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国药集团
SINOPHARM

國藥控股股份有限公司
SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)

(Stock Code: 01099)

ANNOUNCEMENT
(1) CONTINUING CONNECTED TRANSACTIONS: 2026 PROCUREMENT FRAMEWORK AGREEMENT, 2026 SALES FRAMEWORK AGREEMENT, 2026 EPC GENERAL CONTRACTING SERVICES FRAMEWORK AGREEMENT AND 2026 FACTORING SERVICES FRAMEWORK AGREEMENT; AND
(2) DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION: 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to (i) the announcement of the Company dated 10 November 2023 in relation to the 2023 Procurement Framework Agreement, the 2023 Sales Framework Agreement, the 2023 EPC General Contracting Services Framework Agreement, the 2023 Factoring Services Framework Agreement and the 2023 Financial Services Framework Agreement; and (ii) the announcement of the Company dated 27 December 2023 in relation to the annual caps of the 2023 Financial Services Framework Agreement.

The Board hereby announces that as the term of the 2023 Procurement Framework Agreement, the 2023 Sales Framework Agreement, the 2023 EPC General Contracting Services Framework Agreement, the 2023 Factoring Services Framework Agreement and the 2023 Financial Services Framework Agreement and the annual caps for each of the continuing connected transactions thereunder will expire on 31 December 2026, on 9 November 2026, (i) the Company and CNPGC entered into the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement and the 2026 EPC General Contracting Services Framework Agreement; (ii) the Company and the Factoring Company entered into the 2026 Factoring Services Framework Agreement; and (iii) the Company and the Finance Company entered into the 2026 Financial Services Framework Agreement. The term of each of the framework agreements will be three years from 1 January

* *The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd.".*

2027 to 31 December 2029 (whereas the 2026 Procurement Framework Agreement and the 2026 Financial Services Framework Agreement are subject to the approval by the Independent Shareholders).

HONG KONG LISTING RULES IMPLICATIONS

CNPGC is the ultimate controlling shareholder of the Company, therefore, CNPGC and its subsidiaries, the Finance Company and the Factoring Company, are connected persons of the Company under the Hong Kong Listing Rules. Each of the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

The loans and entrustment loans to be provided by or through the Finance Company to the Group under the 2026 Financial Services Framework Agreement will constitute the financial assistance to be provided by a connected person for the benefit of the Group. Pursuant to the 2026 Financial Services Framework Agreement, such loans and entrustment loans will be conducted on normal commercial terms or better, and no security over the assets of the Group will be provided. Therefore, the transactions in respect of the loans and entrustment loans provided by or through the Finance Company to the Group under the 2026 Financial Services Framework Agreement are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement and the 2026 Factoring Services Framework Agreement; and (ii) the proposed annual caps for Other Financial Services contemplated under the 2026 Financial Services Framework Agreement exceed 0.1% but are less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Procurement Framework Agreement; and (ii) the proposed maximum daily balance of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement exceed 5%, such agreements and transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the proposed maximum daily balance

of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement exceed 5% but are less than 25%, the Deposit Services are also subject to the requirements applicable to discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

THE EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company will be convened to seek the approval of the Independent Shareholders with respect to (i) the terms of, the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement; and (ii) the terms of, the Deposit Services contemplated under and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement. CNPGC and its associates will abstain from voting on the relevant resolutions at the extraordinary general meeting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on (i) the terms of, the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement; and (ii) the Deposit Services contemplated under, the relevant terms thereof and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement, the Deposit Services contemplated under and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice convening the extraordinary general meeting, will be despatched to the Shareholders on or before 14 December 2026 as more time is needed for the preparation of the information to be contained therein.

I. BACKGROUND

References are made to (i) the announcement of the Company dated 10 November 2023 in relation to the 2023 Procurement Framework Agreement, the 2023 Sales Framework Agreement, the 2023 EPC General Contracting Services Framework Agreement, the 2023 Factoring Services Framework Agreement and the 2023 Financial Services Framework Agreement; and (ii) the announcement of the Company dated 27 December 2023 in relation to the annual caps of the 2023 Financial Services Framework Agreement.

The Board hereby announces that as the term of the 2023 Procurement Framework Agreement, the 2023 Sales Framework Agreement, the 2023 EPC General Contracting Services Framework Agreement, the 2023 Factoring Services Framework Agreement and the 2023 Financial Services

Framework Agreement and the annual caps for each of the continuing connected transactions thereunder will expire on 31 December 2026, on 9 November 2026, (i) the Company and CNPGC entered into the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement and the 2026 EPC General Contracting Services Framework Agreement; (ii) the Company and the Factoring Company entered into the 2026 Factoring Services Framework Agreement; and (iii) the Company and the Finance Company entered into the 2026 Financial Services Framework Agreement. The term of each of the framework agreements will be three years from 1 January 2027 to 31 December 2029 (whereas the 2026 Procurement Framework Agreement and the 2026 Financial Services Framework Agreement are subject to the approval by the Independent Shareholders).

II. 2026 PROCUREMENT FRAMEWORK AGREEMENT

As the term of the 2023 Procurement Framework Agreement will expire on 31 December 2026, the Company and CNPGC entered into the 2026 Procurement Framework Agreement on 9 November 2026 for a term of three years from 1 January 2027 to 31 December 2029, subject to the approval by the Independent Shareholders at the general meeting of the Company. The 2026 Procurement Framework Agreement is not materially different from the 2023 Procurement Framework Agreement.

1. 2026 Procurement Framework Agreement

Details of the 2026 Procurement Framework Agreement are as follows:

Date:	9 November 2026
Parties:	(i) the Company (ii) CNPGC
Term of the Agreement:	The term will be three years from 1 January 2027 to 31 December 2029, subject to the approval by the Independent Shareholders. Upon its expiry, the agreement will, subject to compliance with the relevant laws and regulations and the Hong Kong Listing Rules, be extended or renewed with the consent of the parties.
Nature of the Transactions:	Pursuant to the 2026 Procurement Framework Agreement, the Group has agreed to purchase products such as pharmaceutical products, personal care supplies, medical devices and health products from the CNPGC Group, and the CNPGC Group has agreed to sell such products to the Group.

Principle of the Transactions:	The transactions under the 2026 Procurement Framework Agreement shall follow the principle of fairness, and the terms and conditions of the transactions, including but not limited to the price, shall be conducted on normal commercial terms or better and the quality and conditions of the same or similar products shall be no less favourable than those sold or offered by independent third parties to the Group or by the CNPGC Group to independent third parties. The 2026 Procurement Framework Agreement is non-exclusive, and the Group is entitled to purchase such products from any other third parties. The Group may, from time to time, enter into specific agreements with the CNPGC Group to specify the details such as product requirements, scope of services, delivery term, transaction amount and other specifications, provided that the principles and terms in the 2026 Procurement Framework Agreement must be followed.

Pricing Policy:	The price of pharmaceutical products and medical devices to be purchased by the Group from the CNPGC Group under the 2026 Procurement Framework Agreement will be determined by the parties through arm's length negotiation after mainly taking into account (i) the final price of the relevant product sold to hospitals, pharmacies and other institutions (for products procured through national centralised procurement or public bidding process by local governments, the final price refers to the winning tender price published on the public official websites of the local governments, such as: the website of Shanghai Sunshine Medical Procurement ALL-IN-ONE (上海陽光醫藥採購網), the website of Beijing Municipal Medical Insurance Bureau Medicine Sunshine Purchasing (北京市醫療保障局陽光採購網站), the website of Tianjin Medicine Purchasing Center (天津市醫藥採購中心網站), the website of Chongqing Drug Delivery (重慶藥交網); for products that are not procured through public bidding process, the final price refers to the price that the manufacturer files with the government, such as price of medical insurance drug or the hospital's procurement price from the distributor which is determined according to the agreement between the manufacturer and the hospital, or the manufacturer's proposed terminal sales price for relevant products in the corresponding channel (such as hospitals and pharmacies)); (ii) the distribution costs of the Group; and (iii) the profit level of the Group, where such profit level refers to the gross profit margin of the Group's sales to downstream customers after deducting the cost of procurement from the CNPGC Group under the 2026 Procurement Framework Agreement and distribution cost and should be comparable to the profit level of the Group that would be achieved if the relevant or similar products to be sold were purchased from independent third parties under the same or similar business model.

The price of products such as personal care supplies and health products to be purchased by the Group from the CNPGC Group under the 2026 Procurement Framework Agreement will be determined by the parties through arm's length negotiation, having mainly taken into account the proposed terminal sales price provided by the CNPGC Group for the relevant products in the corresponding channel (such as hospitals and pharmacies), the distribution costs of the Group, and the profit level of the Group on relevant products.

After taking into consideration all the relevant factors (including procurement prices, distribution costs, the abovementioned profit level and factors stated in "VII. MEASURES OF INTERNAL CONTROL – 1. 2026 Procurement Framework Agreement and 2026 Sales Framework Agreement", etc.) and going through all the necessary internal review and approval procedures, if the Group considers that the procurement price offered by the CNPGC Group is not in the best interest of the Company and its shareholders, or is not fair and reasonable, it is entitled not to purchase such products from the CNPGC Group.

