
HISTORY AND DEVELOPMENT

OUR CORPORATE HISTORY

We were established in the PRC as a joint stock cooperative enterprise (股份合作制企業) under the laws of the PRC on 14 January 1994 under the name of Shanghai Fosun Industries Company (上海復星實業公司). On 20 December 1994, our Company was converted to a limited liability company in the PRC under the name of Shanghai Fosun Industries Company Limited (上海復星實業有限公司). On 13 July 1998, our Company was restructured by our Promoters to a joint stock limited company in the PRC under the name of Shanghai Fosun Industrial Company Limited (上海復星實業股份有限公司). On 27 December 2004, we changed our name to Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司).

On 7 August 1998, our A Shares were listed on the Shanghai Stock Exchange and trading of our A Shares on the Shanghai Stock Exchange commenced under the stock code 600196. Upon completion of the A Share Offering, our Company had a registered capital of RMB150,700,000, divided into 150,700,000 A Shares, among which 100,700,000 A Shares and 50,000,000 A Shares were held by our Promoters and the public Shareholders, respectively.

In September 2000, as approved by the CSRC, our Company placed a total of 22,500,000 additional A Shares through a public follow-on offering, raising net proceeds of approximately RMB434.3 million.

In October 2003, our Company issued convertible bonds (the “Convertible Bonds”) with a term of five years and an aggregate nominal value of RMB950.0 million. The Convertible Bonds were listed on the Shanghai Stock Exchange on 17 November 2003 and have been convertible into our A Shares since 28 April 2004.

In April 2006, our Company completed the Conversion Scheme, pursuant to which all non-tradable A Shares held by our Promoters were converted to tradable A Shares with certain trading restrictions, which expired in April 2011.

In July 2006, our Company redeemed all of the outstanding Convertible Bonds at a total consideration of approximately RMB2.6 million. The Convertible Bonds were delisted from the Shanghai Stock Exchange on 24 July 2006.

In May 2010, as approved by the CSRC, our Company issued 31,820,000 new A Shares to Fosun High Tech and six other domestic institutional investors, namely Western Securities Company Limited (西部證券股份有限公司), North Industries Group Finance Company Limited (兵器財務有限責任公司), China Asset Management Company Limited (華夏基金管理有限公司), Beijing SL Pharmaceutical Company Limited (北京雙鷺藥業股份有限公司), Bainian Cosmetic Care Products Company Limited (百年化妝護理品有限公司) and Huatai Asset Management Company Limited (華泰資產管理有限公司), all of which are Independent Third Parties, raising net proceeds of approximately RMB635.4 million. Upon completion of such private placing, our registered capital increased to approximately RMB1,269.6 million. The A Shares subscribed by Fosun High Tech and the six other domestic institutional investors under such private placing were subject to lock-up periods of 36 months and 12 months, respectively.

In April 2012, our Company issued corporate bonds (“Corporate Bonds”) with a term of five years and an aggregate amount of RMB1,500.0 million. The Corporate Bonds were listed on the Shanghai Stock Exchange on 29 May 2012 (stock code: 122136) with a credit rating of AA+.

HISTORY AND DEVELOPMENT

OUR BUSINESS DEVELOPMENT

The following events are our major business development since establishment:

- 1994 Our Company was established in January 1994.
- 1998 Our A Shares were listed on the Shanghai Stock Exchange and trading of our A Shares on the Shanghai Stock Exchange commenced on 7 August 1998 under the stock code 600196.
- 1999 In August 1999, we acquired a 34% equity interest in Fosun Long March⁽¹⁾, which engaged in the manufacturing and sale of diagnostic products.
- In June 1999, our Company was recognized as a high-tech enterprise at the national level.
- 2000 We acquired an additional 22% and 19% equity interest in Fosun Long March⁽¹⁾ in April 2000 and December 2000, respectively.
- 2002 In May 2002, we acquired a 51% equity interest in Yao Pharma, which engaged in manufacturing and trading of generic medicines, and thus diversified our pharmaceutical products in the pharmaceutical manufacturing segment.
- In May 2002, we acquired a 56.89% equity interest in Pharmaceutical Research Institute, which mainly engaged in medical research.
- 2003 In January 2003, Shanghai Fosun Industrial Investment and CNPGC jointly established Sinopharm and each party then held a 49% and 51% shareholding interest, respectively. In May 2004, Shanghai Fosun Industrial Investment transferred a 49% equity interest in Sinopharm to our Group. As at the Latest Practicable Date, we beneficially held a 32.1% equity interest in Sinopharm.
- 2004 In March 2004, we acquired a 60% equity interest in Guilin Pharmaceutical, through which we held a 94.48% equity interest in Guilin Pharma⁽²⁾, a producer of, among other things, anti-malarial medicine, in the PRC.
- In December 2004, we acquired a 75.2% equity interest in Wanbang Pharma⁽³⁾, a pharmaceutical enterprise engaged in the research and development, manufacturing, sales and marketing of insulin and diabetes drugs in the PRC.

Notes:

(1) As at the Latest Practicable Date, we beneficially held a 100% equity interest in Fosun Long March.

(2) As at the Latest Practicable Date, we, through Fosun Pharmaceutical Industrial, beneficially held a 94.25% equity interest in Guilin Pharma.

(3) As at the Latest Practicable Date, we, through Fosun Pharmaceutical Industrial, beneficially held a 97.8% equity interest in Wanbang Pharma.

HISTORY AND DEVELOPMENT

- In December 2004, we changed our name from Shanghai Fosun Industrial Company Limited (上海復星實業股份有限公司) to Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司).
- 2005 In April 2005, our Company was among the first group of Chinese A Share listed companies to be included in the Shanghai and Shenzhen 300 Index.
- In October 2005, our research center was nominated as a national-level research center.
- In December 2005, our artesunate drug obtained WHO's accreditation and Guilin Pharma was recognised as a qualified supplier by the WHO.
- 2006 In April 2006, our Company completed the Conversion Scheme.
- In September 2006, we acquired a 51% equity interest in Shine Star, a manufacturer of amino acid products in the PRC.
- In September 2006, we and CNPGC, through subscribing for the newly increased registered capital of Sinopharm, increased our shareholdings in Sinopharm on a pro-rata basis.
- 2007 In June 2007, we established Haisiman Pharma, which engaged in the sale of pharmaceutical products.
- In August 2007, our artesunate combination treatment was recognized by the WHO.
- 2008 In April 2008, our Company was awarded the “Most Socially Responsible Corporate Award — Golden Bee Award”.
- In July 2008, our A Shares were included in the Shanghai Stock Exchange Governance Index.
- In August 2008, we established Wanbang Business, which engaged in the sale of pharmaceutical products.
- 2009 In March 2009, we, together with an Independent Third Party, jointly established Fochon Pharma to conduct research and development for small molecule chemical drugs.
- On 23 September 2009, Sinopharm was listed on the Hong Kong Stock Exchange.
- 2010 In February 2010, we acquired Hexin Pharma, a company engaged in the manufacturing and sale of anti-infection medicine.
- In February 2010, we, together with four other shareholders, established Shanghai Henlius to conduct the research and development of monoclonal antibody drugs.

HISTORY AND DEVELOPMENT

In June 2010, we entered into a stock purchase agreement with Chindex, pursuant to which Chindex agreed to issue to Fosun Pharma a total of 1,990,447 shares of its common stock for an aggregate consideration of approximately US\$30 million.

In August 2010, we acquired a 60.68% equity interest in Moluodan Pharma, a drug manufacturing enterprise in the PRC focusing on traditional Chinese stomach medicine.

In September 2010, we acquired a 51% equity interest in Yaneng Bioscience, which engaged in the research and development of diagnostic products.

In September 2010, our Company was designated as “Initial Sample Stock of China Low Carbon Index”.

In December 2010, we acquired a 70% equity interest in Shenyang Hongqi Pharma, an anti-tubercular products manufacturer in the PRC, mainly engaged in the manufacturing and sales of anti-tuberculous drugs and related APIs.

In December 2010, we consolidated Chindex’s distribution business of high-end medical devices in the PRC through our investment in CML.

2011 In January 2011⁽⁴⁾, we acquired an additional 50% equity interest in Golden Elephant Pharmacy, the largest single brand retail pharmacy in Beijing according to the number of stores.

In September 2011, we acquired a 75% equity interest in Dalian Aleph, a company engaged in the research and development and production of vaccine.

In September 2011, we acquired a 70% equity interest in Aohong Pharma, whose major products are Bang Ting and Ao De Jin.

In December 2011⁽⁵⁾, we completed the acquisition of a total of 70% equity interest in Jimin Cancer Hospital, a privately operated hospital specializing in oncology and is located in Hefei, Anhui Province, PRC.

2012 In July 2012, we established Gulin Pharma Afrique Francophone, a company designated for the development and manufacturing of anti-infection medicine for sales in western African countries.

In July 2012, we completed the acquisition of a total of 55% equity interest in both Guangji Hospital, a general hospital located in Yueyang, Hunan Province, PRC, and Hunan Guangji, a company which holds the property titles of Guangji Hospital.

In August 2012, we, together with an Independent Third Party, jointly established Shanghai Lonza Fosun Pharmaceutical Technology Development Company Limited to collaborate on the development of generic drugs with high barriers-to-entry.

Notes:

(4) We acquired and consolidated Golden Elephant Pharmacy in December 2010. The acquisition was completed in January 2011.

(5) We acquired and consolidated Jimin Cancer Hospital in October 2011. The acquisition was completed in December 2011.

HISTORY AND DEVELOPMENT

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisitions

During the Track Record Period, we completed eleven acquisitions. The total cash consideration for the acquisitions as set forth below was approximately RMB2,970,949,503⁽²⁾.

Date ⁽¹⁾ and description of transaction	Vendor	Amount of consideration	How and when consideration was settled	Reasons for transaction
In September 2009, Technology Innovation acquired a 90% equity interest in Fuji Medical, which engaged in the manufacturing and sale of medical devices	Independent Third Parties	RMB4,953,000	Settled in cash in July 2009	To strengthen the business of our medical devices business segment
In February 2010, Yao Pharma acquired the entire equity interest in Hexin Pharma, which engaged in the manufacturing and sale of anti-infection medicine	Independent Third Parties	RMB68,000,000	Settled in cash in March 2010	To strengthen our pharmaceutical manufacturing segment and enhance our core competitiveness
In August 2010, Fosun Pharmaceutical Industrial and Wanbang Pharma, acquired a total of 60.68% equity interest in Moluodan Pharma, a stomach disorder medicine manufacturer in the PRC	Independent Third Parties	RMB135,586,000	Settled in cash in September 2010	To strengthen our pharmaceutical manufacturing segment and enhance our core competitiveness
In September 2010, Fosun Long March acquired a 51% equity interest in Yaneng Bioscience, which engaged in the research, development, production, marketing and distribution of diagnostic reagent	Independent Third Parties	RMB53,040,000	Settled in cash in November 2010	To strengthen the development of our diagnostic business and enhance our core competitiveness
In December 2010, Fosun Pharmaceutical Industrial initially acquired a 70% equity interest in Shenyang Hongqi Pharma, which engaged in the manufacturing and trading of anti-tuberculous drug	Independent Third Parties	RMB322,133,000 for the 70% equity interest and RMB19,730,603 for the 4% equity interest	Settled in cash in April 2011 for the 70% equity interest and in May 2011 for the 4% equity interest	To strengthen our pharmaceutical manufacturing segment and enhance our core competitiveness
Fosun Pharmaceutical Industrial acquired an additional 4% equity interest in Shenyang Hongqi Pharma in July 2011				
In December 2010, Ample Up Limited acquired a 51% equity interest in CML, which engaged in the research, development and manufacturing of medical devices	Chindex, a company in which we then held a minority interest	49% equity interest in Technology Innovation with a fair value of RMB119,323,000 based on the valuation by an Independent Third Party	Settled by way of the transfer of shares in Technology Innovation which was completed on 24 June 2011	As part of our Group's strategy to accelerate the development of our medical devices business and expand our market share in the medical device industry

Notes:

- (1) The date as shown on the notice of approval of the change (准予變更登記通知書) issued by the PRC government authority following the completion of the transaction.
- (2) This is the capped amount as the cash considerations of certain transactions are subject to adjustment.

HISTORY AND DEVELOPMENT

Date ⁽¹⁾ and description of transaction	Vendor	Amount of consideration	How and when consideration was settled	Reasons for transaction
In January 2011, Pharmaceutical Investment acquired a 50% equity interest in Golden Elephant Pharmacy ⁽³⁾ by way of capital injection	Following the capital injection in January 2011, Golden Elephant Pharmacy was owned as to 55% by Pharmaceutical Investment, 42.632% by Jinxiang Fosun and 2.368% by Beijing Huafang	RMB122,222,000	Settled in cash in December 2010	To further expand our pharmaceutical distribution and retail business
In September 2011, Fosun Pharmaceutical Industrial and Fosun Industrial acquired a 75% equity interest in Dalian Aleph, which engaged in the research, development and production of influenza vaccine	Independent Third Parties	RMB675,000,000 (could be reduced to RMB420,000,000 if certain conditions could not be fulfilled by certain dates)	We have settled RMB420,000,000 in cash. The remaining RMB255,000,000 cash consideration would be payable if certain conditions could be fulfilled by 30 December 2012 or no later than 30 December 2014 in certain cases as agreed by the parties, and is expected to be financed by funds generated from our operations and we may also consider to raise additional capital, if deemed necessary and appropriate at the time when the consideration fall due, taking into account the financial resources of our Group as well as the market conditions.	To strengthen our pharmaceutical manufacturing segment and enhance our core competitiveness
In September 2011, Fosun Pharmaceutical Industrial acquired a 70% equity interest in Aohong Pharma, whose major products include Bang Ting and Ao De Jin	Independent Third Parties	Not exceeding RMB1,365,000,000	We have settled RMB630,630,000 in cash in 2011 and RMB388,570,000 in 2012 being the first, second and third instalments, equivalent to 80% of RMB1,146,600,000, the estimated consideration which was tentatively agreed between the parties. The remaining cash consideration shall be paid in three additional instalments. The fourth and fifth instalments would amount to 6% and 7% of the total consideration in the financial year 2013 and 2014, respectively, subject to adjustments based on the actual operating profits of Aohong Pharma for the corresponding financial years according to the pre-agreed terms and conditions, with the final instalment being the remaining balance of the total consideration. The total consideration is capped at RMB1,365,000,000. The remaining funds for the Aohong Pharma acquisition will be financed by funds generated from our operations and we may also consider to raise additional capital, if deemed necessary and appropriate at the time when the consideration fall due, taking into account the financial resources of our Group as well as the market conditions.	To strengthen our pharmaceutical manufacturing business and enhance our core competitiveness

Note:

- (3) Golden Elephant Pharmacy, which was then known as Beijing Xicheng Jinxiang Pharmaceutical Chain Store (北京西城金象醫藥連鎖總店) (“Beijing Xicheng Store”) was founded by Beijing Xicheng Medical Corporation (北京市西城醫藥總公司) (“Beijing Xicheng Founder”) in March 2000. To venture into the pharmaceutical distribution and retail business, we participated in the restructuring of Beijing Xicheng Store in August 2001, as a result of which Beijing Xicheng Store was renamed as Golden Elephant Pharmacy, converted into a limited liability company and owned as to 90% by the Beijing Xicheng Founder (now known as Jinxiang Fosun), 5% by Pharmaceutical Investment and 5% by Beijing Huafang Investment Company Limited (北京華方投資有限公司) (“Beijing Huafang”), a state-owned enterprise principally engaged in the management and investment of state-owned assets.

HISTORY AND DEVELOPMENT

Date ⁽¹⁾ and description of transaction	Vendor	Amount of consideration	How and when consideration was settled	Reasons for transaction
In December 2011, Yicheng Management completed the acquisition of a total of 70% equity interest in Jimin Cancer Hospital, a privately operated hospital specializing in oncology	Independent Third Parties	RMB85,964,900	Settled in cash in November 2011.	To expand into the healthcare services business segment
In July 2012, Yicheng Management completed the acquisition of a total of 55% equity interest in both Guangji Hospital, a general hospital located in Yueyang, Hunan Province, PRC, with an utilization rate of 98%, and Hunan Guangji, a company which holds the property titles of Guangji Hospital.	Independent Third Parties	RMB34,320,000 (for the acquisition) and RMB85,000,000 (for the First Capital Injection and the Second Capital Injection)	Settled in cash in June 2012.	To expand into the healthcare services business segment
<p>A 26% equity interest in each of the Guangji Hospital and Hunan Guangji was initially acquired from 11 individuals (“Guangji Founders”).</p> <p>Following such acquisition, Yicheng Management acquired a further 23% (the “First Capital Injection”) and 6% (the “Second Capital Injection”) equity interest in both Guangji Hospital and Hunan Guangji by way of capital injections. Upon completion of the aforesaid capital injections, Guangji Hospital and Hunan Guangji are owned as to 55% by Yicheng Management.</p> <p>To enable Yicheng Management to exercise immediate control over Guangji Hospital and Hunan Guangji, the Guangji Founders have granted Yicheng Management the rights to exercise their 29% voting rights (out of their remaining 74% voting rights) since 28 December 2011, which, together with our 26% voting rights, allow us to have effective control over 55% of the voting rights in Guangji Hospital and Hunan Guangji, and as a result, their accounts have been consolidated into our Group’s financial statements since 31 December 2011.</p>				

The consideration of the various acquisitions was determined based on arm’s length negotiations among the parties, with reference to, among others, (i) past financial performance of the target; (ii) future earning capacity of the target; and/or (iii) publicly available data from transactions involving comparable companies within the same or similar industry as the target. For further information on these acquisitions, see Note 42 to the Accountants’ Report of our Company in Appendix I to this prospectus.

HISTORY AND DEVELOPMENT

Disposals

During the Track Record Period, we disposed of our equity interests in four subsidiaries. The total consideration received from the disposals as set forth below, was approximately RMB104,173,900:

Date ⁽⁴⁾ and description of transaction	Purchaser	Amount of consideration	How and when consideration was settled	Reasons for transaction
In December 2009, we sold all our interest in Shanghai Fosun Purun Investment Partnership Enterprise (上海復星譜潤股權投資企業(有限合伙)), a company principally engaged in equity investment in non-pharmaceutical assets	Shanghai Fosun Enterprise Investment Management Company Limited (上海復星創業投資管理有限公司), a subsidiary of Fosun High Tech	RMB59,400,000	Paid to us in cash in December 2009	To optimize our resources allocation and focus on the healthcare industry
In March 2011, we sold 35% equity interest in Suzhou Qitian Blood Transfusion Technology Company Limited (蘇州奇天輸血技術有限公司), a company principally engaged in the manufacturing and sales of medical devices	Ni Yungeng, the then non-controlling shareholder of Suzhou Qitian Blood Transfusion Technology Company Limited (蘇州奇天輸血技術有限公司)	RMB2,100,000	RMB1,260,000 was paid to us in cash in March 2011. The balance of the consideration to be settled by the end of 2012.	To optimise our resources allocation
In September 2011 ⁽⁵⁾ , we sold all our interest in Zhejiang Fosun, a company principally engaged in the distribution and retail of medicine	Sinopharm Group Company Limited, a subsidiary of Sinopharm Investment	RMB36,666,000	Paid to us in cash in December 2011	To optimise our resources allocation
In February 2012 ⁽⁶⁾ , we sold all our interest in Science & Technology Imp. & Exp., a company principally engaged in the export of non-pharmaceutical products	Independent Third Party	RMB6,007,900	Paid to us in cash in March 2012	To focus on the healthcare industry

The consideration of the various disposals was determined based on arm's length negotiations among the parties, with reference to, among others, (i) past financial performance of the target; (ii) future profitability of the target; and/or (iii) publicly available data from transactions involving comparable companies within the same or similar industry as the target. For further information on these disposals, see Note 43 to the Accountants' Report of our Company in Appendix I to this prospectus.

For each of the acquisitions and disposals, no contingent liability was assumed or retained by our Company. No goodwill provision or assets write-off was required.

