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FOSUN 复星
復星國際有限公司
FOSUN INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00656)

CONNECTED TRANSACTION
SUBSCRIPTION OF CONVERTIBLE BONDS

The Board announces that on 11 February 2021, Fosun High Technology, a wholly-owned subsidiary of the Company and as the Subscriber, and Xingye Investment, as the Issuer, entered into the Convertible Bonds Investment Agreement, pursuant to which, Xingye Investment has agreed to issue and Fosun High Technology has agreed to subscribe for the Convertible Bonds in the principal amount of RMB2.8 billion, with a consideration of RMB2.8 billion. The Convertible Bonds could be converted into the equity interest of Xingye Investment pursuant to the terms and conditions of the Convertible Bonds Investment Agreement.

As at the date of this announcement, Mr. Guo, as an executive Director, the chairman and the ultimate Controlling Shareholder of the Company, is a connected person of the Company. Xingye Investment is indirectly held as to over 30% by Mr. Guo, it is therefore an associate of Mr. Guo and also a connected person of the Company. As such, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Subscription exceed 0.1% but all are less than 5%, the Subscription is only subject to the reporting and announcement requirements and is exempt from the circular and the independent shareholders' approval requirements under the Listing Rules.

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A. CONVERTIBLE BONDS INVESTMENT AGREEMENT

The principal terms of the Convertible Bonds Investment Agreement are set out below:

Date: 11 February 2021

Parties: Xingye Investment as the Issuer; and
Fosun High Technology as the Subscriber

(collectively referred to as the “Parties” and individually as the “Party”).

As at the date of this announcement, Mr. Guo Guangchang, as an executive Director, the chairman and the ultimate Controlling Shareholder of the Company (“Mr. Guo”), is a connected person of the Company. Xingye Investment is an associate of Mr. Guo and thereby also a connected person of the Company.

Consideration and RMB2.8 billion

Payment Terms: The consideration of the Subscription was determined through arm’s length negotiations between the Issuer and the Subscriber by reference to: (i) the historical financial performance of the Issuer; and (ii) the potential benefits of the Subscription and the Conversion as set out in the section below headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE CONVERTIBLE BONDS INVESTMENT AGREEMENT”.

The consideration of the Subscription shall be paid in cash within 180 calendar days following the signing date of the Convertible Bonds Investment Agreement in one lump sum. It will be satisfied by own fund of the Group.

Principal amount:	RMB2.8 billion
Interest Rate:	Simple interest of 6.8% per annum (the “ Interest Rate ”)
Maturity Date:	The fifth anniversary of the Issue Date (the “ Maturity Date ”) At the request of the Subscriber, the Maturity Date can be advanced or extended, but the Issuer shall be provided with prior notice of 3 working days before the advanced maturity date or the Maturity Date or other notice period as agreed by the Parties.
Repayment of principal amount and interest:	If the conditions precedent to the Conversion (as set out in the section below headed “Conditions precedent to Conversion”) are not fulfilled or waived by the Maturity Date, the Subscriber shall have the right to calculate the interest at the Interest Rate from the Issue Date, and require the Issuer to repay the entire principal amount of the Convertible Bonds and the corresponding interest on the Maturity Date. If the Subscriber decides to convert all or part of the Convertible Bonds into the equity interest of the Issuer, the corresponding interest rate of the principle amount of the converted part shall be nil instead of the Interest Rate. If the Subscriber decides to convert none or not to convert part of the Convertible Bonds, the Subscriber shall have the right to calculate the interest according to the Interest Rate from the Issue Date, and require the Issuer to repay the respective principal amount and the corresponding interest on the unconverted part of the Convertible Bonds on the Maturity Date in one lump sum.
Redemption:	If the Subscriber requires the Issuer to pay off or redeem the Convertible Bonds in advance prior to the Maturity Date, the Issuer shall be provided with prior notice of 3 working days prior to such pay off or redemption or other notice period as agreed by the Parties. The Maturity Date stipulated under the Convertible Bonds Investment Agreement could be advanced.
Conversion period:	From 36 months after the Issue Date till the Maturity Date (the “ Conversion Period ”).
Conversion right:	The Subscriber has the right to convert all or part of the Convertible Bonds at any time during the Conversion Period.

If the Subscriber converts the Convertible Bonds into the equity interest of the Issuer, the Subscriber may choose, by itself and/or any third party designated by it, to hold such equity interest collectively or individually.

