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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)

DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF 50% EQUITY INTEREST
IN SHANGHAI FOSUN BUND REAL ESTATE COMPANY LIMITED

THE TRANSACTION

The Board is pleased to announce that the Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Share Transfer Agreement on 21 March 2022, pursuant to which the Buyer agreed to purchase and the Seller agreed to dispose of 50% equity interest in the Target Company. The Consideration is RMB6,342,187,500 and has to be paid through cash by Buyer. Upon completion of the Transaction, the Target Company will be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Share Transfer Agreement on 21 March 2022, pursuant to which the Buyer agreed to purchase and the Seller agreed to dispose of 50% equity interest in

the Target Company. The Consideration is RMB6,342,187,500 and has to be paid through cash by the Buyer. Upon completion of the Transaction, the Target Company will be a subsidiary of the Company.

Share Transfer Agreement

The major terms of the Share Transfer Agreement are as follows:

Date: 21 March 2022

Parties: **Buyer:** Zhejiang Fosun, an indirect wholly-owned subsidiary of the Company as at the date of this announcement

Seller: ZRT

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Seller and its ultimate beneficial owners are third parties independent of the Company and connected persons (has the meaning given by the Listing Rules) of the Company.

The Transaction: Pursuant to the Share Transfer Agreement, the Buyer agreed to purchase and the Seller agreed to dispose of 50% equity interest in the Target Company.

Consideration

The Consideration is RMB6,342,187,500. The Buyer has to pay all of the Consideration to the Seller by cash before 31 March 2022. The Consideration has to be settled through a combination of internal resources, shareholder loans and/or external financing.

The Consideration was determined through arm's length negotiations among the parties to the Share Transfer Agreement on normal commercial terms with reference to: (i) the potential benefits of the Transaction as set out in the section headed "REASONS FOR AND BENEFITS OF THE TRANSACTION"; and (ii) the valuation report on the Bund Finance Center ("BFC") property, which is the only property held by the Target Company (the "**Property Valuation Report**") issued by International United Consulting & Appraisal Limited ("IUCA"), an independent valuer. The value of the BFC property as at 31 December 2021 is approximately RMB23.078 billion pursuant to the Property Valuation Report (the "**Appraised Value**"). As the principal business of the Target

Company is holding the BFC property, the value of 100% equity interest in the Target Company of approximately RMB12.684 billion is calculated by deducting its total liabilities from total asset (mainly including the Appraised Value of the BFC property) of the Target Company. Since the Transaction is in relation to acquiring 50% equity interest in the Target Company, the Consideration is determined to be RMB6,342,187,500.

IUCA is a leading valuation advisory firm and is experienced in performing a full range of valuation advisory services for various purposes including financial reporting, fund raising, circular disclosure, tax declaration, etc.. The Property Valuation Report was approved and signed by the director of IUCA, Justin Liang (梁立), who is a Chartered Financial Analyst. Justin Liang has extensive work experience in valuation and corporate advisory industries.

IUCA considered that the cost method, market method and income method are valuation methods commonly used in valuation of assets. IUCA considered that (i) cost method is not an appropriate method as it cannot objectively reflect the property value for commercial and office purposes; and (ii) market method is not an appropriate method as it is impossible to obtain relatively similar, fair and comparable transaction cases from the surrounding properties based on the market research of the surrounding properties. Therefore, IUCA considered that the income method is appropriate to evaluate the objective and reasonable value of the BFC property.

The Appraised Value is calculated based on the income method by (i) estimating the future annual property income of the BFC property based on the agreed rent within the term of the existing lease contracts of the BFC property and the rent in the similar surrounding market for the term beyond the existing lease contracts (the “**Annual Property Income**”); and (ii) discounting and accumulating the Annual Property Income by a property return rate determined with reference to the current operation and market conditions of the BFC property for an income period of the BFC property from 31 December 2021 up to the expiration date of land use right of the BFC property according to its “Real Property Ownership Certificate”.

The key assumptions of the Property Valuation Report include the followings:

- (1) At present, there is no significant change in the political and legal environment as well as the macro-economic policies, industrial policies and regional development policies of countries or regions that have a significant impact on the business of the Target Company.
- (2) The operation and business of the Target Company will not be seriously interrupted by any force majeure event or unpredictable factors beyond its control, including but not limited to war, military incident, natural disaster or catastrophe (such as flood and typhoon), epidemic disease

or serious accident.

- (3) The management of the Target Company is responsible and its business activities and services are lawful and compliant, which will not change significantly in the foreseeable future. The internal control system of the Target Company is effective and mature, and the risk management measures are sufficient and appropriate.
- (4) The basic data and financial data provided by the Target Company are true, accurate, legal and complete.
- (5) The impact of possible mortgage and guarantee matters on the value of the evaluated object is not considered.
- (6) All important and potential factors that may affect the value have been fully revealed to IUCA by the Target Company.

