

SPARKLE ASSETS LIMITED
(the “**Company**”)
(Incorporated in the British Virgin Islands with limited liability)

ANNOUNCEMENT

We refer to the US\$400,000,000 6.875% Senior Notes due 2020 issued by the Company on 30 January 2013 and guaranteed by, *inter alias*, Fosun International Limited (the “**Parent Guarantor**”).

The Parent Guarantor has released the attached announcement dated 19 May 2017 on The Stock Exchange of Hong Kong Limited.

BY ORDER OF THE BOARD

Wang Can
Director

19 May 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fosun International Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

PROPOSED ADOPTION OF SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

A notice convening the EGM to be held at 10:30 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong as set out in the circular in relation to the connected transaction – issue of new shares under the share award scheme of the Company and a form of proxy for the EGM are despatched together with this circular. Whether or not you are able to attend the EGM, you are requested to complete, sign and return 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 EGM 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.

A letter from the Board is set out on pages 4 to 8 of this circular.

19 May 2017

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“Board”	the board of directors of the Company
“Business Day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company Law”	the Company Law of the PRC as amended, supplemented or otherwise modified from time to time
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10:30 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong or at any adjournment thereof (as the case may be)
“Exercise Period”	a term of 10 years commencing from the date of grant of options under Shanghai Henlius Share Option Incentive Scheme, during which the options are exercisable
“Exercise Price”	the exercise price of Initial Options to be granted under Shanghai Henlius Share Option Incentive Scheme to subscribe for shares of Shanghai Henlius
“Fosun International” or “Company”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 00656)
“Fosun International Shareholders”	holder(s) of shares of the Company

DEFINITIONS

“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*, a limited liability company incorporated in the PRC, the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600196), and the H shares of which are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 02196), a subsidiary of the Company
“Fosun Pharma Shareholder(s)”	holder(s) of shares of Fosun Pharma
“GMP”	good manufacturing practice
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Incentive Recipient(s)”	any eligible person who accepts an offer for the grant of options in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme
“Initial Incentive Recipient(s)”	the Incentive Recipient to whom the Initial Options will be granted
“Initial Options”	options to be granted under Shanghai Henlius Share Option Incentive Scheme to subscribe, at the Exercise Price, for an aggregate of 8,115,700 shares of Shanghai Henlius
“Latest Practicable Date”	12 May 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“NEEQ” or “New Third Board”	The National Equities Exchange and Quotations
“Option Shares”	the shares of Shanghai Henlius to be issued upon exercise of options granted under Shanghai Henlius Share Option Incentive Scheme

DEFINITIONS

“PRC” or “China”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Reserved Options”	options to be granted under Shanghai Henlius Share Option Incentive Scheme to subscribe, at the exercise price to be determined by the board of directors of Shanghai Henlius in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme, for an aggregate of 14,634,300 shares of Shanghai Henlius
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Laws of the PRC, as amended, supplemented or otherwise modified from time to time
“Shanghai Henlius”	Shanghai Henlius Biotech Co., Ltd.*, a subsidiary of Fosun Pharma
“Shanghai Henlius Share Option Incentive Scheme”	the share option incentive scheme proposed to be adopted by Shanghai Henlius, subject to the approval of Fosun International Shareholders, Fosun Pharma Shareholders and the shareholders of Shanghai Henlius, respectively, the principal terms of which are set out in Appendix to this circular
“%”	per cent

* *for identification purposes only*

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)

Executive Directors:

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

Registered office:

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

Independent Non-executive Directors:

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Mr. Yang Chao
Dr. Lee Kai-Fu

19 May 2017

To Fosun International Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF SHANGHAI HENLIUS
SHARE OPTION INCENTIVE SCHEME**

INTRODUCTION

The purpose of this circular is to provide you with details of ordinary resolution to be proposed at the EGM relating to the proposed adoption of Shanghai Henlius Share Option Incentive Scheme to enable you to make informed decision.

DETAILS OF THE RESOLUTION

Shanghai Henlius Share Option Incentive Scheme

1. Introduction

An ordinary resolution will be proposed at the EGM to pass the proposed adoption of Shanghai Henlius Share Option Incentive Scheme.

LETTER FROM THE BOARD

The purpose of Shanghai Henlius Share Option Incentive Scheme is to provide the Incentive Recipients of the Shanghai Henlius Share Option Incentive Scheme with the opportunities to acquire interests in Shanghai Henlius, which will encourage the Incentive Recipients to work towards enhancing the values of Shanghai Henlius and in turn benefiting Shanghai Henlius, Fosun Pharma and Fosun International and their respective shareholders as a whole.

