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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 60% EQUITY INTEREST IN CHANCHENG
HOSPITAL

EQUITY TRANSFER AGREEMENT

The Boards is pleased to announce that on 9 October 2013, Shanghai Yicheng entered into the Equity Transfer Agreement with the Vendors pursuant to which Shanghai Yicheng agreed to purchase and the Vendors agreed to sell 60% equity interest in Chancheng Hospital for a total consideration of not exceeding RMB693 million. Shanghai Yicheng is a wholly-owned subsidiary of the Company. Shanghai Yicheng will satisfy the consideration by internal resources.

As one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the Acquisition contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company under the Hong Kong Listing Rules and is subject to notification and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

A. EQUITY TRANSFER AGREEMENT

On 9 October 2013, Shanghai Yicheng entered into the Equity Transfer Agreement with the Vendors pursuant to which Shanghai Yicheng agreed to purchase and the Vendors agreed to sell 60% equity interest in Chancheng Hospital for a total consideration of not exceeding RMB693 million. Shanghai Yicheng is a wholly-owned subsidiary of the Company. Shanghai Yicheng will satisfy the consideration by internal resources.

The principal terms of the Equity Transfer Agreement are set out below:

1. Date

9 October 2013

2. Parties

Purchaser : Shanghai Yicheng
Vendors : Mr. Xie, Mr. Li, Foshan Lianda and Beijing Renzhi,
collectively held 100% equity interest in Chancheng Hospital
as at the date of the Equity Transfer Agreement

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendors (and the respective ultimate beneficial owner of the Vendors) is a third party independent of the Company, and not a connected person of the Company.

3. Assets to be transferred

Subject to the terms and conditions of the Equity Transfer Agreement, Shanghai Yicheng agreed to purchase and the Vendors agreed to sell 60% equity interest in Chancheng Hospital.

4. Consideration

The consideration for the Acquisition shall not exceed RMB693 million.

The consideration was determined at arm's length negotiations between Shanghai Yicheng and the Vendors, based on the historical profit and net assets of Chancheng Hospital and the Original Hospital, subject to the truthfulness, accuracy and completeness of the statements, representations and warranty made by the Vendors.

The parties agreed that the Vendors shall ensure that Chancheng Hospital can realize an annual net profit of RMB90 million in 2013 ("**2013 Target Net Profit**"), an annual net profit of RMB108 million in 2014 ("**2014 Target Net Profit**") and an annual net profit of RMB129.60 million in 2015 ("**2015 Target Net Profit**"). The final amount to be paid will be adjusted by the parties according to Chancheng Hospital's annual net profit in 2013 ("**2013 Actual Net Profit**"), annual net profit in 2014 ("**2014 Actual Net Profit**") and annual net profit in 2015 ("**2015 Actual Net Profit**") as contained in the Audit Report.

The consideration will be payable by Shanghai Yicheng in cash by way of transfer into the bank accounts as designated by the Vendors in writing in the following manners:

- (a) Within 10 working days from the date when the Equity Transfer Agreement becomes effective and all the prerequisites for payment of Deposit are satisfied, Shanghai Yicheng shall pay RMB69.30 million to the Vendors as Deposit. After completion of the payment of first installment, the Deposit shall automatically be converted to as part of the consideration for the transferred equity.
- (b) Within 10 working days from the date when all prerequisites for the first installment are satisfied, Shanghai Yicheng shall pay approximately RMB459.20 million as the remainder of the first installment after withholding and deducting the individual income tax to be borne by Mr. Xie and Mr. Li to the Vendors. The specific amount is as follows:

Vendor	Amount (Unit: RMB million) <i>(Approximately)</i>
Mr. Xie	168.14 – all the individual income tax to be paid
Mr. Li	124.74 – all the individual income tax to be paid
Foshan Lianda	124.74
Beijing Renzhi	41.58

- (c) Within 10 working days from the date when all prerequisites for the second installment are satisfied, Shanghai Yicheng shall pay approximately RMB81.34 million as second installment to the account as designated by Mr. Xie.
- (d) After the Delivery Date, within 10 working days from the date when all prerequisites for the third installment are satisfied, Shanghai Yicheng shall pay RMB27.72 million as the third installment to the Vendors.
- (e) After the Delivery Date, within 10 working days from the date when all prerequisites for the fourth installment are satisfied, Shanghai Yicheng shall pay RMB27.72 million as the fourth installment to the Vendors.

