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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)

**CONNECTED TRANSACTION
ENTERING INTO THE CAPITAL INCREASE AGREEMENT**

CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that, on 30 March 2023, the Company entered into the Capital Increase Agreement with Fosun Health Holding in relation to the Capital Increase in Fujian Fund Management Company in an aggregate amount of RMB40 million to be made in proportion to their respective shareholdings in Fujian Fund Management Company. In particular, the Company and Fosun Health Holding agreed to make capital contribution in the amount of RMB24 million and RMB16 million respectively to subscribe for additional registered capital of RMB24 million and RMB16 million respectively in Fujian Fund Management Company.

Before the Capital Increase, the Company holds as to 60% of equity interest in Fujian Fund Management Company. Upon completion of the Capital Increase, the shareholding of the Company in Fujian Fund Management Company shall remain unchanged, and Fujian Fund Management Company will remain a subsidiary of the Company.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun Health Holding is a subsidiary of Fosun High Tech, the controlling shareholder of the Company, therefore Fosun Health Holding is an associate of Fosun High Tech and a connected person of the Company; In addition, Fujian Fund Management Company is held as to 60% and 40% by the Company and Fosun Health Holding respectively, therefore Fujian Fund Management Company constitutes a connected subsidiary of the Company and a connected person of the Company. As such, the transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Given the relevant parties to the Capital Increase Agreement and the relevant parties to the Previous Connected Transactions are all associated with Fosun High Tech and/or its associates, the transactions contemplated under the Capital Increase Agreement shall be aggregated with the Previous Connected Transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio is, on an aggregated basis, more than 0.1% but less than 5%, the transactions contemplated under the Capital Increase Agreement are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

A. CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that, on 30 March 2023, the Company entered into the Capital Increase Agreement with Fosun Health Holding in relation to the Capital Increase in Fujian Fund Management Company in an aggregate amount of RMB40 million to be made in proportion to their respective shareholdings in Fujian Fund Management Company. In particular, the Company and Fosun Health Holding agreed to make capital contribution in the amount of RMB24 million and RMB16 million respectively to subscribe for additional registered capital of RMB24 million and RMB16 million respectively in Fujian Fund Management Company. The principal terms of the Capital Increase Agreement are summarized below:

Date

30 March 2023

Parties

- (i) the Company
- (ii) Fosun Health Holding

Consideration

Before the Capital Increase, the registered capital of Fujian Fund Management Company is RMB10 million which has been fully paid-up. The additional registered capital amount is determined upon arm's length negotiations between the parties to the Capital Increase Agreement taking into account the Fujian Fund Management Company's capital requirements for its business development and daily operations. Upon negotiation, it is proposed that the Company and Fosun Health Holding will make capital contribution in the amount of RMB24 million and RMB16 million respectively to subscribe for additional registered capital of RMB24 million and RMB16 million respectively in Fujian Fund Management Company in proportion to their respective shareholdings in Fujian Fund Management Company.

The Company intends to settle the consideration for the Capital Increase with self-raised funds.

Capital Contribution Arrangement

Pursuant to the Capital Increase Agreement, unless otherwise agreed between both parties, the Company and Fosun Health Holding shall make their respective capital contribution to the account designed by Fujian Fund Management Company within 10 working days from the date where all the conditions precedent under the Capital Increase Agreement have been fulfilled (or being waived in writing).

Conditions Precedent

Pursuant to the Capital Increase Agreement, the conditions precedent include the following (among others):

- (i) the Capital Increase Agreement and the supplementary agreement to the investment agreement scheduled thereto and the articles of association of Fujian Fund Management Company have been duly executed by the relevant parties;
- (ii) the Company, Fosun Health Holding and Fujian Fund Management Company have completed their respective internal review procedures in respect of the Capital Increase and have obtained the necessary approvals.

Governing Law and Dispute Resolution

The Capital Increase Agreement shall be governed by PRC laws. Any dispute shall be resolved by both parties through negotiation, failing which, the dispute shall be submitted to the Shanghai International Arbitration Center for arbitration. The arbitration award will be final and shall be binding on both parties.

Effective Date

The Capital Increase Agreement shall take effect since the date of execution by each of the parties.

B. BACKGROUND AND SHAREHOLDING STRUCTURE OF FUJIAN FUND MANAGEMENT COMPANY

Fujian Fund Management Company was established in September 2019, registered in Huangpu District, Shanghai, its legal representative is Mr. Yao Fang* (姚方). The business scope of Fujian Fund Management Company includes equity investment management, investment management and investment consultancy (projects subject to approval in accordance with the laws and business activities can only be conducted after receiving approval from the relevant departments).

