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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO THE TERM SHEET IN RELATION TO THE FORMATION OF A JOINT VENTURE

This announcement is made by Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

References are made to the relevant announcements of the Company dated 15 March and 16 December 2020 in relation to, among others, the entering into the License Agreement, the Amendment No. 1 and Supply Agreement between Fosun Pharmaceutical Industrial and BioNTech (the “**Announcements**”). Unless the context otherwise specified, capitalised terms used herein shall have the same meaning ascribed to them in the Announcements.

THE TERM SHEET

The Board is pleased to announce that, on 8 May 2021, Fosun Pharmaceutical Industrial and BioNTech entered into a term sheet (the “**Term Sheet**”) in relation to the proposed setting up of a joint venture company for manufacturing and commercialisation of the Coronavirus Vaccine Product (the “**JV Company**”), the equity interest of which shall be owned as to 50% by each of Fosun Pharmaceutical Industrial and BioNTech, respectively (the “**Formation of JV**”). Under the Term Sheet, Fosun Pharmaceutical Industrial agreed to make capital contribution at the value of not more than US\$100 million in cash and/or in tangible or intangible assets (comprising, among others, plants and manufacturing facility), and BioNTech agreed to make capital contribution in intangible assets including, among others, a license of the relevant manufacturing technology and know-how at the value of not more than US\$100 million. The Term Sheet is expressly to be legally binding on each party thereto in relation to the obligation to perform any act as is required for the Formation of JV but it is contemplated under the Term Sheet that the parties shall further enter into the definitive transaction documents in relation to the Formation of JV.

The principal terms of the Term Sheet are summarised below.

Date 8 May 2021

Parties (1) Fosun Pharmaceutical Industrial; and
(2) BioNTech

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, BioNTech and its ultimate beneficial owner are third parties independent of the Company and are not connected persons of the Company.

Term and place of incorporation The term of the JV Company shall be 15 years commencing from its establishment, and the place of incorporation shall be Shanghai, the PRC.

Registered capital and capital contribution Under the Term Sheet, the registered capital of the JV Company shall be not more than US\$200 million, of which:

- (1) Fosun Pharmaceutical Industrial agreed to make capital contribution in the aggregate amount of not more than US\$100 million in cash and/or in tangible or intangible assets (comprising plants and Manufacturing Facility), representing 50% of the registered capital of the JV Company; and
- (2) BioNTech agreed to make contribution in intangible assets including licensing of the relevant manufacturing technology and know-how, at the value of not more than US\$100 million to be accounted for as the registered capital of the JV Company, representing 50% of the registered capital of the JV Company.

Board composition The board of directors of the JV Company shall consist of 6 directors, and each of Fosun Pharmaceutical Industrial and BioNTech shall have the right to nominate 3 directors, respectively. The chairman of the board shall be a director nominated by BioNTech and elected by the board of directors of the JV Company.

Management team and key employees

The JV Company shall establish a management structure as authorised by its board of directors. The management team of the JV Company shall consist of a general manager, a deputy general manager (responsible for implementing manufacturing process), a vice president for financial affairs (the “**VP of Finance**”), a vice president for compliance matters (the “**VP of Compliance**”) and other executives. The candidates for general manager and VP of Finance shall be nominated by Fosun Pharmaceutical Industrial, and the candidates for the deputy general manager and VP of Compliance shall be nominated by BioNTech, of whom the appointment and dismissal shall be approved by the board of directors of the JV Company.

Manufacturing Facility

Under the Term Sheet, Fosun Pharmaceutical Industrial shall provide a manufacturing facility, which has the potential capacity of producing up to 1 billion doses of Coronavirus Vaccine Product per annum (the “**Manufacturing Facility**”), and shall inject the Manufacturing Facility into the JV Company forming a part of its capital contribution in accordance with the Term Sheet.

Technology licensing and assistance

Under the Term Sheet, BioNTech shall be responsible for conducting technology licensing (through entering into a technology license agreement) and providing technology assistance, and shall ensure sufficient capable personnel in connection therewith. BioNTech shall be reimbursed by the JV Company for all reasonable out-of-pocket expenses in relation to the technology licensing and assistance.

Working capital

The JV Company may borrow funds from authorised financial institutions within or outside of China, to be used as working capital of the JV Company.

Fosun Pharmaceutical Industrial will make reasonable endeavour to meet the demand of JV Company’s initial working capital, including (1) in addition to its capital contribution, it shall extend shareholder loans in the aggregate amount of up to EUR150 million, and (2) arranging credit facilities for the JV Company.

If Fosun Pharmaceutical Industrial extends its shareholder loans to or provide guarantee for credit facilities of the JV Company under the above arrangement, BioNTech shall provide relevant guarantee or back-to-back counter guarantee in favour of Fosun Pharmaceutical Industrial as agreed to cover 50% of the shareholder loans or the total loans borrowed by the JV Company.