Pursuant to the Hong Kong Listing Rules, the proposed adoption of Shanghai Henlius Share Option Incentive Scheme is subject to the approval by the Fosun International Shareholders at the EGM. Shanghai Henlius is a 71.34% indirectly owned subsidiary of Fosun Pharma, and the Company is the controlling shareholder of Fosun Pharma. Accordingly, Shanghai Henlius Share Option Incentive Scheme would only take effect upon the approval by the shareholders of Shanghai Henlius, as well as the approval by the Fosun Pharma Shareholders at its general meeting and the Fosun International Shareholders' approval at the EGM.

A copy of Shanghai Henlius Share Option Incentive Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong, during normal business hours (i.e. from 9:00 a.m. to 6:00 p.m.) on any Business Day from the date of this circular up to the date of the EGM.

2. Principal Terms of Shanghai Henlius Share Option Incentive Scheme

A summary of the principal terms of Shanghai Henlius Share Option Incentive Scheme to be adopted is set out in Appendix to this circular. The Directors consider that Shanghai Henlius Share Option Incentive Scheme, which will be valid for 10 years from the date on which the Shanghai Henlius Share Option Incentive Scheme becomes effective, will provide the Incentive Recipients with the opportunities to acquire interests in Shanghai Henlius, which will encourage the Incentive Recipients to work towards enhancing the values of Shanghai Henlius and in turn benefiting Shanghai Henlius, Fosun Pharma and Fosun International and their respective shareholders as a whole.

The total number of new Option Shares may be issued upon exercise of all options to be granted under the Shanghai Henlius Share Option Incentive Scheme is 22,750,000 shares of Shanghai Henlius, representing 6.5% of the total issued shares of Shanghai Henlius as at the date of the Shanghai Henlius Share Option Incentive Scheme is approved and representing approximately 6.10% of the total issued shares of Shanghai Henlius enlarged by the options under Shanghai Henlius Share Option Incentive Scheme (assuming all options are fully exercised before adjustment), including 8,115,700 Option Shares underlying the Initial Options and 14,634,300 Option Shares underlying the Reserved Options. The proposed grant of options under Shanghai Henlius Share Option Incentive Scheme is determined by the directors of Shanghai Henlius based on the contributions made by the Incentive Recipients to Shanghai Henlius with reference to the positions held in Shanghai Henlius, work performed for Shanghai Henlius, commitment in performing his/her duties and contributions to the development and performance of Shanghai Henlius.

LETTER FROM THE BOARD

As at the Latest Practicable Date, a total number of 350,000,000 shares had been issued by Shanghai Henlius.

There is no specific minimum period under the Shanghai Henlius Share Option Incentive Scheme for which the Initial Options and Reserved Options to be held by the Incentive Recipients before they can be exercised. The board of directors of Shanghai Henlius may determine the minimum period of the Initial Options and Reserved Options to be held, at its discretion, in accordance with the terms of the Shanghai Henlius Share Option Incentive Scheme.

As there is no intention to effect any sale of their existing interests in shares in, and there will not be any issuance of new shares by, Shanghai Henlius upon the quotation of shares of Shanghai Henlius on NEEQ, the requirement that exercise price of an option must not lower than new issue price of shares under Chapter 17 of the Hong Kong Listing Rules shall not apply to Shanghai Henlius Share Option Incentive Scheme. Under Shanghai Henlius Share Option Incentive Scheme, subject to the adjustment to be made based on the price of shares of Shanghai Henlius of further financing round prior to the quotation of Shanghai Henlius on NEEQ should such price is higher than the Exercise Price, the Exercise Price of each Option Share subject to the Initial Options to be granted under the Shanghai Henlius Share Option Incentive Scheme shall be RMB9.21 per Option Share, which was determined by the board of directors of Shanghai Henlius based on the market value of the shares of Shanghai Henlius taking in account of the incentive effect, which is equivalent to the market price of the shares of Shanghai Henlius that arrived at based on the consideration of the latest financing round of Shanghai Henlius as at the date hereof, such consideration was determined based on the assessed value of Shanghai Henlius considering a discounted cash flow model and the negotiation between Shanghai Henlius and the third party investors. The exercise price of the Reserved Options will be determined by the board of directors of Shanghai Henlius based on the specific situations of Shanghai Henlius on the date of grant of the Reserved Options in accordance with the relevant rules and regulations of NEEQ in effect from time to time and the terms of Shanghai Henlius Share Option Incentive Scheme.

3. Conditions of Shanghai Henlius Share Option Incentive Scheme

The adoption of Shanghai Henlius Share Option Incentive Scheme is subject to the passing of the necessary resolutions by Fosun International Shareholders at the EGM, and the shareholders of Shanghai Henlius and Fosun Pharma Shareholders at their respective general meetings, to approve its adoption and to authorise the directors of Shanghai Henlius to grant options under Shanghai Henlius Share Option Incentive Scheme and to issue and allot Option Shares upon the exercise of the subscription rights attaching to the options granted under the Shanghai Henlius Share Option Incentive Scheme. No Director has a material interest in the proposed adoption of Shanghai Henlius Share Option Incentive Scheme and therefore none of the Directors are required to abstain from voting on the ordinary resolution in this respect to be considered and approved by Fosun International Shareholders at the EGM.

