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FOSUNPHARMA
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)

FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00656)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION — CAPITAL INCREASE AGREEMENT IN RELATION TO SINOPHARM MEDICAL INVESTMENT

Reference is made to the announcements of Fosun Pharma dated 22 October 2015 and 18 November 2015 in relation to, among other things, the joint acquisition of equity interest in Sinopharm Medical Investment in accordance with the Joint Acquisition Agreement. As at the date of this announcement, Fosun Pharma holds 45% equity interest in Sinopharm Medical Investment.

CAPITAL INCREASE AGREEMENT

On 7 July 2016, Fosun Pharma, Sinopharm and Tebon Innovation entered into the Capital Increase Agreement, pursuant to which the parties propose to increase their capital contribution into Sinopharm Medical Investment, in proportion to their respective equity interest holding therein, in the aggregate amount of RMB500 million. According to the Capital Increase Agreement, Fosun Pharma proposes to contribute RMB225 million, Sinopharm proposes to contribute RMB225 million and Tebon Innovation proposes to contribute RMB50 million into the registered capital of Sinopharm Medical Investment. Upon completion of the transactions contemplated under the Capital Increase Agreement, the percentage of shareholding of each of Fosun Pharma, Sinopharm and Tebon Innovation in Sinopharm Medical Investment will remain unchanged.

HONG KONG LISTING RULES IMPLICATIONS

For Fosun Pharma

As Tebon Innovation is an associate of Mr. Guo Guangchang, a non-executive director and controlling shareholder of Fosun Pharma, Tebon Innovation is a connected person of Fosun Pharma under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement constitutes connected transaction of Fosun Pharma under Chapter 14A of the Hong Kong Listing Rules.

Since the Joint Acquisition Agreement and the Capital Increase Agreement are similar in nature and were entered into with the same connected person, the Joint Acquisition Agreement and the Capital Increase Agreement are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio as defined under the Hong Kong Listing Rules, in aggregate for the transactions under the Joint Acquisition Agreement and the Capital Increase Agreement is more than 0.1% but less than 5% on an annual basis, the Capital Increase Agreement is 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.

For Fosun International

As Tebon Innovation is an associate of Mr. Guo Guangchang, an executive director and controlling shareholder of the Fosun International, Tebon Innovation is a connected person of Fosun International under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement constitutes connected transaction of Fosun International under Chapter 14A of the Hong Kong Listing Rules.

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A. CAPITAL INCREASE AGREEMENT

On 7 July 2016, Fosun Pharma, Sinopharm and Tebon Innovation entered into the Capital Increase Agreement, pursuant to which the parties propose to increase their capital contribution into Sinopharm Medical Investment, in proportion to their respective equity interest holding in Sinopharm Medical Investment, in the aggregate amount of RMB500 million.

Date

7 July 2016

Parties

- (1) Fosun Pharma
- (2) Sinopharm
- (3) Tebon Innovation

Principal Terms

Based on arm's-length negotiation, Fosun Pharma, Sinopharm and Tebon Innovation have agreed to, among other things, the following principal terms in relation to the proposed capital increase in Sinopharm Medical Investment:

1. Plan of the Capital Increase

Fosun Pharma, Sinopharm and Tebon Innovation agreed to increase the registered capital of Sinopharm Medical Investment from RMB500 million to RMB1,000 million.

2. Obligations of the Shareholders

Fosun Pharma, Sinopharm and Tebon Innovation shall pay their respective capital contribution into the registered capital of Sinopharm Medical Investment within 6 months from the date of the Capital Increase Agreement.

Capital Contribution

The above amounts of capital contribution into Sinopharm Medical Investment were determined after arm's-length negotiation by the parties with reference to proposed total increased registered capital and percentage of equity interest in Sinopharm Medical Investment held by each party.

The capital contribution to be paid by each of the parties will be funded by its self-raised funds.

Shareholding Structure of Sinopharm Medical Investment

Set out below is the shareholding structure of Sinopharm Medical Investment before and after the completion of the transactions contemplated under the Capital Increase Agreement:

Shareholder of Sinopharm Medical Investment	Contribution to the registered capital of Sinopharm Medical Investment before completion of the transactions	Equity interest in Sinopharm Medical Investment before completion of the transactions	Contribution to the registered capital of Sinopharm Medical Investment after completion of the transactions	Equity interest in Sinopharm Medical Investment after completion of the transactions
Fosun Pharma	RMB225 million	45%	RMB450 million	45%
Sinopharm	RMB225 million	45%	RMB450 million	45%
Tebon Innovation	<u>RMB50 million</u>	<u>10%</u>	<u>RMB100 million</u>	<u>10%</u>
Total	<u>RMB500 million</u>	<u>100%</u>	<u>RMB1,000 million</u>	<u>100%</u>

Upon completion of the transactions contemplated under the Capital Increase Agreement, the shareholding percentage of Fosun Pharma, Sinopharm and Tebon Innovation in Sinopharm Medical Investment will remain unchanged.

B. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

Each board of directors of Fosun Pharma and Fosun International considers that the increase in the registered capital of Sinopharm Medical Investment by Fosun Pharma, Sinopharm and Tebon Innovation can help to further expand the Fosun Pharma Group's investment channels in medical services by actively participating in the investment in medical services projects with the focus on public hospitals, and improve the deployment of medical services industry.