- (f) After the Delivery Date, within 10 working days from the date when all prerequisites for the early payments are satisfied and the amount is calculated and determined in the way agreed by the parties, Shanghai Yicheng shall made the final payment to the Vendors in the following agreed manners:
- i. if the sum of 2013 Actual Net Profit, 2014 Actual Net Profit and 2015 Actual Net Profit of Chancheng Hospital (“**Actual Sum of Net Profit**”) is equal to or more than 97% (i.e. approximately RMB317.77 million, inclusive) of the sum of 2013 Target Net Profit, 2014 Target Net Profit and 2015 Target Net Profit (“**Target Sum of Net Profit**”, i.e. RMB327.60 million), or for the reason of force majeure as recognized by Shanghai Yicheng, the Actual Sum of Net Profit of Chancheng Hospital is less than 97% of the Target Sum of Net Profit, the final payment Shanghai Yicheng shall actually make is RMB27.72 million; or
 - ii. except as otherwise provided for in the Equity Transfer Agreement, if the Actual Sum of Net Profit of Chancheng Hospital is less than 97% of the Target Sum of Net Profit (i.e. approximately RMB317.77 million), the calculating formula for the final payment is: final payment for the transferred equity = 277.20 million × (Actual Sum of Net Profit/RMB317.77 million) – RMB277.20 million × 90%, if the resulting amount is negative, no payment need to be made.

The major prerequisites for the payment of consideration under the Equity Transfer Agreement include:

- (a) The prerequisites for payment of Deposit include:
 - i. Chancheng Hospital has inherited the assets, rights and obligations, personnel, etc. of the Original Hospital; and
 - ii. The shareholder meeting of Chancheng Hospital has approved the Acquisition and agreed the Vendors to transfer the equity of Chancheng Hospital legally held by them to Shanghai Yicheng, and the other shareholders have clearly abandon the right of first refusal.
- (b) The prerequisites for the payment of the first installment include:
 - i. The new board of directors and new board of supervisors of Chancheng Hospital have been formed, the articles of association of Chancheng Hospital has been modified according to the Equity Transfer Agreement, and registration with the AIC has been completed; and

- ii. Chancheng Hospital has completed the change of registration with the AIC with respect to the Acquisition; and
 - iii. The prerequisites for the payment of Deposit have been satisfied.
- (c) The prerequisites for the payment of the second installment include:
- i. Shanghai Yicheng has paid the first installment; and
 - ii. The liquidation, cancellation of registration of the Original Hospital have been completed; and
 - iii. Shanghai Yicheng has been compensated for all the losses suffered (if any) as a result of the Acquisition.
- (d) The prerequisites for the payment of the third installment include:
- i. Shanghai Yicheng and the Vendors have confirmed in writing the results contained in the Audit Report of 2013 of Chancheng Hospital.
- (e) The prerequisites for the payment of the fourth installment include:
- i. Shanghai Yicheng and the Vendors have confirmed in writing the results contained in the Audit Report of 2014 of Chancheng Hospital.

As Chancheng Hospital was established in July 2013, the predecessor of which being the Original Hospital, the net asset value and the net profits before and after taxation attributable to Chancheng Hospital for the two financial years immediately preceding the Acquisition are not available. The income, balance and net asset value of the Original Hospital, a not-for-profit medical institution, for the two financial years immediately preceding the Acquisition and the six months ended 30 June 2013 are as follows:

	For the six months ended 30 June 2013 (Unaudited) (approximately)	For the year ended 31 December 2012 (approximately)	For the year ended 31 December 2011 (approximately)
Income	RMB280.27 million	RMB497.01 million	RMB455.85 million
Balance	RMB51.78 million	RMB47.49 million	RMB37.81 million
Net asset value	RMB326.38 million	RMB302.42 million	RMB387.34 million

5. Other Major Terms

- (a) *Composition of the board of directors, board of supervisors and management of Chancheng Hospital after the Delivery Date:*

Chancheng Hospital shall establish a board of directors, which shall have seven (7) directors, among which Shanghai Yicheng shall have the right to nominate four (4) directors and the Vendors shall have the right to jointly nominate three (3) directors. The chairman of the board of directors of Chancheng Hospital shall be nominated by Shanghai Yicheng and elected by more than half of the board of directors of Chancheng Hospital. The vice chairman of Chancheng Hospital shall be nominated by the Vendors and elected by more than half of the board of directors of Chancheng Hospital. The legal representative of Chancheng Hospital shall be the chairman of the board of directors of Chancheng Hospital.