No consideration is payable to Shanghai Henlius upon acceptance of the option granted in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme.

LETTER FROM THE BOARD

4. *Hong Kong Listing Rules Implications*

Shanghai Henlius Share Option Incentive Scheme constitutes a share option scheme under Chapter 17 of the Hong Kong Listing Rules, pursuant to which the total number of Option Shares that may be issued upon exercise of all the options to be granted under Shanghai Henlius Share Option Incentive Scheme must not in aggregate exceed 10% of the relevant class of shares of Shanghai Henlius in issue on the date when Shanghai Henlius Share Option Incentive Scheme is approved and adopted by the shareholders of Shanghai Henlius, Fosun Pharma and Fosun International (the “**Incentive Scheme Limit**”). The Incentive Scheme Limit may be refreshed at any time with the prior approval at the general meeting of Shanghai Henlius, Fosun Pharma and Fosun International, provided that the total number of the Option Shares that may be issued upon exercise of all the options to be granted under the Shanghai Henlius Share Option Incentive Scheme or any other share option scheme of Shanghai Henlius shall not exceed 10% of the total number of shares of Shanghai Henlius in issue on the date when such refreshment is approved. Notwithstanding that the Incentive Scheme Limit may be refreshed, the board of directors of Shanghai Henlius shall not grant options which would result in the maximum aggregate number of shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the Shanghai Henlius Share Option Incentive Scheme and any other share option schemes of Shanghai Henlius which entitle the holders to acquire or subscribe for shares exceeding, in aggregate, 30% of the issued share capital of Shanghai Henlius from time to time.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Incentive Recipients and their respective associates is a Fosun International Shareholder entitled to vote at the EGM. No Fosun International Shareholder has any material interest in this resolution and therefore, no Fosun International Shareholder is required to abstain from voting in respect of this resolution at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, 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.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 10:30 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong as set out in the circular in relation to the connected transaction – issue of new shares under the share award scheme of the Company and a form of proxy for the EGM are despatched together with this circular. Whether or not you are able to attend the EGM, you are requested to complete, sign and return 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 EGM 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 Board (including the independent non-executive Directors) considers that the resolution relating to the proposed adoption of Shanghai Henlius Share Option Incentive Scheme is fair and reasonable and in the best interests of the Company and the Fosun International Shareholders as a whole, and therefore recommends the Fosun International Shareholders to vote in favour of the resolutions relating to the proposed adoption of Shanghai Henlius Share Option Incentive Scheme at the EGM.

By order of the Board
Fosun International Limited
Guo Guangchang
Chairman

The following is a summary of the principal terms of the Shanghai Henlius Share Option Incentive Scheme to be adopted at the EGM:

(1) PURPOSE OF SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

The purpose of Shanghai Henlius Share Option Incentive Scheme is to encourage collective value creation, furthering corporate governance structure of Shanghai Henlius, improving the incentive and constraint mechanisms for senior management, middle-level management, core technical staff and backbone business staff, retaining and attracting prominent talents in management, research and development, operation, marketing, technology and productions, enhancing market competitiveness and developmental sustainability and meeting the development strategies and operating goals of Shanghai Henlius.

(2) INCENTIVE RECIPIENT TO SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

The basis of eligibility of any of the Incentive Recipient shall be determined by the board of directors of Shanghai Henlius in accordance with the requirements of relevant laws, regulations and regulatory documents such as the Company Law, Securities Law, Measures for the Supervision and Administration of Unlisted Public Companies and Business Rules of the National Equities Exchange and Quotations System (Trial), and the articles of association of Shanghai Henlius, with consideration of the actual situation thereof.

Incentive Recipients shall be determined, within the limit on the total number of the options to be granted under the Shanghai Henlius Share Option Incentive Scheme, under the following three mechanisms:

- (a) annual incentive mechanism: employees who serve as chief executives or in higher positions shall be included in the annual incentive mechanism; employees working in positions lower than chief executives shall earn 85 points or more in the annual performance appraisal and be nominated by the management before they can be included in the annual incentive mechanism, and the number thereof should be less than 10% of the total number of the employees working in positions lower than chief executives; the board of directors of Shanghai Henlius shall determine the amount of options each year according to the duties and remunerations of the Incentive Recipients.
- (b) signing and retaining incentive mechanism: chief executives and key personnel at higher level engaged in the development of production techniques, international registration, international business development, international clinical trials, international quality assurance, chief financial officer, international GMP production, as well as special talents who work in positions lower than chief executives but the substitution of whom are quite difficult to find in the market, will be given option in one go. The board of directors of Shanghai Henlius shall determine the Incentive Recipients and the amount of incentives according to the actual situations of such employees.

