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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 under the Companies Ordinance)
(Stock Code: 00656)

**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION — INTELLECTUAL PROPERTY,
DEVELOPMENT & COMMERCIALIZATION TRANSFER
AGREEMENTS**

Reference is made to the joint announcement of Fosun Pharma and Fosun International dated 18 October 2013 in relation to the proposed intellectual property, development & commercialization transfer agreements.

The Boards of each of Fosun Pharma and Fosun International announce that on 23 October 2013, Chongqing Fochon, an indirectly-owned subsidiary of Fosun Pharma entered into the Transfer Agreements with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property in respect of Fotagliptin Benzoate and Pan-HER inhibitors.

THE TRANSFER AGREEMENT A

On 23 October 2013, Chongqing Fochon entered into the Transfer Agreement A with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property and for global rights, except the PRC, in development, commercialization, sales, distribution, license and all other applicable rights in respect of Fotagliptin Benzoate for a consideration of EUR195 million.

THE TRANSFER AGREEMENT B

On 23 October 2013, Chongqing Fochon entered into the Transfer Agreement B with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property and for global rights, except the PRC, in development, commercialization, sales, distribution, license and all other applicable rights in respect of Pan-HER inhibitors for a consideration of EUR193 million.

HONG KONG LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as aggregated in respect of the Proposed Transfers exceeds 5% but is less than 25% for both Fosun Pharma and Fosun International, the Proposed Transfers contemplated under the Transfer Agreements constitute a discloseable transaction for both Fosun Pharma and Fosun International under the Hong Kong Listing Rules and are subject to notification and announcement but are exempt from the independent shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

Reference is made to the joint announcement of Fosun Pharma and Fosun International dated 18 October 2013 in relation to the proposed intellectual property, development & commercialization transfer agreements.

The Boards of each of Fosun Pharma and Fosun International announce that on 23 October 2013, Chongqing Fochon, an indirectly-owned subsidiary of Fosun Pharma entered into the Transfer Agreements with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property in respect of Fotagliptin Benzoate and Pan-HER inhibitors.

A. THE TRANSFER AGREEMENT A

In September 2013, Chongqing Fochon entered into a research and development and technology transfer agreement with Shenzhen Salubris, an independent third party, pursuant to which Chongqing Fochon agreed to transfer to Shenzhen Salubris the exclusive development and marketing rights of Fotagliptin Benzoate in the PRC, including all technical secrets, the right to apply for patent in the PRC and/or right to obtain the patent and the approval for clinical trial in the PRC upon successful patent application) for a consideration of RMB25 million. In addition, Shenzhen Salubris agreed to, during the period from the launch of the product to

the expiry or lapse of the patent, pay an annual royalty of 2% to Chongqing Fochon, if the sales revenue is less than or equal to RMB300 million, or an annual royalty of 1% if the sales revenue is more than RMB300 million.

On 23 October 2013, Chongqing Fochon, entered into the Transfer Agreement A with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property and for global rights, except the PRC, in development, commercialization, sales, distribution, license and all other applicable rights in respect of Fotagliptin Benzoate for a consideration of EUR195 million.

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

1. Date

23 October 2013

2. Parties

Seller : Chongqing Fochon
Purchaser : SELLAS Clinicals Holding AG

3. Assets to be transferred

Subject to the terms and conditions of the Transfer Agreement A, Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property including all worldwide, except the PRC, rights to develop, commercialize, sell, distribute, and license Fotagliptin Benzoate, methods of manufacturing Fotagliptin Benzoate and products or compositions containing Fotagliptin Benzoate, and methods of therapeutically using Fotagliptin Benzoate for any indication.

4. Consideration

The consideration for the proposed transfer of Intellectual Property from Chongqing Fochon to the Purchaser pursuant to the Transfer Agreement A shall be EUR195 million.

The consideration will be payable by the Purchaser in cash by way of transfer into the bank accounts as designated by Chongqing Fochon in writing in the following manners:

- (a) EUR1 million within 27 Business Days of the date of the Transfer Agreement A and EUR 2 million within 72 Business Days.
- (b) EUR2 million within 90 Business Days of the date of the Transfer Agreement A.
- (c) EUR10 million within 45 Business Days of final clinical phase I study report write-up.
- (d) EUR5 million within 30 Business Days of the initiation of the phase II program.
- (e) EUR25 million within 45 Business Days of final clinical phase II study report write-up.
- (f) EUR25 million within 30 Business Days of the initiation of the phase III program; and EUR25 million within 30 Business Days of the mid-point of the phase III program (half patients enrolled).
- (g) EUR100 million within 45 Business Days of clinical phase III study report write-up.

Chongqing Fochon will receive a 10% Rest of the World royalty on net sales by the Purchaser or any sub-licensee for eight (8) years upon obtaining the first approval in the United States and/or Europe. Chongqing Fochon will also hold a 3% equity interest in the subsidiary of the Purchaser that will ultimately hold the rights in respect of Fotagliptin Benzoate.