As Mr. Chen Qiyu, Mr. Guo Guangchang, Mr. Wang Qunbin, Ms. Kang Lan, and Mr. Wang Can hold positions in entities controlled by Mr. Guo Guangchang, and Mr. Chen Qiyu and Mr. Wang Qunbin are directors and Mr. Yao Fang is a supervisor of Sinopharm, they are required to abstain, and have abstained from, voting on the relevant resolutions of the board of directors of Fosun Pharma to approve the increase in registered capital of Sinopharm Medical Investment.

As Mr. Guo Guangchang, Mr. Liang Xinjun and Mr. Wang Qunbin are indirectly interested in Tebon Innovation, they are required to abstain, and have abstained from, voting on the relevant resolutions of the board of directors of Fosun International to approve the increase in registered capital of Sinopharm Medical Investment.

The directors of Fosun Pharma and Fosun International (including their respective independent non-executive directors) consider that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interests of Fosun Pharma and Fosun International (as the case may be) and their respective shareholders as a whole.

C. INFORMATION ABOUT THE PARTIES

Fosun Pharma Group is a leading healthcare group in the PRC and primarily engaged in business segments including pharmaceutical manufacturing and research and development, medical service, medical diagnosis and medical devices manufacturing and agency and pharmaceutical distribution and retail.

Tebon Innovation is principally engaged in assets management.

Sinopharm is the largest distributor of pharmaceutical and healthcare products, and a leading supply chain services provider in the PRC; it also operates the largest national pharmaceutical distribution network in the PRC.

Set out below are the financial information of Sinopharm Medical Investment prepared in accordance with PRC accounting standards for the two years ended 31 December 2014 and 31 December 2015 and the three months ended 31 March 2016:

Unit: RMB million

	For the quarter ended 31 March 2016 (unaudited)	For the year ended 31 December 2015 (unaudited)	For the year ended 31 December 2014 (audited)
Net profit/(loss) (before taxation)	1.84	37.14	-0.23
Net profit/(loss) (after taxation)	1.84	37.48	-0.23

Based on the audited financial statements of Sinopharm Medical Investment, as at 31 December 2014, the total assets and owners' equity of Sinopharm Medical Investment were approximately RMB500.55 million and RMB499.77 million, respectively.

Based on the unaudited financial statements of Sinopharm Medical Investment, as at 31 December 2015, the total assets and owners' equity of Sinopharm Medical Investment were approximately RMB858.80 million and RMB731.16 million, respectively.

Based on the unaudited financial statements of Sinopharm Medical Investment, as at 31 March 2016, the total assets and owners' equity of Sinopharm Medical Investment were approximately RMB866.78 million and RMB733.01 million, respectively.

D. HONG KONG LISTING RULES IMPLICATIONS

For Fosun Pharma

As Tebon Innovation is an associate of Mr. Guo Guangchang, a non-executive director and controlling shareholder of Fosun Pharma, Tebon Innovation is a connected person of Fosun Pharma under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement constitutes connected transaction of Fosun Pharma under Chapter 14A of the Hong Kong Listing Rules.

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For Fosun International

As Tebon Innovation is an associate of Mr. Guo Guangchang, an executive director and controlling shareholder of the Fosun International, Tebon Innovation is a connected person of Fosun International under Rule 14A.07 of the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement constitutes connected transaction of Fosun International under Chapter 14A of the Hong Kong Listing Rules.

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E. DEFINITIONS

Unless the context other requires, the following expression have the following meaning in this announcement:

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Capital Increase Agreement”	the Capital Increase Agreement dated 7 July 2016 entered into by and amongst Fosun Pharma, Sinopharm and Tebon Innovation
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Fosun International”	Fosun International Limited (復星國際有限公司), 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 the controlling shareholder of Fosun Pharma
“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
“Fosun Pharma Group”	Fosun Pharma and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Joint Acquisition Agreement”	the joint acquisition agreement dated 22 October 2015 entered into between Fosun Pharma and Tebon Innovation

“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sinopharm”	Sinopharm Group Co., Ltd.* (國藥控股股份有限公司), a joint stock limited company established in the PRC and the H shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 01099)
“Sinopharm Medical Investment”	Sinopharm Holding Medical Investment Management Co., Ltd.* (國藥控股醫療投資管理有限公司), a limited liability company established in the PRC and is owned as to 45%, 45% and 10% by Fosun Pharma, Sinopharm and Tebon Innovation, respectively
“Tebon Innovation”	Tebon Innovation Capital Co., Ltd.* (德邦創新資本有限公司), a limited liability company established in the PRC and is beneficially controlled by Mr. Guo Guangchang
“%”	per cent

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

By order of the board
Fosun International Limited
Guo Guangchang
Chairman

Shanghai, PRC
7 July 2016

As at the date of this announcement, the executive directors of Fosun Pharma are Mr. Chen Qiyu and Mr. Yao Fang; the non-executive directors are Mr. Guo Guangchang, Mr. Wang Qunbin, Ms. Kang Lan and Mr. Wang Can; and the independent non-executive directors are Mr. Cao Huimin, Mr. Jiang Xian, Dr. Wong Tin Yau Kelvin and Mr. Wai Shiu Kwan Danny.

As at the date of this announcement, the executive directors of Fosun International are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Ding Guoqi, Mr. Qin Xuetao, Mr. Chen Qiyu and Mr. Xu Xiaoliang; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Mr. Yang Chao.

* for identification purposes only