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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
ISSUE OF NEW SHARES
UNDER THE SHARE AWARD SCHEME

Independent Financial Adviser
to the Independent Shareholders of the Company



A notice convening the AGM of the Company to be held at 10:00 a.m. on Thursday, 3 June 2021 at 39th Floor, Tower S1, the Bund Finance Center, 600 Zhongshan No. 2 Road (E), Huangpu District, Shanghai, China as set out in the general mandate circular of the Company and a form of proxy are despatched together with this circular. Whether or not you are able to attend the AGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

For details of the precautionary measures of the AGM, please refer to the notice of AGM of the Company dated 27 April 2021.

A letter from the Board is set out on pages 4 to 14 of this circular.

A letter from Lego Corporate Finance Limited, the Independent Financial Adviser, containing its advice to the Independent Shareholders is set out on pages 15 to 25 of this circular.

27 April 2021

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DEFINITIONS

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

“2021 Award”	the grant of 12,790,000 Award Shares to 88 Selected Participants in 2021 under the Share Award Scheme
“AGM”	the annual general meeting of the Company to be convened and held for considering and approving, among others, the Award and the Specific Mandate
“Announcement”	the announcement of the Company dated 31 March 2021 in relation to, among others, the issue of new Shares under the Share Award Scheme
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Award”	the award of the Award Shares to the Selected Participants
“Award Shares”	the shares of the Company be awarded to the Selected Participants under the Share Award Scheme
“Award Shares 2021”	the Award Shares to be settled by way of issue and allotment of 12,790,000 new Shares pursuant to the Specific Mandate to be obtained at the AGM
“Board”	the board of directors of the Company
“Company”	Fosun International Limited, a company incorporated under the laws of Hong Kong and whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 00656)
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fosun Holdings”	Fosun Holdings Limited
“Fosun International Holdings”	Fosun International Holdings Ltd.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the official currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Shareholders”	Shareholders which are not required to abstain from voting at the AGM to approve the 2021 Award
“Latest Practicable Date”	20 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lego” or “Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Shareholders in respect of the grant of the Award Shares under the 2021 Award
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme approved by the Shareholders on 6 June 2017
“PRC” or “China”	the People’s Republic of China
“Returned Shares”	such Award Shares that are not vested and/or are forfeited in accordance with the terms of the Share Award Scheme, or such Shares being deemed to be Returned Shares under the rules of the Share Award Scheme
“Selected Participant(s)”	the eligible person(s) selected by the Board for participation in the Share Award Scheme in respect of the award of the Award Shares
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 25 March 2015, as amended from time to time
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the AGM to issue and allot the Award Shares 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed entered into between the Company and the Trustee, to service the Share Award Scheme

DEFINITIONS

“Trust Deed”	a trust deed entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme
“Trustee”	Computershare Hong Kong Trustees Limited
“%”	per cent

LETTER FROM THE BOARD

FOSUN 复星
復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

Directors:

Executive Directors:

Mr. Guo Guangchang (*Chairman*)
Mr. Wang Qunbin (*Co-Chairman*)
Mr. Chen Qiyu (*Co-Chief Executive Officer*)
Mr. Xu Xiaoliang (*Co-Chief Executive Officer*)
Mr. Qin Xuetao
Mr. Gong Ping

Non-executive Directors

Ms. Chen Shucui
Mr. Zhuang Yuemin
Mr. Yu Qingfei

Independent Non-executive Directors:

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Dr. Lee Kai-Fu
Ms. Tsang King Suen Katherine

Registered Office:

Room 808 ICBC Tower
3 Garden Road Central
Hong Kong

27 April 2021

To the Shareholders

Dear Sirs or Madams,

CONNECTED TRANSACTION
ISSUE OF NEW SHARES
UNDER THE SHARE AWARD SCHEME

INTRODUCTION

Reference is made to the Announcement, pursuant to which, the Company announces that the Board has resolved to award an aggregate of 12,790,000 Award Shares 2021 to 88 Selected Participants under the Share Award Scheme. The Award Shares 2021 will be issued and allotted pursuant to the Specific Mandate to be obtained in the AGM. The Trust is an employees' share scheme established for Selected Participants

LETTER FROM THE BOARD

by the Company, as at the date of the Announcement and the Latest Practicable Date, and the aggregate of the Company's connected persons' interests in such scheme is approximately 51.54% and 48.31%, respectively. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company and the issue of the Award Shares 2021 to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders excluding the Trustee, the Selected Participants under the 2021 Award and their respective associates at the AGM.

The purpose of this circular is to provide you with details of the 2021 Award and the advice from Lego to the Independent Shareholders in relation to the 2021 Award.

DETAILS OF AWARD OF THE AWARD SHARES 2021

On 31 March 2021, the Board resolved to award an aggregate of 12,790,000 Award Shares 2021 to 88 Selected Participants under the Share Award Scheme. The award of Award Shares 2021 under the 2021 Award will be issued and allotted pursuant to the Specific Mandate to be obtained in the AGM.

Upon issue and allotment of the Award Shares 2021, the Trustee will hold the Award Shares 2021 on trust for the Selected Participants and such Award Shares 2021 shall be transferred to the Selected Participants upon satisfaction of their respective vesting conditions. The Trustee will not have any voting right and the Award Shares 2021 held by the Trustee on trust for the Selected Participants will not be counted as Shares held by public. The number of Award Shares 2021 granted to each of the Selected Participants under the 2021 Award was determined in accordance with their respective contributions to the Group.