The total consideration was determined at arm's length negotiations between Chongqing Fochon and the Purchaser, with reference to the publicly available average historical transaction price for the past 5 years of comparable products being endocrine-healing medicines (including diabetes) with technology licence in North-American and European markets which were still in the pre-clinical stage as at the date of the Transfer Agreement A, the principal indication of Fotagliptin Benzoate, the growth potential of the market of such principal indication and its market share in Europe, and the expected market share of Fotagliptin Benzoate among comparable products in the future.

5. Other Major Terms

The sale and purchase of the Intellectual Property and all related rights as described in the Transfer Agreement A shall be completed and deemed to be passed to the Purchaser with immediate effect upon the payment by the Purchaser in accordance with 4(a) and (b) above.

The Transfer Agreement A is subject to the approval of the shareholders of Fosun Pharma at a general meeting. If Transfer Agreement A is not approved at the general meeting, all the amount paid to Chongqing Fochon by the Purchaser shall be refunded to the Purchaser.

B. THE TRANSFER AGREEMENT B

On 23 October 2013, Chongqing Fochon, entered into the Transfer Agreement B with the Purchaser pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the Intellectual Property and for global rights, except the PRC, in development, commercialization, sales, distribution, license and all other applicable rights in respect of Pan-HER inhibitors for a consideration of EUR193 million.

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

1. Date

23 October 2013

2. Parties

Seller : Chongqing Fochon
Purchaser : SELLAS Clinicals Holding AG

3. Assets to be transferred

Subject to the terms and conditions of the Transfer Agreement B, Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly owned subsidiaries' right, title and interest in the Intellectual Property, including all worldwide, except the PRC, rights to develop, commercialize, sell, distribute, and license Pan-HER inhibitors, methods of manufacturing Pan-HER inhibitors and products or compositions containing Pan-HER inhibitors, and methods of therapeutically using Pan-HER inhibitors for any indication.

4. Consideration

The consideration for the proposed transfer of Intellectual Property from Chongqing Fochon to the Purchaser pursuant to the Transfer Agreement B shall be EUR193 million.

The consideration will be payable by the Purchaser in cash by way of transfer into the bank accounts as designated by Chongqing Fochon in writing in the following manners:

- (a) EUR0.5 million within 27 Business Days of the date of the Transfer Agreement B and EUR1.5 million within 72 Business Days.
- (b) EUR1 million within 90 Business Days of the date of the Transfer Agreement B.
- (c) EUR10 million within 45 Business Days of final clinical phase I study report write-up.
- (d) EUR5 million within 30 Business Days of the initiation of the phase II program.
- (e) EUR25 million within 45 Business Days of final clinical phase II study report write-up.
- (f) EUR25 million within 30 Business Days of the initiation of the phase III program; and EUR25 million within 30 Business Days of the mid-point of the phase III program (half patients enrolled).
- (g) EUR100 million within 45 Business Days of clinical phase III study report write-up.

Chongqing Fochon will receive a 10% Rest of the World royalty on net sales by the Purchaser or any sub-licensee for eight (8) years upon obtaining the first approval in the United States and/or Europe. Chongqing Fochon will also hold a 3% equity interest in the subsidiary of the Purchaser that will ultimately hold the rights in respect of Pan-HER inhibitors.

The total consideration was determined at arm's length negotiations between Chongqing Fochon and the Purchaser, with reference to the publicly available average historical transaction price for the past 5 years of comparable products being anti-tumor medicines with technology licence in North-American and European markets which were still in the pre-clinical stage as at the date of the Transfer Agreement B, the principal indication of Pan-HER inhibitors, the growth potential of the market of such principal indication and its market share in Europe, and the expected market share of Pan-HER inhibitors among comparable products in the future.

5. Other Major Terms

The sale and purchase of the Intellectual Property and all related rights as described in the Transfer Agreement B shall be completed and deemed to be passed to the Purchaser with immediate effect upon the payment by the Purchaser in accordance with 4(a) and (b) above.

The Transfer Agreement B is subject to the approval of the shareholders of Fosun Pharma at a general meeting. If Transfer Agreement B is not approved at the general meeting, all the amount paid to Chongqing Fochon by the Purchaser shall be refunded to the Purchaser.

C. REASONS AND BENEFITS OF THE TRANSFER AGREEMENTS

Fotagliptin Benzoate is a DPP inhibitor developed by Chongqing Fochon independently and has a promising prospect of developing into type 2 diabetes medicines. Chongqing Fochon has applied for the international patent in respect of Fotagliptin Benzoate under the Patent Cooperation Treaty.

Pan-HER inhibitors is a Pan-HER receptor inhibitor of which Chongqing Fochon owns the proprietary intellectual property rights. It has a promising prospect of developing into anti-tumor medicines for curing lung, breast and other cancers. Currently, it is at the candidate compounds stage while application for international patent under the Patent Cooperation Treaty has been made.

Both the Boards of Fosun Pharma and Fosun International are of the view that the Proposed Transfers represent an important step for international expansion of Fosun Pharma's products based on its internationalization strategy. It further enhanced Fosun Pharma's influence on the global pharmaceutical industry and also marked a milestone of the internationalization progress of Fosun International.

