

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)

**(1) ANNOUNCEMENT IN RELATION TO THE RESERVED GRANT OF
RESTRICTED SHARES UNDER THE 2022 RESTRICTED
A SHARE INCENTIVE SCHEME**

AND

**(2) VOLUNTARY ANNOUNCEMENT IN RELATION TO THE GRANT OF
RESERVED UNITS UNDER THE 2022 H SHARE EMPLOYEE
SHARE OWNERSHIP SCHEME**

References are made to the announcements of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the “**Company**”) dated 29 August 2022, 1 December 2022 and 14 December 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, the proposed issuance and grant of new A Shares under the 2022 Restricted A Share Incentive Scheme, the proposed adoption of the 2022 H Share Employee Share Ownership Scheme and the proposed grant of units under the 2022 H Share Employee Share Ownership Scheme. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Circular.

On 1 September 2023, the Board approved (i) the Reserved Grant of a total of 417,600 Restricted Shares to Participants under the 2022 Restricted A Share Incentive Scheme; and (ii) the grant of a total of 8,990,000 Reserved Units to grantees under the 2022 H Share Employee Share Ownership Scheme, further details of which are set out below in this announcement. In light of the 2022 Restricted A Share Incentive Scheme being a share scheme as referred to under Rule 17.01(1)(a) of the Hong Kong Listing Rules, this announcement is made by the Company pursuant to Rules 17.06A, 17.06B and 17.06C of the Hong Kong Listing Rules insofar as the disclosure herein relates to the Reserved Grant of Restricted Shares to Participants under the 2022 Restricted A Share Incentive Scheme. The details in relation to the grant of Reserved Units to grantees under the 2022 H Share Employee Share Ownership Scheme (which constitutes a share scheme as referred to under Rule 17.01(1)(b) of the Hong Kong Listing Rules) in this announcement are disclosed in this announcement by the Company on a voluntary basis.

I. RESERVED GRANT OF RESTRICTED SHARES TO PARTICIPANTS UNDER THE A SHARE SCHEME

Pursuant to the A Share Scheme, the Board resolved at the Board meeting held on 1 September 2023 to make the Reserved Grant on 1 September 2023 (the “**Reserved Grant Date**”), details of which are set forth below:

Reserved Grant Date: 1 September 2023

Total number of Restricted Shares granted: 417,600 Restricted Shares

Grant Price under the Reserved Grant: RMB21.29 per Restricted Share

Market price on the Reserved Grant Date: On 1 September 2023, the closing price of the A Shares of the Company was RMB28.01 per share.

Allocation of the Restricted Shares under the Reserved Grant

No.	Name	Position in the Group	Number of Restricted Shares Granted <i>(shares)</i>	Proportion in the total number of Shares granted under the Reserved Grant	Proportion in the total A Share capital of the Company as at the Reserved Grant Date	Proportion in the total Share capital of the Company as at the Reserved Grant Date
1	LI Dongjiu	Senior vice president	46,800	11.2069%	0.0022%	0.0018%
2	Other mid-level management personnel and core personnel of the Group		370,800	88.7931%	0.0175%	0.0139%
Total number of Restricted Shares granted under the Reserved Grant ^{Note}			417,600	100.0000%	0.0197%	0.0156%

Note: Under the A Share Scheme, up to 686,800 Restricted Shares were reserved for further grant under the Reserved Grant. A total of 417,600 Restricted Shares have been granted under the Reserved Grant, while the remaining 269,200 Restricted Shares will no longer be granted.

* Certain figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

Term, Lock-Up Period and Unlocking Arrangement

The term of the A Share Scheme commenced from the completion date of registration of the Restricted Shares under the A Share First Grant (being 13 December 2022) and shall end on the date of all the Restricted Shares granted to the Participants having been unlocked or repurchased and cancelled, and the maximum period of the scheme shall not exceed 60 months.

The Restricted Shares granted under the A Share Scheme are subject to lock-up 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 fail to satisfy the unlocking conditions, or applications for the unlocking of which have not been made 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.

Additional 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 the same 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 subject Restricted Shares. If the Restricted Shares repurchased by the Company have not yet been unlocked, such additional Shares shall be repurchased at the same time.

Pursuant to the A Share Scheme, since the Reserved Grant takes place in 2023, the applicable Restriction Period of the Restricted Shares granted under the Reserved Grant shall be 12 months and 24 months from the relevant completion date of registration of the Restricted Shares under the Reserved Grant. The unlocking schedule and arrangements for the Restricted Share granted under the Reserved Grant are set out below:

Unlocking Period for the Restricted Shares under the Reserved 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 Reserved 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 Reserved Grant	50%
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 Reserved 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 Reserved Grant	50%

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;
- (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, the corresponding Restricted Shares granted to all 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 and 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 corresponding 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 carried out 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.