Chancheng Hospital shall establish the board of supervisors which shall have three (3) supervisors. The Vendors shall have the right to nominate one (1) supervisor and Shanghai Yicheng shall have the right to nominate one (1) supervisor. The remaining supervisor shall be elected by the employees of Chancheng Hospital. The chief supervisor shall be nominated by the Vendors and elected by the board of supervisors.

Chancheng Hospital shall have one medical superintendent and several vice medical superintendent. Shanghai Yicheng reserves the right to nominate medical superintendent and vice medical superintendents. Within six (6) years after the Equity Transfer Agreement is signed, it may entrust the Vendors to nominate medical superintendent and vice medical superintendents. The finance chief shall be nominated by Shanghai Yicheng.

(b) *Registration of Chancheng Hospital and liquidation and cancellation of registration of the Original Hospital*

The Vendors shall ensure that Chancheng Hospital obtains the new Business License of Enterprise Legal Person or approval of change of registration issued by AIC after the Acquisition within 30 days from payment of the Deposit made by Shanghai Yicheng to the Vendors (or at the time otherwise confirmed in writing by Shanghai Yicheng and the Vendors).

The Vendors shall ensure that the liquidation and cancellation of registration of the Original Hospital can be completed within 6 months from the date of the Equity Transfer Agreement.

(c) *Guarantee*

The Vendors agree to bear all supplementary payment, late fee, fines or other expenditure caused by the aforesaid liquidation and cancellation of registration. In order to guarantee that the aforesaid liquidation and cancellation of registration would not harm the interest of Shanghai Yicheng in Chancheng Hospital and/or the Original Hospital, on 9 October 2013, Mr. Xie, Chancheng Hospital and Shanghai Yicheng entered into the Equity Pledge Agreement pursuant to which Mr. Xie agreed to pledge his 4.695% equity interest in Chancheng Hospital following the Acquisition (equivalent to approximately RMB2.35 million contributed by Mr. Xie to Chancheng Hospital) to Shanghai Yicheng to guarantee the expenses and losses incurred by the Vendors in performing the obligations relating to the liquidation and cancellation of the registration of the Original Hospital as a public institution according to the Equity Transfer Agreement until all the damages suffered by Shanghai Yicheng (if any) got fully compensated or the completion of the aforesaid liquidation and the cancellation of registration.

B. REASONS AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

Chancheng Hospital is a 3A Class hospital located in Foshan, Guangdong Province, PRC and supported by established disciplines and quality expertise. The number of outpatient of more than 2 million per year has contributed to its high market shares in the region. The Original Hospital has developed rapidly after reform, and has established an effective medical system and the managerial experience of medical staff. The expert and medical managerial team is not only an asset for its self-development, but also paving the way for its future development in the Pearl River Delta Region.

The Board considers that, through the Acquisition, Chancheng Hospital is expected to become the Group's regional medical center in the Guangdong province and the main body of the integrated medical group in South China in the future. Furthermore, it will become a training base for the members of the Group to improve the level of medical management, skills and services. The Acquisition is can further strengthen the healthcare services of the Group.

The terms of the Equity Transfer Agreement have been agreed upon arm's length negotiations between the parties. The Directors are of the view that the terms of the Equity Transfer Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors is considered to have a conflict of interest in the transactions contemplated under the Equity Transfer Agreement. Therefore, none of the Directors is required to abstain from voting at the resolutions in relation to the Equity Transfer Agreement proposed to the Board.

C. HONG KONG LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25% for the Company, the Acquisition contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company under the Hong Kong Listing Rules and is subject to notification and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

D. GENERAL

The Company is a leading healthcare company in the PRC and primarily engaged in business segments including pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and medical diagnosis and medical devices.

