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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, 2 June 2022 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 2022.

A letter from the Board is set out on pages 4 to 17 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 18 to 28 of this circular.

27 April 2022

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DEFINITIONS

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

“2022 Award”	the grant of 30,979,000 Award Shares to 143 Selected Participants in 2022 under the Share Award Scheme
“AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Thursday, 2 June 2022 at 39th Floor, Tower S1, the Bund Finance Center, 600 Zhongshan No. 2 Road (E), Huangpu District, Shanghai, China for considering and approving, among others, the 2022 Award and the Specific Mandate
“Announcement”	the announcement of the Company dated 24 March 2022 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 2022”	the Award Shares to be settled by way of issue and allotment of 30,979,000 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 lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders which are not required to abstain from voting at the AGM to approve the 2022 Award
“Latest Practicable Date”	19 April 2022, 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 corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Shareholders in relation to the grant of the Award Shares under the 2022 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, which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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)

DEFINITIONS

“Specific Mandate”	a specific mandate to be sought from the Shareholders at the AGM to issue and allot the Award Shares 2022
“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
“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 Xuetang
Mr. Gong Ping
Mr. Huang Zhen

Registered Office:

Room 808 ICBC Tower
3 Garden Road Central
Hong Kong

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

27 April 2022

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 30,979,000 Award Shares 2022 to 143 Selected Participants under the Share Award Scheme. The Award Shares 2022 will be issued and allotted pursuant to the Specific Mandate

LETTER FROM THE BOARD

to be obtained in the AGM. The Trust is an employees' share scheme established for Selected Participants 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 62.71% and 61.54%, 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 2022 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 2022 Award and their respective associates at the AGM.

The purpose of this circular is to provide you with details of the 2022 Award and the advice from Lego to the Independent Shareholders in relation to the 2022 Award.

DETAILS OF AWARD OF THE AWARD SHARES 2022

On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 Award Shares 2022 to 143 Selected Participants under the Share Award Scheme. The Award Shares 2022 awarded under the 2022 Award will be issued and allotted pursuant to the Specific Mandate to be obtained at the AGM.

Upon issue and allotment of the Award Shares 2022, the Trustee will hold the Award Shares 2022 on trust for the Selected Participants and such Award Shares 2022 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 2022 held by the Trustee on trust for the Selected Participants will not be counted as Shares held by public. The number of Award Shares 2022 granted to each of the Selected Participants under the 2022 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 30,979,000 Award Shares 2022 to the Selected Participants under the 2022 Award is set out below:

Securities to be issued:	30,979,000 Award Shares 2022
Funds to be raised:	No fund will be raised by the Company as a result of the issue and allotment of the Award Shares 2022
Identity of the allottee(s):	The Trustee, which will hold the Award Shares 2022 awarded under the 2022 Award in trust in accordance with the Trust Deed for the 143 Selected Participants, who are (i) Directors and directors of significant subsidiaries of the Company; (ii) business and functional backbone employees of the Group; 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 23 March 2022 and each of them should have met their respective performance evaluation results for the year ended 31 December 2021

Market price of the Shares:

The closing price of the Shares on 24 March 2022 as quoted on the Stock Exchange is HK\$8.71 per Share

The average closing price of the Shares for the five consecutive trading days immediately preceding 24 March 2022 as quoted on the Stock Exchange is approximately HK\$8.32 per Share

The closing price of the Shares as at the Latest Practicable Date as quoted on the Stock Exchange is HK\$8.13 per Share

Vesting:

- I. Subject to the satisfaction of the vesting criteria and conditions of the 2022 Award, 25,695,000 Award Shares 2022 awarded under the 2022 Award shall be transferred to 140 Selected Participants (comprising (i) 29 Directors and directors of significant subsidiaries of the Company, (ii) 109 business and functional backbone employees of the Group, and (iii) 2 senior management of the Group's core affiliated enterprises) under the 2022 Award upon expiry of the following vesting period:

Percentage of the Award

Shares 2022 to be vested

Vesting Date

33%	24 March 2023
33%	24 March 2024
34%	24 March 2025

- II. Subject to the satisfaction of the vesting criteria and conditions of the 2022 Award, 5,284,000 Award Shares 2022 awarded under the 2022 Award shall be transferred to 22 Selected Participants (comprising (i) 18 Directors and directors of significant subsidiaries of the Company and (ii) 4 business and functional backbone employees of the Group) under the 2022 Award upon expiry of the following vesting period:

Percentage of the Award

Shares 2022 to be vested

Vesting Date

100%	24 March 2023
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LETTER FROM THE BOARD

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 2022 that will be vested to the respective Selected Participants under the 2022 Award according to their performance at its sole discretion, whereby such number of Award Shares 2022 in excess of the actual amount of the Award Shares 2022 after the downward adjustments (the “**Excess Award Shares 2022**”) shall lapse. The Company shall consider, among others, the following factors before adjusting the actual amount of the Award Shares 2022:

- 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;
- 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 (including but not limited to the Excess Award Shares 2022 after the above-mentioned downward adjustment) and/or are forfeited (namely, Returned Shares) in accordance with the terms of the Share Award Scheme, 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

For the avoidance of doubt, the number of Award Shares 2022 to be awarded to any Selected Participants will not be adjusted upward.

