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FOSUN PHARMA

复星医药

上海復星醫藥（集團）股份有限公司

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

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

(Stock Code: 02196)

CONTINUING CONNECTED TRANSACTIONS

(1) ENTERING INTO FRAMEWORK TENANCY AGREEMENTS

AND

(2) ENTERING INTO FRAMEWORK SALES AND PURCHASES AGREEMENT

FRAMEWORK TENANCY AGREEMENTS

Lessee Framework Agreement

On 19 April 2018, Fosun International and the Company entered into the Lessee Framework Agreement in relation to the lease of the relevant Fosun International Premises to the Company and/or its subsidiaries, as tenant, for a term of 1 year commencing from 1 January 2018 to 31 December 2018.

Lessor Framework Agreement

On 19 April 2018, the Company and Fosun International entered into the Lessor Framework Agreement in relation to the lease of the relevant Fosun Pharma Premises by the Company and/or its subsidiaries, as landlord, for a term of 1 year commencing from 1 January 2018 to 31 December 2018.

Hong Kong Listing Rules Implications

Fosun International is a controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Framework Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Given the parties to the Framework Tenancy Agreements are the same connected persons as the parties to the Zhuorui Lease Agreements dated 20 December 2017 (information and terms of which are set out in the announcement of the Company dated 20 December 2017), the Framework Tenancy Agreement and Zhuorui Lease Agreement shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable Percentage Ratio (other than the profit ratio), as defined under the Hong Kong Listing Rules, for the continuing connected transactions under the Framework Tenancy Agreements and Zhuorui Lease Agreement is more than 0.1% but less than 5% on an annual basis, the Framework Tenancy Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

FRAMEWORK SALES AND PURCHASES AGREEMENT

On 19 April 2018, the Company and CQ Pharma Holdings entered into the Framework Sales and Purchases Agreement in respect of the supply of Products for sale and the purchase of Products for a term of 1 year commencing from 1 January 2018 to 31 December 2018.

Hong Kong Listing Rules Implications

CQ Pharma Holdings is a substantial shareholder of Yao Pharma, an indirect non-wholly-owned subsidiary of the Company, and therefore CQ Pharma Holdings is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Hong Kong Listing Rules. As a result, the transactions contemplated under the Framework Sales and Purchases Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable Percentage Ratio (other than the profit ratio, as defined in the Hong Kong Listing Rules) calculated in accordance with the Hong Kong Listing Rules for the continuing connected transactions under the Framework Sales and Purchases Agreement on an annual basis is more than 1% but less than 5%, and the transactions contemplated under the Framework Sales and Purchases Agreement are conducted on normal commercial terms, such transactions will be subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

FRAMEWORK TENANCY AGREEMENTS

The Board announces that the Company and Fosun International entered into the Framework Tenancy Agreements on 19 April 2018 in relation to the lease of the relevant Fosun Pharma Premises and Fosun International Premises in accordance with the terms thereof.

Details of each of the Framework Tenancy Agreements are set out below.

A. Principal Terms

Lessee Framework Agreement

Date:	19 April 2018
Parties:	(1) Fosun International; and (2) the Company
Fosun International Premises:	the properties owned by Fosun International and/or its subsidiaries as set out in each of the relevant Tenancy and Property Service Agreements
Term:	1 year from 1 January 2018 to 31 December 2018 (both days inclusive)
Determination of the rent and property service fees:	<p>The parties agreed that the rental payable and property service fees in respect of Fosun International Premises shall be determined in accordance with the following principles, to ensure that the relevant pricing terms are fair and reasonable:</p> <ul style="list-style-type: none">(a) based on the respective interests of the lessor and lessee to the relevant Tenancy and Property Service Agreements;(b) with reference to the then prevailing market conditions and at a rate that is no less favourable than the rental and property service fees of other similar or comparable premises and/or commercial properties that charge to independent third parties; and(c) where the similar or comparable premises referred to in the paragraph above are not available, with reference to the rental and property service fees of commercial premises and/or commercial properties that are of the same grade as and that are in the same district.

