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上海醫藥集團股份有限公司

Shanghai Pharmaceuticals Holding Co., Ltd. *

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

(Stock Code: 02607)

ANNOUNCEMENT ON THE RECEIPT OF A DECISION OF ADMINISTRATIVE PENALTY BY A SUBSIDIARY

This announcement is made by Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Recently, Shanghai SPH No. 1 Biochemical and Pharmaceutical Co., Ltd. (“**No. 1 Biochemical**”), a wholly-owned subsidiary of the Company, was served with the Decision of Administrative Penalty (Hu Shi Jian Long Chu [2023] No. 202301401) (《行政處罰決定書》(滬市監反壟處〔2023〕202301401號)) by the Shanghai Municipal Administration for Market Regulation (the “**Shanghai AMR**”). The main contents are as follows:

The Shanghai AMR adjudges that No. 1 Biochemical’s behavior of selling polymyxin B sulfate for injection at an unfairly high price has violated Article 22(1) of the Anti-Monopoly Law of the People’s Republic of China (the “**Anti-Monopoly Law**”), which provides that business operators with a dominant market position are prohibited from, among other things, selling products at unfairly high prices or buying products at unfairly low prices, and its behavior constituted an act of abusing the dominant market position by selling products at unfairly high prices.

Pursuant to Article 57 and 59 of the Anti-Monopoly Law, the Shanghai AMR ordered No. 1 Biochemical to cease unlawful acts, forfeited the illegal income of RMB337.9 million and imposed on No. 1 Biochemical a fine of 3% of its revenue generated in 2022, amounting to RMB124.2 million, after considering the factors such as the nature, extent, duration of the illegal act and the elimination of the consequences of the illegal act, as well as the fact that No. 1 Biochemical was secondarily liable for the unlawful acts, its active cooperation and voluntary provision of evidence during the investigation.

To ensure the long-term stable operation and safeguard investors' interests, the Company has taken the following measures after the aforementioned incident: (1) with great importance attached to the incident by the Group, requesting No. 1 Biochemical to actively cooperate with relevant authorities in the investigation, and coordinate planning in aspects such as pharmaceutical production to ensure stable supply in the market; (2) strengthening internal controls, enhancing the management and supervision of subsidiaries, improving the anti-monopoly compliance system to ensure compliance with relevant laws and regulations and regulatory requirements; and (3) intensifying regulatory training within the group to further enhance anti-monopoly compliance awareness.

The aforementioned fines and confiscations accounted for 0.199% and 8.226% of the audited revenue and net profit attributable to owners of the Company for 2022 as stated in the Company's consolidated financial statements, respectively, which will have a certain negative impact on the Company's current financial statements, but the overall impact is limited. The daily production and operation activities of the Company and No. 1 Biochemical are not materially affected by such administrative penalty. The Company will arrange for the payment procedures within the specified period.

By order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.*
ZHONG Tao
Joint Company Secretary

Shanghai, the PRC, 18 December 2023

As of the date of this announcement, the executive directors of the Company are Mr. SHEN Bo, Mr. LI Yongzhong and Mr. DONG Ming; the non-executive directors are Mr. YAO Jiayong and Mr. CHEN Fashu; and the independent non-executive directors are Mr. GU Zhaoyang, Mr. Manson FOK and Mr. WANG Zhong.

** For identification purpose only*