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

LETTER FROM THE BOARD

Award to the Connected Persons of the Company

Among those 143 Selected Participants, 32 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 2022
Guo Guangchang	738,000
Wang Qunbin	704,000
Chen Qiyu	3,106,000
Xu Xiaoliang	2,704,000
Qin Xuetao	1,448,000
Gong Ping	1,048,000
Huang Zhen	800,000
Zhuang Yuemin	25,000
Yu Qingfei	25,000
Zhang Shengman	25,000
Zhang Huaqiao	25,000
David T. Zhang	25,000
Lee Kai-Fu	25,000
Tsang King Suen Katherine	25,000
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Subtotal	10,723,000
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LETTER FROM THE BOARD

Directors of significant subsidiaries of the Company	Number of Award Shares 2022
Pan Donghui	1,538,000
Yao Fang	1,315,000
Zhang Houlin	893,000
Li Tao	887,000
Wang Jiping	798,000
Jin Hualong	555,000
Qian Jiannong	460,000
Qian Shunjiang	371,000
Jorge Magalhães Correia	360,000
Huang Yixin	358,000
Shi Kun	345,000
Zhang Liangsen	311,000
Gao Min	277,000
Wang Kexin	260,000
Hao Yuming	220,000
Guan Xiaohui	200,000
Peng Yulong	121,000
Wei Junfeng	60,000
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Subtotal	9,329,000
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Total	20,052,000
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Save as disclosed above, none of the Selected Participants is a connected person (as defined in Chapter 14A of the Listing Rules) of the Company.

Conditions

The grant of the Award Shares 2022 to the Selected Participants under the 2022 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 2022;
and
- (b) the approval by the Independent Shareholders at the AGM in respect of the issue and allotment of the Award Shares 2022 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 30,979,000 Award Shares 2022.

LETTER FROM THE BOARD

Details of Award Shares 2022

The aggregate of 30,979,000 Award Shares 2022 to be issued and allotted by the Company to the Selected Participants represent approximately 0.373% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.371% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2022 (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 2022).

As at the Latest Practicable Date and immediately upon the issue and vesting of the Award Shares 2022 (assuming all Award Shares 2022 are fully vested), the shareholding structure of the Company is as follows:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon the issue and vesting of the Award Shares 2022 (assuming all Award Shares 2022 are fully vested) ⁽⁵⁾	
	Number of issued Shares held	Approximate percentage (%)	Number of issued Shares held	Approximate percentage (%)
Substantial Shareholders				
Fosun Holdings	6,044,246,673 ⁽²⁾	72.72%	6,044,246,673 ⁽²⁾	72.45%
Fosun International Holdings ⁽¹⁾	6,044,246,673 ⁽²⁾⁽³⁾	72.72%	6,044,246,673 ⁽²⁾⁽³⁾	72.45%
Directors				
Guo Guangchang	6,044,246,673 ⁽³⁾	72.72%	6,044,984,673 ⁽⁴⁾	72.46%
Wang Qunbin	0	0.00%	704,000	0.01%
Chen Qiyu	7,647,200	0.09%	10,753,200	0.13%
Xu Xiaoliang	4,727,000	0.06%	7,431,000	0.09%
Qin Xuetao	6,229,940	0.07%	7,677,940	0.09%
Gong Ping	1,371,600	0.02%	2,419,600	0.03%
Huang Zhen	0	0.00%	800,000	0.01%
Zhuang Yuemin	8,250	0.00%	33,250	0.00%
Yu Qingfei	8,250	0.00%	33,250	0.00%
Zhang Shengman	50,000	0.00%	75,000	0.00%
Zhang Huaqiao	454,750	0.01%	479,750	0.01%
David T. Zhang	154,750	0.00%	179,750	0.00%
Lee Kai-Fu	109,750	0.00%	134,750	0.00%
Tsang King Suen Katherine	8,250	0.00%	33,250	0.00%
Other Selected Participants and their respective associates	23,489,636	0.28%	43,745,636	0.52%
– Directors of significant subsidiaries of the Company	5,348,167	0.06%	14,677,167	0.18%
– Other employees	5,139,669	0.06%	16,066,669	0.19%
– Trustee	13,001,800	0.16%	13,001,800	0.16%
Other public Shareholders	2,223,275,875	26.75%	2,223,275,875	26.65%
Total	8,311,781,924	100%	8,342,760,924	100%

LETTER FROM THE BOARD

Notes:

- (1) Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang.
- (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) Mr. Guo Guangchang, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be indirectly interested in 6,044,246,673 Shares owned by Fosun Holdings for the purpose of the SFO. In addition, Mr. Guo Guangchang is deemed to be directly interested in 738,000 Shares.
- (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 2022.