If the Subscriber chooses to exercise its Conversion right, it should give written notice to the Issuer with specified Conversion conditions, such as the principal amount of Convertible Bonds to be converted and the Conversion Date. The Issuer shall complete the corresponding procedures of the Conversion within 30 working days after the Conversion Date as specified in the notice, and shall cooperate and assist to complete all necessary procedures.

Conversion price: If the Subscriber chooses to exercise its Conversion right, the Conversion price shall be based on the 100% equity valuation of the Issuer as at 30 June 2020 which amounts to approximately RMB13.639 billion (the “**Valuation**”) multiplied by 0.9.

The calculation formula of the Conversion ratio is as follows:

Conversion ratio = principal amount of the Convertible Bonds / (Valuation x 0.9 + principal amount of the Convertible Bonds)

Taking into consideration of the formula of the Conversion ratio, if the Subscriber chooses to exercise its Conversion right in entirety, it will account for approximately 18.57% of the Issuer’s share capital after the Conversion (calculated on the basis of the enlarged registered capital) according to the above Valuation and Conversion price.

Adjustment of the Conversion price: if the Issuer pays shareholders’ dividends in any form or there is any other event that will affect the Valuation after the Issue Date, the Issuer shall give prior notice of 5 working days to the Subscriber and obtain the consent from the Subscriber. If any of the abovementioned events occurs and the Subscriber chooses to exercise its Conversion right, the Conversion ratio shall be re-calculated by deducting the corresponding dividend amount or other amount resulting in a decrease of the Valuation from the Valuation.

The Issuer shall provide an equity valuation report issued by a third-party valuation agency within 120 calendar days after the

end of each year. The Subscriber has the right to adjust the Conversion conditions according to, among others, the valuation results, and the Parties shall negotiate the Conversion conditions to reach a new agreement.

Conditions precedent to Conversion:

The Conversion is subject to the fulfilment (or waiver) of the following conditions precedent, and the Subscriber shall have the right at any time during the Conversion Period to convert the Convertible Bonds into the corresponding equity interest of the Issuer:

- I. The Subscription and the Conversion shall comply with the requirements of any laws, regulations, rules, administrative orders, government orders, or documents, systems or norms related to the rules of any stock exchange (the “**Laws**”), and will not result in any violation of the Laws or any potential adverse effect on any Party and its related parties;
- II. There is no existing circumstance which may restrict or have a material adverse effect on the Subscription or the Conversion, or according to the reasonable and good-faith judgement of any Party, there is no circumstances that may cause the Subscription or the Conversion to be impossible or illegal or may cause material adverse effects; and
- III. Requirements under the Convertible Bonds Investment Agreement and the relevant laws and regulations have been complied with.

Transferable right:

The Subscriber has the right to transfer the Convertible Bonds and all corresponding rights to a third party with prior notice of 3 working days of the transfer or any other notice period agreed by the Parties. If the Subscriber transfers the Convertible Bonds, the Issuer shall cooperate to assist with the completion of the relevant transfer procedures and to sign the corresponding documents to facilitate such transfer.

Use of proceeds:

The proceeds raised from the Subscription will be used by the Issuer for the operation and development of its existing businesses and other businesses related to the operation and development of the Issuer, or other purposes agreed by the Subscriber. However, the proceeds shall not be used for the purchase of financial derivatives, non-core business or other

major investments, or major merger and acquisition projects without the consent of the Subscriber.

B. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONVERTIBLE BONDS INVESTMENT AGREEMENT

Xingye Investment is principally engaged in securities and financial services, commodity information, commodity logistics and trading, internet and other businesses through its portfolio. Over the years, it has established solid business foundation and realized technology empowerment for business entities. Within its portfolio, some enterprises have successfully connected with the capital market and become industry leaders.

In view of the above, the Company believes that in the short term, the rate of return, the Maturity Date and Conversion conditions of the Convertible Bonds will enable the Group to obtain considerable bond yields with manageable risks. In the long term, the principal business of Xingye Investment is in line with the Group's core strategy of "Health, Happiness, and Wealth". Meanwhile, in recent years, relevant PRC laws, policies and administrations in certain industries such as securities, insurance, internet and other licensed or supervised businesses were continuously being reformed as more discussions were in place regarding the loosening of foreign investments in the abovementioned industries in the PRC. Therefore, the Company expects to grasp the business opportunities for the future development of the Group through the Subscription.