Based on the consideration for the Proposed Transfers, an expected gain (before taxation) attributable to owners of the parent of approximately EUR253 million and EUR104 million could be recognized by Fosun Pharma and Fosun International from the Proposed Transfers, respectively. However, as payment of the consideration is subject to successful completion of clinical trials and obtaining of the relevant approvals in the United States and/or Europe, it is expected that Fosun Pharma and Fosun International will realize a gain (before taxation) and attributable to owners of the parent of approximately EUR5.21 million and EUR2.14 million, respectively.

The net proceeds derived by Chongqing Fochon from the Proposed Transfers will be used for its general working capital and research and development purposes.

The terms of the Transfer Agreements have been agreed upon arm's length negotiations between the parties. The directors of Fosun Pharma and Fosun International are of the view that the terms of the Transfer Agreements are normal commercial terms, 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.

None of the directors of Fosun Pharma and Fosun International is considered to have a conflict of interest in the transactions contemplated under the Transfer Agreements. Therefore, none of the directors of Fosun Pharma and Fosun International is required to abstain from voting at the resolutions in relation to the Transfer Agreements proposed to the Boards of Fosun Pharma and Fosun International.

D. HONG KONG LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as aggregated in respect of the Proposed Transfers exceeds 5% but are less than 25% for both Fosun Pharma and Fosun International, the Proposed Transfers contemplated under the Transfer Agreements constitute a discloseable transaction for both Fosun Pharma and Fosun International under the Hong Kong Listing Rules and are subject to notification and announcement but are exempt from the independent shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

E. GENERAL

Fosun Pharma 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.

Fosun International is principally engaged in the businesses of: (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management.

Chongqing Fochon is principally engaged in the research and development of chemical drugs.

The Purchaser is principally engaged in the clinical trials for contract research organization, sales of diagnostic reagents, acquisitions and mergers and management of hospitals and research and development of drugs and medical equipment.

To the best of the directors of Fosun Pharma's knowledge, information and belief after having made all reasonable enquiries, the Purchaser (and the ultimate beneficial owner of the Purchaser) is a third party independent of Fosun Pharma, and not a connected person of Fosun Pharma.

To the best of the directors of Fosun International's knowledge, information and belief after having made all reasonable enquiries, the Purchaser (and the ultimate beneficial owner of the Purchaser) is a third party independent of Fosun International and not a connected person of Fosun International.

F. DEFINITIONS

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

“Board”	the board of directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks generally are open in Europe for the transaction of a full range of business
“Chongqing Fochon”	Chongqing Fochon Pharmaceutical Co. Ltd.* (重慶復創醫藥研究有限公司), a limited liability company established in the PRC, and an indirectly-owned subsidiary of Fosun Pharma
“controlling shareholder(s)”	has the meaning given to it under the Hong Kong Listing Rules
“EUR”	Euro, the lawful currency of the member states of the European Union
“European Union” or “EU”	an economic and political union of 28 member states which are located primarily in Europe

“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 on the main board of the Hong Kong Stock Exchange, and is 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
“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
“Intellectual Property”	all worldwide (except for the PRC) patents, patent applications, copyrights, software (in source and object code and including documentation related thereto), all assignable licenses granted to or received from third parties, all data (toxicity, clinical and other) and technical information, all development and commercialization data, and all regulatory approvals or submissions
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan), and “Chinese” shall be construed accordingly
“Proposed Transfers”	the proposed transfers of Intellectual Property from Chongqing Fochon to the Purchaser pursuant to the Transfer Agreements
“Purchaser”	SELLAS Clinicals Holding AG, a limited liability company incorporated in Switzerland

“Rest of the World”	throughout the world, except the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Salubris”	Shenzhen Salubris Pharmaceuticals Co., Ltd.* (深圳信立泰藥業股份有限公司), a company established in the PRC
“Transfer Agreements”	Transfer Agreement A and Transfer Agreement B
“Transfer Agreement A”	the intellectual property, development & commercialization transfer agreement dated 23 October 2013 entered into between Chongqing Fochon and the Purchaser in relation to the transfer of all of Chongqing Fochon’s and its wholly-owned subsidiaries’ right, title and interest in the Intellectual Property in respect of Fotagliptin Benzoate
“Transfer Agreement B”	the intellectual property, development & commercialization transfer agreement dated 23 October 2013 entered into between Chongqing Fochon and the Purchaser in relation to the transfer of all of Chongqing Fochon’s and its wholly-owned subsidiaries’ right, title and interest in the Intellectual Property in respect of Pan-HER inhibitors
“United States”	the United States of America
“%”	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
23 October 2013

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 of Fosun Pharma are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Zhang Guozheng, Mr. Wang Pinliang and Ms. Kang Lan; and the independent non-executive directors of Fosun Pharma are Mr. Han Jiong, Dr. Zhang Weijiong, Mr. Li Man-kiu Adrian David and Mr. Cao Huimin.

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 and Mr. Wu Ping; the non-executive director of Fosun International is Mr. Fan Wei, and the independent non-executive directors of Fosun International are Mr. Zhang Shengman, Mr. Andrew Y. Yan, Mr. Zhang Huaqiao and Mr. David T. Zhang.

** for identification purposes only*