Rental and property service fees cap: RMB40 million for the financial year ending 31 December 2018, which are determined with reference to: (i) the estimated aggregated annual rental and property service fees payable under the relevant Tenancy and Property Service Agreements which are estimated to be entered into by Fosun International and/or its subsidiaries and the Company and/or its subsidiaries in accordance with the terms of the Lessee Framework Agreement; and (ii) allowing a reasonable buffer to cater for possible increases in the number of the lease transactions and in the amount of rental and property service fees payable.

Fosun International and/or its subsidiaries and the Company and/or its subsidiaries have entered/or will enter into various Tenancy and Property Service Agreements for the lease of the relevant Fosun International Premises. The terms and conditions thereof shall be in line with that of the Lessee Framework Agreement.

Lessor Framework Agreement

Date: 19 April 2018

Parties: (1) the Company; and
(2) Fosun International

Fosun Pharma Premises: the properties owned by Fosun Pharma and/or its subsidiaries as set out in each of the relevant Tenancy and Property Service Agreements

Term: 1 year commencing from 1 January 2018 to 31 December 2018 (both days inclusive)

Determination of the rent and property service fees: The parties agreed that the rental payable and property service fees in respect of Fosun Pharma Premises shall be determined in accordance with the following principles, to ensure that the relevant pricing terms are fair and reasonable:

- (a) based on the respective interests of the lessor and lessee to the relevant Tenancy and Property Service Agreements;
- (b) with reference to the then prevailing market conditions and at a rate that is no less favourable than the rental and property service fees of other similar or comparable premises and/or commercial properties that lease to independent third parties; and

- (c) where the similar or comparable premises referred to in the paragraph above are not available, with reference to the rental and property service fees of commercial premises and/or commercial properties that are of the same grade as and that are in the same district.

Rental and property service fees cap: RMB30 million for the financial year ending 31 December 2018, which are determined with reference to: (i) the estimated aggregated annual rental and property service fees payable under the relevant Tenancy and Property Service Agreements which are estimated to be entered into by Fosun International and/or its subsidiaries and the Company and/or its subsidiaries in accordance with the terms of the Lessor Framework Agreement; and (ii) allowing a reasonable buffer to cater for possible increases in the number of the lease transactions and in the amount of rental and property service fees payable.

The Company and/or its subsidiaries and Fosun International and/or its subsidiaries have entered/or will enter into various Tenancy and Property Service Agreements for the lease of the relevant Fosun Pharma Premises. The terms and conditions thereof shall be in line with that of the Lessor Framework Agreement.

B. Aggregate Annual Cap Under the Framework Tenancy Agreements and Zhuorui Lease Agreement

For the financial year ending 31 December 2018, the aggregate annual cap, being the maximum aggregate annual value as defined under the Hong Kong Listing Rules, for the respective rentals and property service fees to be charged by the Group pursuant to the Lessor Framework Agreement, and by Fosun International and/or its subsidiaries pursuant to the Lessee Framework Agreement and by Zhengda Real Estate pursuant to the Zhuorui Lease Agreement will be approximately RMB75.34 million.

C. Information on the Parties to the Framework Tenancy Agreements

The Group, as a leading pharmaceutical and healthcare company in the PRC, is primarily engaged in pharmaceutical manufacturing and research and development (R&D), healthcare services, medical devices and medical diagnosis as well as pharmaceutical distribution and retail.

Fosun International is the controlling shareholder of the Company. Fosun International's principal business is to create customer-to-maker (C2M) ecosystems in health, happiness and wealth, providing high-quality products and services for families around the world. The Health Ecosystem includes three major parts: Pharmaceutical, Medical Services & Health Management and Health

Products; the Happiness Ecosystem includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle while the Wealth Ecosystem includes three major segments: Insurance and Finance, Investment and Hive Property.