For the avoidance of doubt, the valuation of the BFC Property (being property interests as defined in Rule 5.01(3) of the Listing Rules) in the Property Valuation Report does not constitute a profit forecast under Rule 14.61 of the Listing Rules.

Taking into account the aforesaid factors, the Directors are of the view that the valuation methodology and key assumptions of the Property Valuation Report are comparable to the market practice and are therefore fair and reasonable.

Closing

The Closing date shall be the date of shareholder's registration of the share transfer.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Adhering to the positioning as an innovation-driven consumer group, the Group has been actively solidifying its foothold in four major business segments, namely Health, Happiness, Wealth and Intelligent Manufacturing, which support the lifestyle and consumption upgrading of modern Chinese consumers.

The Target Company owns a high-quality landmark property on The Bund of Shanghai - BFC. BFC is located at Zhongshan No. 2 Road (East), Huangpu District, Shanghai, China. The gross floor area of BFC is over 420,000 square meters. BFC has an integrated ecosystem with offices, retail, catering, entertainment, health, art and tourism. BFC overlooks the Huangpu River to the east and

the Yuyuan Tourist Mart to the west. BFC is a landmark project of the Group’s “Hive City”. Upon completion of the Transaction, the Company will indirectly hold 100% equity interest in the Target Company and enables the Group to build a commercial complex project more in line with the Group’s ecosystem.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Transfer Agreement and the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Target Company

The Target Company was established in October 2010, which is a limited liability company established under the laws of China. Its principal business is holding the property of BFC.

The net profits (both before and after taxation) attributable to the equity holders of the Target Company for the two financial years immediately preceding the Transaction (in accordance with the International Financial Reporting Standards) are as follows:

	For the year ended 31 December	
	2021	2020
	(unaudited)	(unaudited)
	approximately	approximately
	RMB million	RMB million
Net profit/(loss) before tax	506.69	1,069.45
Net profit/(loss) after tax	380.02	896.21

As at 31 December 2021, the unaudited total assets and net assets of the Target Company were approximately RMB24,300 million and RMB12,684 million, respectively.

The Company

The Company is incorporated under the laws of Hong Kong and its shares are listed and traded on the Main Board of the Hong Kong Stock Exchange with stock code 00656. It is an innovation-driven consumer group with mission to provide high-quality products and services for families around the world in Health, Happiness, Wealth and Intelligent Manufacturing business segments.

The Buyer

Zhejiang Fosun, a limited liability company established in China and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in investment business.

The Seller

ZRT was established in the PRC in 1993 and is a financial institution approved and regulated by China Banking and Insurance Regulatory Commission. ZRT is principally engaged in the business of trust and asset management and the provision of related financial services. It is a leading trust company in the PRC and has asset under management of over RMB800 billion. ZRT is held as to 37.47% and 32.99% by Jingwei Textile Machinery Company Limited* (經緯紡織機械股份有限公司) (“**Jingwei Textile Machinery**”) and Zhongzhi Enterprise Group Company Limited* (中植企業集團有限公司) (“**ZEG**”), respectively. The equity interest in ZRT held by each of its remaining shareholder is no more than 30%. Jingwei Textile Machinery is the largest shareholder of ZRT and it is listed on the Shenzhen Stock Exchange with stock code 000666. The beneficial owner of Jingwei Textile Machinery is China National Machinery Industry Corporation* (中國機械工業集團有限公司), which is wholly owned by the State Council. The ultimate beneficial owner of ZEG is Xie Zhikun (解直錕), who indirectly hold 76% equity interest of ZEG.

DEFINITIONS

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

“Board”	the board of the directors of the Company
“Buyer” or “Zhejiang Fosun”	Zhejiang Fosun Commerce Development Limited* (浙江復星商業發展有限公司), a limited liability company established in China and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“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 with stock code 00656
“Consideration”	the consideration payable by the Buyer for purchasing 50% equity interest in the Target Company held by the Seller pursuant to the Share Transfer Agreement
“Directors”	the directors of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Seller” or “ZRT”	Zhongrong International Trust Co. Ltd.* (中融國際信託有限公司), a financial institution approved and regulated by China Banking and Insurance Regulatory Commission
“Share Transfer Agreement”	the share transfer agreement entered into between the Seller and the Buyer dated 21 March 2022 in relation to the Transaction

“Target Company”	Shanghai Fosun Bund Real Estate Company Limited* (上海復星外灘置業有限公司), a limited liability company established under the laws of China, which is 50% held by Zhejiang Fosun and ZRT, respectively
“Transaction”	the purchase of 50% equity interest in the Target Company held by the Seller in accordance with the Share Transfer Agreement by the Buyer
“%”	per cent

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

21 March 2022

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 Xuetao 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*