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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)

CONNECTED TRANSACTION
PROPOSED ACQUISTION OF 10% EQUITY INTEREST IN FINANCE COMPANY

THE ACQUISITION

The Board is pleased to announce that on 25 July 2025, the Company (as the Purchaser) proposed to enter into the Share Transfer Agreement with SIIC Dongtan (as the Seller), pursuant to which the Company proposed to acquire and SIIC Dongtan proposed to dispose of 10% equity interest in Finance Company at a consideration of RMB143,335,577.71 (subject to the final price as filed with the state-owned assets supervision authorities). As at the date of this announcement, Finance Company is owned as to 40% by Shanghai Shanghai, 30% by the Company, 20% by SI Capital and 10% by SIIC Dongtan, respectively. Upon completion of the Acquisition, Finance Company will be directly held as to 40% by the Company.

LISTING RULES IMPLICATIONS

As the date of this announcement, Shanghai Shanghai is the controlling shareholder of the Company, and SIIC Dongtan is a wholly-owned subsidiary of Shanghai Shanghai. As a result, SIIC Dongtan constitutes a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into within a 12-month period or otherwise related. References are made to the announcements of the Company dated 30 October 2024 and 28 January 2025, respectively, as Shanghai Shangshi and its associates are the counterparties in such partnership agreements and also in the Share Transfer Agreement, and such transactions are of a similar nature and are entered into within the period of 12 months, such transactions should be aggregated in accordance with Rule 14A.81 of the Listing Rules. As the highest percentage ratio applicable to such transactions upon aggregation is more than 0.1% but less than 5%, the Acquisition is subject to the reporting, annual review and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 25 July 2025, the Company (as the Purchaser) proposed to enter into the Share Transfer Agreement with SIIC Dongtan (as the Seller), pursuant to which the Company proposed to acquire and SIIC Dongtan proposed to dispose of 10% equity interest in Finance Company at a consideration of RMB143,335,577.71 (subject to the final price as filed with the state-owned assets supervision authorities). As at the date of this announcement, Finance Company is owned as to 40% by Shanghai Shanghai, 30% by the Company, 20% by SI Capital and 10% by SIIC Dongtan, respectively. Upon completion of the Acquisition, Finance Company will be directly held as to 40% by the Company. As at the date of this announcement, the Share Transfer Agreement has not been executed yet, and the Company will make an announcement in due course once the definitive agreements are entered into.

SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out below.

Parties

(1) the Company (as the Purchaser)

(2) SIIC Dongtan (as the Seller)

The Acquisition

Pursuant to the Share Transfer Agreement, the Company agreed to acquire and SIIC Dongtan agreed to dispose of the Target Interest, i.e., 10% equity interest in Finance Company.

As at the date of this announcement, Finance Company is owned as to 40% by Shanghai Shanghai, 30% by the Company, 20% by SI Capital and 10% by SIIC Dongtan, respectively. Upon completion of the Acquisition, Finance Company will be directly held as to 40% by the Company.

Consideration and Payment

The consideration payable by the Company is RMB143,335,577.71 (subject to the final price as filed with the state-owned assets supervision authorities). The consideration was determined after arm's length negotiations between the Parties with reference to the following factors, including, among others, the Valuation Report issued by the Valuer, which indicated that as of the Valuation Benchmark Date, the value of the 10% equity interest in the Target Company based on the asset-based approach was RMB143,335,577.71.

The consideration shall be paid by the Company using its own funds within 14 working days from the date of completion of the industrial and commercial registration of the change in the Target Interest. For the period from 31 December 2024 to the date on which the industrial and commercial registration of the change in the Target Equity is completed in accordance with the Share Transfer Agreement (the "**Transition Period**"), any profits, income, losses, or potential losses generated by the Target Company shall be obtained or borne by the Target Company, and the consideration of the Target Interest shall not be adjusted. During the Transition Period, SIIC Dongtan shall have the obligation to exercise good faith and prudent management over the Target Interest, shareholders' rights and interests, and the assets of the Target Company.