Merger of Guilin Pharmaceutical by Guilin Pharma

On 22 December 2010, two of our subsidiaries, Guilin Pharma and Guilin Pharmaceutical, entered into a merger agreement, pursuant to which the parties agreed that Guilin Pharma shall merge with Guilin Pharmaceutical to centralize management resources. Guilin Pharmaceutical was de-registered on 17 May 2011.

Notes:

- (4) The date as shown on the Notice of Approval of the Change (准予變更登記通知書) issued by the PRC government authority following the completion of the transaction.
- (5) The transaction was completed in June 2011 for accounting treatment purposes.
- (6) The transaction was completed in November 2011 for accounting treatment purposes.

HISTORY AND DEVELOPMENT

OUR CORPORATE STRUCTURE

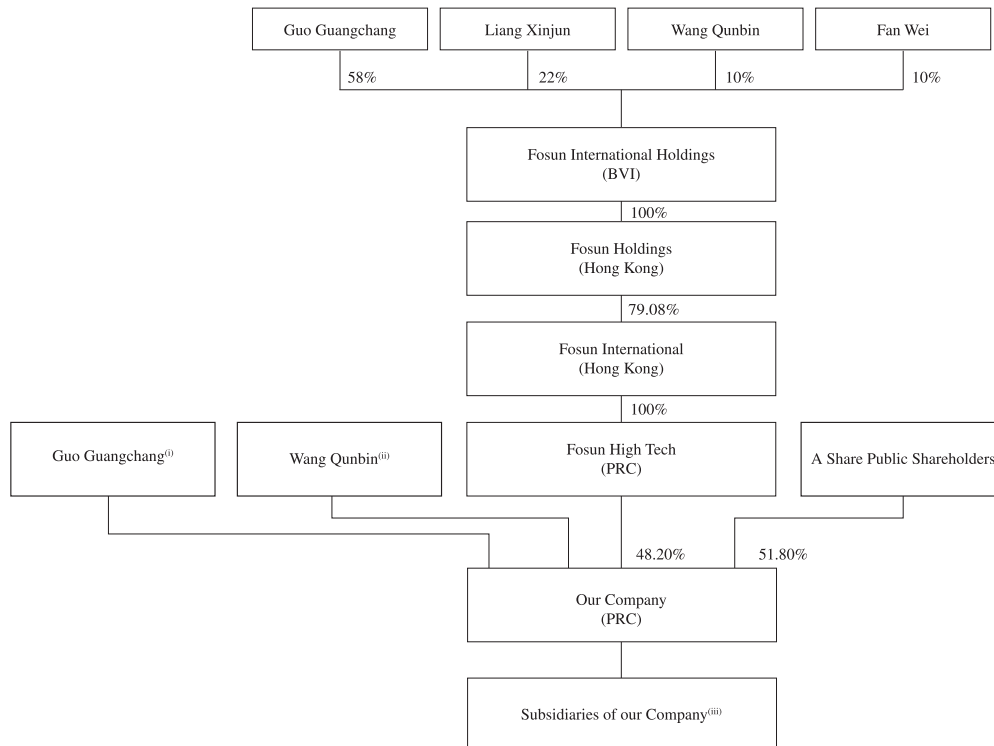
Prior to the Global Offering

As at the Latest Practicable Date, we had issued 1,904,392,364 A Shares and had a registered share capital of RMB1,904,392,364.

Immediately prior to completion of the Global Offering, Fosun High Tech holds approximately 48.20% of the total issued share capital of our Company. The entire issued share capital of Fosun High Tech is held by Fosun International, the shares of which have been listed on the Main Board of the Hong Kong Stock Exchange since 16 July 2007. Fosun International was held as to approximately 79.08% by Fosun Holdings, a direct wholly owned subsidiary of Fosun International Holdings, which was in turn held as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively.

