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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO THE CAPITAL INCREASE AGREEMENT REGARDING A SUBSIDIARY AND DEEMED DISPOSAL

CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that, on 17 July 2018, Fosun Pharma Industrial, Fosun New Medicine, Shanghai Henlius, subsidiaries of the Company, other Existing Shareholders and the Investors, entered into the Capital Increase Agreement, pursuant to which, Shanghai Henlius agreed to issue an aggregate of 25,120,387 new shares in Shanghai Henlius at the price of US\$6.23 per share in an aggregate consideration of approximately US\$156.50 million. Fosun Pharma Industrial and Fosun New Medicine will not make any capital contribution in Shanghai Henlius pursuant to the Capital Increase Agreement.

LISTING RULES IMPLICATION

Upon completion of the transactions under the Capital Increase Agreement, the Company's shareholding in Shanghai Henlius through its subsidiaries, Fosun Pharma Industrial and Fosun New Medicine, will decrease from approximately 64.51% to approximately 61.09% of the total number of issued shares in Shanghai Henlius. Following completion of the transactions under the Capital Increase Agreement, Shanghai Henlius remains a subsidiary of the Company. Therefore, the transactions contemplated under the Capital Increase Agreement constitute a deemed disposal of approximately 3.42% of the total number of issued shares in Shanghai Henlius held by the Company.

As all applicable percentage ratios for the transactions under the Capital Increase Agreement are less than 5%, pursuant to Chapter 14 of the Hong Kong Listing Rules, the transactions contemplated under the Capital Increase Agreement do not constitute discloseable transaction. This announcement is made by the Company on a voluntary basis.

I. THE CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that, on 17 July 2018, Fosun Pharma Industrial, Fosun New Medicine, Shanghai Henlius, subsidiaries of the Company, other Existing Shareholders and the Investors, entered into the Capital Increase Agreement, pursuant to which, Shanghai Henlius agreed to issue in aggregate of 25,120,387 new shares in Shanghai Henlius at the price of US\$6.23 per share in an aggregate consideration of approximately US\$156.50 million. Fosun Pharma Industrial and Fosun New Medicine will not make any capital contribution in Shanghai Henlius pursuant to the Capital Increase Agreement. Major terms of the Capital Increase Agreement are summarised below:

Date

17 July 2018

Parties

- (1) Fosun Pharma Industrial;
- (2) Fosun New Medicine;
- (3) Shanghai Henlius;
- (4) Other Existing Shareholders; and
- (5) Investors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Investors (and its ultimate beneficial owners) are third parties independent of, and not connected with, the Company and its connected persons.

Capital increase

Under the Capital Increase Agreement, the Investors agreed to subscribe for and Shanghai Henlius agreed to issue the new shares, the details of which are set out below:

Investors	Number of shares to be subscribed	Consideration (US\$)
1. NCIF16	2,086,677	12,999,997.71
2. NCIF17	1,605,137	10,000,003.51
3. IS Investment CIS	2,728,732	17,000,000.36
4. LVC	6,832,450	42,566,163.50
5. Golden Valley	1,193,232	7,433,835.36
6. Fullgoal-BPP	3,210,273	20,000,000.79
7. Gortune	4,012,842	25,000,005.66
8. Green Tomato	2,407,705	15,000,002.15
9. CICC Alternative	<u>1,043,339</u>	<u>6,500,001.97</u>
Total	<u>25,120,387</u>	<u>156,500,011.01</u>

Consideration and payment

Under the Capital Increase Agreement, Shanghai Henlius will issue new shares in Shanghai Henlius as the consideration of US\$6.23 per share, such consideration was determined based on arm's-length negotiations with reference to a valuation of Shanghai Henlius in the amount of approximately US\$2.8 billion before the proposed capital increase. The relevant consideration shall be paid within 15 working days upon the fulfilment or waiver of conditions precedent under the Capital Investment Agreement.

Major conditions precedent

The completion of transactions contemplated under the Capital Increase Agreement are subject to, among other things, the following major conditions precedent:

- (1) All documents in relation to transactions contemplated under the Capital Increase Agreement have been executed and in force;
- (2) The Capital Increase Agreement and transactions contemplated hereunder have been approved by the board of directors and shareholders of Shanghai Henlius;
- (3) Procedures for filing of foreign-invested enterprises in respect of the transactions contemplated under the Capital Increase Agreement have completed in accordance with relevant laws and regulations, with relevant filing certificates obtained.