The table below sets out the shareholding structure of Fujian Fund Management Company immediately before and after the Capital Increase:

Unit: RMB million

Shareholders	Immediately before completion of the Capital Increase		Immediately after the completion of the Capital Increase	
	Registered Capital	Shareholding percentage	Registered Capital	Shareholding percentage
the Company	6	60%	30	60%
Fosun Health Holding	<u>4</u>	<u>40%</u>	<u>20</u>	<u>40%</u>
Total	<u>10</u>	<u>100%</u>	<u>50</u>	<u>100%</u>

According to the management accounts of Fujian Fund Management Company (unaudited), as of 31 December 2022, the total assets and the total owners' equity of Fujian Fund Management Company were RMB33.43 million and RMB8.18 million respectively.

The net profit/(loss) before and after taxation of Fujian Fund Management Company for the last two financial years ended 31 December 2022 are as follows:

Unit: RMB million

	For the year ended 31 December 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Net profit/(loss) before taxation	3.54	3.90
Net profit/(loss) after taxation	3.54	3.90

C. REASONS FOR AND BENEFIT OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

Fujian Fund Management Company is a private equity fund manager registered with the Asset Management Association, specializing in fund entrusted management in the field of general health, incubation and investment in companies in the fields of biomedicine, medical equipment and medical diagnosis. The proceeds of the Capital Increase are intended to be used for the business development and daily operation of the Fujian Fund Management Company.

Upon completion of the Capital Increase, the shareholding of the Company in Fujian Fund Management Company shall remain unchanged (at 60%), and Fujian Fund Management Company will remain a subsidiary of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable, that the Capital Increase is in the ordinary course of the Group's business and is in the interest of the Company and its Shareholders as a whole.

Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui, Mr. Chen Qiyu, Mr. Yao Fung, Mr. Xu Xiaoliang and Mr. Pan Donghui, being Directors who currently take up certain positions in Fosun International and/or its subsidiaries (other than the Group), abstained from voting on the resolution of the Board in respect of the entering into of the Capital Increase Agreement as referred to above. The remaining 5 Directors (including 4 independent non-executive Directors) participated in such voting and approved the same unanimously.

D. INFORMATION ON THE GROUP AND THE OTHER PARTIES TO THE CAPITAL INCREASE AGREEMENT

The Group

The Group is a leading pharmaceutical and healthcare industry group in China and principally engaged in pharmaceutical manufacturing, medical devices and medical diagnosis, healthcare services and pharmaceutical distribution and retail business.

Fosun Health Holding

Fosun Health Holding is a company incorporated in the PRC with limited liability and principally engaged in, among other things, health industry investment management, health management consultancy, elderly care industry investment management, etc. Fosun Health Holding is a subsidiary of Fosun High Tech, the controlling shareholder of the Company and a wholly-owned subsidiary of Fosun International, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00656). Fosun International strengthens its presence in four business segments, namely Health, Happiness, Wealth and Intelligent Manufacturing, providing high-quality products and services to families around the world.

E. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Fosun Health Holding is a subsidiary of Fosun High Tech, the controlling shareholder of the Company, therefore Fosun Health Holding is an associate of Fosun High Tech and a connected person of the Company. In addition, Fujian Fund Management Company is held as to 60% and 40% by the Company and Fosun Health Holding respectively, therefore Fujian Fund Management Company constitutes a connected subsidiary of the Company and a connected person of the Company. As such, the transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Given the relevant parties to the Capital Increase Agreement and the relevant parties to the Previous Connected Transactions are all associated with Fosun High Tech and/or its associates, the transactions contemplated under the Capital Increase Agreement shall be aggregated with the Previous Connected Transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio is, on an aggregated basis, more than 0.1% but less than 5%, the transactions contemplated under the Capital Increase Agreement are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“A Share(s)”	the 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”	the Company and Fosun Health Holding proposed to make capital contribution in the amount of RMB24 million and RMB16 million respectively to subscribe for additional registered capital of RMB24 million and RMB16 million respectively in Fujian Fund Management Company
“Capital Increase Agreement”	The capital increase agreement entered into on 30 March 2023 among the Company and Fosun Health Holding in relation to the Capital Increase in Fujian Fund Management Company
“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)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company