Sale of products	The JV Company shall engage the affiliate of Fosun Pharmaceutical Industrial as the contract sales organisation (the “CSO”) to provide marketing and sales services for the Coronavirus Vaccine Product of the JV Company in China. The JV Company shall pay a service fee to the CSO in accordance with the Term Sheet.
Profit sharing scheme	<p>Prior to the local commercialisation of the products manufactured by the JV Company, with respect to the profit sharing regarding the collaboration of Coronavirus Vaccine Product, the parties shall apply to the arrangement provided in the License Agreement and its Amendment No. 1 and the Supply Agreement (the “Existing Agreements”).</p> <p>Fosun Pharmaceutical Industrial shall pay the sales milestones under the Existing Agreements to BioNTech, irrespective of the Formation of JV.</p> <p>The relevant logistics and other operational costs shall be borne by the JV Company, and any amount exceeding the cap amount as agreed between the parties to the Term Sheet shall be borne by Fosun Pharmaceutical Industrial.</p>
IP Protection	Appropriate IP protection mechanisms shall be adopted by the JV Company so as to protect BioNTech’s IP, know-how and trade secrets.
Clinical studies	During the term of the JV Company, the costs of clinical studies to Coronavirus Vaccine Product conducted in the Territory shall be borne by Fosun Pharmaceutical Industrial.
Conditions	<p>The Formation of JV shall be subject to the satisfaction of the following conditions:</p> <ol style="list-style-type: none"> (1) each party having duly obtained the approval and authorisation of the Formation of JV and the transactions contemplated under the Term Sheet; (2) the definitive transaction documents (including but not limited to the joint venture contract, the articles of association of the JV Company and the technology license agreement) in relation to the Formation of JV having executed; (3) completion of the preparation of the Manufacturing Facility by Fosun Pharmaceutical Industrial; (4) the satisfaction of the preparation of the supply chain to serve the local production;

- (5) the parties' assessment of the market demand in China for the Coronavirus Vaccine Product justifying the continuation of the formation and operation of the JV Company; and
- (6) having obtained all the necessary approvals from the governmental authorities relating to the Formation of JV and transactions contemplated under the definitive transaction documents.

Non-competition

During the term of the JV Company, neither Fosun Pharmaceutical Industrial or BioNTech shall, directly or indirectly through any of their respective affiliates, or with any third party, develop, acquire or invest in (other than as a passive investor of under 5% of publicly listed shares) an mRNA-based therapy or vaccine in the Territory which competes with the then-current business of the JV Company, unless otherwise authorised by the other party.

Until the earlier of the fifth anniversary of the signing of the definitive transaction documents or the dissolution of the JV Company, the JV Company shall have a right of first refusal with respect to the production of any mRNA-based therapy or vaccine developed or commercialised by Fosun Pharmaceutical Industrial or its affiliates with certain agreed exceptions.

Miscellaneous

- (1) During the term of the JV Company, Fosun Pharmaceutical Industrial and BioNTech may potentially expand collaboration beyond the Coronavirus Vaccine Product into other infectious diseases and other therapeutic areas based on the mRNA platform, subject to the success of the Coronavirus Vaccine Product in China.
- (2) The definitive transaction documents are expected to be executed by middle of June 2021.
- (3) The Term Sheet shall be governed by the laws of the State of New York. Any dispute between the parties arising out of, or in connection with, the Term Sheet shall be resolved by arbitration administered by the Singapore International Arbitration Centre.
- (4) This Term Sheet is expressly to be legally binding on each party thereto, and each party shall perform its obligation under the Term Sheet accordingly.

IMPACT OF THE FORMATION OF JV

The parties entered into the Term Sheet for the Formation of JV to further perform the arrangement under the Amendment No. 1 in connection with the local manufacturing of the Coronavirus Vaccine Product. The specific matters of the Formation of JV are subject to further negotiation and entering into definitive transaction documents by parties, and the terms under such definitive transaction documents shall prevail.

GENERAL INFORMATION

The Group is a leading healthcare group in the PRC and primarily engaged in business segments including pharmaceutical, medical devices and medical diagnosis, healthcare services as well as pharmaceutical distribution and retail.

BioNTech is a company incorporated in Germany, and is mainly focusing on custom immunotherapy for the treatment of cancer, prevention and treatment of infectious and other serious diseases. BioNTech is one of the industry-leading mRNA platform-based biotechnology companies, and has established large-scale manufacturing facilities.

The Term Sheet is expressly to be legally binding on each party thereto in relation to the obligation to perform any act as is required for the Formation of JV but it is contemplated under the Term Sheet that the parties shall further enter into the definitive transaction documents in relation to the Formation of JV.

The detailed manufacturing and sales plan of the JV Company in respect of the Coronavirus Vaccine Product shall be subject to the further negotiation between the parties, which may be affected by various factors including, among others, the prerequisites for the commercialization and launch (including, but not limited to, obtaining of the relevant permits and approvals), and with respect to the supply of Coronavirus Vaccine Product, or adjustment, in the Territory under the Existing Agreements, it shall be further determined between the relevant parties after negotiation.

The Company will further comply with, as and when applicable, among others, the relevant reporting, announcement and shareholders' approval (if applicable) requirements under Chapter 14 of the Hong Kong Listing Rules in relation to the transactions contemplated under the Formation of JV.

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

Shanghai, PRC
9 May 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, Mr. Gong Ping, Mr. Pan Donghui and Mr. Zhang Houlin; and the independent non-executive directors of the Company are Mr. Jiang Xian, Dr. Wong Tin Yau Kelvin, Ms. Li Ling and Mr. Tang Guliang.

* *for identification purposes only*