2. Annual Caps

Historical figures

Historical transaction amounts between the Group and the CNPGC Group under the 2023 Procurement Framework Agreement are as follows:

	Year ended 31 December 2024 *(RMB million)*	**Year ended 31 December 2025** *(RMB million)*	**Nine months ended 30 September 2026** *(RMB million)*
Amounts paid by the Group to the CNPGC Group under the 2023 Procurement Framework Agreement	7,708	6,464 *Note*	4,252 *Note*

Note: For the year ended 31 December 2025 and the nine months ended 30 September 2026, the utilisation rate of the annual caps for the 2023 Procurement Framework Agreement was at a relatively low level, mainly due to the normalised implementation of centralised procurement of drugs organised by national and local governments in recent years, gradual expansion of the scope of varieties of the centralised procurement, a significant decline in the unit prices of drugs and coupled with the impact of policy factors such as medical insurance cost control and price governance, resulting in a significant fluctuation of the amounts of products purchased from CNPGC in 2025 and 2026 as compared with expectations.

Proposed annual caps for the three years ending 31 December 2029

The Directors propose the annual caps for the continuing connected transactions contemplated under the 2026 Procurement Framework Agreement for the three years ending 31 December 2029 to be as follows:

	Year ending 31 December 2027	**Year ending 31 December 2028**	**Year ending 31 December 2029**
	(RMB million)	*(RMB million)*	*(RMB million)*
Proposed annual caps for the 2026 Procurement Framework Agreement	7,200	7,200	7,200

Basis of determination of the annual caps

The above proposed annual caps for the continuing connected transactions contemplated under the 2026 Procurement Framework Agreement are determined with reference to the historical transaction amounts as stated above and the following factors:

(i) since the pilot implementation of China's national centralised procurement policy for drugs in 2019, the centralised procurement policy has been gradually advanced on a normalised basis and the scope of varieties of the centralised procurement has been continuously expanded, the drug prices declined significantly, which, together with factors such as healthcare insurance reform and tightening industry regulation, had a material impact on the actual scale of continuing connected transactions under the Group's procurement framework agreements for the period from 2019 to 2025. After prudent assessment, the Group has derived the estimated full-year transaction amount for 2026 (the "**2026 Procurement Estimate**") based on the average of the ratios of first-half to full-year of actual transaction amounts for the past seven years from 2019 to 2025 (49%) and the actual transaction amount of RMB2,874 million for the first half of 2026;

(ii) with reference to the average of the actual transaction amounts for the past seven years from 2019 to 2025 (the "**Seven-Year Average Procurement**"), the average of the 2026 Procurement Estimate and the Seven-Year Average Procurement is used to forecast the transaction caps under the procurement framework agreements for the next three years. Taking into comprehensive account the overall impact on China's pharmaceutical market of policy factors such as the normalised implementation of the national centralised procurement policies for drugs and the full implementation of the healthcare insurance payment reform, the scale of the Group's procurement of products from the CNPGC Group is expected to be broadly consistent over the next three years; and

(iii) applying a buffer of 10% to cater for any unanticipated growth of the abovementioned transaction amounts during the term of the 2026 Procurement Framework Agreement (factors such as an unexpected increase in product procurement demands and enhanced synergy and collaboration between the industrial segment of CNPGC and the Group's distribution business).

3. Reasons for and Benefits of Entering into the 2026 Procurement Framework Agreement

The CNPGC Group is the largest pharmaceutical group in China and is a well-known pharmaceutical corporation with outstanding competency in pharmaceutical industry and sound financial condition, and has developed extensive experience and good service systems in respect of the products under the 2026 Procurement Framework Agreement. Products procured by the Group from the CNPGC Group under the 2026 Procurement Framework Agreement may overlap to a certain extent with the products sold by the Group to the CNPGC Group under the 2026 Sales Framework Agreement. The products currently procured by the Group from CNPGC Group are mainly chemical pharmaceuticals, biopharmaceuticals, modern Chinese medicine and other related products, which are mainly used for distribution to medical institutions, retail pharmacies and other institutions within and outside the CNPGC Group (according to the pharmaceutical distribution model in the PRC, the specific types and scale of pharmaceutical products procured by the Group from the CNPGC Group are mostly specified directly by the Group's customers such as medical institutions and retail pharmacies). To further explain, the following are two common circumstances: (i) in general, the Group would have obtained relevant sales requirements before the Group procures from the CNPGC Group; and (ii) in certain cases, the CNPGC Group (as suppliers) would have negotiated and confirmed details of the products to be sold to relevant customers, and the supplier and/or the customer may designate the Group to be the distributor. The Group mainly acts as the pharmaceutical product distributor between the CNPGC Group (as suppliers) and medical institutions, retail pharmacies and other institutions (as customers) within and outside the CNPGC Group and provides value-added distribution services, as the Group is (i) equipped with sufficient capital resources; (ii) able to provide nationwide coverage of supply chain, logistics network and retail

network; (iii) qualified to distribute pharmaceutical products; and (iv) able to provide valuable marketing services. Also, the Group has established stable business relationships with medical institutions, retail pharmacies and other institutions outside of the CNPGC Group.

The Directors are of the view that the 2026 Procurement Framework Agreement enables (i) the Group to secure a stable source of the relevant products and supplies from the CNPGC Group in its ordinary course of business, thereby avoiding unnecessary disruption to the Group's operations and satisfying the expected increase in customers' demand; (ii) the CNPGC Group to provide stable and high-quality services for the Group because it is familiar with the business and operational needs of the Group by virtue of the long-term cooperation with the Group in previous years; and (iii) the Group to fully leverage on advantages of the CNPGC Group to achieve better operating performance.

III. 2026 SALES FRAMEWORK AGREEMENT

As the term of the 2023 Sales Framework Agreement will expire on 31 December 2026, the Company and CNPGC entered into the 2026 Sales Framework Agreement on 9 November 2026 for a term of three years from 1 January 2027 to 31 December 2029. The 2026 Sales Framework Agreement is not materially different from the 2023 Sales Framework Agreement.

1. 2026 Sales Framework Agreement

Details of the 2026 Sales Framework Agreement are as follows:

Date:	9 November 2026
Parties:	(i) the Company (ii) CNPGC
Term of the Agreement:	The term will be three years from 1 January 2027 to 31 December 2029. Upon its expiry, the agreement will, subject to compliance with the relevant laws and regulations and the Hong Kong Listing Rules, be extended or renewed with the consent of the parties.
Nature of the Transactions:	Pursuant to the 2026 Sales Framework Agreement, the Group has agreed to sell products such as pharmaceutical products, personal care supplies, medical devices, chemical reagents, laboratory supplies and health products to the CNPGC Group, and the CNPGC Group has agreed to purchase such products from the Group.

Principle of the Transactions:	The transactions under the 2026 Sales Framework Agreement shall follow the principle of fairness, and the terms and conditions of the transactions, including but not limited to the price, shall be conducted on normal commercial terms or better and the quality and conditions of the same or similar products shall be no less favourable than those purchased by independent third parties from the Group or by the CNPGC Group from independent third parties. The 2026 Sales Framework Agreement is non-exclusive, and the Group is entitled to sell relevant products to any other third parties. The Group may, from time to time, enter into specific agreements with the CNPGC Group to specify the details such as product requirements, scope of services, delivery term, transaction amount and other specifications, provided that the principles and terms in the 2026 Sales Framework Agreement must be followed.
Pricing Policy:	The price of pharmaceutical products, personal care supplies, medical devices, chemical reagents, laboratory supplies and health products sold by the Group to the CNPGC Group under the 2026 Sales Framework Agreement will be determined on an arm's length basis between the parties and after going through all necessary internal review and approval procedures, having mainly taken into account (i) the procurement costs (including product costs, cost of capital, logistics costs and others) for the relevant products purchased by the Group; and (ii) the profit level of the Group, where such profit level refers to the gross profit margin of the Group's sales to the CNPGC Group under the 2026 Sales Framework Agreement after deducting the cost of procurement from upstream suppliers and distribution cost and should be comparable to the profit level of the Group that would be achieved if the relevant or similar products were sold to independent third parties under the same or similar business model.

2. Annual Caps

Historical figures

Historical transaction amounts between the Group and the CNPGC Group under the 2023 Sales Framework Agreement are as follows:

	Year ended 31 December 2024 *(RMB million)*	**Year ended 31 December 2025** *(RMB million)*	**Nine months ended 30 September 2026** *(RMB million)*
Amounts paid by the CNPGC Group to the Group under the 2023 Sales Framework Agreement	1,918	1,736 *Note*	1,132 *Note*

Note: For the year ended 31 December 2025 and the nine months ended 30 September 2026, the utilisation rate of the annual caps for the 2023 Sales Framework Agreement was at a relatively low level, mainly due to the normalised implementation of centralised procurement of drugs and medical devices organised by national and local governments in recent years, gradual expansion of the scope of varieties of the centralised procurement, a significant decline in the unit prices of drugs and medical devices and coupled with the impact of policy factors such as medical insurance cost control and price governance, resulting in a significant fluctuation of the amounts of products sold to CNPGC in 2025 and 2026 as compared with expectations.