Upon the allotment and issue of all the Award Shares 2022, the shareholding of the existing public Shareholders of 2,223,275,875 Shares as at the Latest Practicable Date will be diluted from approximately 26.75% to 26.65%. Based on the closing price of HK\$8.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the aggregate market value of the 30,979,000 Award Shares 2022 under the 2022 Award is HK\$251,859,270.

The Award Shares 2022, 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 a global 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 the share award scheme adopted on 30 August 2021 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.

LETTER FROM THE BOARD

On one hand, the granting of the Award Shares under the Share Award Scheme to the Selected Participants, after assessing the performance or the contribution of the Selected Participants to the Group during the previous financial year, forms a part of the total remuneration package of the Selected Participants.

In particular, each category of the Selected Participants has contributed to the Group in the following manner:

1. Directors and directors of significant subsidiaries of the Company:

As the top leaders of the Group, Directors and directors of significant subsidiaries of the Company play an important role in overseeing the overall development of the Group from the strategic level. Meanwhile, they also play a significantly decisive role in the development of the Group.

2. Business and functional backbone employees of the Group:

Business and functional backbone employees of the Group covered by the 2022 Award work at various business lines and functional departments of the Group, such as finance, human resources and risk control. Such backbone employees are the crucial strengths of the Group and play an important role in the Company's management at the executive level. Therefore, the inclusion of such backbone employees in the 2022 Award will help to promote the stability and enthusiasm of such backbone employees, and thereby contributing to the Company's long-term development and safeguarding the long-term interests of the Shareholders.

3. Senior management of the Group's core affiliated enterprises:

The Company also believes that the senior management of the Group's core affiliated enterprises covered by the 2022 Award are responsible for operation of such core affiliated enterprises, and thereby produce synergy for the common development of the Group as a global innovation-driven consumer group.

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.

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.

LETTER FROM THE BOARD

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 2022 to 143 core personnel who are Selected Participants under the 2022 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 the 2022 Award include Directors and directors of significant subsidiaries of the Company, business and functional backbone employees of the Group 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 2022 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 61.54% 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 2022 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 2022 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 2022 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 2022 to the Trustee;
- 2 the grant of the 2022 Award Shares to each of the Selected Participants who are also connected persons of the Company; and
- 3 the grant of the 2022 Award Shares to the Selected Participants who are not connected persons of the Company.

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.

LETTER FROM THE BOARD

Pursuant to Chapter 14A of the Listing Rules, the Trustee, the Selected Participants under the 2022 Award and their respective associates, including but not limited to Fosun Holdings which is an associate of Mr. Guo Guangchang, held approximately an aggregate 73.25% of the Shares in issue as at the Latest Practicable Date. The aforementioned shareholders are required to abstain from voting on the relevant resolutions at the AGM to approve the issue and allotment of the Award Shares 2022 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 2022 and the 2022 Award are as follows:

LETTER FROM THE BOARD

	Number of Shares abstain from voting	Approximate percentage of Shares in issue
Directors and their respective associates		
Fosun Holdings (being an associate of Mr. Guo Guangchang) ⁽¹⁾	6,044,246,673	72.72%
Chen Qiyu	7,647,200	0.09%
Xu Xiaoliang	4,727,000	0.06%
Qin Xuetang	6,229,940	0.07%
Gong Ping	1,371,600	0.02%
Zhuang Yuemin	8,250	0.00%
Yu Qingfei	8,250	0.00%
Zhang Shengman	50,000	0.00%
Zhang Huaqiao	454,750	0.01%
David T. Zhang	154,750	0.00%
Lee Kai-fu	109,750	0.00%
Tsang King Suen Katherine	8,250	0.00%
Directors of the significant subsidiaries of the Company and their respective associates		
Pan Donghui	1,310,584	0.02%
Yao Fang	79,200	0.00%
Zhang Houlin	1,398,000	0.02%
Li Tao	632,300	0.01%
Wang Jiping	288,236	0.00%
Jin Hualong	164,782	0.00%
Qian Jiannong	655,000	0.01%
Qian Shunjiang	70,112	0.00%
Jorge Magalhães Correia	89,100	0.00%
Huang Yixin	111,061	0.00%
Shi Kun	66,208	0.00%
Zhang Liangsen	94,809	0.00%
Gao Min	118,824	0.00%
Hao Yuming	19,427	0.00%
Peng Yulong	207,273	0.00%
Wei Junfeng	43,251	0.00%
The Group's business and functional backbone employees and their respective associates		
	4,975,271	0.06%
Senior management of the Group's core affiliated enterprises and their respective associates		
	164,398	0.00%
Trustee	13,001,800	0.16%
Total	<u>6,088,506,049</u>	<u>73.25%</u>