The terms of the Convertible Bonds Investment Agreement were negotiated based on an arm's length basis. The Directors (including independent non-executive Directors) consider that the terms of the Convertible Bonds Investment Agreement are fair and reasonable, on normal commercial terms, in the usual course of business of the Company and in the interests of the Company and the independent shareholders as a whole.

C. GENERAL INFORMATION

Company

Adhering to the positioning as an innovation-driven consumer group, the Company continues to focus on expanding its three major businesses - Health, Happiness and Wealth. The Health business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products; the Happiness business includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle; the Wealth business includes three major segments: Insurance, Finance and Investment.

Fosun High Technology

Fosun High Technology is a limited liability company established in the PRC. As at the date of this announcement, Fosun High Technology is a wholly-owned subsidiary of the Company and is the main operating platform of the Group in the PRC.

Xingye Investment

Xingye Investment is a limited liability company established in the PRC and is principally engaged in securities and financial services, commodity information, commodity logistics and trading, internet and other businesses through its portfolio. As at the date of this announcement, Xingye Investment is indirectly held as to approximately 85.30% and 14.70% by Mr. Guo and Mr. Wang Qunbin (an executive Director and co-chairman of the Company, “**Mr. Wang**”), respectively.

The net profits (both before and after taxation) of Xingye Investment for the two financial years immediately preceding the Subscription are as follows:

	For the year ended 31 December	
	2019	2018
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
	<i>RMB million</i>	<i>RMB million</i>
Net profit (loss) before tax	(386.7)	1,851.7
Net profit (loss) after tax	(409.4)	1,532.0

As at 30 June 2020, the unaudited total assets and net assets of Xingye Investment were approximately RMB24,053.7 million and RMB8,084.8 million, respectively.

D. LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Guo, as an executive Director, the chairman and the ultimate Controlling Shareholder of the Company, is a connected person of the Company. Xingye Investment is indirectly held as to over 30% by Mr. Guo, it is therefore an associate of Mr. Guo and also a connected person of the Company. As such, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the Subscription exceed 0.1% but all are less than 5%, the Subscription is only subject to the reporting and announcement requirements and is exempt from the circular and the independent shareholders’ approval requirements under the Listing Rules.

Since Mr. Guo and Mr. Wang indirectly hold the equity interest in Xingye Investment, both of them have abstained from voting on the Board resolution for approving the Convertible Bonds Investment Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors (other than Mr. Guo and Mr. Wang) has a material interest in the Convertible Bonds Investment Agreement and the transactions contemplated thereunder.

E. DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the Main Board of the Hong Kong Stock Exchange. As at the date of this announcement, Mr. Guo is deemed to be interested in approximately 71.92% equity interest in the Company.
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion”	the conversion of the Convertible Bonds by the Subscriber into the equity interest of Xingye Investment pursuant to the terms and conditions of the Convertible Bonds Investment Agreement
“Conversion Date”	the date of the Conversion being specified in the written notice sent from the Subscriber to the Issuer
“Convertible Bonds”	the convertible bonds with a principal amount of RMB2.8 billion to be issued by the Issuer under the Convertible Bonds Investment Agreement
“Convertible Bonds Investment Agreement”	the convertible bonds investment agreement, dated 11 February 2021 entered into between the Issuer and the Subscriber in relation to the Subscription and the Conversion
“Director(s)”	the director(s) of the Company
“Fosun High Technology” or “Subscriber”	Shanghai Fosun High Technology (Group) Co., Ltd.* (上海復星高科技(集團)有限公司), a limited liability company established in the PRC, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issue Date”	the issue date of the Convertible Bonds, on which the Subscriber pays the entire principal amount of the Convertible Bonds to the Issuer in relation to the Subscription
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Subscription”	the subscription of the Convertible Bonds pursuant to the Convertible Bonds Investment Agreement
“Xingye Investment” or “Issuer”	Shanghai Xingye Investment Development Co., Ltd.* (上海興業投資發展有限公司), a limited liability company established in the PRC

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

11 February 2021

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang and Mr. Gong Ping; the non-executive directors are Ms. Chen Shucui, Mr. Zhuang Yuemin and Mr. Yu Qingfei; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.

* For identification purpose only