Conditions Precedent

The effectiveness of the Share Transfer Agreement is subject to the fulfillment of all of the following conditions, including: (i) the relevant parties have obtained the necessary internal resolutions authorizing and

approving the Acquisition, including: (a) a shareholders' resolution of the Target Company approving the Acquisition; (b) a board resolution of SIIC Dongtan approving the Acquisition; (c) a shareholders' resolution of SIIC Dongtan made by Shanghai Shangshi approving the Acquisition; and (d) a board resolution of the Company approving the Acquisition; and (ii) the relevant parties have obtained all necessary approvals or filings from state-owned assets supervision authorities or financial regulatory authorities in connection with the Acquisition, including: (a) the approval from the state-owned assets supervision authority for the form of this transaction (non-public transfer by agreement); (b) the required filing of the state-owned asset appraisal for this transaction; and (c) the approval or filing with the national financial regulatory authority for the Acquisition.

THE VALUATION OF EQUITY INTERESTS OF THE TARGET COMPANY

According to the asset-based approach, the assessed value of the Finance Company's total shareholders' equity is RMB1,433.3558 million, with an appreciation rate of 0.15%. Under the market approach, the assessed value is RMB1,439.2003 million, with an appreciation rate of 0.56%. Analysis of listed monetary financial companies indicates that enterprise value demonstrates the strongest linear correlation with net assets. Consequently, the asset-based approach more accurately reflects the market value of the subject entity as of the Valuation Benchmark Date. Therefore, the asset-based valuation result is adopted as the final assessment conclusion for this appraisal.

As the Valuation Report for this transaction requires state-owned assets supervision filing procedures in accordance with national laws and regulations, should the above assessment results be adjusted during the filing process, the transaction price shall be adjusted accordingly based on the valuation confirmed upon completion of the filing procedures.

Basic assumptions used in the Valuation Report include:

a. Transaction Assumption

The transaction assumption presumes that all assets subject to valuation are in the process of transaction. The appraiser simulates market conditions based on the transaction terms of the assets being evaluated to determine their value. This assumption serves as a fundamental premise for conducting any asset valuation.

b. Open Market Assumption

The open market assumption presumes the market conditions into which the assets will be introduced and how such conditions will influence the assets. The open market refers to a fully developed and mature market where there is competition among willing buyers and sellers. In such a market, both parties operate on equal footing, have sufficient access to relevant market information and adequate time for decision-making. Transactions occur voluntarily, rationally, and without coercion or restriction. This assumption is based on the premise that the assets can be freely traded in the open market.

c. Going Concern Assumption

The going concern assumption presumes that the evaluated entity will continue to operate legally and sustainably under current asset conditions within the foreseeable future. It assumes that the entity's operations will not undergo any significant adverse changes.

d. Continued Use Assumption

The continued use assumption presumes both the market conditions for the assets and the manner in which the assets are currently being utilized. It assumes that the assets are in use and will continue to be used in their current manner and for their existing purpose. It does not consider any changes in the usage or conversion of the assets to their highest and best use.

INFORMATION ON THE TARGET COMPANY

Finance Company is a company established under the laws of the PRC with limited liability and is owned as to 40% by Shanghai Shanghai, 30% by the Company, 20% by SI Capital and 10% by SIIC Dongtan, respectively. The Target Company is primarily engaged in corporate group financial services.

Financial Information of the Target Company

Based on the audited financial statements of the Target Company, the key financial information of the Target Company for the two financial years ended 31 December 2023 and 31 December 2024 are set out below:

	For the year ended 31 December 2023 (audited)	**For the year ended 31 December 2024 (audited)**
	(RMB million)	(RMB million)
Revenue	121.09	130.61
Profit before tax	66.98	73.42
Net profit after tax	55.20	60.55

The total assets and net assets of the Target Company as at 31 December 2024 were approximately RMB11,715.90 million and RMB1,431.18 million, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Since its establishment, the Finance Company has steadily expanded its asset scale, optimized its asset structure, and maintained stable profitability. Since 2016, the Finance Company has distributed cash dividends annually, with a cumulative total of approximately RMB230 million to date. Following the completion of the Acquisition, the Company will strengthen its control over major decision-making of the Finance Company while further securing stable and adequate investment returns.

The Board (including the independent non-executive Directors) considers that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Pursuant to the requirements of relevant laws, regulations, the Listing Rules and the articles of association of the Company, as Mr. YANG Qiuhua holds certain positions in Shanghai Shangshi and/or its associates, he has abstained from voting when the Board reviewed the resolution in respect of the Share Transfer Agreement. Save for the above, to the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, no other Director had a material interest in the Share Transfer Agreement or shall abstain from voting on board resolutions approving the Share Transfer Agreement and the transaction contemplated thereunder.

INFORMATION ON THE PARTIES

The Company

Headquartered in Shanghai, the Company is a national integrated pharmaceutical company in the PRC that has leading

positions in both pharmaceutical production and distribution markets. The Company's business mainly covers two segments, namely, pharmaceutical industry and pharmaceutical business. The A shares and H shares of the Company are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively. The controlling shareholders of the Company are Shanghai Industrial Investment (Holdings) Company Limited (上海實業 (集團)有限公司), Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司) and Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司).

SIIC Dongtan

SIIC Dongtan is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Shanghai Shanghai. Shanghai Shanghai. SIIC Dongtan primarily engaged in land development and infrastructure construction in Chongming Dongtan, industrial investment, asset management, real estate development, and property management.

LISTING RULES IMPLICATIONS

As the date of this announcement, Shanghai Shanghai is the controlling shareholder of the Company, and SIIC Dongtan is a wholly-owned subsidiary of Shanghai Shanghai. As a result, SIIC Dongtan constitutes a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into within a 12-month period or otherwise related. References are made to the announcement of the Company dated 30 October 2024 and 28 January 2025, respectively, as Shanghai Shangshi and its associates are the counterparties in such partnership agreements and also in the Share Transfer Agreement, and such transactions are of a similar nature and are entered into within the period of 12 months, such transactions should be aggregated in accordance with Rule 14A.81 of the Listing Rules. As the highest percentage ratio applicable to such transactions upon aggregation is more than 0.1% but less than 5%, the Acquisition is subject to the reporting, annual review and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

"Acquisition"	the acquisition of the Target Interest by the Purchaser from the Seller in accordance with the Share Transfer Agreement
"Board"	the board of Directors of the Company
"Company" or "Purchaser"	Shanghai Pharmaceuticals Holding Co., Ltd.* (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (listed on the Shanghai Stock Exchange with stock code 601607 and on the Main Board of the Hong Kong Stock Exchange with stock code 02607)
"Consideration"	the consideration for the Acquisition of RMB143,335,577.71 (subject to the final price as filed with the state-owned assets supervision authorities)

"Director(s)"	the director(s) of the Company
"Finance Company" or "Target Company"	Shanghai Shanghai Group Finance Co., Ltd. (上海上實集團財務有限公司), a company established under the laws of the PRC with limited liability and is owned as to 40% by Shanghai Shanghai, 30% by the Company, 20% by SI Capital and 10% by SIIC Dongtan, respectively.
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Party(ies)"	the Purchaser and the Seller
"PRC" or "China"	the People's Republic of China, but for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Shanghai"	Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司), the controlling shareholder of the Company
"Share Transfer Agreement"	the share transfer agreement entered into between the Parties in relation to the Acquisition, which has not been executed yet as at the date of this announcement
"SI Captial"	Shanghai Industrial Capital Co., Ltd. (上海上實資產經營有限公司), a company incorporated under the laws of the PRC with limited liability
"SIIC Dongtan" or "Seller"	Shanghai Industrial Dongtan Investment and Development (Group) Co., Ltd. (上海實業東灘投資開發（集團）有限公司), a company incorporated under the laws of the PRC with limited liability, as at the date of this announcement, SIIC Dongtan is a wholly-owned subsidiary of Shanghai Shanghai
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	shall have the meaning ascribed thereto under the Listing Rules
"Target Interest"	10% equity interest in the Target Company owned and held by the Seller as at the date of this announcement
"Valuation Benchmark Date"	31 December 2024
"Valuation Report"	the valuation report prepared by the Valuer
"Valuer"	Shanghai Jilian Assets Appraisal Co., Ltd. (上海集聯資產評估有限公司), an

	independent valuer
"%"	per cent

By order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.*
YANG Qiuhua
Chairman

Shanghai, the PRC, 26 July 2025

As of the date of this announcement, the executive Directors of the Company are Mr. YANG Qiuhua, Mr. SHEN Bo, Mr. LI Yongzhong and Mr. DONG Ming; the non-executive Director is Mr. ZHANG Wenxue; and the independent non-executive Directors are Mr. GU Zhaoyang, Mr. Manson FOK, Mr. WANG Zhong and Ms. Wan Jun.

* *For identification purpose only*