Prior to Completion of the Global Offering

The following chart sets forth our simplified corporate structure as at the Latest Practicable Date, immediately prior to the completion of the Global Offering:



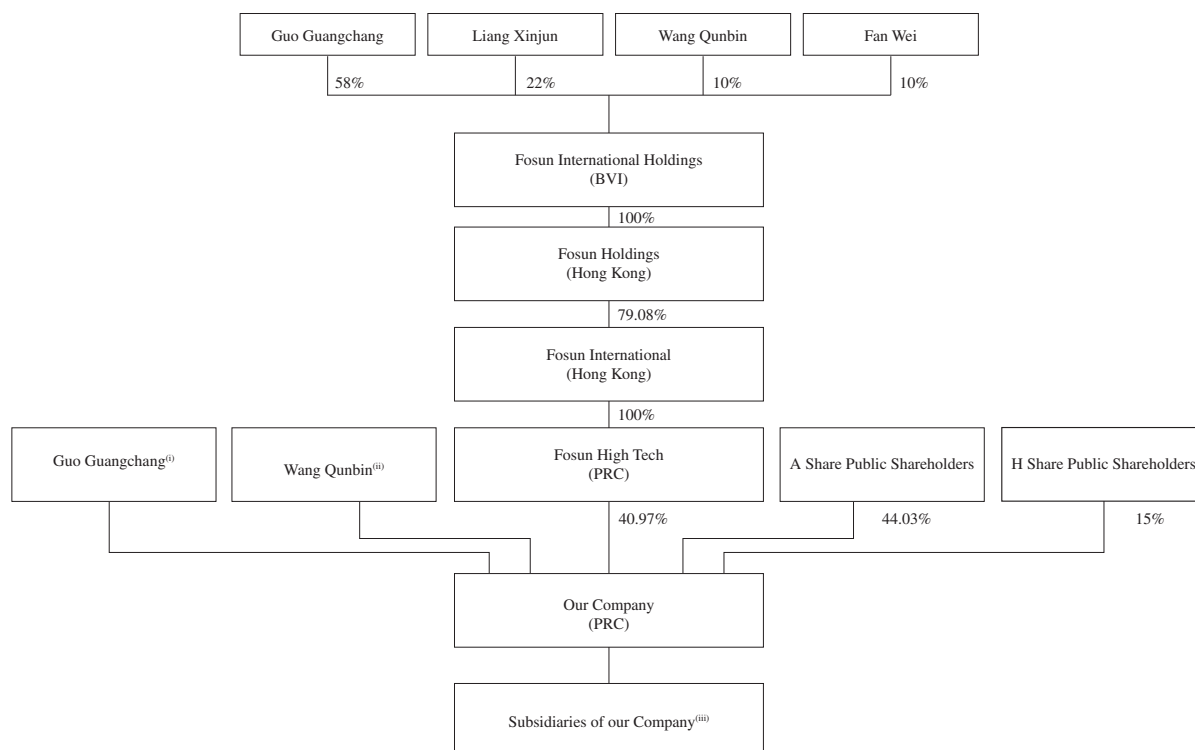
- (i) As at the Latest Practicable Date, Mr. Guo Guangchang, our non-executive Director and Controlling Shareholder, held 114,075 A Shares in our Company.
- (ii) As at the Latest Practicable Date, Mr. Wang Qunbin, our non-executive Director and Controlling Shareholder, held 114,075 A Shares in our Company.
- (iii) Please refer to the section headed “Statutory and General Information — Subsidiaries” in Appendix VIII to this prospectus for the details of our subsidiaries.

HISTORY AND DEVELOPMENT

Immediately Following Completion of the Global Offering

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised, Fosun High Tech will hold approximately 40.97% of the enlarged issued share capital of our Company (or approximately 40.07% if the Over-allotment Option is exercised in full). Each of Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, as well as Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech, will continue to be a Controlling Shareholder of our Company.

The following chart sets forth our simplified corporate structure immediately following completion of the Global Offering, assuming no exercise of the Over-allotment Option and no change in shareholding by each of our Shareholders listed below subsequent to the Latest Practicable Date:



- (i) As at the Latest Practicable Date, Mr. Guo Guangchang, our non-executive Director and Controlling Shareholder, held 114,075 A Shares in our Company.
- (ii) As at the Latest Practicable Date, Mr. Wang Qunbin, our non-executive Director and Controlling Shareholder, held 114,075 A Shares in our Company.
- (iii) Please refer to the section headed “Statutory and General Information — Subsidiaries” in Appendix VIII to this prospectus for the details of our subsidiaries.