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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)

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF PROPERTY LEASING FRAMEWORK AGREEMENT

RENEWAL OF PROPERTY LEASING FRAMEWORK AGREEMENT

On 29 October 2026, the Company (as the lessee) and Shanghai Pharmaceutical (Group) (as the lessor) entered into the Property Leasing Framework Agreement in respect of the property leasing service provided by Shanghai Pharmaceutical (Group) to the Group for a term of three years commencing from 1 January 2027 and ending on 31 December 2029.

IMPLICATIONS UNDER THE LISTING RULES

As Shanghai Pharmaceutical (Group) is a controlling shareholder of the Company, it is a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

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

BACKGROUND

We refer to the announcement of the Company dated 28 October 2023 in relation to the Existing Leasing Framework Agreement. The Existing Leasing Framework Agreement will expire on 31 December 2026.

PRINCIPLE TERMS OF THE PROPERTY LEASING FRAMEWORK AGREEMENT

Parties	(a) Shanghai Pharmaceutical (Group) (as the lessor) (b) the Company (as the lessee)
Term	three years commencing from 1 January 2027 and ending on 31 December 2029
Subject matter	Pursuant to the Property Leasing Framework Agreement, Shanghai Pharmaceutical (Group) will provide property leasing services to the Group. The Group and Shanghai Pharmaceutical (Group) will enter into individual agreements in respect of the relevant property leasing provided, terms and conditions of which shall be consistent with the Property Leasing Framework Agreement. The rent payable by the Group includes specific rent, property management fees and other fees actually incurred. The specific rent, timing of payment and payment method shall be set out in the individual agreements. For each of the years ending 31 December 2027, 2028 and 2029, the estimated highest rent under the Property Leasing Framework Agreement, which does not exceed RMB100 million.
Pricing Principles	The rent and other terms under the individual agreements shall be fair and reasonable and on normal commercial terms. Specifically, the rent shall not exceed the amount of rent to be charged by an independent third party in respect of similar leased properties.

ACCOUNTING METHOD OF LEASE UNDER THE PROPERTY LEASING FRAMEWORK AGREEMENT

The Group implements the Accounting Standards for Business Enterprises No. 21 - Leases (2018 Amendments). In accordance with the China Accounting Standards for Business Enterprises applicable to the Group and in the Company's consolidated statement of financial position, at the commencement date of the lease, the Company, as the lessee, shall recognize a right-of-use asset representing its right to use the underlying leased assets and a lease liability representing its current obligation to make lease payments, except for simplified short-term lease and low-value asset lease. The right-of-use asset shall be initially measured at cost. The lease liability shall be initially measured according to the present value of the lease payment that has not yet been paid at the commencement date of the lease. In accordance with the China Accounting Standards for Business Enterprises and in the Company's consolidated comprehensive income statement, the Company shall recognize (i) depreciation charges over the life of the right-of-use asset, and (ii) interest expenses from the lease liability amortized over the lease term.

HISTORICAL TRANSACTION AMOUNTS

According to the guidance issued by the Hong Kong Stock Exchange, the annual caps for leases under the Property Leasing Framework Agreement should be determined based on the total value of right-of-use assets relating to the leases to be entered into by the Company each year.

The total value of the right-of-use assets relating to the leases entered into by the Group with Shanghai Pharmaceutical (Group) relating to the lease agreement for each of the two years ended 31 December 2024, 31 December 2025 and the six months ended 30 June 2026 amounted to approximately RMB17.3511 million, RMB47.6702 million and RMB11.3144 million, respectively.

The total rent payable to Shanghai Pharmaceutical (Group) under the lease agreement entered into by the Group with Shanghai Pharmaceutical (Group) for each of the two years of 2024 and 2025 and the six months ended 30 June 2026 amounted to approximately RMB34.797 million, RMB37.6821 million and RMB18.5098 million, respectively.