LETTER FROM THE BOARD

Note:

- (1) As at the Latest Practicable Date, Fosun Holdings is wholly owned by Fosun International Holdings, which is in turn owned as to 85.29% by Mr. Guo Guangchang.

To the knowledge of the Directors, having made all reasonable enquiries, Directors, directors of the significant subsidiaries of the Company, business and functional backbone employees of the Group, senior management of the Group's core affiliated enterprises and the Trustee and their respective associates required to abstain from voting and listed immediately in the table 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 2022 Award and their respective associates as listed immediately in the table above, to the best of the Directors' knowledge, information and belief, no other Shareholders has a material interest in the Award and is required to abstain from voting on any resolution to approve the issue and allotment of the Award Shares 2022 and the 2022 Award at the AGM.

Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Gong Ping, Mr. Huang Zhen, 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 each abstained from voting on approving the relevant board resolution on the award of the Award Shares 2022 to themselves under the 2022 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 2022 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, 2 June 2022 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 2022 and the grant of the Award Shares 2022 under the 2022 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

LETTER FROM THE BOARD

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 2022 and the grant of the Award Shares 2022 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 18 to 28 of this circular.

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 Corporate Finance Limited, the independent financial adviser to the Independent Shareholders in respect of the grant of the Award Shares to the Selected Participants under the 2022 Award, which has been prepared for the purpose of incorporation in this circular.



27 April 2022

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 to the Selected Participants under the 2022 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 2022 (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 24 March 2022, the Board has resolved to award an aggregate of 30,979,000 Award Shares to 143 Selected Participants under the Share Award Scheme. The 2022 Award will be settled by way of issue and allotment of new Shares pursuant to the Specific Mandate to be obtained at the AGM.

As at the Latest Practicable Date, the aggregate of 30,979,000 Award Shares 2022 to be issued and allotted by the Company to the Selected Participants represent approximately 0.373% of the total number of Shares in issue and approximately 0.371% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2022, 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 2022. Among which, 20,052,000 Award Shares 2022 were granted to 32 connected persons of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Trust is an employees' share scheme established for the Selected Participants of the Company, in which the aggregate of the Company's connected persons' interest under such scheme is approximately 61.54%. 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 2022 to the Trustee shall constitute a connected transaction of the Company and shall be subject to the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Pursuant to Chapter 14A of the Listing Rules, the Trustee, the Selected Participants under the 2022 Award and their respective associates, including but not limited to Fosun Holdings which is an associate of Mr. Guo Guangchang, held approximately an aggregate 73.25% of the Shares in issue as at the Latest Practicable Date. The aforementioned shareholders are required to abstain from voting on the relevant resolutions at the AGM to approve the issue and allotment of the Award Shares 2022 and the 2022 Award. Save for the Trustee, the Selected Participants under the 2022 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 is required to abstain from voting on any resolution to approve the issue and allotment of the Award Shares 2022 and the 2022 Award at the AGM.

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 2022 under the Share Award Scheme. Accordingly, no independent board committee has been formed in relation to Award Shares 2022. As the independent financial adviser, our role is to give an independent opinion to the Independent Shareholders.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company, the Selected Participants, or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, we have acted as the independent financial adviser to the Independent Shareholders in relation to the issue of new Shares under the Share Award Scheme (details of which were set out in the circulars of the Company dated 24 April 2020 and 27 April 2021). 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 other service or relationship exists whereby we had received or will receive any fees or benefits from the Company or any other party to the transaction. Accordingly, we consider that we are eligible to give independent advice in respect of the 2022 Award and the transaction 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 Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (the "**Management**"); 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 material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Directors and the Management 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information and representations provided to us by the Directors, the Management, 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 were true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so up to 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.

