

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

FOSUN PHARMA

复星医药

上海復星醫藥（集團）股份有限公司

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02196)

**ANNOUNCEMENT IN RELATION TO THE FIRST GRANT OF
RESTRICTED SHARES TO PARTICIPANTS UNDER
THE 2022 RESTRICTED A SHARE INCENTIVE SCHEME**

References are made to the announcement of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the “**Company**”) dated 29 August 2022 as well as the circular of the Company dated 31 October 2022 (the “**Circular**”) in relation to, among other things, the proposed adoption of the 2022 Restricted A Share Incentive Scheme and the proposed issuance and grant of new A Shares under the 2022 Restricted A Share Incentive Scheme, including the Connected Grant. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Circular.

The 2022 Restricted A Share Incentive Scheme and the Connected Grant have been approved by the Shareholders at the EGM and the Class Meetings held on 29 November 2022; and the Board has been authorised to, among other things, determine the Grant Date of the Restricted Shares, grant the Restricted Shares to the Participants upon satisfaction of all conditions by the Participants and deal with all necessary matters pertaining to the grant of Restricted Shares. Accordingly, the Board resolved at the Board meeting held on 1 December 2022 to make the A Share First Grant on the Grant Date (being 1 December 2022), details of which are set forth below:

Grant Date:	1 December 2022
Total number of Restricted Shares granted:	2,706,400 Restricted Shares ^{Note}
Grant Price:	RMB21.29 per Restricted Share
Market price on the Grant Date:	On 1 December 2022, the closing price of the A Shares of the Company was RMB36.23 per share.
Total number of Restricted Shares available for future grant under the A Share Scheme after the A Share First Grant:	686,800 Restricted Shares

Note: Since certain proposed Participants ceased to be employed by the Group and no longer fell within the scope of Participants as at the Grant Date, the Board adjusted the number of Participants and the number of Restricted Shares under the A Share First Grant, which is within the Board's scope of authority as delegated by the general meeting.

Allocation of the Restricted Shares under the A Share First Grant

No.	Name	Position	Number of Restricted Shares Granted (0'000 shares)	Proportion in the total number of Shares granted under the A Share First Grant	Proportion in the total A Share capital of the Company as at the Grant Date	Proportion in the total Share capital of the Company as at the Grant Date
1	WU Yifang*	Executive Director and chairman [#]	25.72	9.50%	0.0121%	0.0096%
2	WANG Kexin*	Executive Director and co-chairman [#]	21.52	7.95%	0.0102%	0.0081%
3	GUAN Xiaohui*	Executive Director and vice chairman [#]	18.71	6.91%	0.0088%	0.0070%
4	WEN Deyong*	Executive Director and chief executive officer (CEO) [#]	18.71	6.91%	0.0088%	0.0070%
5	LIU Qiang*	Assistant to chairman	18.71	6.91%	0.0088%	0.0070%
6	MEI Jingping	Executive president	14.03	5.18%	0.0066%	0.0053%
7	WANG Donghua	Senior vice president	9.35	3.45%	0.0044%	0.0035%
8	FENG Rongli*	Senior vice president	9.35	3.45%	0.0044%	0.0035%
9	LIU Yi*	Senior vice president	4.68	1.73%	0.0022%	0.0018%
10	BAO Qingui	Senior vice president	4.68	1.73%	0.0022%	0.0018%
11	LI Jing	Senior vice president	9.35	3.45%	0.0044%	0.0035%
12	DONG Xiaoxian	Vice president, secretary to the Board and joint company secretary	4.68	1.73%	0.0022%	0.0018%
13	ZHANG Yuejian	Vice president	2.34	0.86%	0.0011%	0.0009%
14	YUAN Ning	Vice president	0.94	0.35%	0.0004%	0.0004%
15	SU Li	Vice president	2.34	0.86%	0.0011%	0.0009%
16	JI Hao	Vice president	4.68	1.73%	0.0022%	0.0018%
17	ZHU Yue*	Vice president	4.68	1.73%	0.0022%	0.0018%
18	YAN Jia*	Chief accountant	1.87	0.69%	0.0009%	0.0007%
19	YAN Zihou*	Senior vice president of the established medicines manufacturing & supply division and innovative medicines division	4.68	1.73%	0.0022%	0.0018%
20	ZHANG JIA AI*	Executive president and chief technology officer of global R&D centre, co-president of established medicines manufacturing & supply division	4.68	1.73%	0.0022%	0.0018%
21	ZHOU Yong*	Assistant to president, co-general manager of human resources department	1.87	0.69%	0.0009%	0.0007%
22	KONG Deli*	Standing vice assistant to president, general manager of patent affairs department	1.87	0.69%	0.0009%	0.0007%
23	MA Xinyan*	General manager of lean operation department	1.87	0.69%	0.0009%	0.0007%
Other mid-level management personnel and core personnel of the Group			79.33	29.31%	0.0375%	0.0297%
Total number of Restricted Shares under the A Share First Grant			270.64	100.00%	0.1278%	0.1014%

Notes:

* Being a connected person.