ANNUAL CAPS AND BASIS OF DETERMINATION

The estimated highest rents for the transactions contemplated under the Property Leasing Framework Agreement for each of the years ending 31 December 2027, 2028 and 2029 are set out below:

	For the year ending 31 December		
	2027	2028	2029
		(RMB 0'000)	
Estimated highest rent payable by the Group to Shanghai Pharmaceutical (Group)	10,000	10,000	10,000

For each of the years ending 31 December 2027, 2028 and 2029, the Group will determine the annual caps for leases under the Property Leasing Framework Agreement based on the total value of the right-of-use assets relating to the leases. The proposed annual caps of such right-of-use assets are set out below:

	For the year ending 31 December		
	2027	2028	2029
		(RMB 0'000)	
Annual caps	22,000	22,000	22,000

The annual caps set out above have been determined after taking into account: (i) the pricing basis as set out in the Property Leasing Framework Agreement; (ii) the historical amounts of right-of-use assets in respect of the property leasing between the Group and Shanghai Pharmaceutical (Group); (iii) the terms of the existing lease agreements, including their respective expiration dates; and (iv) the Group's demand in entering into new property leases due to the expansion of business.

REASONS FOR AND BENEFITS OF THE PROPERTY LEASING FRAMEWORK AGREEMENT

The Company is of the view that, entering into the Property Leasing Framework Agreement is able to ensure the stableness of the Group's leased properties and to satisfy future demand of the Group's business from time to time, which is in the overall interests of the Group. Shanghai Pharmaceutical (Group) is familiar with the business demand of the Group, which is in favor of the Group in reducing its administrative cost.

The Board (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Property Leasing 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.

Pursuant to the requirements of relevant laws and regulations, the Listing Rules and the articles of association of the Company, when the Board reviewed the resolution in respect of the Property Leasing Framework Agreement, Mr. Yang Qiuhua as the connected director, abstained from voting. Save for the above, to the best of Directors' knowledge, information and belief, and after making all reasonable enquiries, no other Director had a material interest in the Property Leasing Framework Agreement or shall abstain from voting on board resolutions approving the Property Leasing Framework Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

In order to effectively implement the Property Leasing Framework Agreement, the Company has adopted the following internal control measures:

(a) the financial department and other relevant departments of the Company will continuously inspect and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the Property Leasing 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 value for relevant leases will not exceed the proposed annual caps 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 caps under the Property Leasing Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As Shanghai Pharmaceutical (Group) is a controlling shareholder of the Company, it is a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

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

GENERAL INFORMATION

Shanghai Pharmaceutical (Group)

Location: No. 92 Zhangjiang Road, Shanghai
Correspondence address: No. 200 Taicang Road, Shanghai
Registered capital: RMB3.159 billion
Business scope: Research of pharmaceutical products, medical devices and related products; manufacture, sales, installation and maintenance of pharmaceutical equipment; industrial investment; government-approved import and export businesses.

Shanghai Pharmaceutical (Group) is ultimately controlled by the Shanghai State-owned Assets Supervision and Administration Commission.

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 Hong Kong Stock Exchange, respectively. The controlling shareholders of the Company include Shanghai Shangshi, Shanghai Industrial Investment (Holdings) Company Limited (上海實業(集團)有限公司) and Shanghai Pharmaceutical (Group).

DEFINITIONS

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

"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), and if the context requires, including its subsidiaries from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Directors"	the directors of the Company
"Existing Property Leasing Framework Agreement"	the property leasing framework agreement entered into between the Company and Shanghai Pharmaceutical (Group) dated 27 October 2023 in respect of the property leasing service provided by Shanghai Pharmaceutical (Group) to the Group
"Group"	the Company and its subsidiaries
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan

"Property Leasing Framework Agreement"	the property leasing framework agreement entered into between the Company and Shanghai Pharmaceutical (Group) dated 29 October 2026 in respect of the property leasing service provided by Shanghai Pharmaceutical (Group) to the Group
"individual agreement(s)"	individual property leasing agreement(s) entered into between the Group and Shanghai Pharmaceutical (Group) in according with the principles set out in the Property Leasing Framework Agreement
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"Shanghai Pharmaceutical (Group)"	Shanghai Pharmaceutical (Group) Co., Ltd.* (上海醫藥(集團)有限公司), a controlling shareholder of the Company, and if the context requires, including its subsidiaries (except the Company) from time to time
"%"	per cent

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

Shanghai, the PRC, 30 October 2026

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; the employee representative Director is Mr. ZHAO Yong and the independent non-executive Directors are Mr. WANG Zhong, Ms. MAN Kwan, Mr. XUE Yunkui, and Mr. WANG Qian.

***** *For identification purpose only*