Proposed annual caps for the three years ending 31 December 2029

The Directors propose the annual caps for the continuing connected transactions contemplated under the 2026 Sales Framework Agreement for the three years ending 31 December 2029 to be as follows:

	Year ending 31 December 2027 *(RMB million)*	**Year ending 31 December 2028** *(RMB million)*	**Year ending 31 December 2029** *(RMB million)*
Proposed annual caps for the 2026 Sales Framework Agreement	2,000	2,000	2,000

Basis of determination of the annual caps

The above proposed annual caps for the continuing connected transactions contemplated under the 2026 Sales Framework Agreement are determined with reference to the historical transaction amounts as stated above and the following factors:

(i) since the pilot implementation of China's national centralised procurement policy for drugs in 2019 and the implementation of the national centralised procurement policy for high-value medical consumables and other medical devices in early 2021, the centralised procurement policy has been gradually advanced on a normalised basis and the scope of varieties of the centralised procurement has been continuously expanded, the drug and device prices declined significantly, which, together with factors such as the healthcare insurance reform and tightening industry regulation, had a material impact on the actual scale of continuing connected transactions under the Group's sales framework agreements for the period from 2019 to 2025. After prudent assessment, the Group has derived the estimated full-year transaction amount for 2026 (the "**2026 Sales Estimate**") based on the average of the ratios of first-half to full-year of actual transaction amounts for the past seven years from 2019 to 2025 (47%) and the actual transaction amount of RMB737 million for the first half of 2026;

(ii) with reference to the average of the actual transaction amounts for the past seven years from 2019 to 2025 (the "**Seven-Year Average Sales**"), the average of the 2026 Sales Estimate and the Seven-Year Average Sales is used to forecast the transaction caps under the sales framework agreements for the next three years. Taking into comprehensive account the overall impact on China's pharmaceutical market of policy factors such as the normalised implementation of the national centralised procurement policies for drugs and medical devices and the full implementation of the healthcare insurance payment reform, the scale of the Group's sales of products to CNPGC is expected to be broadly consistent over the next three years; and

(iii) applying a buffer of 10% to cater for any unanticipated growth of the abovementioned transaction amounts during the term of the 2026 Sales Framework Agreement.

3. Reasons for and Benefits of Entering into the 2026 Sales Framework Agreement

The CNPGC Group is the largest pharmaceutical group in China and is a well-known pharmaceutical corporation with outstanding competency in pharmaceutical industry. The Group has extensive experience and good reputation in pharmaceutical sector, and the cooperation between the CNPGC Group and the Group is commercially reasonable and in their best interests. The products currently sold by the Group to the CNPGC Group are mainly pharmaceutical products such as chemical pharmaceuticals, biopharmaceuticals and

modern Chinese medicine, health products, medical devices, chemical reagents, auxiliary materials, and laboratory supplies. Products sold by the Group to the CNPGC Group under the 2026 Sales Framework Agreement may overlap to a certain extent with the products procured by the Group from the CNPGC Group under the 2026 Procurement Framework Agreement. Such products are mainly sold to medical institutions, medical service enterprises and pharmaceutical manufacturing enterprises of the CNPGC Group and may be procured from the CNPGC Group or third party suppliers. The Group mainly acts as the pharmaceutical product and medical device distributor between suppliers within and outside the CNPGC Group and medical institutions and other enterprises (as customers) of the CNPGC Group and provides value-added distribution services, as the Group is (i) equipped with sufficient capital resources; (ii) able to provide nationwide coverage of supply chain and logistics network; (iii) qualified to distribute pharmaceutical products and medical devices; and (iv) able to provide professional services (including medical services, supply chain management services and repair and maintenance services, etc.).

The Directors are of the view that the 2026 Sales Framework Agreement enables (i) the Group to have stable customers to sell products such as pharmaceutical products, personal care supplies, medical devices, chemical reagents, laboratory supplies and health products in its ordinary course of business, thereby avoiding unnecessary disruption to the Group's operations; (ii) the Group to increase the sales volume of relevant products by actively expanding the CNPGC Group as the target customer group and the possible further introduction of the Group's products to other customers by the CNPGC Group; and (iii) the Group to fully leverage on advantages of the CNPGC Group to achieve better operating performance.

IV. 2026 EPC GENERAL CONTRACTING SERVICES FRAMEWORK AGREEMENT

As the term of the 2023 EPC General Contracting Services Framework Agreement will expire on 31 December 2026, the Company and CNPGC entered into the 2026 EPC General Contracting Services Framework Agreement on 9 November 2026 for a term of three years from 1 January 2027 to 31 December 2029. The 2026 EPC General Contracting Services Framework Agreement is not materially different from the 2023 EPC General Contracting Services Framework Agreement.

1. 2026 EPC General Contracting Services Framework Agreement

Details of the 2026 EPC General Contracting Services Framework Agreement are as follows:

Date:	9 November 2026
Parties:	(i) the Company (ii) CNPGC

Term of the Agreement:	The term will be three years from 1 January 2027 to 31 December 2029. Upon its expiry, the agreement will, subject to compliance with the relevant laws and regulations and the Hong Kong Listing Rules, be extended or renewed with the consent of the parties.
Nature of the Transactions:	Pursuant to the 2026 EPC General Contracting Services Framework Agreement, the CNPGC Group will provide EPC general contracting services to the Group according to the EPC general contracting services agreements obtained through bidding process.
Principle of the Transactions:	The 2026 EPC General Contracting Services Framework Agreement shall be conducted on normal commercial terms or better, and the service provider and the price shall be determined through a bidding process in principle and in compliance with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and other applicable laws, regulations and rules. The Group may, from time to time, enter into specific agreements with the CNPGC Group to specify the details such as specific rights and obligations, contents of services, transaction amount and payment method, provided that the principles and terms in the 2026 EPC General Contracting Services Framework Agreement must be followed.
Pricing Policy:	The CNPGC Group shall bid by stringently following the steps and/or measurements as stipulated by the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》) and the specific requirements in bidding invitation documents made by the Group.

The bid invitation documents made by the Group include all substantial requirements and all key terms for the conclusion of contracts, including: the project's technical requirements, the criteria for examination of the contractors, the requirements for the bid price and the standards of evaluation of the bid, etc. The Group's tender committee is responsible for (i) ensuring the process is in accordance with the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法》); (ii) reviewing, evaluating and monitoring documents from outsourcing service providers based on the technical, commercial and pricing criteria and payment terms of relevant service fees, which will ensure the terms obtained by the Group from the CNPGC Group are no less favorable than the quality and condition offered by independent third parties to the Group or those are available to independent third parties from the CNPGC Group for the same or similar services; and (iii) grading the service providers and writing recommendation advice. The Group's tender committee is responsible for determining whether to accept the EPC general contracting services for particular EPC projects offered by the CNPGC Group after all necessary internal review and approval procedures are carried out.

After considering above factors and going through all necessary internal review and approval procedures, the Group will determine whether to accept the EPC general contracting services for particular EPC projects offered by the CNPGC Group.

2. Annual Caps

Historical figures

Historical transaction amounts between the Group and the CNPGC Group under the 2023 EPC General Contracting Services Framework Agreement are as follows:

	Year ended 31 December 2024 *(RMB million)*	**Year ended 31 December 2025** *(RMB million)*	**Nine months ended 30 September 2026** *(RMB million)*
Amounts paid by the Group to the CNPGC Group under the 2023 EPC General Contracting Services Framework Agreement	119 *Note*	307 *Note*	192 *Note*

Note: There are uncertainties regarding the EPC projects as their implementation requires policy support from local governments. In addition, the EPC projects have long implementation timeframe. Therefore, the number of the EPC projects actually performed for the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 was less than expected, resulting in lower actual transaction amount than the annual caps.

Proposed annual caps for the three years ending 31 December 2029

The Directors propose the annual caps for the continuing connected transactions contemplated under the 2026 EPC General Contracting Services Framework Agreement for the three years ending 31 December 2029 to be as follows:

	Year ending 31 December 2027 *(RMB million)*	**Year ending 31 December 2028** *(RMB million)*	**Year ending 31 December 2029** *(RMB million)*
Proposed annual caps for the 2026 EPC General Contracting Services Framework Agreement	790	915	1,070

Basis of determination of the annual caps

The above proposed annual caps for the continuing connected transactions contemplated under the 2026 EPC General Contracting Services Framework Agreement are mainly determined with reference to the following factors:

(i) according to the national logistics integration strategy of the Group, the Group is committed to building a nationwide end-to-end integrated logistics service network, and intends to establish, as planned, provincial-level logistics centers, prefecture-level city logistics centers, and terminal transit warehouses in the vast majority of provinces, municipalities, and autonomous regions in China. It is expected that the Group will continue to invest in the construction of logistics infrastructure in the next three years;

(ii) based on the project construction planning, business development and the requirements of satisfying the GSP (Good Supply Practice for Pharmaceutical Products) standards and combined with above national logistics integration strategy, the Group forecasts the demand for the logistics infrastructure construction in the next three years, the majority of which will be conducted by way of EPC general contracting. The estimated transaction amounts for EPC general contracting services with the CNPGC Group will be RMB750 million, RMB870 million and RMB1,020 million, respectively, in the next three years; and

(iii) based on the above estimated transaction amounts, applying a buffer of 5% to cater for any unanticipated growth of the abovementioned transaction amounts during the term of the 2026 EPC General Contracting Services Framework Agreement.

3. Reasons for and Benefits of Entering into the 2026 EPC General Contracting Services Framework Agreement

In order to improve project efficiency, the Group will conduct the aforesaid engineering construction projects by way of EPC general contracting more frequently in the future, and will select service providers through open tendering process in accordance with relevant laws and regulations. The CNPGC Group may participate in the bidding process as a provider of EPC general contracting services. The appointment of the CNPGC Group as a provider of EPC general contracting services for the projects of the Group is subject to a successful tender in a competitive tendering process governed by the relevant laws and regulations in the PRC.