Pursuant to the A Share Scheme, since the Reserved Grant takes place in 2023, the years of the performance appraisal at the Group level applicable to the unlocking of Restricted Shares granted thereunder should be the two financial years of 2023 and 2024, and the appraisal shall be conducted once in each financial year. Details of the appraisal indicators at the Group level applicable to the unlocking of such Shares are as follows:

Unit: RMB100 million

Appraisal indicator	Weight	2023 target value	2024 target value	Scoring standard
Revenue	10%	515.79	593.16	Scoring under each indicator = (actual value/ target value) *100
Attributable net profit after deduction ¹	70%	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%	

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 Participants 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 Reserved 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》) of the PRC, the Reserved Grant will have certain impact on the financial position and operating performance of the Company for the relevant years. The Board has determined the Reserved Grant Date to be 1 September 2023, and, from 2023 to 2025, the incentive cost of the Restricted Shares under the Reserved Grant will be recognised according to the total fair value of such Restricted Shares on the Reserved Grant Date.

After calculation, it is estimated that the total incentive cost of the Restricted Shares under the Reserved Grant would be RMB2,806,300, and the table below sets forth the amortization of such cost of the Restricted Shares in each year:

<i>Unit: RMB</i>				
Year	2023	2024	2025	Total
Cost to be amortized	701,600	1,637,000	467,700	2,806,300

The cost of the Restricted Shares under the Reserved 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.

II. GRANT OF RESERVED UNITS TO GRANTEES UNDER THE H SHARE SCHEME

Under the H Share Scheme, in December 2022, the Company completed the H Share First Grant and granted a total of 53,500,000 units to 126 Holders. On 1 September 2023, the Board further resolved to grant a total of 8,990,000 Reserved Units under the H Share Scheme on the Reserved Unit Grant Date (being 1 September 2023) to 94 grantees (the “**Reserved Unit Grant**”).

Allocation of the Reserved Units under the Reserved Unit Grant

No.	Name	Position in the Group	Number of Reserved Units Granted (<i>units</i>)	Proportion in the total number of units granted under the Reserved Unit Grant	Proportion in the upper limit of units under the H Share Scheme
1	LI Dongjiu	Senior vice president	1,000,000	11.12%	1.36%
2	Other mid-level management personnel and core personnel of the Group		7,990,000	88.88%	10.88%
Total number of units granted under the Reserved Unit Grant ^{Note}			8,990,000	100.00%	12.24%

Note: Under the H Share Scheme, up to 14,692,500 Reserved Units were reserved for further grant. A total of 8,990,000 Reserved Units have been granted under the Reserved Unit Grant, while the remaining 5,702,500 units will no longer be granted.

Term, Lock-up Period and Vesting Arrangement

The Term of the H Share Scheme shall not exceed 60 months commencing from the date on which the H Share Scheme was considered and approved at the general meeting of the Company and the Target Shares under the H Share Scheme were purchased as announced by the Company (being 29 December 2022).

The Term of the H Share Scheme may be extended after being approved by Holders of more than two-thirds of units held by Holders attending the Holders’ Meeting and being considered and approved by the Board of the Company two months before the expiry of the H Share Scheme.

The Lock-up Period for the Target Shares under the H Share Scheme shall be 12 months commencing from the date on which the Target Shares under the H Share Scheme were purchased as announced by the Company.

In case of capitalisation of capital reserves, bonus issue and refinancing by the Company during the Lock-up Period, the Shares newly acquired under the H Share Scheme due to holding of the Company’s Shares cannot be sold in the secondary market or otherwise disposed of. The Lock-up Period of such newly acquired Shares under the H Share Scheme shall be the same as that of their corresponding Target Shares.

Pursuant to the H Share Scheme, since the grant of the Reserved Units takes place in 2023, the Reserved Units will vest in the Holders in two batches in equal share. The vesting period shall commence from the expiry of 12 months and 24 months from the Reserved Grant Date under the H Share Scheme as announced by the Company. The specific vesting periods and vesting arrangements are set out below:

Vesting period of the Reserved Units	Vesting schedule	Maximum proportion of the units that can be vested in the total number of units granted under the H Share Scheme
First vesting period	Commencing from the first trading day after expiry of the 12-month period from the Reserved Unit Grant Date under the H Share Scheme as announced by the Company and ending on the last trading day of the 24-month period from such date	50%
Second vesting period	Commencing from the first trading day after expiry of the 24-month period from the Reserved Unit Grant Date under the H Share Scheme as announced by the Company and ending on the last trading day of the 36-month period from such date	50%

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

Shanghai, the PRC
3 September 2023

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