“Fosun Health Holding”	Shanghai Fosun Health Industry Holding Company Limited* (上海復星健康產業控股有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Fosun High Tech
“Fosun High Tech”	Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司), a company incorporated in the PRC with limited liability, a subsidiary of Fosun International and the controlling shareholder of the Company
“Fosun International”	Fosun International Limited (復星國際有限公司), whose shares are listed and traded on the Hong Kong Stock Exchange (stock code: 00656)
“Fujian Fund Management Company”	Shanghai Fujian Equity Investment Fund Management Co., Ltd.* (上海復健股權投資基金管理有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Fund Equity Interest Transfer Agreement”	the two transfer agreements dated 6 January 2023 entered into between Ningbo Fuying and Fosun High Tech in relation to the acquisition by Ningbo Fuying of the share of interests subscribed and yet to be paid up by Fosun High Tech comprising (i) RMB64 million in the capital of the Suzhou Fujian Xingyi Venture Investment Partnership (Limited Partnership)* (蘇州復健星熠創業投資合夥企業(有限合夥)), and (ii) RMB17.50 million in the capital of the Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership)* (天津復星海河醫療健康產業基金合夥企業(有限合夥))
“Futuo Equity Transfer Agreement”	the equity transfer agreement dated 29 July 2022 entered into between the Company and Fosun Health Industry Holding Company Limited* (上海復星健康產業控股有限公司) in respect of the acquisition of 49% equity interest in Shanghai Futuo Biotech Development Co., Ltd.* (上海復拓生物科技發展有限公司) held by Fosun Health Industry Holding Company Limited* (上海復星健康產業控股有限公司)
“Fuyun Health Capital Increase Agreement”	The capital increase agreement dated 12 August 2022 entered into between Fosun Health, Ningbo Fuji Medical Technology Co., Ltd.* (寧波復技醫療科技有限公司), Hainan Yunzhi Technology Partnership (Limited Partnership)* (海南雲志科技合夥企業(有限合夥)), Shanghai Fuyun Health Technology Co., Ltd.* (上海復雲健康科技有限公司) and Fosun High Tech in relation to, among other things, the capital increase in Shanghai Fuyun Health Technology Co., Ltd.* (上海復雲健康科技有限公司)
“Group”	the Company and its subsidiaries

“H Share(s)”	the overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“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
“Ningbo Fuying”	Ningbo Fuying Investment Co., Ltd.* (寧波復瀛投資有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“PRC”	the People’s Republic of China
“Previous Connected Transactions”	the transactions contemplated under Xingmai Reorganisation, Futuo Equity Transfer Agreement, Fuyun Health Capital Increase Agreement, Shanghai Zhuorui Capital Increase Agreement, Fund Equity Interest Transfer Agreement, and Supplemental Agreement to the Nanjing Fund Partnership Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Zhuorui”	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 with limited liability and a subsidiary of the Company
“Shanghai Zhuorui Capital Increase Agreement”	the agreement entered into on 23 September 2022 among Fosun Health, Shanghai Fosun Health Industry Holding Company Limited* (上海復星健康產業控股有限公司), Shanghai Xingshuangjian Investment Management Co., Ltd.* (上海星雙健投資管理有限公司), Shanghai Zhuoye Health Management Consulting Partnership (Limited Partnership)* (上海卓也健康管理諮詢合夥企業(有限合夥)) and Shanghai Zhuorui in relation to, among other things, the capital increase in Shanghai Zhuorui
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)

“Supplemental Agreement to the Nanjing Fund Partnership Agreement”	the agreement dated 30 March 2023 entered into between Nanjing Fuxin Equity Investment Management Partnership (Limited Partnership)* (南京復鑫股權投資管理合夥企業(有限合夥)), Nanjing Industrial Development Fund Co., Ltd.* (南京市產業發展基金有限公司), Nanjing Yangtze River Innovation and Entrepreneur Investment Fund (Limited Partnership)* (南京揚子江創新創業投資基金(有限合夥)), Ningbo Fuying, Fosun High Tech, and Suzhou Loucheng International Development High and New Technology Industrial Investment Corporation (Limited Partnership)* (蘇州婁城國發高新技術產業投資企業(有限合夥)), in relation to, among other things, the capital reduction in Nanjing Xingjian Ruiying Equity Investment Partnership (Limited Partnership)* (南京星健睿贏股權投資合夥企業(有限合夥))
“Xingmai Reorganisation”	the equity transfer agreement dated 29 July 2022 entered into between Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司) and Yadong Zhijian Information Technology Co., Ltd.* (亞東智健信息科技有限公司) in relation to the acquisition of registered capital of RMB55 million in Shanghai Xingmai Information Technology Co., Ltd.* (上海杏脈信息科技有限公司) held by Yadong Zhijian Information Technology Co., Ltd.* (亞東智健信息科技有限公司), and the agreement dated 29 July 2022 entered into among Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司), Gongqingcheng Qixin Equity Investment Partnership (Limited Partnership)* (共青城祺信股權投資合夥企業(有限合夥)), Shanghai Anting Industrial Development Company Limited* (上海安亭實業發展有限公司), Shanghai Xingmai Information Technology Co., Ltd.* (上海杏脈信息科技有限公司) and other parties in relation to, among other things, the capital increase in Shanghai Xingmai Information Technology Co., Ltd.* (上海杏脈信息科技有限公司)
“%”	per cent.

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

Shanghai, the People’s Republic of China
30 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui and Mr. Wen Deyong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson.

** For identification purposes only*