The main purpose of entering into the 2026 EPC General Contracting Services Framework Agreement is to avoid undue delay in the construction progress of the relevant projects which may otherwise result from the Group's compliance with the disclosure obligations under the Hong Kong Listing Rules in relation to connected transactions for specific agreements, so as to improve the efficiency of the Group's approval process of such transactions.

V. 2026 FACTORING SERVICES FRAMEWORK AGREEMENT

As the term of the 2023 Factoring Services Framework Agreement will expire on 31 December 2026, the Company and the Factoring Company entered into the 2026 Factoring Services Framework Agreement on 9 November 2026 for a term of three years from 1 January 2027 to 31 December 2029. The 2026 Factoring Services Framework Agreement is not materially different from the 2023 Factoring Services Framework Agreement.

1. 2026 Factoring Services Framework Agreement

Details of the 2026 Factoring Services Framework Agreement are as follows:

Date:	9 November 2026
Parties:	(i) the Company (ii) the Factoring Company
Term of the Agreement:	The term will be three years from 1 January 2027 to 31 December 2029. The agreement will, subject to compliance with relevant laws and regulations and the Hong Kong Listing Rules, be extended or renewed with the consent of the parties.
Nature of the Transactions:	The Factoring Company will provide the Commercial Factoring Services to the Group, including but not limited to factoring services and other business of the Factoring Company approved by the regulatory authority. The specific services include recourse and non-recourse commercial factoring and other commercial factoring services (including sales sub-account management services, collection services for trade receivables and other permitted business of the Factoring Company).

Principle of the Transactions:	The transactions under the 2026 Factoring Services Framework Agreement shall be conducted on normal commercial terms or better. The Factoring Company undertakes that whenever it provides Commercial Factoring Services to the Group, the conditions thereof shall be no less favorable than those offered by independent third parties to the Group or those available to independent third parties from the Factoring Company for the same type of Commercial Factoring Services. The 2026 Factoring Services Framework Agreement is non-exclusive, and the Group is entitled to receive Commercial Factoring Services from any other third parties. The Factoring Company may, from time to time, enter into specific agreements with the Group, provided that the principles and pricing policy in the 2026 Factoring Services Framework Agreement must be followed.
Pricing Policy:	The comprehensive pricing (including interest and fees) of the Commercial Factoring Services charged by the Factoring Company shall be fair and reasonable and shall not be higher than the comprehensive pricing (including interest and fees) of the Commercial Factoring Services of the same type provided by independent third parties to the Group or the Factoring Company to independent third parties during the same period.

2. Annual Caps

Historical figures

Historical transaction amounts between the Group and the Factoring Company under the 2023 Factoring Services Framework Agreement are as follows:

	Year ended 31 December 2024 *(RMB million)*	**Year ended 31 December 2025** *(RMB million)*	**Nine months ended 30 September 2026** *(RMB million)*
Interests/fees paid by the Group for Commercial Factoring Services provided by the Factoring Company	77 *Note*	43 *Note*	25 *Note*

Note: For the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, the utilisation rate of the annual caps for the 2023 Factoring Services Framework Agreement was at a relatively low level, mainly because, affected by the ongoing downward trend in market capital prices, the actual factoring fee rates for the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 were significantly lower than the 2023 forecast; and, affected by macroeconomic environment and policy factors since 2024, the actual average daily factoring scale for the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 was lower than the 2023 forecast.

Proposed annual caps for the three years ending 31 December 2029

The Directors propose the annual caps for the continuing connected transactions contemplated under the 2026 Factoring Services Framework Agreement for the three years ending 31 December 2029 to be as follows:

	Year ending 31 December 2027 *(RMB million)*	**Year ending 31 December 2028** *(RMB million)*	**Year ending 31 December 2029** *(RMB million)*
Proposed annual caps for the 2026 Factoring Services Framework Agreement	130	140	150

Basis of determination of the annual caps

The above proposed annual caps for the continuing connected transactions contemplated under the 2026 Factoring Services Framework Agreement are determined with reference to the historical transaction amounts as stated above and the following factors:

(i) the proposed annual caps for the next three years were estimated based on the judgment of the Group and the Factoring Company on the trend of market capital price from 2027 to 2029 and the forecast of the Group's financing needs in terms of obtaining Commercial Factoring Services from the Factoring Company and the average daily factoring scale in the next three years combined with the average factoring fee rate of Commercial Factoring Services obtained by the Group from the Factoring Company in 2024 and 2025; and

(ii) a portion of buffer has been reserved from a prudent perspective after taking into account fluctuations in the price of capital in the future and small fluctuations in the business volume of the Group.

3. Reasons for and Benefits of Entering into the 2026 Factoring Services Framework Agreement

The Group obtains factoring services from various commercial banks, the Factoring Company and the Finance Company. The execution of the 2026 Factoring Services Framework Agreement would enable the Group to expand the diversified financing channels and optimise its financial structure. The efficiency of capital usage of the Group would also be improved.

As far as the Directors are aware, the Factoring Company has established stringent internal control measures to ensure effective risk management and compliance with relevant laws and regulations of the PRC. Meanwhile, the Group will also adopt reasonable internal control procedures and corporate governance measures in relation to its utilisation of the Commercial Factoring Services provided by the Factoring Company to the Group.

VI. 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the term of the 2023 Financial Services Framework Agreement will expire on 31 December 2026, the Company and the Finance Company entered into the 2026 Financial Services Framework Agreement on 9 November 2026 for a term of three years from 1 January 2027 to 31 December 2029, subject to the approval by the Independent Shareholders at the general meeting of the Company. The 2026 Financial Services Framework Agreement is not materially different from the 2023 Financial Services Framework Agreement.

1. 2026 Financial Services Framework Agreement

Details of the 2026 Financial Services Framework Agreement are as follows:

Date:	9 November 2026
Parties:	(i) the Company (ii) the Finance Company
Term of the Agreement:	The term will be three years from 1 January 2027 to 31 December 2029, subject to the approval by the Independent Shareholders. Upon its expiry, the agreement will, subject to compliance with the relevant laws and regulations and the Hong Kong Listing Rules, be extended or renewed with the consent of the parties.
Nature of the Transactions:	Pursuant to the 2026 Financial Services Framework Agreement, the Finance Company agrees to provide the following financial services: (i) deposit services; (ii) loan and entrustment loan services; (iii) bill discounting, bill acceptance, non-financing letter of guarantee and settlement services; and (iv) other business as may be carried on by the Finance Company as approved by the NAFR.
Principle of the Transactions:	All transactions under the 2026 Financial Services Framework Agreement shall be conducted on normal commercial terms or better. The Finance Company undertakes to provide financial services on terms which shall be no less favorable than those offered to other members of the CNPGC Group for the same type of financial services, nor less favorable than those available to the Group from the then-current commercial banks or other financial institutions for the same type of financial services.

The 2026 Financial Services Framework Agreement is non-exclusive, and the Group is entitled to independently choose the financial institution to provide financial services and independently determine the financial institution to provide deposit and/or loan services and the deposit and/or loan amounts according to its business needs.

The Group may, from time to time, enter into specific agreements with the Finance Company, provided that the principles and terms in the 2026 Financial Services Framework Agreement must be followed.

Pricing Policy:

Pursuant to the 2026 Financial Services Framework Agreement, the service price between the Group and the Finance Company will be determined on the following basis:

Deposit services

In determining the interest rates for the deposits to be placed by the Group with the Finance Company, the Group shall obtain the quotation on interest rates from the Finance Company, and make reference to the interest rates of the same type of deposits quoted by not less than three major commercial banks in the PRC (the "**Reference Deposit Rates**"). The interest rate applicable to the Group for its deposits with the Finance Company shall, subject to compliance with requirements on interest rates prescribed by the PBOC for such type of deposits, be the higher of: (i) the maximum Reference Deposit Rates; and (ii) the interest rates offered by the Finance Company.

Loan services

The terms of loans provided to the Group by the Finance Company shall be no less favorable than the terms of the same type of loans offered to the Group by independent third party commercial banks which have existing cooperative relationships with the Group. In determining the applicable interest rates for loans to be granted to the Group by the Finance Company, the Group shall obtain the quotation on interest rates from the Finance Company, and make reference to the interest rates of the same type of loans quoted by not less than three major commercial banks in the PRC (the "**Reference Loan Rates**"). The interest rate applicable to the Group for its loans to be granted by the Finance Company shall be the lower of: (i) the lowest Reference Loan Rate; and (ii) the interest rate offered by the Finance Company.

Subject to compliance with relevant laws, regulations and regulatory requirements, the Finance Company will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

Other Financial Services and financial services to be carried out

The fees charged for Other Financial Services to be provided by the Finance Company to the Group shall comply with the standard rates as promulgated by the PBOC or the NAFR, if applicable. The terms of Other Financial Services provided to the Group by the Finance Company shall be no less favorable than the terms of the same type of Other Financial Services provided by independent third party commercial banks which have existing cooperative relationships with the Group. In determining the applicable fees for Other Financial Services to be charged by the Finance Company from the Group, the Group shall obtain the fee quotation from the Finance Company, and make reference to the fees for the same type of financial services quoted by not less than three major commercial banks in the PRC (the "**Reference Service Fees**"). The applicable fees for Other Financial Services to be offered by the Finance Company to the Group shall be the lower of: (i) the lowest Reference Service Fee; and (ii) the fees charged by the Finance Company.