D. Hong Kong Listing Rules Implication

Fosun International is the controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Framework Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Given the parties to the Framework Tenancy Agreements are the same connected persons as the parties to the Zhuorui Lease Agreements dated 20 December 2017 (information and terms of which are set out in the announcement of the Company dated 20 December 2017), the Framework Tenancy Agreement and Zhuorui Lease Agreement shall be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable Percentage Ratio (other than the profit ratio), as defined under the Hong Kong Listing Rules, for the continuing connected transactions under the Framework Tenancy Agreements and Zhuorui Lease Agreement is more than 0.1% but less than 5% on an annual basis, the Framework Tenancy Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

FRAMEWORK SALES AND PURCHASES AGREEMENT

The Board announces that the Company and CQ Pharma Holdings have entered into the Framework Sales and Purchases Agreement in respect of the supply of Sales Products and the purchase of Procurement Products, and the principal particulars thereof are set out below:

A. Principal Terms under the Framework Sales and Purchases Agreement

Date: 19 April 2018

Parties: (1) the Company; and
(2) CQ Pharma Holdings

Supply of Sale Products: Sales Products to be supplied by the Group to CQ Pharma Holdings Group as contemplated under the Framework Sales and Purchases Agreement (the “**Sales Transaction(s)**”)

Pricing basis for supply of Sales Products:

Pursuant to the terms of the Framework Sales and Purchases Agreement, the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries will from time to time during the term of the Framework Sales and Purchases Agreement engage in discussions with a view to entering into the Sales Transaction(s) on terms mutually agreed between the parties. Once the terms have been agreed, the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries shall enter into a Sales Order to set out the detailed terms and conditions of the relevant Sales Transaction.

The terms of each Sales Transaction, as evidenced by the relevant Sales Order, must comply with the terms of the Framework Sales and Purchases Agreement. In particular, any Sales Products to be supplied under any Sales Transaction must comply with the following basis:

- (a) on normal commercial terms comparable to other independent third party customer of the Group;
- (b) pricing determined on arm's-length negotiations by reference to the prevailing market prices;
- (c) the aggregate amount of Sales Products to be supplied by the Group to CQ Pharma Holdings Group during the term of the Framework Sales and Purchases Agreement shall not exceed the Annual Cap for Sales Transactions as set out under "Transaction Cap" below; and
- (d) payment for any Sales Products being supplied shall be settled in accordance with the Framework Sales and Purchases Agreement.

Purchase of Procurement Products:

Procurement Products to be purchased by the Group from CQ Pharma Holdings Group as contemplated under the Framework Sales and Purchases Agreement (the "**Purchases Transaction(s)**")

Pricing basis for purchase of Procurement Products: Pursuant to the terms of the Framework Sales and Purchases Agreement, the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries will from time to time during the term of the Framework Sales and Purchases Agreement engage in discussions with a view to entering into the Purchases Transaction(s) on terms mutually agreed between the parties. Once the terms have been agreed, the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries shall enter into a Purchases Order to set out the detailed terms and conditions of the relevant Purchases Transaction.

The terms of each Purchases Transaction, as evidenced by the relevant Purchases Order, must comply with the terms of the Framework Sales and Purchases Agreement. In particular, any Procurement Products to be purchased under any Purchases Transaction must comply with the following basis:

- (a) on normal commercial terms comparable to other independent third party customer of the Group;
- (b) pricing determined on arm's-length negotiations by reference to the prevailing market prices;
- (c) the aggregate amount of Procurement Products to be purchased by the Group from CQ Pharma Holdings Group during the term of the Framework Sales and Purchases Agreement shall not exceed the Annual Cap for Purchases Transactions as set out under "Transaction Cap" below; and
- (d) payment for any Procurement Products being purchased shall be settled in accordance with the Framework Sales and Purchases Agreement.