Being executive Directors of the Company, who are involved in the daily operation of the Group. Such executive Directors shall abstain from voting when the Board considers the A Share Scheme and shall not be involved in the management of the A Share Scheme during the implementation of the A Share Scheme.

Term, Lock-Up Period and Unlocking Arrangement

The term of the A Share Scheme shall be commencing from the completion date of registration of the Restricted Shares under the A Share First Grant and ending on the date of all the Restricted Shares granted to the Participants having been unlocked or repurchased and cancelled, the maximum period of which shall not exceed 60 months.

The Restricted Shares granted under the A Share Scheme shall be locked after completion of their registration, and the Restricted Shares granted to the Participants are subject to Restriction Periods (i.e. vesting periods for the purposes of the Hong Kong Listing Rules) which have a minimum duration of 12 months. The Restricted Shares granted to the Participants under the A Share Scheme shall not be transferred, pledged or used for repayment of debt during the relevant Restriction Period.

During the Restriction Period, the cash dividend from the Restricted Shares granted to the Participants shall be held by the Company and payable to the Participant upon unlocking; and in the event that the Restricted Shares are unable to be unlocked, the corresponding cash dividend shall be forfeited by the Company.

Within the Unlocking Period, the Company shall deal with matters related to the unlocking of those Restricted Shares which satisfy the conditions to such unlocking. The Restricted Shares which failed to satisfy the unlocking conditions, or failed to apply for unlocking within the prescribed period as listed above, shall be repurchased by the Company at the repurchase price equal to the Grant Price in accordance with the terms of the A Share Scheme and cancelled accordingly.

The Shares acquired by the Participants by virtue of holding the Restricted Shares arising from capitalisation of capital reserve, bonus issue and share sub-division shall be subject to lock-up provisions in accordance with the A Share Scheme, and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such Shares is the same as that of the Restricted Shares. If the Company repurchases the Restricted Shares not yet unlocked, such Shares shall be repurchased at the same time.

The Restriction Period of the Restricted Shares granted under the A Share First Grant shall be 12 months, 24 months and 36 months from the relevant completion date of registration of the Restricted Shares under the A Share First Grant. The unlocking schedule and arrangements for the Restricted Share granted under the A Share First Grant are set out below:

Unlocking Period for the Restricted Shares under the A Share First Grant	Unlocking Schedule	Maximum proportion of the unlocked Restricted Shares in the total Restricted Shares granted under the A Share Scheme
First Unlocking Period	Commencing from the first trading day after expiry of the 12-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant and ending on the last trading day of the 24-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant	33%
Second Unlocking Period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant and ending on the last trading day of the 36-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant	33%
Third Unlocking Period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant and ending on the last trading day of the 48-month period from the date of completion of registration of certain corresponding Restricted Shares under the A Share First Grant	34%

Unlocking conditions to the Restricted Shares

During the Unlocking Period, the Restricted Shares granted to the Participants may only be unlocked upon satisfaction of all the following conditions:

- (1) *There is no occurrence of any of the following events on the part of the Company:*
- (i) issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
 - (ii) issue of an auditors' report with adverse opinion or which indicates an inability to give an opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
 - (iii) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
 - (iv) prohibition from implementation of a share incentive scheme by laws and regulations; and
 - (v) other circumstance as determined by the CSRC.

Upon occurrence of any above listed event, all Restricted Shares granted to the Participants under the A Share Scheme but not yet unlocked shall be repurchased by the Company at the Grant Price and cancelled accordingly.

- (2) *There is no occurrence of any of the following events on the part of the Participants:*
- (i) he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
 - (ii) he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
 - (iii) he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance of laws or regulations;
 - (iv) he or she is prohibited from acting as a Director or a member of the senior management as required by the Company Law;
 - (v) he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations; and
 - (vi) other circumstances as determined by the CSRC.

Upon occurrence of any above listed event on part of a Participant, the Restricted Shares granted to such Participant under the A Share Scheme but not yet unlocked shall be repurchased by the Company at the Grant Price and cancelled accordingly.