The settlement services provided by the Finance Company to the Group will be free of charge.

2. Annual Caps

Historical figures

Historical transaction amounts between the Group and the Finance Company under the 2023 Financial Services Framework Agreement are as follows:

	Year ended 31 December 2024 *(RMB million)*	**Year ended 31 December 2025** *(RMB million)*	**Nine months ended 30 September 2026** *(RMB million)*
Maximum daily balance of the deposits (including accrued interests) of the Group placed with the Finance Company	2,622	2,621	2,614

	Year ended 31 December 2024 *(RMB million)*	Year ended 31 December 2025 *(RMB million)*	Nine months ended 30 September 2026 *(RMB million)*
Interests/service fees paid by the Group for Other Financial Services provided by the Finance Company	81 *Note*	47 *Note*	14 *Note*

Note: For the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, the utilisation rate of the annual caps for Other Financial Services was at a relatively low level, mainly because from 2024 to the end of September 2026, the overall market interest rates declined due to the implementation of a moderately loose monetary policy by the State, and the Finance Company reduced the interest rates/fees for the relevant services after taking into account factors such as market interest rates and national policies, resulting in the decrease in the interest/service fees paid by the Group to the Finance Company.

Proposed annual caps for the three years ending 31 December 2029

The Directors propose the annual caps for the continuing connected transactions contemplated under the 2026 Financial Services Framework Agreement for the three years ending 31 December 2029 to be as follows:

	Year ending 31 December 2027 *(RMB million)*	Year ending 31 December 2028 *(RMB million)*	Year ending 31 December 2029 *(RMB million)*
Proposed maximum daily balance (including accrued interest) of the Deposit Services under the 2026 Financial Services Framework Agreement	5,000	5,000	5,000
Proposed annual caps for Other Financial Services under the 2026 Financial Services Framework Agreement	300	300	300

Basis of determination of the annual caps

The above proposed maximum daily balance of the Deposit Services (including accrued interests) contemplated under the 2026 Financial Services Framework Agreement is determined primarily with reference to the historical transaction amounts as stated above and the following factors:

(i) the proposed maximum daily balance is comparable to the scale of the deposits with the Group's principal cooperating commercial banks. With reference to the Group's deposits with the top five independent third party commercial banks as at the end of the past four quarters, and reserving for a reasonable buffer, the proposed maximum daily balance is comparable to the average scale of the Group's deposits with a single major cooperating bank, i.e. the Finance Company is in substance in a similar position to the Group's other major cooperating financial institutions, which will not result in an excessive concentration of funds in the Finance Company;

(ii) historical figures and utilisation rates. The utilisation rates of the maximum daily balances of the deposits for the eight years ended 31 December 2025 and the nine months ended 30 September 2026 reached 99.51%, 98.80%, 99.03%, 99.96%, 99.59%, 99.58%, 99.70%, 99.66% and 99.39%, respectively, which were at a relatively high level. It is necessary to further increase the cap on the basis of the maximum daily balance (including accrued interests) of the Deposit Services of RMB2,630 million under the 2023 Financial Services Framework Agreement, so as to meet the Group's actual deposit needs with the Finance Company;

(iii) the deposit terms offered by the Finance Company are overall more favourable than or no less favourable than those offered by independent third party commercial banks. The Group has compared the deposit terms offered by the Finance Company with the terms of the same type of deposits offered by the major cooperating independent third party commercial banks during the nine months ended 30 September 2026. Pursuant to the 2026 Financial Services Framework Agreement, the interest rates for the Group's deposits offered by the Finance Company will not be lower than the highest interest rates offered by such banks for the same type of deposits. In addition, the Finance Company can offer deposit products of different tenors based on the Group's funding needs, and the Group may withdraw its deposits at any time without affecting the liquidity of its funds. The Finance Company may also provide customised arrangements based on the characteristics of funds receipts and disbursements of the Group's members, such as fund pooling and the linkage between deposits and credit facilities. Meanwhile, the Finance Company has made multiple commitments regarding the safety of the deposit funds (for details, please see paragraphs (iv) and (v) below). Accordingly, the deposit terms offered by the Finance Company are advantageous in terms of interest rate, tenor, liquidity, flexibility and safeguard, while the existing cap limits the extent to which the Group can benefit from such terms. Increasing the deposit cap will facilitate the Group to

increase its deposit interest income without compromising liquidity, and meet its operational needs and cash management requirements, thereby supporting more efficient fund allocation and management;

(iv) the Finance Company will provide the Group with competitive financing support. Pursuant to the 2026 Financial Services Framework Agreement, the Finance Company has undertaken to apply all deposit amounts obtained from the Group to the grant of credit to the Group, so as to ensure the safety of the deposit funds, and, on this basis, to provide the Group with a credit line of not less than the maximum daily balance of the Deposit Services (for details, please see the section headed "3. Reasons for and Benefits of Entering into the 2026 Financial Services Framework Agreement – (iii) Risk guarantee" below);

(v) safeguards for the safety of funds. The Finance Company has established a rigorous internal risk control system, including daily reviews of the liquidity coverage ratio and capital adequacy ratio, to ensure the safety and liquidity of the Group's deposited funds (for details, please see the section headed "4. Risk Management Measures Taken for Protecting the Interests of the Company and its Shareholders as a Whole in the Deposit Services Transaction" below); and

(vi) the Finance Company will provide settlement service to the Group for free and shall ensure the safe operation of the fund settlement network, safeguard the safety of funds, control the risk of assets and liabilities and meet the payment needs of the Group. Also, the Finance Company will provide commercial bills information enquiry service to the Group for free. In addition, the Finance Company will provide diversified financial services, such as national monetary policy dynamics, financial market price dynamics, financial risk analysis and highlights and commercial bank annual information analysis, to supplement services provided by banks in counter-cyclical and critical periods and enable the Group to understand the market and control financial risks.

The above proposed annual caps for Other Financial Services contemplated under the 2026 Financial Services Framework Agreement are determined mainly with reference to the historical transaction data as stated above and the following factors:

(i) the interest rate environment. In recent years, influenced by the macroeconomic environment, monetary policies and other factors, market interest rates have generally trended downward. As the market interest rates have remained at a relatively low level, the Group's demand for carrying out certain Other Financial Services through the Finance Company and the fees generated from related services will decrease, and the Group will reduce the proposed annual caps for Other Financial Services accordingly.

(ii) the impact of macroenvironment and industry policies. Based on changes in the market environment and business development plan, the Group continued to optimise its financing arrangement and capital management model, and prudently controlled its demand for relevant financial services. Taking into account the expected business scale and capital arrangement for the next three years, the Group estimates the proposed annual caps for Other Financial Services provided by the Finance Company to the Group in the next three years.

3. Reasons for and Benefits of Entering into the 2026 Financial Services Framework Agreement

The Directors are of the view that utilising financial services from the Finance Company continuously has the following benefits:

(i) Obtain convenient and diversified financial services, effectively lower costs and expenses and enhance competitiveness and bargaining power

The Finance Company has been dedicated to serving the Group for a long time. It has a profound understanding of the operation models, capital turnover characteristics and industry development trends of each business segment of the Group, and can offer the Group with more favorable, diversified, flexible and personalised financial services than third-party commercial banks. In addition, the 2026 Financial Services Framework Agreement is non-exclusive and does not limit the Group to engage any banks or financial institutions to satisfy its need for financial services. Accordingly, entering into the 2026 Financial Services Framework Agreement will not affect the independence of the Group, but will help the Group to expand the scope of financial services, further improve the Group's bargaining power with other external financial institutions and optimise the market competition pattern.

All financial services provided by the Finance Company to the Group shall be on normal commercial terms or better. Among which:

(a) in respect of the Deposit Services, the deposit interest rates offered by the Finance Company will not be lower than the interest rate floors prescribed by the PBOC for such type of deposits, and will not be lower than those offered by three major independent third party commercial banks for the same type of deposit services. Meanwhile, the procedures for withdrawal of the deposits are convenient and the categories and terms of the deposits are flexible and diverse, which will effectively enhance the capital return level of the Group and further improve the capital utilisation efficiency;

(b) in respect of the loan services, the terms of the loans provided to the Group by the Finance Company shall be no less favorable than the terms of the same type of loans offered to the Group by independent third party commercial banks which have existing cooperative relationships with the Group, and the interest rate shall not be higher than those offered by three major commercial banks for the same type of loans. In addition, the relatively simple process of financing business and relatively efficient approval will help the Group further reduce the financing costs and optimise the debt structure;

(c) in respect of Other Financial Services, by taking advantage of an in-depth understanding of the Group, the Finance Company can formulate a tailored, flexible and customised financial service plan (including but not limited to capital management, financial advisory and other areas) for the Group, which is characterised by rapid responses, strong service pertinence and favorable pricing and can effectively meet the diverse financial needs of the Group; and

(d) in respect of the settlement services, the Finance Company will provide the Group with settlement services for free, which enables the Group to save settlement expenses and improve the daily capital operation efficiency.

All the above-mentioned can help improve the Group's bargaining power with other external financial institutions.

(ii) Indirectly increase investment income

The Group's deposits placed with the Finance Company can bring investment income to the Group. The Company holds approximately 4.5455% equity interests in the Finance Company, with the dividend amount of RMB2.5647 million and RMB1.4476 million for 2024 and 2025, respectively. The 2026 Financial Services Framework Agreement (including the Deposit Services, loan services and Other Financial Services) will help improve profits and investment income of the Finance Company, thereby enabling the Company to obtain stable investment income through annual cash dividend and also supplement the cash flow of the Company.

