

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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 company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02196)**

**CONNECTED TRANSACTION  
ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT**

**SHARE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 5 May 2023, the Company entered into the Share Subscription Agreement with Shunde Science and Technology Group and United Health Insurance in relation to, among others, the Capital Increase in United Health Insurance by the Company and Shunde Science and Technology Group. Pursuant to the Share Subscription Agreement, each of the Company and Shunde Science and Technology Group will contribute capital in the amount of RMB248.8832 million to subscribe for 97.22 million new shares (corresponding to an additional registered capital of RMB97.22 million) in United Health Insurance respectively.

Before the Capital Increase, the Company did not hold any equity interest in United Health Insurance. Upon completion of the Capital Increase, the Company will hold approximately 14.00% of the equity interest in United Health Insurance.

**HONG KONG LISTING RULE IMPLICATIONS**

As at the date of this announcement, Fosun High Tech is the controlling shareholder of the Company and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. In addition, as Fosun High Tech (through Fosun Industrial Investment) is interested in over 10% of the total equity interest in United Health Insurance, it is therefore a substantial shareholder of United Health Insurance. As such, the transaction contemplated under the Share Subscription Agreement constitute a connected transaction of the Company pursuant to Rule 14A.28(1) of the Hong Kong Listing Rules.

Given the relevant parties to the Share Subscription 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 Share Subscription 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 Share Subscription 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. SHARE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 5 May 2023, the Company entered into the Share Subscription Agreement with Shunde Science and Technology Group and United Health Insurance in relation to, among others, the Capital Increase in United Health Insurance by the Company and Shunde Science and Technology Group. Pursuant to the Share Subscription Agreement, each of the Company and Shunde Science and Technology Group will contribute capital in the amount of RMB248.8832 million to subscribe for 97.22 million new shares (corresponding to an additional registered capital of RMB97.22 million) in United Health Insurance respectively. The principal terms of the Share Subscription Agreement are summarised below:

### **Date**

5 May 2023

### **Parties**

- (1) the Company
- (2) Shunde Science and Technology Group
- (3) United Health Insurance

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shunde Science and Technology Group and its ultimate owners are parties independent from the Company and its connected persons. For further information on the parties to the Capital Increase, please refer to the section headed "Information on the Group and the Other Parties to the Share Subscription Agreement" below in this announcement.

As at the date of this announcement (before the Capital Increase), Fosun High Tech, the Company's controlling shareholder, is indirectly interested in 20% of the equity interest in United Health Insurance.

## **Capital Increase**

Pursuant to the Share Subscription Agreement, United Health Insurance will issue 194.44 million new shares (corresponding to an additional registered capital of RMB194.44 million) with a subscription price of RMB2.56 per share, which corresponds to a total capital contribution of RMB497.7664 million, all of which shall be paid by the following parties to the Capital Increase in one lump sum within 30 working days after the date of the Share Subscription Agreement:

- (i) the Company to subscribe for 97.22 million new shares in United Health Insurance (corresponding to an additional registered capital of RMB97.22 million) by contributing RMB248.8832 million; and
- (ii) Shunde Science and Technology Group to subscribe for 97.22 million new shares in United Health Insurance (corresponding to an additional registered capital of RMB97.22 million) by contributing RMB248.8832 million.

Subject to the obtaining of the relevant regulatory approval with respect to the changes in registered capital underlying the Capital Increase and upon completion of the Capital Increase, the Company will hold approximately 14.00% of the equity interest in United Health Insurance.

## **Corporate Governance**

Upon completion of the Capital Increase, as a shareholder who individually holds more than 10% of the total voting shares of United Health Insurance, the Company shall have the right to nominate 1 director.

## **Basis of Determination of the Capital Increase Amount**

United Health Insurance is the sixth professional health insurance company in China, specializing in providing health protection and health management services.

As at the date of this announcement (before the Capital Increase), the total registered capital of United Health Insurance is RMB500.00 million. Through arm's length negotiation and among the parties to the Share Subscription Agreement and taking into account United Health Insurance's capital requirements in relation to capital replenishment, improving solvency and underwriting capacity and further expanding business scale, each of the Company and Shunde Science and Technology Group will contribute capital in the amount of RMB248.8832 million respectively to subscribe for new shares in United Health Insurance.