(3) *Performance appraisal of the Group level*

Under the A Share Scheme, the financial performance indicators of the Group shall be appraised on an annual basis during the three financial years from 2022 to 2024, and the appraisal shall be made once in each financial year. The three sub-indicators, i.e. “revenue”, “attributable net profit after deduction” and “R&D expenses in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment”, of each appraisal year shall be assessed to determine the aggregated performance appraisal indicator score at the Group level (X) based on the scores and weights of each sub-indicator in order to further calculate the ratio for unlocking the Restricted Shares (M) for the corresponding year, the details of which are set forth below:

- (i) The aggregated performance appraisal indicator score at the Group level (X) = Σ the score of each sub-indicator * the corresponding weight.

Details of the performance appraisal indicators at the Group level applicable to the unlocking of the Restricted Shares under the A Share First Grant are as follows:

Unit: RMB100 million

Appraisal indicator	Weight	2022	2023	2024	Scoring standard
		target value	target value	target value	
Revenue	10%	448.51	515.79	593.16	The score of each sub-indicator = (actual value/target value) × 100
Attributable net profit after deduction ¹	70%	38.67	45.63	53.84	
R&D expenses in the pharmaceutical manufacturing segment ² as a proportion of the revenue from the pharmaceutical manufacturing segment	20%	8%	8%	8%	

Notes:

1. The “attributable net profit after deduction” mentioned above refers to net profit attributable to equity holders of the listed company after deduction of non-recurring profit or loss, as set out in the auditors’ report of the relevant financial year of the Company prepared according to the China Accounting Standards for Business Enterprise;
2. The “R&D expenses in the pharmaceutical manufacturing segment” mentioned above shall be calculated based on the auditors’ report of the relevant financial year of the Company taking into account of the adjustment mechanism under the A Share Scheme.

With respect to any appraisal year, if any one of the sub-indicators does not reach its threshold value (the threshold value of revenue and attributable net profit after deduction is 80% of the target value of the year, and the threshold value of R&D expenses in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment is 6%), the score of such applicable sub-indicator(s) is zero; and where the aggregated performance appraisal indicator score at the Group level (X) does not reach 75 points, all corresponding Restricted Shares granted to the Participants for such year scheduled for unlocking shall not be unlocked, and shall be repurchased by the Company at the Grant Price and cancelled accordingly.

During the appraisal period, the Board may be authorised to adjust relevant indicators at its discretion as a result of material financial impact resulting from the disposal/deemed disposal for asset/business restructuring; and executive Directors who are Holders of the A Share Scheme shall abstain from voting when the Board considers the above matter(s).

- (ii) The relationship between the aggregated performance appraisal indicator score at the Group level (X) and the unlocking percentage ratio (M) for the corresponding year is set out below:

Range of the aggregated performance appraisal indicator score at the Group level (X)	Unlocking percentage ratio (M)
X<75 points	0
75 points ≤X<85 points	50%
85 points ≤X<95 points	80%
X≥95 points	100%

(4) Performance appraisal at the individual level

Where the performance targets at the Group level have been achieved, a Participant is only entitled to unlock the Restricted Shares upon achieving the benchmark of “Target Achieved” (GP) or above in his or her performance appraisal at the individual level in the corresponding appraisal year in accordance with the Company’s administrative measures in respect of remuneration and performance appraisal, otherwise, the Restricted Shares granted to him or her which are scheduled to be unlocked for the corresponding appraisal year will not be unlocked and will be repurchased by the Company at the Grant Price and cancelled accordingly.

Impact of the A Share First Grant on the Financial Position of the Company

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 — Share-based Payments* (《企業會計準則第11號—股份支付》) and Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments* (《企業會計準則第22號—金融工具確認和計量》), the A Share First Grant will have certain impact on the financial position and operating performance of the Company for the relevant years. The Board has determined

the Grant Date to be 1 December 2022, and, from 2022 to 2025, the incentive cost of the Restricted Shares under the A Share First Grant will be recognised according to the total fair value of the Restricted Shares on the Grant Date.

After calculation, it is estimated that the total incentive cost of the Restricted Shares under the A Share First Grant would be RMB40.4337 million, and the table below sets forth the amortization of the cost of the Restricted Shares in each year:

Year	2022	2023	2024	2025	Total
Cost to be amortized (RMB'000)	2,049.8	23,485.2	10,698.1	4,200.6	40,433.7

The cost of the Restricted Shares under the A Share First Grant will be presented in recurring profit or loss. The final result of the above-mentioned impact on the Group's financial position and operating performance in each year will be subject to the audit annual report issued by the relevant accounting firm.

By Order of the Board
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*
Wu Yifang
Chairman

Shanghai, the PRC
1 December 2022

As at the date of this announcement, the executive directors of the Company are Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui and Mr. Wen Deyong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson.

* For identification purpose only