(iii) Risk guarantee

As a non-bank financial institution established with the approval of the former CBIRC, the Finance Company is guided and regulated by the NAFR and its agencies, the PBOC and the State-owned Assets Supervision and Administration Commission in accordance with the laws. During the daily operation, the regulatory authorities comprehensively supervise the independence, compliance and the capacity of risk management and control of the Finance Company through the combination of on-site inspections and off-site inspections to ensure the regulated operations of the Finance Company.

Pursuant to the 2026 Financial Services Framework Agreement, the Finance Company has undertaken to apply all deposit amounts obtained from the Group to the grant of credit to the Group, so as to ensure the safety of the deposit funds. On this basis, the Finance Company provides the Group with a credit line not less than the deposit cap. The Finance Company provides the Group with competitive financing support. As at the end of September 2026, the balance of financing provided by the Finance Company to the members of the Group was approximately RMB17.0 billion, which is approximately 6.5 times the current maximum daily balance of the deposits; after comprehensive weighted average calculation, the financing interest rate obtained by the Group from the Finance Company is approximately 17 basis points lower than that of independent third party commercial banks. On this basis, it is estimated that the Group can save financing costs of approximately RMB28.9 million for the year.

The Finance Company strictly complies with all regulatory provisions, and submits various regulatory reports to regulatory institutions on a daily, monthly, quarterly, and annual basis. The Finance Company is the same as other banks in terms of supervision intensity, risk control system and capital security. In addition, pursuant to the 2026 Financial Services Framework Agreement, the Finance Company undertakes to provide the Group with key regulatory indicator data on a quarterly basis (including capital adequacy ratio, liquidity ratio, guarantee ratio, investment ratio, etc.), and upload financing data and other information to the Group on a daily basis to facilitate the Group to assess the stability of its operation in a timely manner. Meanwhile, the Finance Company is subject to the direct supervision of the PBOC on deposit reserve contribution, and its deposit reserve ratio shall not be lower than the minimum permitted by the PBOC at any time. Since its establishment and up to the date of this announcement, the Finance Company has complied with relevant regulatory requirements in respect of the deposit reserves, and there has been no non-compliance.

When providing financial services to the Group on a non-exclusive basis, the Finance Company will ensure the Group retains the ownership of deposit funds, the independent right to use such deposit funds, and all income and benefits derived therefrom, and such rights will not be affected by the Finance Company's own operating conditions or the interests of third party. The Finance Company is responsible for ensuring the safety of the funds deposited by the Group and the independence of use of such funds by the Group. In addition, the Finance Company undertakes to maintain sufficient liquidity and ensure the safety of the Group's funds to ensure that the Group's deposit funds can be used at any time.

4. Risk Management Measures Taken for Protecting the Interests of the Company and its Shareholders as a Whole in the Deposit Services Transaction

As far as the Directors are aware, the Finance Company has established stringent internal control measures to ensure effective risk management and compliance with relevant laws and regulations of the PRC. The internal control measures adopted by the Finance Company include:

(i) the Finance Company has formulated a sound internal control management system and a comprehensive risk management system, established corresponding risk management and control strategy based on different risks to effectively prevent risks, implemented the internal audit supervision system, established the risk control committee accountable to its board of directors, and set up risk management department (the legal and compliance department) and audit department to supervise and audit its business activities. Each business department formulates corresponding standardised operating procedures, operation standards and risk prevention measures according to each business, predicts, evaluates and controls credit risk, liquidity risk, market risk, operation risk, information technology risk, compliance risk and reputation risk in business operations, submits risk and internal control work reports and other work reports to the directors of the Finance Company on a regular basis and supervises its daily risk management and control, risk governance and business development to ensure the safety of funds deposited by the Group;

(ii) the Finance Company has formulated a series of business systems and operating procedures such as the Measures for the Administration of Renminbi Accounts of the Members (《成員單位人民幣賬戶管理辦法》), the Measures for the Administration of Settlement Business (《結算業務管理辦法》) and the Measures for the Administration of Payment and Settlement Authority (《支付結算權限管理辦法》) in accordance with rules and regulations prescribed by the relevant national authorities and the PBOC. These measures provide the operating specifications and control standards for various settlement and deposit businesses, and effectively control business risks. The Finance Company follows the principles of equality, willingness, fairness and integrity to ensure the safety of customers' funds, complies with the basic principle of the PBOC for "abiding by the credit" in the settlement business, performs the contractual payment obligations, actively cooperates with the Group in managing the funds, provides relevant information statements as required in time, and regularly made reconciliations with customers to ensure the safety of the funds. In terms of the process for withdrawing deposit funds from the Finance Company, the Group can submit withdrawal instructions via the online platform of the Finance Company and receive funds from the Finance Company on the day of application for withdrawal, which is comparable to the services offered by major commercial banks;

(iii) the Finance Company has formulated a series of administration measures such as the Measures for the Administration of Customer Credit Rating (《客戶信用評級管理辦法》), the Measures for the Administration of General Credit (《綜合授信管理辦法》) and the Measures for the Administration of Working Capital Loans Business (《流動資金貸款業務管理辦法》) in accordance with the Measures for the Administration of Enterprise Group Finance Companies (《企業集團財務公司管理辦法》) and the relevant provisions promulgated by the NAFR and the PBOC, so as to effectively control the risks of credit business;

(iv) the Finance Company has required the business personnel to comply with the systems, not to disclose customers' information without permission, and to sign confidentiality agreements and receive relevant trainings to understand how to handle and protect customers' information and keep customers' deposits confidential; and

(v) the Finance Company will ensure the stability of the system, undertake to provide the Group with key regulatory indicator data on a quarterly basis, and upload financing data and other information to the Group on a daily basis to facilitate the Group to control its financial risks. The Finance Company strengthened technical security measures, regularly carried out security inspection and loophole repair on the system by formulating the Measures for the Administration of Information Technology Risks, the Measures for the Administration of Business Continuity, emergency plans, etc., and conducted emergency exercises at least once a year to ensure the security and stability of the business system.

In addition, at the establishment of the Finance Company, the board of directors of its parent company CNPGC issued a letter of commitment to the former CBIRC, in which CNPGC undertook that it would correspondingly increase its capital investment in the Finance Company so as to meet its actual needs to solve such difficulties in case that the Finance Company encounters operational difficulties.

Meanwhile, as described below in the section headed "VII. MEASURES OF INTERNAL CONTROL – 4. 2026 Financial Services Framework Agreement", the Group also adopted reasonable internal control procedures and corporate governance measures in relation to its utilisation of the financial services provided by the Finance Company.

VII. MEASURES OF INTERNAL CONTROL

To ensure the Company's conformity with the above pricing policies in relation to the continuing connected transactions contemplated under each of the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement, from time to time, the Company has adopted and would continue to strengthen the below internal control policies for

its daily operation. The Directors consider that such internal policies and procedures can ensure the continuing connected transactions contemplated under each of the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement will be conducted on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements.

In addition, the independent non-executive Directors of the Company will review the non-exempt continuing connected transactions contemplated under each of the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement on an ongoing basis to ensure that such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements.

The auditors of the Company will also conduct an annual review on the pricing terms and annual caps of such non-exempt continuing connected transactions. When conducting the annual review, the Company will provide the auditors with all required data and information on the continuing connected transactions. The Company and its subsidiaries will also promptly cooperate with the auditors for inspection and verification and offer relevant execution agreements for the auditors to review whether the execution agreements comply with the terms of the framework agreements in all material respects. The finance department of the Company will also maintain close communication with the auditors to answer relevant questions raised by the auditors during the annual review in a timely manner.

1. 2026 Procurement Framework Agreement and 2026 Sales Framework Agreement

In respect of the continuing connected transactions contemplated under the 2026 Procurement Framework Agreement and the 2026 Sales Framework Agreement, the Group has adopted the following internal control measures:

Especially for the 2026 Procurement Framework Agreement

(i) In determining the price for the procurement of products from the CNPGC Group, such price (being the procurement costs of products of the Group), when aggregated with the distribution costs of the Group, shall still enable the Group to achieve a level of gross profit from sales of such products comparable to the gross profit margin that would be achieved if the relevant products or similar products to be sold were purchased from a third party under the same or similar business model.

(ii) Before purchasing products from the CNPGC Group, the Group will determine whether to accept the procurement price for a particular product offered by the CNPGC Group after (a) comprehensively considering a variety of factors relating to

particular products, including but not limited to the market pricing rule of the pharmaceutical distribution industry, quality, credit period, delivery method, after-sales service, gross profit and average price in the industry; and (b) going through all necessary internal review and approval procedures by the president and/or various departments (including but not limited to functional departments responsible for procurement, finance, legal and compliance, quality and operation) of the relevant members of the Group.

When determining whether to accept the price of the products as offered by the CNPGC Group, the Group will consider the following: for products with public bidding price/public procurement price, the Group will make reference to the tender price won in the public bidding process held by the tender offices of relevant PRC local government or hospitals, in which the CNPGC Group and other independent third parties participate in respect of particular products, taking into account the geographical location of the products, the market size of products and the above factors stated in (a). For products without public bidding price/public procurement price, the Group will generally inquire about the quotations offered by not less than three independent third parties in respect of the same product. For products without market price (for instance, if there are no other suppliers for similar products, or if the product is proprietary), the purchase terms and price will be determined based on the transaction principles and pricing policies (including the distribution costs of the Group, the profit level of the Group and the proposed terminal sales price provided by the CNPGC Group for the relevant products in the corresponding channel) under the 2026 Procurement Framework Agreement and with reference to the purchase terms and price for the substantially similar type of purchase transactions of the Group and the above factors stated in (a).