An independent professional asset valuer assessed the value of the entire equity interest in United Health Insurance as at 31 December 2022, being the valuation reference date. In light of the above independent professional asset valuation, considering the relatively strong predictability in relation to profits of insurance companies, the profitability indicator is unsuitable to be adopted as value ratio of insurance companies, while the balance sheet can relatively sufficiently reflect the operating conditions of insurance companies, thus the net assets related indicators can better reflect

the actual value of insurance companies. As such, the above valuation adopted the price-to-book multiple (value of the entire equity interest/net assets) for determining the value of the entire equity interest in United Health Insurance, and a number of comparable companies in equity transaction cases inquired in the open market three years before the valuation reference date, being companies not listed in the personal insurance industry with similar business model, business scope, asset structure and stage of development with United Health Insurance, are referred to in the valuation and their details are as follows:

*Unit: RMB million*

Comparable Company	Type of transaction	Acquirer	Seller	Time at which the subject transaction was first disclosed	Valuation of 100% of the equity corresponding to the transaction	Latest net assets attributable to the parent company as at the reference date <sup>#</sup>	Price-to-book multiple
Guolian Life Insurance Co., Ltd* (國聯人壽保險股份有限公司)	Equity acquisition	Shenzhen Capital Operation Group Co., Ltd.* (深圳市資本運營集團有限公司)	Shenzhen Clou Electronics Co., Ltd.* (深圳市科陸電子科技股份有限公司) (002121.SZ)	24 June 2022	2,150.00	1,175.46	1.83
Huagui Life Insurance Company Limited* (華貴人壽保險股份有限公司)	Equity acquisition	Shanghai AJ Group Co., Ltd.* (上海愛建集團股份有限公司) (600643.SH)	Xizang Kuai Communication Co., Limited* (西藏酷愛通信有限公司)	18 January 2022	1,280.00	657.28	1.95
China Post Life Insurance Co., Ltd.* (中郵人壽保險股份有限公司)	Subscription of new shares	AIA Group Limited (友邦保險控股有限公司) (01299.HK)	N/A	29 June 2021	48,151.26	26,866.40	1.79

*Note:* data sourced from public information in respect of the relevant acquirers or sellers.

<sup>#</sup>: reference date refers to the reference date as disclosed in the announcement with respect to the comparable company which formed the subject of the relevant transaction on the respective date as stated in the above table.

The adjusted price-to-book multiple of the relevant comparable companies are as follows:

	<b>Guolian Life Insurance Co., Ltd.* (國聯人壽保險 股份有限公司)</b>	<b>Huagui Life Insurance Company Limited* (華貴人壽保險股 份有限公司)</b>	<b>China Post Life Insurance Co., Ltd.* (中郵人壽保險股 份有限公司)</b>
Adjusted <sup>Note</sup> price-to-book multiple	1.43	1.58	1.05
Average adjusted price-to-book multiple		1.35	

*Note:* the adjustments to the price-to-book multiple of the comparable companies have taken into account (among other things) the time of transaction, position in the industry, business scale, type of business, solvency, type of transaction, etc.

The evaluation result for the value of the entire shareholders' equity of United Health Insurance

= the audited net assets of United Health Insurance as at 31 December 2022 × average adjusted price-to-book multiple

= 1,001.6369 × 1.35

= 1,350.00 (RMB million with rounding to the nearest ten million)

## B. BACKGROUND AND SHAREHOLDING STRUCTURE OF UNITED HEALTH INSURANCE

United Health Insurance was incorporated in January 2017 and registered in Guangzhou, Guangdong Province. Its legal representative is Mr. Zeng Mingguang\* (曾明光). United Health Insurance is principally engaged in insurance business.

The table below sets out the shareholding structure of United Health Insurance immediately before and after the completion of the Capital Increase:

Shareholders	Immediately before completion of the Capital Increase		Immediately after completion of the Capital Increase <sup>Note</sup>	
	Subscribed Shares (million shares)/ Subscribed Registered Capital (RMB million)	Shareholding percentage	Subscribed Shares (million shares)/ Subscribed Registered Capital (RMB million)	Shareholding percentage
Fosun Industrial Investment	100.00	20.00%	100.00	14.40%
Guangdong Yihua Real Estate Development Co., Ltd.* (廣東宜華房地產開發有限 公司)	97.50	19.50%	97.50	14.04%
Chongqing Dongyin Holding Group Co., Ltd.* (重慶東銀控股集團有限公司)	95.00	19.00%	95.00	13.68%
Ningbo Xizi Asset Management Co., Ltd.* (寧波西子資產管理有限公司)	95.00	19.00%	95.00	13.68%
Shanghai Fengshi Asset Management Co., Ltd.* (上海豐實資產管理有限公司)	72.50	14.50%	72.50	10.44%
Dian Diagnostics Group Co., Ltd.* (迪安診斷技術集團股份有限公司)	40.00	8.00%	40.00	5.76%
the Company	—	—	97.22	14.00%
Shunde Science and Technology Group	—	—	97.22	14.00%
<b>Total</b>	<b>500.00</b>	<b>100.00%</b>	<b>694.44</b>	<b>100.00%</b>

*Note:* Subject to the obtaining of the relevant regulatory approval with respect to the changes in registered capital underlying the Capital Increase.

