fosun Pharma's independent non-executive directors.

On the basis of the above, the Directors believe that the Existing Non-compete Undertakings are able to ensure and maintain a clear delineation of business between the Fosun Pharma Group and the Remaining Fosun International Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Directors are of the view that the Group is able to carry on its business independently from the Controlling Shareholders (including their close associates) following completion of the [**REDACTED**] for the following reasons.

Operational and Administrative Independence

The Company has a full-time management team and team of staff to carry out its own operation and administration independently of the Remaining Fosun International Group and the Remaining Fosun Pharma Group. The support functions comprising accounting, administration, corporate secretarial, compliance and human resource management will also continue to be handled by a team of staff employed directly by the Company and are separated from the Remaining Fosun International Group and Remaining Fosun Pharma Group. In addition, with respect to the Company's products, the Company has all requisite resources and is capable of carrying on the business of R&D, application for registration and clinical trials independently of the Remaining Fosun Pharma Group. The Company also operates its own production facilities independently from the Remaining Fosun Pharma Group and has all requisite facilities, equipment, supplies and personnel to carry out the production and manufacturing of its products independently of the Remaining Fosun Pharma Group. Furthermore, the Company procures equipment, materials and services that are essential for its R&D, business from its suppliers independently of the Remaining Fosun Pharma Group. As all key administrative functions, R&D and production of the Company are carried out by the Company without reliance on the Remaining Fosun Pharma Group, the Company is able to operate independently of the Remaining Fosun Pharma Group upon completion of the [**REDACTED**].

During ordinary and usual course of business, the Group has entered into certain transactions with the Remaining Fosun Pharma Group which will constitute continuing connected transactions after the [**REDACTED**]. See "Connected Transactions." Such transactions were and will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better.

Financial Independence

The Company had sufficient funds to carry on its operations. In addition to revenue from product sales and bona fide commercial loans, the Company is also able to independently secure equity investments from other investors that are independent from the Remaining Fosun International Group and the Remaining Fosun Pharma Group. See "History and Development — Pre-[**REDACTED**] Investments."

As of the date of this Document, banking facilities representing an aggregate amount of RMB885 million granted by financial institutions to the Group are secured by guarantees provided by the Remaining Fosun Pharma Group, of which approximately RMB707.5 million has been utilized (the "**Controlling Shareholders' Guarantees**"). The Group will negotiate with the relevant financial institutions for options to release or replace the Controlling Shareholders' Guarantees, including but not limited to the replacement of the Controlling Shareholders' Guarantees with mortgages secured by the Group's assets and/or repayment of relevant loans, such that the Controlling Shareholders' Guarantees will be fully released before the [**REDACTED**]. In addition, all equity interests in and certain assets of Fosun Apexvac, a wholly-owned subsidiary of the Company, were pledged/mortgaged to Fosun Pharma as counter-guarantees for the Controlling Shareholders' Guarantees. Such counter-guarantees will be fully released following the release of the Controlling Shareholders' Guarantees before the [**REDACTED**]. Fosun Pharma has confirmed that it will not enforce the pledge over the equity interests in Fosun Apexvac unless the Company terminates its [**REDACTED**] plan. Save as disclosed above, as of the date of this Document, none of the loans of the Group is guaranteed or secured by the Controlling Shareholders, nor any loan of the Controlling Shareholders is guaranteed or secured by the Group.

As of the date of this Document, the Group has no loans, advances and balances of non-trade nature due to or from the Remaining Fosun International Group or the Remaining Fosun Pharma Group.

On the basis of the foregoing, the Company is financially independent from the Remaining Fosun Pharma Group and the Remaining Fosun International Group.

Independence of Directors and Management

Upon [**REDACTED**], the Board will consist of eight Directors, comprising two executive Directors, three non-executive Directors and three independent non-executive Directors, among whom three non-executive Directors currently hold positions in the Controlling Shareholders, details of which are set out below. See "Directors and Senior Management" for further details.

Name	Positions in the Remaining Fosun International Group	Positions in the Remaining Fosun Pharma Group
Mr. Chen Qiyu	Executive director and co-chief executive officer of Fosun International	Non-executive director of Fosun Pharma
Mr. Wang Kexin . . .	Executive president of Fosun International	Executive director of Fosun Pharma
Ms. Guan Xiaohui. .	Vice president of Fosun International	Executive director and co-chairman of the board of directors of Fosun Pharma

The Directors are of the view that the Board and the senior management of the Company are able to function independently of the Controlling Shareholders for the following reasons:

(i) the executive Directors, who are responsible for the day-to-day management of the Group's business, does not have any ongoing role with the Remaining Fosun International Group or the Remaining Fosun Pharma Group;

(ii) the majority of the members of the Board, including all of the executive Directors and independent non-executive Directors, will be entirely independent of the Remaining Fosun International Group and the Remaining Fosun Pharma Group;

(iii) no member of the senior management of the Company has any ongoing role with the Remaining Fosun International Group or the Remaining Fosun Pharma Group;

(iv) should there be a conflict of interest (pursuant to the constitutional documents of the Company, members of the Remaining Fosun Pharma Group or members of the Remaining Fosun International Group, as applicable or the relevant Hong Kong Listing

Rules) or a connected transaction between members of the Group (on the one hand) and members of the Remaining Fosun Pharma Group and/or members of the Remaining Fosun International Group (as the case may be) (on the other hand), the relevant Directors who also hold positions in the Remaining Fosun Pharma Group and/or the Remaining Fosun International Group will abstain from voting on, and will not be counted in the quorum for, the relevant resolution(s) of the Board; and

(v) the Company will adopt corporate governance measures as detailed below to ensure good corporate governance standards and to avoid potential conflicts of interest between the Group and the Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

The Company and the Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of the minority Shareholders.

The Company has adopted, among others, the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between the Group and the Controlling Shareholders:

(i) where a Board meeting is to be held for considering matters in which any Director or his/her associates have a material interest, the relevant Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective close associates have a material interest, the relevant Controlling Shareholder(s) or close associate(s) will not vote on the relevant resolutions;

(iii) the Company has established internal control mechanisms to identify connected transactions and related party transactions. Upon the [**REDACTED**], if the Company enters into connected transactions or related party transactions with the Controlling Shareholders or any of their close associates, the Company will comply with the applicable laws and regulations, including the Hong Kong Listing Rules;

(iv) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and the Controlling Shareholders and provide impartial and professional advice to protect the interests of the minority Shareholders;

(v) the Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by applicable laws and regulations, including the Hong Kong Listing Rules;

(vi) where the Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at the Company's expense;

(vii) the Company has appointed Somerley Capital Limited as the Compliance Advisor to provide advice and guidance to the Company in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and

(viii) the Company has established the Audit Committee, the Nomination Committee and the Remuneration Committee with written terms of reference in compliance with the Hong Kong Listing Rules.

Based on the above, the Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between the Group and the Controlling Shareholders, and to protect the minority Shareholders' interests after the [**REDACTED**].