After considering above factors and going through such internal procedures, the Group will determine whether to accept the procurement price of the products as offered by the CNPGC Group. If the Group, after taking into consideration all the above-mentioned factors and going through internal procedures, considers that the procurement price offered by the CNPGC Group is not in the best interest of the Company and its shareholders, or is not fair and reasonable, it will not purchase such products from the CNPGC Group.

Especially for the 2026 Sales Framework Agreement

(i) The president and various departments (including but not limited to functional departments responsible for procurement, finance, legal and compliance, quality and operation) of relevant members of the Group will carry out all necessary internal review and approval procedures. The departments of the Group responsible for the execution of connected transactions will generally compare the terms and conditions of the specific agreements with at least two comparable agreements entered into with independent third parties through price inquiry or comparison prior to the entering

into of the specific agreements, so as to ensure that the pricing policies (such as the profit level of the Group) of the relevant products offered by the Group to the CNPGC Group under the same or similar business model are comparable to those offered to independent third parties.

Applicable to the 2026 Procurement Framework Agreement and the 2026 Sales Framework Agreement as a whole

(i) the operational risk management department of the Company is responsible for taking the lead in requesting the subsidiaries conducting continuing connected transactions to report the estimated amount of continuing connected transactions in the next quarter on a quarterly basis, and the finance and capital department is responsible for reviewing the quarterly budget. The finance and capital department of the Company is responsible for continuously monitoring and collecting the actual amount of continuing connected transactions from subsidiaries at least quarterly. The office (the office of the Party Committee, the office of the Board), the operational risk management department and the finance and capital department of the Company shall check the collected actual amount of continuing connected transactions of subsidiaries for each quarter as soon as possible to jointly confirm the final actual amount. The Company established a continuing connected transaction management working group with the participation of the office (the office of the Party Committee, the office of the Board), the heads of the operational risk management department, the finance and capital department, the legal and compliance department and other departments of the Company and the secretaries of the boards of directors of significant subsidiaries as members. The office (the office of the Party Committee, the office of the Board) is responsible for taking the lead in organising the working group to hold meetings from time to time and leading relevant departments to update the list of connected persons on a regular basis.

(ii) in addition to the Group's quarterly review of actual amounts for continuing connected transactions, the enhanced internal control measures require that: (a) if the actual amount of any continuing connected transaction has reached 70% of the cap of the current year, the finance and capital department shall immediately notify relevant departments, and the office (the office of the Party Committee, the office of the Board) shall take the lead in organising relevant departments to jointly formulate a response plan; and (b) the operational risk management department shall analyse and track the reasons for abnormal changes in a timely manner, and make an estimate of the subsequent growth of the continuing connected transactions; if it is expected that such business will increase or expand substantially in a short period of time and is likely to account for a significant portion of the annual cap of such continuing connected transaction, the operational risk management department shall issue an early warning in a timely manner, and discuss with relevant departments on a response plan. The response plan mentioned in this paragraph will include, but not

be limited to, the proposed revision of the annual caps before the annual caps are to be fully utilised and submitting the proposal to the general meeting for consideration and approval.

2. 2026 EPC General Contracting Services Framework Agreement

Under the 2026 EPC General Contracting Services Framework Agreement, the service provider and the price of EPC general contracting services shall be determined through a bidding process in principle and in compliance with applicable laws, regulations and rules. The bid invitation documents made by the Group include all substantial requirements and all key terms for the conclusion of contracts, including: the project's technical requirements, the criteria for examination of the contractors, the requirements for the bid price and the standard of evaluation of the bid and etc. The internal control policies are conducted and supervised by the tender committee of the Company (including but not limited to the logistics management center, the finance and capital department, the audit center, the legal and compliance department and the operational risk management department of the Company). These departments are responsible for:

(i) ensuring that the tendering process is in accordance with the Tendering and Bidding Law of the PRC;

(ii) reviewing, evaluating and monitoring documents from external service providers based on the technical, commercial and pricing criteria and payment terms of relevant service fees, which will ensure the terms obtained by the Group from the CNPGC Group are no less favorable than the quality and conditions offered by independent third party providers to the Group or available to independent third party providers from the CNPGC Group for the same or similar services;

(iii) collecting detailed information (including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the specific agreements) of the continuing connected transactions contemplated under the 2026 EPC General Contracting Services Framework Agreement and monitoring whether the transaction terms and pricing and other terms under each of the individual implementation agreements are consistent with the principles established under the 2026 EPC General Contracting Services Framework Agreement; and

(iv) conducting continuous evaluation on the fairness of the transaction terms and the pricing terms, grading the service providers and writing recommendation and reporting relevant information to the Board in a timely manner.

3. 2026 Factoring Services Framework Agreement

In respect of the continuing connected transactions contemplated under the 2026 Factoring Services Framework Agreement, the Company has adopted and would continue to take the following review procedures and approval process against the following assessment criteria when obtaining Commercial Factoring Services from the Factoring Company:

(i) where a need for the Commercial Factoring Services arises, the relevant department of the Group (generally refers to the department responsible for the capital management function, hereinafter referred to as the "**Capital Management Department**") shall obtain the rates and terms offered by the Factoring Company and not less than three major and independent PRC commercial banks or commercial factoring companies; and

(ii) after comparison, if the relevant department confirmed that the rates and terms provided by the Factoring Company are no less favorable than those offered by other major and independent PRC commercial banks or commercial factoring companies and are in compliance with the terms set out in the 2026 Factoring Services Framework Agreement, such application will be submitted to the chief financial officer for final approval upon obtaining approval from the head of the finance department or the head of the Capital Management Department of the Group.

4. 2026 Financial Services Framework Agreement

In respect of the continuing connected transactions contemplated under the 2026 Financial Services Framework Agreement, the Company has adopted and would continue to take the following review procedures and approval process against the following assessment criteria when obtaining the financial services from the Finance Company:

(i) the Group will consider using the services of the Finance Company on a fair, voluntary and non-exclusive basis. The Finance Company is only one of the financial institutions that provide services to the Group. The 2026 Financial Services Framework Agreement does not restrict the Group from using the services of other financial institutions. The Group is still able to independently choose services provided by other financial institutions based on its own interests;

(ii) where a need for the financial services arises, the Capital Management Department would obtain the rates and terms offered by the Finance Company and not less than three major independent PRC commercial banks for comparison against the pricing policies referred to in the 2026 Financial Services Framework Agreement to ensure the condition of financial services offered to the Group by the Finance Company shall neither be less favorable than those offered to other members of the CNPGC Group for the same type of financial services, nor be less favorable than those available to the Group from commercial banks or other financial institutions for the

same type of financial services. If after comparison, the Capital Management Department confirmed that the rates and terms provided by the Finance Company are no less favourable than those offered by other major and independent PRC commercial banks and are in compliance with the terms set out in the 2026 Financial Services Framework Agreement, such application will be submitted to the chief financial officer for final approval upon obtaining approval from the head of the finance department or the head of the Capital Management Department of the Group;

(iii) the Group (via the internal treasury system on a real-time basis) and the Finance Company will monitor the balance of deposits on each business day and the utilisation rate of the maximum daily balances of the Deposit Services. Regular reports on the balance of the Group's deposits placed with the Finance Company at the end of each month and the maximum deposit balance for the month will be delivered to the Company by the Finance Company on the first business day of the following month. Furthermore, once the Group's deposit balance placed with the Finance Company reaches 70% of the annual cap of that year, the Finance Company will start to report such situation to the Company on the following day so that the Company can carry out real-time monitoring since then and the Group will cooperate with the Finance Company to strengthen the control to ensure that the daily balances of the deposits shall not exceed the annual cap until the daily deposit balance falls below 70% of the annual cap of that year, and then the monthly reporting mechanism will be resumed; and

(iv) the independent non-executive Directors of the Company have reviewed the 2026 Financial Services Framework Agreement and would continue to review the non-exempt continuing connected transactions contemplated under the 2026 Financial Services Framework Agreement to ensure such continuing connected transactions are conducted on normal commercial terms or better, are fair and reasonable, and are carried out pursuant to the terms of such agreement. The auditors of the Company would also conduct an annual review on the pricing terms and annual caps of the non-exempt continuing connected transactions contemplated under the 2026 Financial Services Framework Agreement.

VIII. DIRECTORS' INTERESTS IN THE TRANSACTIONS AND THEIR OPINIONS

The Directors (including the independent non-executive Directors, but excluding the Directors who shall abstain from voting on the relevant resolution at the Board meeting) are of the view that the transactions under the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement and the 2026 Factoring Services Framework Agreement and Other Financial Services under the 2026 Financial Services Framework Agreement were entered into in the ordinary and usual course of business of the Group and on

normal commercial terms, and the terms and conditions therein as well as the proposed annual caps for such transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors (excluding the Directors who shall abstain from voting on the relevant resolutions at the Board meeting and the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the transactions under the 2026 Procurement Framework Agreement and the transactions in respect of the Deposit Services under the 2026 Financial Services Framework Agreement were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps for such transactions/maximum daily balance of the deposits are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Jin Bin, Mr. Zu Jing, Mr. Xing Yonggang and Mr. Ma Yue hold positions of management, full-time external director or other positions in CNPGC. Therefore, they are deemed to have material interests in the transactions contemplated under the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement, and thus have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of other Directors has a material interest in such transactions and is required to abstain from voting on the relevant resolutions at the Board meeting.