We consider that we have reviewed 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, 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 2022 Award

1.1 Information on the Group

The Group is a global 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 two major sub-segments: Insurance, and Asset Management; the Intelligent Manufacturing segment includes: Resources & Environment and Technology & Intelligent Manufacturing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table summarises the audited financial results of the Group for the two years ended 31 December 2020 and 2021 as extracted from the annual results announcement of the Company for the year ended 31 December 2021 dated 23 March 2022 (the “**2021 Annual Results Announcement**”), which is prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”):

	For the year ended 31 December		Year-on-year
	2020	2021	change (%)
	<i>RMB million</i>	<i>RMB million</i>	
	(audited)	(audited)	
	(restated)		
Revenue	136,741.6	161,291.2	18.0%
Health	34,607.1	43,979.8	27.1%
Happiness	56,016.6	66,898.3	19.4%
Wealth	42,519.8	43,699.4	2.8%
– Insurance	29,840.1	32,149.3	7.7%
– Asset Management	12,679.7	11,550.1	-8.9%
Intelligent Manufacturing	4,950.2	7,736.9	56.3%
Eliminations	(1,352.1)	(1,023.2)	-24.3%
Profit before tax	16,958.0	24,652.9	45.4%
Profit for the year	11,082.2	17,085.8	54.2%

The revenue of the Group amounted to approximately RMB161,291.2 million for the year ended 31 December 2021, representing an increase of approximately 18.0% as compared to that of approximately RMB136,741.6 million for the year ended 31 December 2020. The net profit for the year ended 31 December 2021 increased by approximately 54.2% from approximately RMB11,082.2 million for the year ended 31 December 2020 to approximately RMB17,085.8 million for the year ended 31 December 2021. Such increase was mainly attributable to the year-on-year increase in (i) the profit generated from the Intelligent Manufacturing, Wealth and Health segments; and (ii) the share of profits of joint ventures and associates.

The revenue of Health segment increased from approximately RMB34,607.1 million for the year ended 31 December 2020 to approximately RMB43,979.8 million for the year ended 31 December 2021, representing an increase of approximately 27.1%. According to the 2021 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. (“Fosun Pharma”). In particular, the pharmaceutical manufacturing segment of Fosun Pharma generated revenue of approximately RMB28,772 million for the year ended 31 December 2021, representing a year-on-year increase of approximately 32.3%. The revenue from medical devices and medical diagnosis segment of Fosun Pharma amounted to approximately RMB5,927 million for the year ended 31 December 2021, representing a year-on-year increase of 13.8%. The revenue from healthcare services segment of Fosun Pharma amounted to approximately RMB4,115 million for the year ended 31 December 2021, representing a year-on-year increase of approximately 29.8%.

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The revenue of Happiness segment increased from approximately RMB56,016.6 million for the year ended 31 December 2020 to approximately RMB66,898.3 million for the year ended 31 December 2021, representing an increase of approximately 19.4%. According to the 2021 Annual Results Announcement, the increase in the revenue of the Happiness segment was mainly attributable to (i) the strong revenue growth of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. of approximately 12.2%; and (ii) the strong revenue growth of Fosun Tourism Group of approximately 31.2%.

The revenue of the Wealth segment slightly increased from approximately RMB42,519.8 million for the year ended 31 December 2020 to approximately RMB43,699.4 million for the year ended 31 December 2021, representing an increase of approximately 2.8%. According to the 2021 Annual Results Announcement, the increase in revenue of the Wealth segment was mainly attributable to the business growth of Fidelidade – Companhia de Seguros, S.A. (including its subsidiaries) and Peak Reinsurance Company Limited.

The revenue of Intelligent Manufacturing segment increased from approximately RMB4,950.2 million for the year ended 31 December 2020 to approximately RMB7,736.9 million for the year ended 31 December 2021, representing an increase of approximately 56.3%. According to the 2021 Annual Results Announcement, the increase in revenue of the Intelligent Manufacturing segment was mainly attributable to (i) the recovery of operations of Hainan Mining Co., Ltd.; and (ii) the full year impact on consolidation of the financial results of Shanghai Easun Technology Co., Ltd. since July 2020.

1.2 Reasons for the adoption of the Share Award Scheme

On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 Award Shares 2022 to 143 Selected Participants under the Share Award Scheme. The Award Shares 2022 under the 2022 Award represent approximately 0.373% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.371% of the total number of Shares in issue as enlarged by the issue and allotment of the Award Shares 2022. Among which, 20,052,000 Award Shares 2022 were granted to 32 connected persons of the Company.

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 2022 Award includes (i) Directors and directors of significant subsidiaries of the Company, (ii) the Group's business and functional backbone employees of the Group, and (iii) senior management of the Group's core affiliated enterprises. The Board considers that the award of the Award Shares 2022 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 recognises their continual support to the Group and their efforts will promote the Group's future development. Please refer to the Letter from the Board for details in relation to the contributions for each category of the Selected Participants to the Group.

According to the 2021 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

grant Award Shares 2022 to Selected Participants under the 2022 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.