Term: 1 year from 1 January 2018 to 31 December 2018 (both days inclusive)

Transaction Cap

The prices at which the Group supplies Sales Products to CQ Pharma Holdings Group and purchases Procurement Products from CQ Pharma Holdings Group under the Framework Sales and Purchases Agreement are determined through arm's-length negotiations between the Group and Chongqing Pharma Group, based on the prevailing market prices of relevant products. For the

financial year ending 31 December 2018, it is expected that the caps for relevant Sales Transactions and Purchases Transactions of the Group to be conducted during the term of the Framework Sales and Purchases Agreement are as follow:

**For the financial year
from 1 January 2018
to 31 December 2018**

Sales Transaction Annual Cap

RMB600 million

Purchase Transaction Annual Cap

RMB1 million

B. Information on the Parties to the Framework Sales and Purchases Agreement

The Group, as a leading pharmaceutical and healthcare company in the PRC, is primarily engaged in pharmaceutical manufacturing and research and development (R&D), healthcare services, medical devices and medical diagnosis as well as pharmaceutical distribution and retail.

CQ Pharma Holdings Group is the leading pharmaceutical distribution group in the Southwest China engaged in distribution and retail of pharmaceutical products and medical devices.

C. Hong Kong Listing Rules Implication

CQ Pharma Holdings is a substantial shareholder of Yao Pharma, an indirect non-wholly-owned subsidiary of the Company, and therefore CQ Pharma Holdings is a connected person of the Company at the subsidiary level under Rule 14A.07(1) of the Hong Kong Listing Rules. As a result, the transactions contemplated under the Framework Sales and Purchases Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable Percentage Ratio (other than the profit ratio, as defined in the Hong Kong Listing Rules) calculated in accordance with the Hong Kong Listing Rules for the continuing connected transactions under the Framework Sales and Purchases Agreement on an annual basis is more than 1% but less than 5%, and the transactions contemplated under the Framework Sales and Purchases Agreement are conducted on normal commercial terms, such transactions will be subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK TENANCY AGREEMENTS AND FRAMEWORK SALES AND PURCHASES AGREEMENT

The size and location of the Fosun International Premises are appropriate and feasible for conducting the Group's business operations, and the size and location of the Fosun Pharma Premises meet the business needs of Fosun International and its subsidiaries and will provide stable income to the Group. Further, entering into the Framework Sales and Purchases Agreement is in line with the business model of the Group and will provide stable income to the Group.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Framework Tenancy Agreements (including the Tenancy and Property Services Agreements that separately entered into in accordance with the terms thereunder) and the Framework Sales and Purchases Agreement are on normal commercial terms and are fair and reasonable and the entering into each of the Framework Tenancy Agreements (including the Tenancy and Property Services Agreements that separately entered into in accordance with the terms thereunder) and the Framework Sales and Purchases Agreement are in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders of the Company as a whole.

As our Directors Mr. Chen Qiyu, Mr. Wang Qunbin, and Mr. Wang Can hold positions in Fosun International, they have abstained from voting on the resolutions of the Board to approve the annual caps under the Framework Tenancy Agreements and the transactions contemplated thereof. Save as disclosed above, other Directors did not have any material interest in the Framework Tenancy Agreements, and none of the Directors has material interest in the Framework Sales and Purchases Agreement. Hence, none of the Directors has to abstain from voting on the resolutions to approve the transaction caps under the Framework Sales and Purchases Agreement and the transactions contemplated thereof.

DEFINITIONS

“A Share(s)”	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors
“CQ Pharma Holdings”	Chongqing Pharmaceutical Holdings Company Limited* (重藥控股股份有限公司), a substantial shareholder of Yao Pharma, which is an indirect non-wholly-owned subsidiary of the Company, the shares of which are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000950)
“CQ Pharma Holdings Group”	CQ Pharma Holdings and its subsidiaries
“Company” or “Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company

“Fosun International”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 00656), and a controlling shareholder of the Company
“Fosun International Premises”	the premises owned by Fosun International and/or its subsidiaries as provided in the relevant Tenancy and Property Service Agreements entered into under the Lessee Framework Agreement
“Fosun Pharma Premises”	the premises owned by the Company and/or its subsidiaries as provided in the relevant Tenancy and Property Service Agreements entered into under the Lessor Framework Agreement
“Framework Sales and Purchases Agreement”	the framework sales and purchases agreement entered into between the Company and CQ Pharma Holdings in respect of sales and purchases transactions for the term of 1 year from 1 January 2018 to 31 December 2018, the particulars of which are disclosed in this announcement
“Framework Tenancy Agreements”	the Lessee Framework Agreement and the Lessor Framework Agreement
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Lessee Framework Agreement”	the framework tenancy agreement entered into between Fosun International, the controlling shareholder of the Company, and the Company, in respect of the lease of the Fosun International Premises for a term of 1 year from 1 January 2018 to 31 December 2018, the particulars of which are disclosed in this announcement

“Lessor Framework Agreement”	the framework tenancy agreement entered into between the Company and Fosun International, the controlling shareholder of the Company, in respect of the lease of the Fosun Pharma Premises for a term of 1 year from 1 January 2018 to 31 December 2018, the particulars of which are disclosed in this announcement
“Percentage Ratio(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Purchases Order”	each separate purchases agreement and/or order in respect of the purchases transactions entered into by the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries, the terms of which are determined in accordance with those under the Framework Sales and Purchases Agreement
“Purchase Transaction Annual Cap”	the cap amount of purchases transactions carried out in each of the relevant financial years during the term of the Framework Sales and Purchases Agreement
“Procurement Products”	the products to be purchased by the Company and/or its subsidiaries to CQ Pharma Holdings and/or its subsidiaries as contemplated under the Framework Sales and Purchases Agreement and the relevant Purchases Orders
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Order”	each separate sales agreement and/or order in respect of the sales transactions entered into by the Company and/or its subsidiaries and CQ Pharma Holdings and/or its subsidiaries, the terms of which are determined in accordance with those under the Framework Sales and Purchases Agreement
“Sales Transaction Annual Cap”	The cap amount of sales transactions carried out in each of the relevant financial years during the term of the Framework Sales and Purchases Agreement
“Sales Products”	the products to be supplied by the Company and/or its subsidiaries to CQ Pharma Holdings and/or its subsidiaries as contemplated under the Framework Sales and Purchases Agreement and the relevant Sales Orders
“Shareholder(s)”	holder(s) of the Shares

“Share(s)”	A Share(s) and H Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tenancy and Property Service Agreements”	various tenancy and property service agreements (including tenancy agreements and property service agreements that separately entered into under each of the Framework Tenancy Agreements) for the lease of the relevant Fosun Pharma Premises and/or Fosun International Premises entered into and/or to be entered into by the Company and/or its subsidiaries and Fosun International and/or its subsidiaries, the terms of which are determined in accordance with those under the Framework Tenancy Agreements (as applicable)
“Yao Pharma”	Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限公司), an indirect non-wholly-owned subsidiary of the Company
“Zhengda Real Estate”	Shanghai Zhengda Bund International Finance Services Centre Real Estate Company Limited* (上海證大外灘國際金融服務中心置業有限公司), a company incorporated in the PRC with limited liability, 50% equity interests of which is held indirectly by Fosun International
“Zhuorui Lease Agreement”	the lease agreement dated 20 December 2017 entered into between Zhuorui Outpatient as lessee and Zhengda Real Estate as lessor in relation to the properties, the details of which are set out in the Company’s announcement dated 20 December 2017
“Zhuorui Outpatient”	Shanghai Zhuorui Integrated Outpatient Limited Company* (上海卓瑞綜合門診部有限公司), a company incorporated in the PRC law with limited liability
“%”	percent

By Order of the Board
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*
Chen Qiyu
Chairman

Shanghai, the People’s Republic of China
19 April 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang and Mr. Wu Yifang; the non-executive Directors of the Company are Mr. Wang Qunbin and Mr. Wang Can; and the independent non-executive Directors of the Company are Mr. Cao Huimin, Mr. Jiang Xian, Dr. Wong Tin Yau Kelvin and Mr. Wai Shiu Kwan Danny.

* For identification purposes only