IX. HONG KONG LISTING RULES IMPLICATIONS

CNPGC is the ultimate controlling shareholder of the Company, therefore, CNPGC and its subsidiaries, the Finance Company and the Factoring Company, are connected persons of the Company under the Hong Kong Listing Rules. Each of the 2026 Procurement Framework Agreement, the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement, the 2026 Factoring Services Framework Agreement and the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

The loans and entrustment loans to be provided by or through the Finance Company to the Group under the 2026 Financial Services Framework Agreement will constitute the financial assistance to be provided by a connected person for the benefit of the Group. Pursuant to the 2026 Financial Services Framework Agreement, such loans and entrustment loans will be conducted on normal commercial terms or better, and no security over the assets of the Group will be provided. Therefore, the transactions in respect of the loans and entrustment loans provided by or through the Finance Company to the Group under the 2026 Financial Services

Framework Agreement are fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Sales Framework Agreement, the 2026 EPC General Contracting Services Framework Agreement and the 2026 Factoring Services Framework Agreement; and (ii) the proposed annual caps for Other Financial Services contemplated under the 2026 Financial Services Framework Agreement exceed 0.1% but are less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of (i) the proposed annual caps for the continuing connected transactions contemplated under the 2026 Procurement Framework Agreement; and (ii) the proposed maximum daily balance of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement exceed 5%, such agreements and transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the proposed maximum daily balance of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement exceed 5% but are less than 25%, the Deposit Services are also subject to the requirements applicable to discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

X. THE EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company will be convened to seek the approval of the Independent Shareholders with respect to (i) the terms of, the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement; and (ii) the terms of, the Deposit Services contemplated under and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement. CNPGC and its associates will abstain from voting on the relevant resolutions at the extraordinary general meeting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on (i) the terms of, the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement; and (ii) the Deposit Services contemplated under, the relevant terms thereof and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, details of the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement, the Deposit Services contemplated under and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a notice convening the extraordinary general meeting, will be despatched to the Shareholders on or before 14 December 2026 as more time is needed for the preparation of the information to be contained therein.

XI. GENERAL INFORMATION OF THE PARTIES

The Company

The Company is principally engaged in the distribution of pharmaceutical products, medical devices and health products, operation of retail pharmacies and production and sale of chemical reagents and other products.

CNPGC

CNPGC is a state wholly-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company, which is principally engaged in the research and development of pharmaceutical products, industrial manufacturing, logistics and distribution, retail chains, medical health, engineering technology, professional exhibition, international operation business, financial investment and other businesses.

The Finance Company

The Finance Company is a non-bank financial institution established on 23 February 2012 upon the approval of the former CBIRC, and is regulated by the PBOC and the NAFR. The Finance Company is owned as to 52.7750%, 4.5455%, 31.7705%, 5.4545% and 5.4545% by CNPGC, the Company, CNBG, CNTCM and SSPC respectively, with the registered capital of RMB2.2 billion. CNBG, CNTCM and SSPC are all subsidiaries of CNPGC.

The Finance Company is engaged in the provision of financial services to the members of the Group and the CNPGC Group which principally include deposit taking, provision of loans, bills acceptance and discounting, entrustment loans, settlement services, non-financing letter of guarantee as well as Other Financial Services such as provision of credit certification, financial advisory and other advisory agency services and other services as may be approved by the NAFR.

The Factoring Company

The Factoring Company is a company incorporated on 16 October 2017 under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CNPGC with the registered capital of RMB500 million. The Factoring Company is principally engaged in Commercial Factoring Services.

XII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

"2023 EPC General Contracting Services Framework Agreement"	the EPC general contracting services framework agreement entered into between the Company and CNPGC on 9 November 2023 in relation to the provision of EPC (Engineering, Procurement and Construction) general contracting services by the CNPGC Group to the Group
"2023 Factoring Services Framework Agreement"	the factoring services framework agreement entered into between the Company and the Factoring Company on 9 November 2023 in relation to the provision of Commercial Factoring Services by the Factoring Company to the Group
"2023 Financial Services Framework Agreement"	the financial services framework agreement entered into between the Company and the Finance Company on 27 December 2023, in relation to the provision of financial services by the Finance Company to the Group
"2023 Procurement Framework Agreement"	the procurement framework agreement entered into between the Company and CNPGC on 9 November 2023 in relation to the procurement of products such as the pharmaceutical products, personal-care supplies, medical devices and health products by the Group from the CNPGC Group on a non-exclusive basis
"2023 Sales Framework Agreement"	the sales framework agreement entered into between the Company and CNPGC on 9 November 2023 in relation to the sales of products such as the pharmaceutical products, personal-care supplies, medical devices, chemical reagents, laboratory supplies and health products by the Group to the CNPGC Group on a non-exclusive basis

"2026 EPC General Contracting Services Framework Agreement"	the EPC general contracting services framework agreement entered into between the Company and CNPGC on 9 November 2026 in relation to the provision of EPC (Engineering, Procurement and Construction) general contracting services by the CNPGC Group to the Group
"2026 Factoring Services Framework Agreement"	the factoring services framework agreement entered into between the Company and the Factoring Company on 9 November 2026 in relation to the provision of Commercial Factoring Services by the Factoring Company to the Group
"2026 Financial Services Framework Agreement"	the financial services framework agreement entered into between the Company and the Finance Company on 9 November 2026 in relation to the provision of financial services by the Finance Company to the Group
"2026 Procurement Framework Agreement"	the procurement framework agreement entered into between the Company and CNPGC on 9 November 2026 in relation to the procurement of products such as the pharmaceutical products, personal-care supplies, medical devices and health products by the Group from the CNPGC Group on a non-exclusive basis
"2026 Sales Framework Agreement"	the sales framework agreement entered into between the Company and CNPGC on 9 November 2026 in relation to the sales of products such as the pharmaceutical products, personal-care supplies, medical devices, chemical reagents, laboratory supplies and health products by the Group to the CNPGC Group on a non-exclusive basis
"applicable percentage ratio(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"associates"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Board"	the board of directors of the Company
"CNBG"	China National Biotech Group Company Limited (中國生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability

"CNPGC"	China National Pharmaceutical Group Corporation (中國醫藥集團有限公司), a state wholly-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company
"CNPGC Group"	CNPGC and its associates (excluding the Group) or (where the context requires) any of them
"CNTCM"	China National Traditional Chinese Medicine Co., Limited (中國中藥有限公司), a company incorporated in the PRC with limited liability
"Commercial Factoring Services"	recourse and non-recourse commercial factoring and other commercial factoring services (including sales sub-account management services, collection services for trade receivables and other permitted business of the Factoring Company)
"Company"	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the Hong Kong Stock Exchange
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Deposit Services"	deposit services provided by the Finance Company to the Group under the 2023 Financial Services Framework Agreement or the 2026 Financial Services Framework Agreement, as the case may be
"Director(s)"	the director(s) of the Company
"EPC"	Engineering, Procurement and Construction
"Factoring Company"	Sinopharm Puxin Commercial Factoring Company Limited (國藥樸信商業保理有限公司), a company incorporated under the laws of the PRC with limited liability
"Finance Company"	Sinopharm Group Finance Co., Ltd. (國藥集團財務有限公司), a company incorporated under the laws of the PRC with limited liability, which is a non-bank financial institution

"financial services to be carried out"	other financial services to be carried out by the Finance Company in the future upon obtaining approval of the NAFR and to be provided to the Group
"former CBIRC"	the former China Banking and Insurance Regulatory Commission, currently known as the NAFR
"Group"	the Company and its subsidiaries or (where the context requires) any of them
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	an independent board committee comprising all of the independent non-executive Directors, who have no material interests in the 2026 Procurement Framework Agreement and the 2026 Financial Services Framework Agreement, namely Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru
"Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the terms of, the continuing connected transactions contemplated under and the proposed annual caps for the 2026 Procurement Framework Agreement; and (ii) the Deposit Services contemplated under, the relevant terms thereof and the proposed maximum daily balance of the deposits under the 2026 Financial Services Framework Agreement
"Independent Shareholders"	Shareholders other than CNPGC and its associates
"NAFR"	the National Administration of Financial Regulation of China

"Other Financial Services"	bill discounting and acceptance services, non-financing letter of guarantee and settlement services provided by the Finance Company to the Group under the 2023 Financial Services Framework Agreement or the 2026 Financial Services Framework Agreement, as the case may be
"PBOC"	the People's Bank of China
"PRC"	the People's Republic of China, which for the purpose of this announcement only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"SSPC"	Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司), a joint stock company incorporated in the PRC with limited liability

By order of the Board
Sinopharm Group Co. Ltd.
Jin Bin
Chairman

Shanghai, the PRC
9 November 2026

As at the date of this announcement, the executive Directors are Mr. Lian Wanyong and Mr. Yang Binghua; the non-executive Directors are Mr. Jin Bin, Mr. Chen Qiyu, Mr. Zu Jing, Mr. Xing Yonggang, Mr. Ma Yue, Mr. Chen Yuqing, Mr. Wen Deyong and Ms. Li Ying; and the independent non-executive Directors are Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru.