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)

CONTINUING CONNECTED TRANSACTION ENTERING INTO 2026 SALES AND PROCUREMENT FRAMEWORK AGREEMENT

ENTERING INTO 2026 SALES AND PROCUREMENT FRAMEWORK AGREEMENT

We refer to the announcement of the Company dated 2 January 2025 in relation to the 2025 Sales and Procurement Framework Agreement between the Company and Yunnan Baiyao.

As the 2025 Sales and Procurement Framework Agreement will expire on 31 December 2025, and the Company and Yunnan Baiyao expect to continue to carry out the continuing connected transactions thereunder, on 29 December 2025, the Board has approved the Company to renew the 2025 Sales and Procurement Framework Agreement with Yunnan Baiyao by entering into the 2026 Sales and Procurement Framework Agreement with a term from 1 January 2026 to 31 December 2026, pursuant to which, (i) the Group agrees to sell to Yunnan Baiyao Group the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients that the Group produces or is the main distributor; and (ii) the Group agrees to procure from Yunnan Baiyao Group the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients that it produces or is the main distributor.

The 2026 Sales and Procurement Framework Agreement has not been executed yet as at the date of this announcement. The Company will make an announcement in due course in accordance with the requirements under the Listing Rules and the rules of the Shanghai Stock Exchange.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Yunnan Baiyao holds 17.95% of the shares of the Company and is a substantial shareholder of the Company, and is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. As such, the transactions contemplated under the 2026 Sales and Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of each of the proposed annual cap for the selling or procurement transactions contemplated under the 2026 Sales and Procurement Framework Agreement is more than 0.1% but less than 5%, respectively, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We refer to the announcement of the Company dated 2 January 2025 in relation to the 2025 Sales and Procurement Framework Agreement between the Company and Yunnan Baiyao.

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The 2026 Sales and Procurement Framework Agreement has not been executed yet as at the date of this announcement. The Company will make an announcement in due course in accordance with the requirements under the Listing Rules and the rules of the Shanghai Stock Exchange.

PRINCIPLE TERMS OF THE 2026 SALES AND PROCUREMENT FRAMEWORK AGREEMENT

Parties	(a) the Company (b) Yunnan Baiyao
Term	From 1 January 2026 to 31 December 2026
Subject Matter	Pursuant to the 2026 Sales and Procurement Framework Agreement: (i) any members of the Group may, from time to time, within the scope of the 2026 Sales and Procurement Framework Agreement, enter into Individual Executive Agreements with any members of Yunnan Baiyao Group to sell to Yunnan Baiyao Group the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients the Group produces or is the main distributor, subject to the relevant annual cap of the sales amount. (ii) any members of the Group may, from time to time, within the scope of the 2026 Sales and Procurement Framework Agreement, enter into Individual Executive Agreements with any members of Yunnan Baiyao Group to procure from Yunnan Baiyao Group the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients it produces or is the main distributor, subject to the annual cap of the procurement amount.

	Terms and conditions of the Individual Executive Agreements shall be determined in accordance with the 2026 Sales and Procurement Framework Agreement.
Pricing Principles	The sales or procurement price of the products under each of the Individual Executive Agreements between the Group and Yunnan Baiyao Group shall be determined after arm's length negotiations between the parties with reference to various factors, including but not limited to, current market conditions, order size, technical conditions, related costs and other purchases made to independent third-party customers or conducted with third-party suppliers, provided that such sales and procurement price shall be in line with the market price.
Settlement and Payment Method	The settlement and payment method will be agreed and elaborated in the specific Individual Executive Agreements after arm's length negotiation and on a normal commercial basis between the Group and Yunnan Baiyao Group, provided that, in each case, the relevant settlement and payment methods shall be essentially the same with those provided by the Group and Yunnan Baiyao Group to independent third-party customers and suppliers.

ANNUAL CAPS AND BASIS OF DETERMINATION

The historical transaction amount for the sales to and procurement from Yunnan Baiyao Group by the Group for the eleven months ended on November 30, 2025 amounted to approximately RMB604,839,000 and RMB494,453,000, respectively.

The annual cap for each of (i) the total sales amounts receivable by the Group, and (ii) the total procurement amounts payable by the Group for the transactions contemplated under the 2026 Sales and Procurement Framework Agreement for the year ending 31 December 2026 is RMB1,200 million and RMB700 million, respectively.

The annual caps set out above have been determined after taking into account: (i) the estimated amount of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients that Yunnan Baiyao Group produces or is the main distributor that the Group requires for the year ending 31 December 2026; (ii) the amount of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients that the Group produces or is the main distributor that Yunnan Baiyao Group requires that the Group estimated for the year ending 31 December 2026; (iii) the historical transaction amount of sales and procurement of the medicines, medical devices, health care products and food products by the Group to Yunnan Baiyao Group under the 2025 Sales and Procurement Framework Agreement; and (iv) an expected increase in the transaction amount in the future due to business expansion of the Group.