Changcheng Hospital is a medical institution located in Foshan, Guangdong Province, PRC and is principally engaged in the provision of healthcare services.

Shanghai Yicheng is principally engaged in the investment in the healthcare industry and its related fields (healthcare, medical education sector), and provision of hospital management services and consultations.

Foshan Lianda is principally engaged in fabric dyeing and finishing, knitted fabrics, and garment design and processing.

Beijing Renzhi is principally engaged in investment and technology-related advisory, technical development and training.

E. DEFINITIONS

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

“Acquisition”	the acquisition of the 60% equity interest in Changcheng Hospital by Shanghai Yicheng from the Vendors pursuant to the Equity Transfer Agreement
“AIC”	administration of industry and commerce
“Audit Report”	the audit report with unqualified opinion issued by one of the big four accounting firms (through the institutions with domestic practising and securities practice qualifications in the PRC) appointed by Shanghai Yicheng following the annual audit conducted on Changcheng Hospital in accordance with the accounting system applicable to companies listed on the Shanghai Stock Exchange which is to be confirmed in writing by Shanghai Yicheng and the Vendors (and in the event that Shanghai Yicheng and the Vendors cannot agree and confirm such audit report, the audit report issued by another big four accounting firm jointly appointed by Shanghai Yicheng and the Vendors following another annual audit conducted on Changcheng Hospital in accordance with the accounting system applicable to companies listed on the Shanghai Stock Exchange)

“Beijing Renzhi”	Beijing Renzhi Hospital Management Company Limited* (北京仁智醫院管理有限公司), a limited liability company established in the PRC, and held a 10% equity interest in Chancheng Hospital as at the date of the Equity Transfer Agreement
“Board”	the board of Directors
“Chancheng Hospital”	Foshan Chancheng Central Hospital Company Limited* (佛山市禪城區中心醫院有限公司), a for-profit medical institution established with the approval by the Population, Health and Drug Administration of Chancheng District, Foshan* (佛山市禪城區人口和衛生藥品監督管理局), its predecessor being the Original Hospital
“Deposit”	the deposit of the Acquisition
“Delivery Date”	the date when Chancheng Hospital complete the change of registration after the Acquisition
“Directors”	the Directors of the 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
“Equity Transfer Agreement”	the equity transfer agreement dated 9 October 2013 entered into between Shanghai Yicheng and the Vendors in relation to the Acquisition
“Foshan Lianda”	Foshan Lianda Textile Industrial Company Limited* (佛山市聯達紡織實業有限公司), a sino-foreign joint venture established in the PRC, and held a 30% equity interest in Chancheng Hospital as at the date of the Equity Transfer Agreement
“Group”	the Company 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 Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Mr. Li”	Li Dechao (李德超), held a 20% equity interest in Chancheng Hospital as at the date of the Equity Transfer Agreement
“Mr. Xie”	Xie Dazhi (謝大志), held a 40% equity interest in Chancheng Hospital as at the date of the Equity Transfer Agreement
“Original Hospital”	Foshan Chancheng Central Hospital* (佛山市禪城區中心醫院), a not-for-profit medical institution, the registration of which to be cancelled following the Acquisition
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan), and “Chinese” shall be construed accordingly
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yicheng”	Shanghai Yicheng Hospital Investment Management Company Limited* (上海醫誠醫院投資管理有限公司), a limited liability company established in the PRC, and a wholly-owned subsidiary of the Company

“Vendors” Mr. Xie, Mr. Li, Foshan Lianda and Beijing Renzhi, collectively held 100% equity interest in Chancheng Hospital as at the date of the Equity Transfer Agreement

“%” per cent

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

Shanghai, PRC

9 October 2013

As at the date of this announcement, the executive Directors are Mr. Chen Qiyu and Mr. Yao Fang; the non-executive Directors are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Zhang Guozheng, Mr. Wang Pinliang and Ms. Kang Lan; and the independent non-executive Directors are Mr. Han Jiong, Dr. Zhang Weijiong, Mr. Li Man-kiu Adrian David and Mr. Cao Huimin.

** for identification purposes only*