Set out below are certain audited financial information of United Health Insurance for the two financial years ended 31 December 2022:

*Unit: RMB million*

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
Net profit/(loss) before taxation	44.59	12.58
Net profit/(loss) after taxation	62.82	20.31

According to the (unaudited) management reports of United Health Insurance, as at 31 March 2023, the total assets and total owners' equity of United Health Insurance amounted to RMB10,283.11 million and RMB1,024.77 million respectively.

### **C. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT**

United Health Insurance is the sixth professional health insurance company in China and is principally engaged in businesses such as medical insurance, illness insurance, disability income insurance, care insurance and accident insurance.

The proceeds of the Capital Increase are intended to be used for replenishing United Health Insurance's capital to improve its solvency and underwriting capacity and further expand its business scale. The Capital Increase will help promote the cooperation and integration between the Group's pharmaceutical and healthcare service businesses and commercial insurance, further explore model innovation, and deepen business synergy.

Upon completion of the Capital Increase, the Company will hold approximately 14.00% of the equity interest in United Health Insurance, and United Health Insurance will be accounted for as an associate of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Subscription Agreement are on normal commercial terms and are fair and reasonable even though the acquisition of the equity interest in United Health Insurance is not in the ordinary and usual course of the Group's business, and that the Capital Increase 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 Fang, 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 Share Subscription 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 SHARE SUBSCRIPTION 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.

### **Shunde Science and Technology Group**

Shunde Science and Technology Group was incorporated in December 2011 and registered in Foshan, Guangdong. Its legal representative is Mr. Wang Zhixuan\* (王志軒). The business scope of Shunde Science and Technology Group includes investment in the development of science and technology parks and various industries, property management, property leasing, investment consulting, asset management, providing start-up management for start-up companies, training services, scientific and technological information exchange, technology consulting, technology incubation, technology transfer, conference and exhibition services, real estate development (projects subject to approval in accordance with the laws and business activities can only be conducted after receiving approval from the relevant departments). Its sole shareholder, being its ultimate beneficial owner, is State-owned Assets Supervision and Administration Bureau of Shunde District, Foshan City\* (佛山市順德區國有資產監督管理局).

## **E. IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, Fosun High Tech is the controlling shareholder of the Company and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. In addition, as Fosun High Tech (through Fosun Industrial Investment) is interested in over 10% of the total equity interest in United Health Insurance, it is therefore a substantial shareholder of United Health Insurance. As such, the transaction contemplated under the Share Subscription Agreement constitute a connected transaction of the Company pursuant to Rule 14A.28(1) of the Hong Kong Listing Rules.

Given the relevant parties to the Share Subscription 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 Share Subscription 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 Share Subscription 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”	each of the Company and Shunde Science and Technology Group proposed to make capital contribution in the amount of RMB248.8832 million respectively to subscribe for new shares in United Health Insurance for a total of RMB497.7664 million
“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”	Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“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 Industrial Investment”	Shanghai Fosun Industrial Investment Co., Ltd.* (上海復星產業投資有限公司), a company incorporated in the PRC with limited liability
“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 Capital Increase Agreement”	the agreement dated 30 March 2023 entered into between the Company and Shanghai Fosun Health Industry Holding Company Limited* (上海復星健康產業控股有限公司) in respect of the capital increase in Shanghai Fujian Equity Investment Fund Management Co., Ltd* (上海復健股權投資基金管理有限公司)
“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 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 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, Fujian Fund Management Company Capital Increase 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)
“Share Subscription Agreement”	The share subscription agreement entered into on 5 May 2023 among the Company, Shunde Science and Technology Group and United Health Insurance in relation to, among other things, the subscription of new shares in United Health Insurance
“Shunde Science and Technology Group”	Guangdong Shunde Science and Technology Group Co., Ltd.* (廣東順德科創集團有限公司), a company incorporated in the PRC with limited liability

“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))
“United Health Insurance”	Fosun United Health Insurance Company Limited* (復星聯合健康保險股份有限公司), a joint stock company established in the PRC with limited liability
“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  
5 May 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*