REASONS FOR AND BENEFITS OF THE 2026 SALES AND PROCUREMENT FRAMEWORK AGREEMENT

The Company is of the view that entering into the 2026 Sales and Procurement Framework Agreement is able to ensure the stableness of the Group's business and to satisfy future demand of the Group from time to time, which is in the overall interests of the Group. In addition, Yunnan Baiyao Group has several well-known brands in the fields of medicines, health products, traditional Chinese medicine resources and pharmaceutical logistics. It has strong strength and development advantages in the big health industry, and has strong strategic resources in the medical and health industry, which will help the Group to fulfill its relevant business needs.

The Board (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the 2026 Sales and Procurement Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, the terms are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

As Mr. DONG Ming and Mr. ZHANG Wenxue have offices in Yunnan Baiyao, and in order to avoid the perception of a conflict of interest, each of them had abstained from voting on the Board resolutions to approve the 2026 Sales and Procurement Framework Agreement. Save as disclosed above, none of the other Directors has a material interest in the continuing connected transactions with Yunnan Baiyao or holds any position in Yunnan Baiyao and/or its associates which would require them to abstain from voting on the relevant Board resolutions.

INTERNAL CONTROL MEASURES

In order to effectively implement the 2026 Sales and Procurement Framework Agreement, the Company has adopted the following internal control measures:

(a) the financial department and other relevant departments of the Company will continuously monitor and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the 2026 Sales and Procurement Framework Agreement to ensure that the transactions thereunder are conducted on normal commercial terms or on terms no less favorable than those available from independent third parties and that the total transaction amount will not exceed the proposed annual cap before the relevant approval procedures; and

(b) the Company's auditor and the independent non-executive Directors will conduct annual review on the pricing principles, transaction terms and the proposed annual cap under the 2026 Sales and Procurement Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Yunnan Baiyao holds 17.95% of the shares of the Company and is a substantial shareholder of the Company, and is a connected person of the Company as defined under Rule 14A.07 of the Listing Rules. As such, the transactions contemplated under the 2026 Sales and Procurement Framework Agreement constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of each of the proposed annual cap for the selling or procurement transactions contemplated under the 2026 Sales and Procurement Framework Agreement is more than 0.1% but less than 5%, respectively, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司) and Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司).

Yunnan Baiyao

Yunnan Baiyao is a company incorporated under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000538). Yunnan Baiyao is principally engaged in the business of pharmaceuticals, health products, traditional Chinese medicine resources and pharmaceutical logistics. As of the date of the announcement, Yunnan Baiyao holds 17.95% of the shares of Company and is a substantial shareholder of the Company.

DEFINITIONS

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

"2025 Sales and Procurement Framework Agreement"	the Daily Connected Transaction/Continuing Connected Transaction Framework Agreement between Shanghai Pharmaceuticals Holding Co., Ltd. And Yunnan Baiyao Group Co., Ltd. (《上海醫藥集團股份有限公司與雲南白藥集團股份有限公司之日常關聯交易/持續關連交易框架協議》) entered into between the Company and Yunnan Baiyao dated 31 December 2024 in respect of (i) sales of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients the Group produces or is the main distributor; and (ii) purchase of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients Yunnan Baiyao Group produces or is the main distributor, from the Group to Yunnan Baiyao Group.
"2026 Sales and Procurement Framework Agreement"	the Daily Connected Transaction/Continuing Connected Transaction Framework Agreement between Shanghai Pharmaceuticals Holding Co., Ltd. And Yunnan Baiyao Group Co., Ltd. (《上海醫藥集團股份有限公司與雲南白藥集團股份有限公司之日常關聯交易/持續關連交易框架協議》) to be entered into between the Company and Yunnan Baiyao in respect of (i) sales of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients the Group produces or is the main distributor; and (ii) purchase of the medicines, medical devices, health care products, food products, TCM decoction pieces and TCM ingredients Yunnan Baiyao Group produces or is the main distributor, from the Group to Yunnan Baiyao Group.
"Board"	the board of directors of the Company
"Company"	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)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling	has the meaning ascribed thereto under the Listing Rules

shareholder(s)”	
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Individual Executive Agreement(s)”	individual procurement agreement(s) entered into between the Group and Yunnan Baiyao Group in accordance with the terms set out in the 2026 Sales and Procurement Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“TCM”	traditional Chinese medicine
“Yunnan Baiyao”	The Yunnan Baiyao Group Co., Ltd., a company incorporated under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000538) and is a substantial shareholder of the Company.
“Yunnan Baiyao Group”	Yunnan Baiyao and its subsidiaries
“%”	per cent

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

Shanghai, the PRC, 30 December 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. MAN Kwan.

* *For identification purpose only*