Closing date

Closing date shall be the date on which the consideration in respect of the new shares in Shanghai Henlius to be issued under the Capital Increase Agreement has been fully paid.

Other provisions

The Capital Increase Agreement shall be subject to and construed in accordance with laws of the PRC.

If there is any dispute, conflict or disagreement arising from the performance or non-performance of obligations under the Capital Increase Agreement, any party shall be entitled to submit the dispute or proposition to the Shanghai International Economy and Trade Arbitration Commission (Shanghai International Arbitration Center) for arbitration in Shanghai in accordance with the prevailing arbitration rules.

Parties shall bear the tax obligation and expenses arising from transactions contemplated under the Capital Increase Agreements on their own expenses.

The Capital Increase Agreement shall be effective after being signed and sealed by authorised representatives of parties involved.

II. LISTING RULES IMPLICATION

Upon completion of the transactions under the Capital Increase Agreement, the Company's shareholding in Shanghai Henlius through its subsidiaries, Fosun Pharma Industrial and Fosun New Medicine, will decrease from approximately 64.51% to approximately 61.09% of the total number of issued shares in Shanghai Henlius. Following completion of the transactions under the Capital Increase Agreement, Shanghai Henlius remains a subsidiary of the Company. Therefore, the transactions contemplated under the Capital Increase Agreement constitute a deemed disposal of approximately 3.42% of the total number of issued shares in Shanghai Henlius held by the Company.

As all applicable percentage ratios for the transactions under the Capital Increase Agreement are less than 5%, pursuant to Chapter 14 of the Hong Kong Listing Rules, the transactions contemplated under the Capital Increase Agreement do not constitute discloseable transaction.

III. REASON FOR AND BENEFIT OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

In order to satisfy the needs of R&D and operation, and to further consolidate the leading position in the field of monoclonal antibody drug R&D, Shanghai Henlius intends to proceed the proposed capital increase.

IV. GENERAL

The Group

The Group is a leading healthcare group in the PRC and primarily engaged in business segments including pharmaceutical manufacturing and R&D, healthcare services, medical devices and medical diagnosis as well as pharmaceutical distribution and retail.

Shanghai Henlius

Shanghai Henlius is a joint stock limited company incorporated in the PRC and a subsidiary of the Company. It is principally engaged in the R&D and industrialisation of monoclonal antibody biological analogues, biological modifying agents and innovative monoclonal antibody by virtue of advanced technology.

NCIF16

NCIF16 is a segregated investment portfolio of New China Innovation Fund SPC and is principally engaged in equity investments.

NCIF17

NCIF17 is a segregated investment portfolio of New China Innovation Fund SPC and is principally engaged in equity investments.

IS Investment CIS

IS Investment CIS is a segregated investment portfolio of IS Investment Fund Segregated Portfolio Company and is principally engaged in equity investments.

LVC

LVC is a US dollar fund under the Loyal Valley Capital and is principally engaged in equity investments.

Golden Valley

Golden Valley is a US dollar fund under the Loyal Valley Capital and is principally engaged in equity investments.

Fullgoal-BPP

Fullgoal-BPP is a segregated investment portfolio of Fullgoal China Access RQFII Fund SPC and is principally engaged in equity investments.

Gortune

Gortune is principally engaged in equity investments.

Green Tomato

Green Tomato is one of the existing shareholders of Shanghai Henlius and is principally engaged in equity investments.

CICC Alternative

CICC Alternative is principally engaged in equity investments.