Furthermore, 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 share award scheme adopted on 30 August 2021 (the **"2021 Share Award Scheme"**), and the Board has the sole discretion to choose between the Share Award Scheme, the 2021 Share Award Scheme and the 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, the 2021 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.

In assessing the fairness and reasonableness of the granting of Award Shares 2022 to the Selected Participants we (i) have discussed with the Management and were given to understand that it is crucial to provide attractive equity compensation to attract high-caliber employees to maintain the competitive edge as a global innovation-driven consumer group; (ii) have selected and reviewed resumes of fourteen Selected Participants (all of whom are the Directors of the Company, including the independent non-executive Directors), and noted that they have extensive experience in different fields, including e-commerce, insurance, pharmaceutical, genetic engineering, wealth management, accounting, consultation, and venture capital; and (iii) as discussed in the section headed "Principal terms of the 2022 Award" below, it is a common market practice to issue award shares to employees, senior management and/or directors to link up 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 regarding the benefits of the 2022 Award as an incentive scheme. The Management have considered several methods in providing incentives to the Selected Participants, including but not limited to performance bonus, share option scheme as well as the 2022 Award. After due and careful consideration of the various alternatives, the Directors consider the 2022 Award to be appropriate given that, as opposed to the other alternatives, the 2022 Award will allow the Company to prevent potential cash outflow while enhancing incentives to the Selected Participants for future contribution to the operation with an aim to enhance the profitability of the Group. Nonetheless, we were given to understand by the Management that the Group has a comprehensive policy to grant to the respective grantee between the parallel share-based incentive schemes (namely the Share Award Scheme, the 2021 Share Award Scheme and the New Share Option Scheme), according to the grantee's grading, department, performance and/or contribution. In addition, the economic benefits of the 2022 Award are dependent on the improvement in the share

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price of the Group and hence the Selected Participants can only benefit from the Awarded Shares when the Shareholders are also in a position to benefit as a whole, the Directors are thus of the view that the 2022 Award will align the interests of the Selected Participants with the Company together with the Shareholders. In determining the number of Award Shares 2022 to be issued to each of the Selected Participants, we were given to understand from the Management that they have considered, inter alia, (i) the performance or contribution of the Selected Participant; (ii) the department and grading of the Selected Participant; and/or (iii) the duration of the Selected Participant working in the Group.

In view of the foregoing reasons for and possible benefits of the 2022 Award to the Selected Participants, we are of the view that the 2022 Award to the Selected Participants is in the interests of the Company and the Shareholders as a whole.

2. PRINCIPAL TERMS OF THE 2022 AWARD

As set out in the Letter of the Board, the grant of the 30,979,000 Award Shares to the Selected Participants under the 2022 Award shall be subject to (a) the grant of the listing approval by the Stock Exchange in respect of the Award Shares 2022; and (b) the approval by the Independent Shareholders at the AGM in respect of the issue and allotment of the Award Shares 2022 and the Specific Mandate.

Vesting period of the Award Shares 2022 under the 2022 Award

Subject to the satisfaction of the vesting criteria and conditions of the 2022 Award, (a) 25,695,000 Award Shares 2022 shall be transferred to 140 Selected Participants (comprising 29 Directors and directors of significant subsidiaries of the Company, 109 business and functional backbone employees of the Group and 2 senior management of the Group's core affiliated enterprises) upon expiry of the following vesting periods: (i) 33% vesting on 24 March 2023; (ii) 33% vesting on 24 March 2024; and (iii) 34% vesting on 24 March 2025; and (b) 5,284,000 Award Shares 2022 shall be transferred to 22 Selected Participants (comprising 18 Directors and directors of significant subsidiaries of the Company and 4 business and functional backbone employees of the Group) upon expiry on 24 March 2023. On each of the above vesting dates, the Company is entitled to adjust the actual amount of Award Shares 2022 that will be vested to the respective Selected Participants under the 2022 Award according to their performance at its sole discretion, whereby such number of Award Shares 2022 in excess of the actual amount of the Award Shares 2022 after the downward adjustments shall lapse.

The Company shall consider the expected performance or contribution for each Selected Participant before adjusting the actual amount of Award Shares. According to our discussion with the Management, we understand that the Board adopts the 2022 Award after considering (i) the market practice of listed companies 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 2022 Award and the vesting period of the Award Shares 2022, we have performed desktop search on the website of the Stock Exchange on comparable transactions involving the grant of awarded shares by the listed issuers to their respective employees, senior management and/or directors (the “Comparable Grants”) based

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on (i) the listed issuers currently listed on the Main Board of the Stock Exchange; and (ii) the initial announcement of granting respective awarded shares to their respective grantees was published during the period of approximately three months immediately prior to the date of Announcement (the “**Relevant Period**”).

Company name	Stock code	Date of announcement	Number of grantee (number of connected person)	Vesting date/period
Smoores International Holdings Limited	6969	4 January 2022	Not disclosed (0)	Not disclosed
SITC International Holdings Company Limited	1308	13 January 2022	170 (0)	Not disclosed
IDG Energy Investment Limited	650	14 January 2022	15 (0)	30% on first anniversary of the date of grant; 30% on second anniversary of the date of grant; and 40% on third anniversary of the date of grant
Medlive Technology Co., Ltd.	2192	17 January 2022	1 (0)	Eight equal tranches on 19 July of each year beginning in 2023 and ending in 2030
Tongda Group Holdings Limited	698	17 January 2022	14 (0)	30% on first trading day after 12 months to 24 months from the acceptance date; 30% on first trading day after 24 months to 36 months from the acceptance date; and 40% on first trading day after 36 months to 48 months from the acceptance date
WuXi AppTec Co., Ltd.*	2359	21 January 2022	46 (0)	25% on the first trading day of the company’s share immediately following the second anniversary of the commencement date of employment of the selected participant; 25% on the first trading day of the company’s share immediately following the third anniversary of the commencement date of employment of the selected participant; and 25% on the first trading day of the company’s share immediately following the fourth anniversary of the commencement date of employment of the selected participant
Tencent Holdings Limited	700	21 January 2022	22,800 (0)	Not disclosed
Kingworld Medicines Group Limited	1110	21 January 2022	73 (12)	Immediate
China Tianbao Group Development Company Limited	1427	22 January 2022	20 (0)	Immediate

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Company name	Stock code	Date of announcement	Number of grantee (number of connected person)	Vesting date/period
Alphamab Oncology	9966	27 January 2022	5 (0)	20% on 23 October 2022; 20% on 23 October 2023; 20% on 23 October 2024; and 40% on 23 October 2025
Edvance International Holdings Limited	1410	16 February 2022	4 (0)	Immediate
GCL-Poly Energy Holdings Limited	3800	16 February 2022	152 (6)	20% from the date of grant to last trading date within 12 months from the date of grant; 20% from the first trading date after 12 months from the date of grant to last trading date within 24 months from the date of grant; 20% from the first trading date after 24 months from the date of grant to last trading date within 36 months from the date of grant; 20% from the first trading date after 36 months from the date of grant to last trading date within 48 months from the date of grant; and 20% from the first trading date after 48 months from the date of grant to last trading date within 60 months from the date of grant
PCCW Limited	8	24 February 2022	Not disclosed (0)	Not disclosed
Pacific Basin Shipping Limited	2343	3 March 2022	Not disclosed (0)	Not disclosed
SITC International Holdings Company Limited	1308	8 March 2022	639 (7)	Third anniversary of the date of grant
Medialink Group Limited	2230	18 March 2022	1 (1)	Immediate
Yixin Group Limited	2858	23 March 2022	29 (0)	Not disclosed
Edensoft Holdings Limited	1147	23 March 2022	42 (0)	First batch of grantees: 50% on 30 April 2022; and 50% on 30 April 2023 Second batch of grantees: 25% on 30 April 2023; 25% on 30 April 2024; 25% on 30 April 2025; and 25% on 30 April 2026
Xiaomi Corporation	1810	24 March 2022	4,931 (2)	Between 24 March 2022 and 1 April 2032

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Company name	Stock code	Date of announcement	Number of grantee (number of connected person)	Vesting date/period
Tencent Holdings Limited	700	24 March 2022	17,300 (0)	Not disclosed
AAC Technologies Holdings Inc.	2018	24 March 2022	340 (29)	33.3% on 24 March 2023; 33.3% on 24 March 2024; and 33.4% on 24 March 2025

* for identification purpose only

In our assessment, on an exhaustive basis, based on the aforementioned selection criteria we have identified a 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, approximately three months immediately prior to the date of Announcement; (ii) provide a meaningful reference on general market practice conducted under a 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. Hence, we consider the Comparable Grants and Relevant Period set an appropriate basis for our analysis and that the Comparable Grants is considered fair, sufficient and representative to illustrate the recent trend and terms under common market practice.

As shown from the above table, the vesting period of the Comparable Grants ranged from approximately immediate to ten years. The vesting periods of the 2022 Award are one year and three years which respectively falls within the range of the Comparable Grants and in line with the market practice. Thus, we concur with the Directors' view that the terms of the 2022 Award are fair and reasonable so are as the Independent Shareholders are concerned.

Nonetheless, Shareholders or potential investors should note that the business, operations and financial performance of the listed issuers granting 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.

Forfeiture of the Award Shares under the 2022 Award

According to the 2022 Award, any outstanding Award Shares 2022 and related income derived from the Award Shares 2022 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.

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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 2022 under the 2022 Award being forfeited.

Market price of the Award Shares 2022 under the 2022 Award

Based on the closing price of HK\$8.71 per Share as quoted on the website of the Stock Exchange as at 24 March 2022, being the date of the Announcement, and the closing price of HK\$8.13 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the aggregate market value of the Award Shares 2022 under the 2022 Award amounted to HK\$269,827,090 and HK\$251,859,270, respectively.

3. Financial effects of the 2022 Award

After granting of the Award Shares 2022 under the 2022 Award to the Selected Participants, the value of such 2022 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 2022.

RECOMMENDATION

Having considered that the 2022 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 2022; and (iii) is in line with the market practice, we are of the opinion that although the allotment and issue of 2022 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 2022 and the 2022 Award are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the issue and allotment of the Award Shares 2022 and the 2022 Award is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM to approve the issue and allotment of the Award Shares 2022 and the 2022 Award.

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 15 years of experience in the accounting and investment banking industries.

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 “**Model 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	72.72%
Guo Guangchang	Ordinary	738,000	Individual	0.01%
Wang Qunbin	Ordinary	704,000	Individual	0.01%
Chen Qiyu	Ordinary	26,604,000	Individual	0.32%
Xu Xiaoliang	Ordinary	23,281,800	Individual	0.28%
Qin Xuetao	Ordinary	17,960,640	Individual	0.22%
Gong Ping	Ordinary	12,928,000	Individual	0.16%
Huang Zhen	Ordinary	1,400,000	Individual	0.02%
Zhuang Yuemin	Ordinary	50,000	Individual	0.00%
Yu Qingfei	Ordinary	50,000	Individual	0.00%
Zhang Shengman	Ordinary	100,250	Individual	0.00%
Zhang Huaqiao	Ordinary	505,000	Individual	0.01%
David T. Zhang	Ordinary	205,000	Individual	0.00%
Lee Kai-Fu	Ordinary	160,000	Individual	0.00%
Tsang King Suen Katherine	Ordinary	50,000	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 ⁽⁷⁾	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 ⁽⁷⁾	Corporate	46.65%
		H Shares	77,533,500 ⁽⁷⁾	Corporate	14.05%
	Sisram Medical Ltd	Ordinary	331,024,000 ⁽⁷⁾	Corporate	71.01%
	FTG ⁽⁴⁾	Ordinary	1,012,023,932 ⁽⁷⁾	Corporate	81.68%
	Shanghai Henlius ⁽⁵⁾	Domestic Shares	291,365,387 ⁽⁷⁾	Corporate	80.00%
		H Shares	32,211,239 ⁽⁷⁾	Corporate	19.71%
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	501,478	Individual	0.04%
Xu Xiaoliang	FTG ⁽⁴⁾	Ordinary	252,328	Individual	0.02%
Qin Xuetao	FTG ⁽⁴⁾	Ordinary	200,000	Individual	0.02%
Gong Ping	FTG ⁽⁴⁾	Ordinary	200,988	Individual	0.02%
Huang zhen	Yuyuan ⁽⁶⁾	A Shares ⁽²⁾	1,631,000	Individual	0.04%
	FTG ⁽⁴⁾	Ordinary	58,000	Individual	0.00%
	Fosun Pharma ⁽³⁾	A Shares ⁽²⁾	45,500	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) Yuyuan refers to Shanghai Yuyuan Tourist Mart (Group) Co., Ltd..
- (7) Pursuant to Division 7 of Part XV of the SFO, the shares held by Mr. Guo Guangchang are deemed as 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 2021, being the date to which the latest published audited accounts 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⁾	72.72%
Fosun International Holdings ⁽¹⁾	6,044,246,673 ⁽²⁾⁽³⁾	72.72%

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 disclosed in the 2021 annual report of the Company, the ongoing coronavirus disease (“COVID-19”) and containment measures may have certain impacts on the results of operation, financial condition and cash flow of the Group. The Group has implemented various measures to mitigate such impacts. As at the Latest Practicable Date, the Directors have been monitoring and assessing the impact of the COVID-19 on the Group, and will make further announcements as and when appropriate under the Listing Rules.

Save as disclosed above, 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 2021, 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 member 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, letter or advice, contained or referred to in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined 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 2021 (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. DOCUMENT ON DISPLAY

A copy of the Share Award Scheme will be published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.fosun.com> for not less than 14 days before the date of the AGM and a copy of Share Award Scheme is available for inspection at the AGM.