General Information

The information in relation to the award of an aggregate of 12,790,000 Award Shares 2021 to the Selected Participants under the 2021 Award is set out below:

Securities to be newly issued:	12,790,000 Award Shares 2021
Funds to be raised:	No fund will be raised by the Company as a result of the issue and allotment of the Award Shares 2021
Identity of the allottee(s):	The Trustee, which will hold the Award Shares 2021 awarded under the 2021 Award in trust in accordance with the Trust Deed for the 88 Selected Participants, who are (i) Directors and directors of significant subsidiaries of the Company; (ii) the Group's business and functional backbone employees; and (iii) senior management of the Group's core affiliated enterprises

LETTER FROM THE BOARD

In general, the Selected Participants should have been with the Group for more than one year as at 31 December 2020 and each of them should have met their respective performance evaluation results for the year ended 31 December 2020

Market price of the Shares:

The closing price of the Shares on 31 March 2021 as quoted on the Stock Exchange is HK\$10.88 per Share

The average closing price of the Shares for the five consecutive trading days immediately preceding 31 March 2021 as quoted on the Stock Exchange is HK\$10.91 per Share

The closing price of the Shares as at the Latest Practicable Date as quoted on the Stock Exchange is HK\$11.48 per Share

Vesting:

Subject to the satisfaction of the vesting criteria and conditions of the 2021 Award, the Award Shares 2021 shall be transferred to the Selected Participants under the 2021 Award upon expiry of the following vesting periods:

Percentage of Award

Shares 2021 to be vested	Vesting Date
33%	31 March 2022
33%	31 March 2023
34%	31 March 2024

Prior to each of the above-mentioned vesting dates, the Company is entitled to make downward adjustments to the actual amount of the Award Shares 2021 that will be vested to the respective Selected Participants under the 2021 Award according to their performance at its sole discretion. The Company shall consider, among others, the following factors before adjusting the actual amount of the Award Shares 2021:

- a. any material adverse change in the business segments of the Group that the Selected Participant is responsible for overseeing;
- b. whether the behaviour of the Selected Participant has violated the cultural values of the Group;

LETTER FROM THE BOARD

- c. whether the Selected Participant has been demoted; and
- d. whether there is any failure of the Selected Participant to fulfill the critical tasks requested by the Group.

In the event that any of the Award Shares lapsed before vesting and/or are forfeited in accordance with the terms of the Share Award Scheme (namely, Returned Shares), the Trustee shall hold such Returned Shares and they may be applied towards future Awards. The Board (or a committee of the Board) may also instruct the Trustee to sell Returned Shares and remit all cash and net proceeds of such sale, and all the cash income derived from such Returned Shares to the Company

In the event that the number of Award Shares to be awarded to any Selected Participants is adjusted upward, the Company will comply with the Listing Rules, and make further announcements, obtain Shareholders' approval or listing approval for the Award Shares, as and when appropriate or required under the Listing Rules

Fund raising activities in the past 12 months:

The Company has not engaged in any fund raising exercise in the 12 months immediately preceding the Latest Practicable Date

Award to the Connected Persons of the Company

Among those 88 Selected Participants, 21 of the Selected Participants are Directors and directors of significant subsidiaries of the Company and accordingly connected persons (as defined in Chapter 14A of the Listing Rules) of the Company.

Their details are as follows:

Directors	Number of Award Shares 2021
Chen Qiyu	1,920,000
Xu Xiaoliang	1,920,000
Qin Xuetang	720,000
Gong Ping	470,000
Zhuang Yuemin	25,000
Yu Qingfei	25,000
Zhang Shengman	25,000
Zhang Huaqiao	25,000

LETTER FROM THE BOARD

Directors	Number of Award Shares 2021
David T. Zhang	25,000
Lee Kai-Fu	25,000
Tsang King Suen Katherine	<u>25,000</u>
Subtotal	<u>5,205,000</u>
Directors of significant subsidiaries of the Company	Number of Award Shares 2021
Pan Donghui	590,000
Zhang Houlin	590,000
Li Tao	300,000
Jorge Magalhães Correia	270,000
Wang Jiping	240,000
Yao Fang	240,000
Jin Hualong	180,000
Peng Yulong	140,000
Gao Min	120,000
Shi Kun	<u>120,000</u>
Subtotal	<u>2,790,000</u>
Total	<u><u>7,995,000</u></u>

Conditions

The grant of the Award Shares 2021 to the Selected Participants under the 2021 Award shall be subject to the following conditions:

- (a) the grant of the listing approval by the Stock Exchange in respect of the Award Shares 2021; and
- (b) the approval by the Independent Shareholders at the AGM in respect of the issue and allotment of the Award Shares 2021 and the Specific Mandate.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in the aggregate of 12,790,000 Award Shares 2021.

LETTER FROM THE BOARD

Details of Award Shares 2021

The aggregate of 12,790,000 Award Shares 2021 to be issued and allotted by the Company to the Selected Participants represent approximately 0.153% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.152% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2021 (assuming that there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the completion date of issue and allotment of the Award Shares 2021).

As at the Latest Practicable Date and immediately upon the issue of the Award Shares 2021, the shareholding structure of the Company is as follows:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon the issue of the Award Shares 2021 ⁽⁵⁾	
	Number of issued Shares	Approximate percentage (%)	Number of issued Shares	Approximate percentage (%)
Substantial Shareholders				
Fosun Holdings	6,044,246,673 ⁽²⁾	72.15%	6,044,246,673 ⁽²⁾	72.04%
Fosun International Holdings ⁽¹⁾	6,044,246,673 ⁽²⁾⁽³⁾	72.15%	6,044,246,673 ⁽²⁾⁽³⁾	72.04%
Directors				
Guo Guangchang	6,044,246,673 ⁽³⁾	72.15%	6,044,246,673 ⁽³⁾	72.04%
Chen Qiyu	6,283,900	0.08%	8,203,900	0.10%
Xu Xiaoliang	3,363,700	0.04%	5,283,700	0.06%
Qin Xuetao	5,789,590	0.07%	6,509,590	0.08%
Gong Ping	1,045,850	0.01%	1,515,850	0.02%
Zhuang Yuemin	0	0.00%	25,000	0.00%
Yu Qingfei	0	0.00%	25,000	0.00%
Zhang Shengman	25,000	0.00%	50,000	0.00%
Zhang Huaqiao	429,750	0.01%	454,750	0.01%
David T. Zhang	129,750	0.00%	154,750	0.00%
Lee Kai-Fu	84,750	0.00%	109,750	0.00%
Tsang King Suen Katherine	0	0.00%	25,000	0.00%
Other Selected Participants⁽⁴⁾	15,961,744	0.19%	23,546,744	0.28%
Other public Shareholders	<u>2,299,973,217</u>	<u>27.45%</u>	<u>2,299,973,217</u>	<u>27.41%</u>
Total	<u><u>8,377,333,924</u></u>	<u><u>100%</u></u>	<u><u>8,390,123,924</u></u>	<u><u>100%</u></u>

Notes:

- (1) Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang.

LETTER FROM THE BOARD

- (2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.
- (3) Mr. Guo Guangchang, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.
- (4) Including the Trustee, other Selected Participants under the 2021 Award and their respective associates.
- (5) Assuming that there will be no other changes in the total number of issued Shares between the Latest Practicable Date and the completion date of issue and allotment of the Award Shares 2021.

Upon the allotment and issue of all the Award Shares 2021, the shareholding of the existing public Shareholders of 2,299,973,217 Shares as at the Latest Practicable Date will be diluted from approximately 27.45% to 27.41%. Based on the closing price of HK\$11.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the aggregate market value of the 12,790,000 Award Shares 2021 under the 2021 Award is HK\$146,829,200.

The Award Shares 2021, when issued and fully paid, shall rank *pari passu* among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Reasons for the Award of the Award Shares

The Group 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 segments.

Equity compensation, including provision of long-term share-based incentives to participants, is common among public companies and innovation-driven companies. It is also in line with modern commercial practice for public companies to adopt parallel share-based incentive schemes to offer them with discretion to link the value of the companies with the interests of the participants thereunder, enabling those participants and the companies to develop together and promote the corporate culture of the companies. The Share Award Scheme was adopted by the Board on 25 March 2015 (as amended from time to time). The Share Award Scheme has been used in parallel with the New Share Option Scheme adopted on 6 June 2017 and other share-based incentives which may be adopted by the Company from time to time. The Board has the sole discretion to choose between the Share Award Scheme and the New Share Option Scheme.

On one hand, the granting of the Award Shares under the Share Award Scheme to the Selected Participants, being the senior executives of the Group, after assessing the performance of the Selected Participants and their respective departments within the Group during the previous financial year, forms a part of the total compensation package of the Selected Participants. The Company considers that, by granting the Award Shares to the Selected Participants, the interests of the employees of the Group can be aligned directly with the performance of the Group and the interests of the Shareholders through the ownership of the Shares. On the other hand, by granting share options to a larger pool of employees of the Group under the New Share Option Scheme (as compared to the Selected Participants under the Share Award Scheme), it provides incentive to its employees to contribute to the development and growth of the Group in order to obtain financial rewards when the market price of the Shares exceeds the exercise price of the share options.

LETTER FROM THE BOARD

The Board believes that the parallel share-based incentive schemes will provide the Group with greater flexibility under particular circumstances of each grant, facilitate the purposes of the Share Award Scheme and the New Share Option Scheme and offer meaningful incentives to the participants to contribute to the business performance of the Group.

Based on the foregoing, the Board considered such arrangement is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. For the purpose, target participants and principal terms of the New Share Option Scheme, please refer to the circular of the Company dated 27 April 2017.

The Share Award Scheme forms part of the incentive schemes of the Group. The Board considers that the Award of the Award Shares to the Selected Participants provides incentives to the Selected Participants and will allow the Group to attract, retain and motivate talents for the continual operation and development of the Group. The Award of the Award Shares to the Selected Participants recognizes their continual support to the Group and their effort will promote the Group's future development.

The Company has resolved to grant Award Shares 2021 to 88 core personnel which are Selected Participants under 2021 Award, with a view to further motivate employees to maximize the Company's long-term interests and highlight the principle of performance-based awards so as to create more value for the Group. The Selected Participants under 2021 Award include Directors and directors of significant subsidiaries of the Company, the Group's business and functional backbone employees and senior management of the Group's core affiliated enterprises.

Furthermore, there will not be any actual cash outflow by the Group under the Award of the Award Shares to the Selected Participants. In this regard, the Directors consider that the terms and conditions of the Award are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Award constitutes a connected transaction of the Company. The Trust is an employees' share scheme established for Selected Participants by the Company, in which the aggregate of the Company's connected persons' interests in the scheme is approximately 48.31% as at the Latest Practicable Date. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee is an associate of connected persons of the Company and the issue of the Award Shares 2021 to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The issue and allotment of the Award Shares 2021 to the Trustee and the grant of the Award Shares to the Selected Participants shall be subject to, among others, the approval by the Independent Shareholders (other than the Trustee, the Selected Participants under the 2021 Award and their respective associates) at the AGM of, among others, the following resolutions:

- 1 the grant of a specific mandate for the issue and allotment of the Award Shares 2021 to the Trustee;
- 2 the grant of the Award Shares to each of the Selected Participants who are also connected persons of the Company; and
- 3 the grant of the Award Shares to the Selected Participants who are not connected persons of the Company.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, the resolutions proposed at the AGM will be taken by way of poll and an announcement will be made after the AGM on the poll results of the AGM.

Pursuant to Chapter 14A of the Listing Rules, the Trustee, the Selected Participants under the 2021 Award and their respective associates (holding approximately 0.40% of the Shares in issue as at the Latest Practicable Date) are required to abstain from voting on the relevant resolutions at the AGM to approve the issue and allotment of the Award Shares 2021 and the Award.

As at the Latest Practicable Date, the identities and the respective shareholding for Directors, directors of the significant subsidiaries of the Company, the Group's business and functional backbone employees, senior management of the Group's core affiliated enterprises and Trustee and their respective associates who are required to abstain from voting on the relevant resolutions at the AGM to approve the issue and allotment of the Award Shares 2021 and the Award are as follows:

	Number of Shares abstain from voting	Approximate percentage of Shares in issue
Directors		
Chen Qiyu	6,283,900	0.08%
Xu Xiaoliang	3,363,700	0.04%
Qin Xuetang	5,789,590	0.07%
Gong Ping	1,045,850	0.01%
Zhang Shengman	25,000	0.00%
Zhang Huaqiao	429,750	0.01%
David T. Zhang	129,750	0.00%
Lee Kai-Fu	84,750	0.00%
Directors of the significant subsidiaries of the Company		
Pan Donghui	1,105,850	0.01%
Zhang Houlin	1,032,450	0.01%
Li Tao	410,050	0.00%
Wang Jiping	226,665	0.00%
Jin Hualong	84,464	0.00%
Peng Yulong	140,731	0.00%
Gao Min	55,110	0.00%
Shi Kun	32,599	0.00%
The Group's business and functional backbone employees		
	3,974,999	0.05%
Senior management of the Group's core affiliated enterprises		
	110,046	0.00%
Trustee		
	8,788,780	0.10%
Total	33,114,034	0.40%

To the best of the knowledge of the Directors, having made all reasonable enquiries, Directors, directors of the significant subsidiaries of the Company, the Group's business and functional backbone employees, senior management of the Group's core affiliated enterprises and the Trustee required to abstain

LETTER FROM THE BOARD

from voting and listed immediately above, control or are entitled to exercise control over all of the Shares held by them. Save for the Trustee, the Selected Participants under the 2021 Award and their respective associates, to the best of the Directors' knowledge, information and belief, no other Shareholders has a material interest in the Award and accordingly none of them is required to abstain from voting on the relevant resolutions to approve the issue and allotment of the Award Shares 2021 and the Award at the AGM.

Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Gong Ping, Mr. Zhuang Yuemin, Mr. Yu Qingfei, Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine have abstained from voting on approving the board resolution on the Award of the Award Shares 2021 to themselves under the 2021 Award. Pursuant to Rule 13.39(6)(c) of the Listing Rules, in the event that all independent non-executive directors of an issuer have a material interest in the relevant transaction or arrangement, no independent board committee can be formed.

As all of the independent non-executive Directors are Selected Participants, the Company is of the view that each of the independent non-executive Directors is regarded as having a material interest in the issue of the Award Shares 2021 under the Share Award Scheme. Accordingly, (i) no independent board committee has been formed, and (ii) the Independent Financial Adviser has been appointed to only advise the Independent Shareholders.

AGM

A notice convening the AGM of the Company to be held at 10:00 a.m. on Thursday, 3 June 2021 at 39th Floor, Tower S1, the Bund Finance Center, 600 Zhongshan No. 2 Road (E), Huangpu District, Shanghai, China as set out in the general mandate circular of the Company and a form of proxy for the AGM are despatched together with this circular. Whether or not you are able to attend the AGM, you are requested to complete, sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

RECOMMENDATION

The Directors consider that the issue and allotment of the Award Shares 2021 and the grant of the Award Shares 2021 under the 2021 Award to each of the Selected Participants are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the grant of the specific mandate for the issue and allotment of the Award Shares 2021 and the grant of the Award Shares 2021 to the Selected Participants.

Your attention is drawn to the letter from Independent Financial Adviser, which contains its advice to the Independent Shareholders in relation to the Award and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from the Independent Financial Adviser is set out on pages 15 to 25 of this circular.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,
Fosun International Limited
Guo Guangchang
Chairman

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego, the independent financial adviser to the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Shareholders in respect of the grant of the Award Shares to the Selected Participants under the 2021 Award.



27 April 2021

To the Independent Shareholders

Fosun International Limited
Room 808
ICBC Tower
3 Garden Road
Central
Hong Kong

Dear Sirs or Madams,

CONNECTED TRANSACTION ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Shareholders in respect of the grant of the Award Shares under the 2021 Award, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 27 April 2021 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 31 March 2021, the Board resolved to award an aggregate of 12,790,000 Award Shares 2021 to 88 Selected Participants under the Share Award Scheme. The award of Award Shares 2021 under the 2021 Award will be settled by way of issue and allotment of new Shares pursuant to the Specific Mandate to be obtained in the AGM.

As at the Latest Practicable Date, the aggregate of 12,790,000 Award Shares 2021 to be issued and allotted by the Company to the Selected Participants represent approximately 0.153% of the total number of Shares in issue and approximately 0.152% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2021, assuming that there will be no other changes in the total number of issued Shares of the Company between the Latest Practicable Date and the completion date of issue and allotment of the Award Shares 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the date of the Announcement and the Latest Practicable Date, the Trust is an employees' share scheme established for Selected Participants of the Company, in which the aggregate of the Company's connected persons' interest in such scheme is approximately 51.54% and 48.31%, respectively. As such, pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company and the issue of the Award Shares 2021 to the Trustee shall constitute a connected transaction of the Company and is subject to the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The Trustee, the Selected Participants under the 2021 Award and their respective associates (holding approximately 0.40% of the Shares as at the Latest Practicable Date) are required to abstain from voting on the relevant resolutions at the AGM to approve the issue and allotment of the Award Shares 2021 and the 2021 Award.

As the independent financial adviser, our role is to give an independent opinion to the Independent Shareholders.

As at the Latest Practicable Date, Lego did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego. In the last two years, Lego has acted as the independent financial adviser to the Shareholders in relation to the issue of new Shares under the Share Award Scheme (details of which were set out in the circular of the Company dated 26 April 2019, 8 October 2019 and 24 April 2020). Apart from normal professional fees paid or payable to us in connection with the afore-mentioned appointments and this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the 2021 Award and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. In addition, the Company shall inform the Independent Shareholders of any material change of information in the Circular between the Latest Practicable Date and the date of the AGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, its subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background of and reasons for the 2021 Award

1.1 Information on the Group

The Group 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 segments.

The Health segment includes: Pharmaceutical, Devices & Diagnosis and Healthcare Services & Products; the Happiness segment includes: Branded Consumer and Tourism & Leisure; the Wealth segment includes: Insurance and Asset Management; the Intelligent Manufacturing segment includes: Resources & Environment and Technology & Intelligent Manufacturing.

The following table summarises the financial information of the Group for the audited results for the two years ended 31 December 2019 and 31 December 2020 extracted from the annual results announcement of the Company for the year ended 31 December 2020 (the “**2020 Annual Results Announcement**”), both of which are prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”):

	For the year ended 31 December		Year-on-year change (%)
	2020	2019	
	<i>RMB million (audited)</i>	<i>RMB million (audited and restated)</i>	
Revenue	136,629.5	142,982.1	-4.4
Health	34,607.1	32,720.1	5.8
Happiness	55,904.5	67,871.6	-17.6
Wealth	42,519.8	39,750.6	7.0
– Insurance	29,840.1	31,278.2	-4.6
– Asset management	12,679.7	8,472.4	49.7
Intelligent Manufacturing	4,950.2	3,583.5	38.1
Profit before tax	16,973.9	27,517.3	-38.3
Profit for the year	11,100.5	20,169.4	-45.0

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The revenue of the Group amounted to approximately RMB136,629.5 million for the year ended 31 December 2020, representing a decrease of approximately 4.4% as compared to that of approximately RMB142,982.1 million for the year ended 31 December 2019. The net profit for the year ended 31 December 2020 decreased by approximately 45.0% from approximately RMB20,169.4 million for the year ended 31 December 2019 to approximately RMB11,100.5 million for the year ended 31 December 2020. Such decrease was mainly attributable to the year-on-year decrease in the revenue of Happiness segment, partly mitigated by the growth in the Health, Intelligent Manufacturing and Wealth segments.

The revenue of Health Segment increased from approximately RMB32,720.1 million for the year ended 31 December 2019 to approximately RMB34,607.1 million for the year ended 31 December 2020, representing an increase of approximately 5.8%. According to the 2020 Annual Results Announcement, the increase in revenue of the Health segment was mainly attributable to the continuous and steady growth in revenue of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (the “**Fosun Pharma**”). In particular, the pharmaceutical manufacturing segment of Fosun Pharma generated revenue of RMB21,748 million, representing a year-on-year increase of 0.64%. The revenue from medical devices and medical diagnosis segment of Fosun Pharma amounted to RMB5,208 million, representing a year-on-year increase of 39.70%. The revenue from healthcare services segment of Fosun Pharma amounted to RMB3,170 million, representing a year-on-year increase of 4.34%.

The revenue of Happiness Segment decreased from approximately RMB67,871.6 million for the year ended 31 December 2019 to approximately RMB55,904.5 million for the year ended 31 December 2020, representing a decrease of approximately 17.6%. According to the 2020 Annual Results Announcement, the decrease in the revenue of the Happiness Segment was mainly attributable to (i) the significant revenue decrease of Fosun Tourism Group by 59.3% as impacted by COVID-19 pandemic as some resorts around the world had to be closed for certain period of time, which resulted in the reduction in the capacity of the resorts. In particular, the revenue of Club Med SAS decreased by 58.4% on a year-on-year basis due to the decrease in resort capacity by 54.7%; and (ii) Atlantis Sanya, the icon of tourism upgrading version 3.0 of Sanya, recorded the business volume of approximately RMB1,226.7 million, representing a decrease of 6.5% as compared with that in 2019.

The revenue of the Wealth Segment increased from approximately RMB39,750.6 million for the year ended 31 December 2019 to approximately RMB42,519.8 million for the year ended 31 December 2020, representing a growth of approximately 7.0%. According to the 2020 Annual Results Announcement, the increase in revenue of the Wealth sub-Segment was mainly attributable to significant increase in revenue from the asset management segment from approximately RMB8,472.4 million for the year ended 31 December 2019 to approximately RMB12,679.7 million for the year ended 31 December 2020 as partly offset by the decrease in revenue of insurance sub-segment from approximately RMB31,278.2 million for the year ended 31 December 2019 to RMB29,840.1 million for the year ended 31 December 2020. The increase in revenue of the asset management sub-segment was mainly due to the revenue increase in asset management (property) business. The decrease in revenue of insurance sub-segment was mainly due to the revenue decrease in Fidelidade-Companhia de Seguros, S.A and the SPV which holds the equity interest in Fidelidade-Companhia de Seguros, S.A

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directly (“**Fosun Insurance Portugal**”) during its business structure optimization period, which was partly offset by the growth in the revenue of Peak Reinsurance Company Limited as a result of business expansion.

1.2 Reasons for the award of the Award Shares 2021

On 31 March 2021, the Board resolved to award an aggregate of 12,790,000 Award Shares 2021 to 88 Selected Participants under Share Award Scheme. The Award Shares 2021 under the 2021 Award represent approximately 0.153% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.152% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2021.

As set out in the Letter from the Board, the Share Award Scheme forms part of the incentive schemes of the Group. The Selected Participants under 2021 Award are (i) Directors and directors of significant subsidiaries of the Company, (ii) the Group’s business and functional backbone employees, and (iii) senior management of the Group’s core affiliated enterprises. The Board considers that the Award of the Award Shares 2021 to the above-mentioned participants will allow the Group to attract, retain and motivate talents for the continual operation and development of the Group. The Award of the Award Shares 2021 to the Selected Participants recognises their continual support to the Group and their efforts will promote the Group’s future development.

According to the 2020 Annual Results Announcement, the purposes of the Share Award Scheme are (i) to align the interests of the eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain the eligible persons to make contributions to the long-term growth and profits of the Group. Therefore, as set out in the Letter from the Board, the Group has resolved to grant Award Shares 2021 to Selected Participants under the 2021 Award, with a view to further motivate employees to maximise the Company’s long-term interests and highlight the principle of performance-based awards so as to create more value for the Group in the future.

As set out in the Letter of the Board, the Share Award Scheme has been used in parallel with the New Share Option Scheme adopted on 6 June 2017 and the Board has the sole discretion to choose between the Share Award Scheme and New Share Option Scheme. The Board believes that the parallel share-based incentive schemes will provide the Group with greater flexibility under particular circumstances of each grant and facilitate the purposes of the Share Award Scheme and the New Share Option Scheme and offer meaningful incentives to the participants to contribute to the business performance of the Group. Having considered the benefit of parallel share-based incentive schemes mentioned above, it is a common practice for public companies (in particular innovation-driven companies) to adopt such schemes to offer them with discretion to link the value of the companies with the interests of the participants thereunder, enabling those participants and the companies to develop together and promote the corporate culture of the companies. Based on the above, we concur with the Directors’ view that such arrangement is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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In assessing the fairness and reasonableness of the granting of Award Shares 2021 to the Directors and directors of significant subsidiaries of the Company, the Group's business and functional backbone employees and senior management of the Group's core affiliated enterprises, we (i) have discussed with the management of the Company and was advised that it is crucial to provide attractive equity compensation to attract high-caliber employees to maintain the competitive edge as an innovation-driven consumer group; (ii) have reviewed resumes of fifteen Selected Participants and noted that they have extensive experience in different fields, including e-commerce, insurance, pharmaceutical, wealth management, accounting, consultant, and venture capital; and (iii) as discussed in the section headed "Principal terms of the 2021 Award" below, it is a common market practice to issue award shares to employees, senior management and/or directors to link their interests with the listed companies. Based on the above, we are of the view that the granting of Award Shares to the Directors and directors of significant subsidiaries of the Company, the Group's business and functional backbone employees and senior management of the Group's core affiliated enterprises is fair and reasonable.

We have also discussed with the management of the Company regarding the benefits of the 2021 Award as an incentive scheme. They have considered several methods of providing incentives to the Selected Participants, including but not limited to bonus, share option scheme as well as the 2021 Award. After careful consideration of the various alternatives, the Directors consider the 2021 Award to be appropriate given that, as opposed to the other alternatives, the 2021 Award will enable the Company to prevent cash outflow while allowing added incentives to the Selected Participants to make future contribution to the operation and profitability of the Group. In addition, the economic benefits of the 2021 Award are dependent on the improvement in the share price of the Company and hence the Selected Participants can only benefit when all the Shareholders are also in a position to benefit, the Directors are thus of the view that the 2021 Award will align the interests of the Selected Participants with the Company together with the Shareholders. In determining the number of Award Shares of the 2021 Award to be issued to each of the Selected Participants, we were given to understand from the management of the Company that they have considered, inter alia, (i) the performance of the Selected Participant; (ii) the department and grading of the Selected Participant; and (iii) the duration of the Selected Participant working in the Group.

In view of the foregoing reasons for and possible benefits of the 2021 Award to the Selected Participants, we are of the opinion that the 2021 Award to the Selected Participants is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2021 Award

As set out in the Letter of the Board, the grant of the 12,790,000 Award Shares to the Selected Participants under the 2021 Award shall be subject to (a) the grant of the listing approval by the Stock Exchange in respect of the Award Shares 2021; and (b) the approval by the Independent Shareholders at the AGM in respect of the issue and allotment of the Award Shares 2021 and the Specific Mandate.

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Vesting period of the Award Shares 2021 under the 2021 Award

Subject to the satisfaction of the vesting criteria and conditions of the 2021 Award, the Award Shares 2021 awarded under the 2021 Award shall be transferred to the Selected Participants upon expiry of the following vesting periods: (i) 33% vesting on 31 March 2022; (ii) 33% vesting on 31 March 2023; and (iii) 34% vesting on 31 March 2024. On each of the above vesting dates, the Company is entitled to make downward adjustments to the actual amount of Award Shares 2021 that will be vested to the respective Selected Participants under the 2021 Award according to their performance at its sole discretion.

The Company shall consider the expected performance for each Selected Participant before adjusting the actual amount of Award Shares. According to our discussion with the management of the Company, we understand that the Board adopts the 2021 Award after considering (i) the market practice of listed companies and other comparable peer companies listed on the Main Board of the Stock Exchange; and (ii) the talent retention period in determining the vesting period of the Award Shares.

To assess the fairness and reasonableness on the adoption of the 2021 Award and the vesting period of the Award Shares 2021, we have tried to identify precedent comparable transactions involving the grant of awarded shares to their respective employees, senior management and/or directors (the “**Comparable Grants**”). We have conducted a research on the website of the Stock Exchange for the comparable transactions which were conducted by the companies currently listed on the Main Board of the Stock Exchange and the initial announcement of which was published during the period from 1 January 2021 up to 31 March 2021 (the “**Relevant Period**”). Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Company and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants.

In our assessment, we have attempted to identify an exhaustive and completed list of 21 Comparable Grants. We consider that the identified Comparable Grants within the Relevant Period (i) adequately cover the prevailing Hong Kong capital market conditions and sentiments within approximately 3 months period immediately before the Board resolved to award the Award Shares 2021; (ii) provide a general market practice reference on a particular transaction being conducted under similar market conditions; and (iii) allow the Independent Shareholders with a general reference of companies listed on the Main Board of the Stock Exchange granting awarded shares and the length of the vesting period. Therefore, we consider the selection of criteria of comparable within the Relevant Period set an appropriate basis for our

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analysis and that the Comparable Grants is fair, sufficient and representative samples to illustrate the recent trend and terms under common market practice. Set out below is a comparison of the Comparable Grants:

Company name (Stock Code)	Date of announcement	Number of grantee(s) (including number of connected persons)	Vesting date/period
Medialink Group Limited (2230)	31-Mar-21	31 (0)	Immediately
IVD Medical Holding Limited (1931)	29-Mar-21	405 (0)	On 1 April 2022
BOE Varitronix Limited (710)	29-Mar-21	72 (5)	40% on 28 April 2021; 30% on 28 April 2022; 30% on 28 April 2023
NetDragon Websoft Holdings Limited (777)	26-Mar-21	1 (1)	Immediately
China Modern Dairy Holdings Limited (1117)	25-Mar-21	160 (2)	First anniversary
Wuxi Biologics (Cayman) Inc. (2269)	24-Mar-21	1625 (8)	Not disclosed
Standard Chartered PLC (2888)	19-Mar-21	2 (2)	20% on third calendar year; 20% on fourth calendar year; 20% on fifth calendar year; 20% on sixth calendar year; 20% on seventh calendar year
Xtep International Holdings Limited (1368)	19-Mar-21	100 (0)	10% on 31 March 2023; 15% on 11 March 2024; 20% on 11 March 2025; 20% on 11 March 2026; 35% on 11 March 2027
Chong Hing Bank Limited (1111)	16-Mar-2021	58 (3)	25% on first calendar year; 25% on second calendar year; 25% on third calendar year; 25% on fourth calendar year
SITC International Holdings Company Limited (1308)	12-Mar-2021	634 (3)	Third anniversary
IGG INC (799)	11-Mar-2021	71 (0)	25% on 11 March 2022; 25% on 11 March 2023; 25% on 11 March 2024; 25% on 11 March 2025

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Company name (Stock Code)	Date of announcement	Number of grantee(s) (including number of connected persons)	Vesting date/period
Pacific Basin Shipping Limited (2343)	2-Mar-2021	To a certain number of selected Employees (0)	Upon satisfaction of the relevant vesting conditions
Earthasia International Holdings Limited (6128)	28-Jan-2021	10 (2)	Immediately
NagaCorp Limited (3918)	28-Jan-2021	Certain number of grantees (6)	Not disclosed
BC Technology Group Limited (863)	27-Jan-2021	48 (0)	(i) in respect of 549,860 Awarded Shares, two-third on 7 April 2021; one-third on 7 January 2022; (ii) in respect of 1,611,000 Awarded Shares, one-fourth on each of 4 September 2021, 4 September 2022, 4 September 2023 and 4 September 2024
Frontage Holdings Corporation (1521)	26-Jan-2021	184 (2)	25% on January 24, 2022; 25% on January 24, 2023; 25% on January 24, 2024; 25% on January 24, 2025
China Yuhua Education Corporation Limited (6169)	25-Jan-2021	103 (0)	Not disclosed
Sinosoft Technology Group Limited (1297)	25-Jan-2021	9 (0)	Immediately
Renrui Human Resources Technology Holdings Limited (6919)	22-Jan-2021	29 (0)	One-third on first calendar year; one-third on second calendar year; one-third on third calendar year

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Company name (Stock Code)	Date of announcement	Number of grantee(s) (including number of connected persons)	Vesting date/period
Dashan Education Holdings Limited (9986)	14-Jan-2021	56 (9)	<p>40% On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2021</p> <p>30% On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2022</p> <p>30% On the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial year ending 31 December 2023</p>
Xiaomi Corporation (1810)	6-Jan-2021	2405 (2)	2 July 2021 to 6 January 2025

As shown from the above table, the vesting period of the Comparable Grants ranged from approximately immediate to seven years. The vesting period of 2021 Award is three years which falls within the range of the Comparable Grants and is in line with the market practice. Thus, we concur with the Directors that the terms of the 2021 Award are fair and reasonable.

Forfeiture of the Award Shares 2021 under the 2021 Award

According to the 2021 Award, any outstanding Award Shares 2021 and related income derived from the Award Shares 2021 that are not yet vested shall be forfeited immediately if the Selected Participant ceases to be an eligible person under the Share Award Scheme by reasons of, among others, (i) termination of the Selected Participant's employment or early termination of the contractual engagement with the Group by reasons of misconduct or otherwise pursuant to law or employment or engagement contract; (ii) termination of the Selected Participant's employment or contractual engagement with the Group by reason of redundancy or unsatisfactory performance; (iii) resignation of the Selected Participant's employment; and (iv) winding-up of any member of the Group in which the Selected Participant is employed or is contractually engaged, unless the Board or its delegate(s) determines otherwise at their sole discretion. Shareholders may refer to the sub-section headed "12. Cessation as an Eligible Person" as contained in the announcement of the Company dated 25 March 2015 for further details of the clauses leading to the Award Shares 2021 under the 2021 Award being forfeited.