V. DEFINITION

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

“A Share”	domestic Share(s) of the Company with a nominal value of RMB1 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement dated 17 July 2018 entered into between Fosun Pharma Industrial, Fosun New Medicine, Shanghai Henlius, other Existing Shareholders and the Investors in relation to the subscription for shares in Shanghai Hnelius
“CICC Alternative”	CICC Alternative Investment Holding Limited, a company incorporated in Cayman Islands
“Company”	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 given to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company

“Existing Shareholders”

the shareholders named under the registry of Shanghai Henlius as at the date of this announcement, including Fosun New Medicine, Fosun Pharma Industrial, Henlius Biopharmaceuticals, Inc., HenLink, Inc., Scott Shi-Kau Liu, Wei-Dong Jiang, Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership)* (上海果友生物技術合夥企業(有限合夥)), Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership)* (上海果宏生物技術合夥企業(有限合夥)), Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership)* (上海果智生物技術合夥企業(有限合夥)), Shanghai Qingke Pien Tze Huang Investment Management Center (Limited Partnership)* (上海清科片仔癀投資管理中心(有限合夥)), Huagai Medical Investment Management Beijing Co., Ltd.* (華蓋醫療投資管理(北京)有限公司), Huagai Medical Health Venture Capital Investment Chengdu Partnership Enterprise (Limited Partnership)* (華蓋醫療健康創業投資成都合夥企業(有限合夥)), Shanghai Fangzhenghantou Equity Investment Partnership Enterprise (Limited Partnership)* (上海方正韓投股權投資合夥企業(有限合夥)), Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)), Wuxi Shanyi Management Consultancy Enterprise (Limited Partnership)* (無錫市善宜管理諮詢企業(有限合夥)), Wuxi Tongshan Investment Enterprise (Limited Partnership)* (無錫市通善投資企業(有限合夥)), Chongqing Gaotejia Ruian Equity Investment Partnership Enterprise (Limited Partnership)* (重慶高特佳睿安股權投資基金合夥企業(有限合夥)), Shenzhen Gaotejia Ruyi Investment Partnership Enterprise (Limited Partnership)* (深圳高特佳睿益投資合夥企業(有限合夥)), Jiaxing Shenmao No. 8 Equity Investment Partnership Enterprise (Limited Enterprise)* (嘉興申貿捌號股權投資合夥企業(有限合夥)), Joyful Ascent Limited, Green Tomato, Gongqingcheng Yingshuo Henlius Investment Fund Partnership Enterprise (Limited Partnership)* (共青城英碩漢霖投資基金合夥企業(有限合夥)) and Shenzhen Yinxun Investment Consultancy Enterprise (General Partnership)* (深圳市銀迅投資諮詢企業(普通合夥))

“Fosun Pharma Industrial”

Shanghai Fosun Pharmaceutical Industrial Development Limited* (上海復星醫藥產業發展有限公司), a limited company established in the PRC which is a subsidiary of the Company as at the date of this announcement

“Fosun New Medicine”

Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究有限公司), a limited company established in the PRC which is a subsidiary of the Company as at the date of this announcement

“Fullgoal-BPP”	Fullgoal-BPP New Healthcare Fund SP
“Golden Valley”	Golden Valley Global Limited, a company incorporated in the British Virgin Islands
“Gortune”	Gortune Deepmind Inv. Limited, a company incorporated in the British Virgin Islands
“Green Tomato”	Green Tomato Asia Limited, a company incorporated in the British Virgin Islands
“Group”	the Company and its subsidiaries
“H Share”	overseas listed share(s) of the Company with a nominal value of RMB1 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“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
“IS Investment CIS”	IS Investment Fund Segregated Portfolio Company — CIS New China Ever Growing Fund Segregated Portfolio
“Investors”	NCIF16, NCIF17, IS Investment — CIS, LVC, Golden Valley, Fullgoal-BPP, Gortune, Green Tomato and CICC Alternative
“LVC”	LVC Advantage Fund LP, a company incorporated in Cayman Islands
“NCIF16”	New China Innovation Fund SPC (acting for and on behalf of New China Innovation Fund 16 Segregated Portfolio)
“NCIF17”	New China Innovation Fund SPC (acting for and on behalf of New China Innovation Fund 17 Segregated Portfolio)
“Shanghai Henlius”	Shanghai Henlius Biotech Company Limited* (上海復宏漢霖生物技術股份有限公司), a joint stock company incorporated in the PRC which is a subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	A Share(s) and H Share(s)

“US\$” or “US dollar” US dollar, the lawful currency of the United States

“%” per cent.

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

Shanghai, the People’s Republic of China
17 July 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, Mr. Wang Can, Ms. Mu Haining and Mr. Zhang Xueqing; 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 purpose only*