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Market price of the Award Shares 2021 under the 2021 Award

Based on the closing price of HK\$10.88 per Share as quoted on the Stock Exchange as at 31 March 2021, being the date of the Announcement, and the closing price of HK\$11.48 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the aggregate market value of the 12,790,000 Award Shares 2021 under the 2021 Award was HK\$139,155,200 and HK\$146,829,200, respectively.

3. Financial effects of the 2021 Award

After granting of the Award Shares 2021 under the 2021 Award to the Selected Participants, the value of such 2021 Award would be allocated and charged as expenses of the Group for the relevant financial year during the vesting period. No fund will be raised as a result of the issue and allotment of the Award Shares 2021.

RECOMMENDATION

Having considered that the 2021 Award (i) will allow the Group to attract, retain and motivate talents of the Group for the continual operation and development; (ii) will align the interests of the Selected Participants through ownership of Award Shares 2021; and (iii) is in line with the market practice, we are of the opinion that although the allotment and issue of 2021 Award is not in the ordinary and usual course of business of the Group, the terms of the issue and allotment of the Award Shares 2021 and the 2021 Award are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and the issue and allotment of the Award Shares 2021 and the 2021 Award is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the issue and allotment of the Award Shares 2021 and the grant of the Award Shares 2021 to the Selected Participants.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 16 years of experience in the auditing and investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors' having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "Mode Code") were as follows:

(1) Long positions in the Shares, underlying shares and debentures of the Company

Name of Director/ chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,044,246,673 ⁽¹⁾	Corporate	72.15%
Chen Qiyu	Ordinary	22,998,000	Individual	0.27%
Xu Xiaoliang	Ordinary	20,077,800	Individual	0.24%
Qin Xuetang	Ordinary	16,812,640	Individual	0.20%
Gong Ping	Ordinary	11,280,000	Individual	0.13%
Zhuang Yuemin	Ordinary	25,000	Individual	0.00%
Yu Qingfei	Ordinary	25,000	Individual	0.00%
Zhang Shengman	Ordinary	75,250	Individual	0.00%
Zhang Huaqiao	Ordinary	480,000	Individual	0.01%
David T. Zhang	Ordinary	180,000	Individual	0.00%
Lee Kai-Fu	Ordinary	135,000	Individual	0.00%
Tsang King Suen Katherine	Ordinary	25,000	Individual	0.00%

(2) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of class shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1 ⁽⁶⁾	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma ⁽³⁾	A Shares ⁽²⁾	114,075	Individual	0.01%
		A Shares ⁽²⁾	938,095,290 ⁽⁶⁾	Corporate	46.65%
		H Shares	71,533,500 ⁽⁶⁾	Corporate	12.96%
	Sisram Medical Ltd	Ordinary	330,558,800 ⁽⁶⁾	Corporate	74.76%
	FTG ⁽⁴⁾	Ordinary	1,015,389,932 ⁽⁶⁾	Corporate	82.15%
	Shanghai Henlius ⁽⁵⁾	Domestic Shares	289,845,387 ⁽⁶⁾	Corporate	79.59%
H Shares		24,211,239 ⁽⁶⁾	Corporate	14.81%	
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma ⁽³⁾	A Shares ⁽²⁾	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma ⁽³⁾	A Shares ⁽²⁾	114,075	Individual	0.01%
	FTG ⁽⁴⁾	Ordinary	1,478	Individual	0.00%
Xu Xiaoliang	FTG ⁽⁴⁾	Ordinary	2,328	Individual	0.00%
Gong Ping	FTG ⁽⁴⁾	Ordinary	988	Individual	0.00%

Notes:

- (1) Pursuant to Division 7 of Part XV of the SFO, 6,044,246,673 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.
- (2) A Shares mean the equity securities listed on the Shanghai Stock Exchange.
- (3) Fosun Pharma refers to Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
- (4) FTG refers to Fosun Tourism Group.
- (5) Shanghai Henlius refers to Shanghai Henlius Biotech, Inc..
- (6) Pursuant to Division 7 of Part XV of the SFO, the shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun International Holdings, Fosun Holdings, the Company and/or its subsidiaries.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO), or recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DIRECTORS' INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.
- (c) None of the Directors or chief executives of the Company and their respective associates has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder of the Company.

4. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS**Long positions in the Shares, underlying shares and debentures of the Company**

As at the Latest Practicable Date, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial Shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,044,246,673 ⁽²⁾	72.15%
Fosun International Holdings ⁽¹⁾	6,044,246,673 ⁽²⁾⁽³⁾	72.15%

Notes:

- (1) Fosun International Holdings is owned as to 85.29% and 14.71% by Mr. Guo Guangchang and Mr. Wang Qunbin, respectively.

- (2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.
- (3) Mr. Guo Guangchang, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or operation positions of the Group since 31 December 2020, the date to which the latest published audited consolidated accounts of the Group were made up.

7. MATERIAL LITIGATION

No member of the Group was engaged in any litigation or claim of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as at the Latest Practicable Date.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Lego Corporate Finance Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Lego was not interested, directly or indirectly, in any assets which had since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Lego has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during normal business hours at the registered address of the Company in Hong Kong at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong from the date of this circular up to and including 3 June 2021:

- (a) a copy of the Share Award Scheme;
- (b) the letter from Lego to the Independent Shareholders in respect of the issue of new Shares under the Share Award Scheme; and
- (c) the letter of consent referred to the paragraph headed “Qualification and Consent of Expert” in this appendix.