- (c) milestone incentive mechanism: to select Incentive Recipients with reference to the annual incentive mechanism.

The Initial Incentive Recipient shall fulfil one of the following conditions and be nominated by the board of directors of Shanghai Henlius and approved at its general meeting:

- (a) senior management or middle management holding a position as chief executive or above;
- (b) senior management, middle management, core technicians or business backbone having made great contributions to the research and development of the main products of Shanghai Henlius or its subsidiaries; or
- (c) other employees having made great contributions or of significant strategic value to the development of Shanghai Henlius.

(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR EXERCISE

The total number of new Option Shares may be issued upon exercise of all options to be granted under the Shanghai Henlius Share Option Incentive Scheme is 22,750,000 shares, representing 6.5% of the total issued shares of Shanghai Henlius as at the date of the Shanghai Henlius Share Option Incentive Scheme is approved, including 8,115,700 Option Shares underlying the Initial Options and 14,634,300 Option Shares underlying the Reserved Options.

The total number of Option Shares that may be issued upon exercise of all the options to be granted under the Shanghai Henlius Share Option Incentive Scheme, shall not, in aggregate, exceed the Incentive Scheme Limit on the date when the Shanghai Henlius Share Option Incentive Scheme is approved and adopted by the shareholders of Shanghai Henlius, Fosun Pharma and Fosun International, unless otherwise approved at the general meetings of Shanghai Henlius, Fosun Pharma and Fosun International in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme. On the Latest Practicable Date before the Shanghai Henlius Share Option Incentive Scheme is approved at the general meetings of Shanghai Henlius, Fosun Pharma and Fosun International, such percentage of 10% represents 35,000,000 shares of Shanghai Henlius. Options which have lapsed pursuant to the terms of the Shanghai Henlius Share Option Incentive Scheme or any other share incentive scheme of Shanghai Henlius shall not be included for the calculation of the Incentive Scheme Limit.

The Incentive Scheme Limit may be refreshed at any time with the prior approval at the general meetings of Shanghai Henlius, Fosun Pharma and Fosun International, provided that the total number of the Option Shares that may be issued upon exercise of all the options to be granted under the Shanghai Henlius Share Option Incentive Scheme or any other share option scheme of Shanghai Henlius shall not exceed 10% of the total number of shares of Shanghai Henlius in issue on the date when such refreshment is approved. Options previously granted under the Shanghai Henlius Share Option Incentive Scheme or any other share option

scheme of Shanghai Henlius, if any, including the share options that are outstanding, cancelled or have lapsed pursuant to the terms of Shanghai Henlius Share Option Incentive Scheme, shall not be included for the calculation of such updated limit. Notwithstanding that the Incentive Scheme Limit may be refreshed, the board of director of Shanghai Henlius shall not grant options which would result in the maximum aggregate number of shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the Shanghai Henlius Share Option Incentive Scheme and any other share option schemes of Shanghai Henlius which entitle the holders to acquire or subscribe for shares exceeding, in aggregate, 30% of the issued share capital of Shanghai Henlius from time to time.

(4) MAXIMUM ENTITLEMENT OF EACH INCENTIVE RECIPIENT

Unless approved by the shareholders of Shanghai Henlius, Fosun Pharma and Fosun International, the total number of Option Shares issued and to be issued upon exercise of the options granted and to be granted under the Shanghai Henlius Share Option Incentive Scheme and any other effective share option scheme(s) (if any) of Shanghai Henlius to each Incentive Recipient (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of Shanghai Henlius in the same class.

Grant of Options to Connected Persons

Any grant of options under the Shanghai Henlius Share Option Incentive Scheme to any of the directors, chief executives or substantial shareholders of Fosun Pharma and/or Fosun International or any of their respective associates, shall be subject to the prior approval of the respective independent non-executive directors of Fosun Pharma and Fosun International, excluding any independent non-executive director of Fosun Pharma and Fosun International who is an Incentive Recipient of relevant share options.

Any further grant of options to any of the substantial shareholders or independent non-executive directors of Fosun Pharma and/or Fosun International or any of their respective associates shall be subject to the approval of the shareholders of Shanghai Henlius, Fosun Pharma and Fosun International at the general meetings if any such option granted will cause the aggregate number of the Option Shares issued and to be issued upon exercise of all the options granted or to be granted to such person in the 12-month period up to the date (inclusive) on which such options are granted, including the options that are exercised, cancelled and outstanding, to exceed 0.1% of total number of shares of Shanghai Henlius in issue. Any Incentive Recipient and his/her associates, and all the core connected persons of Fosun Pharma and Fosun International shall abstain from voting for the relevant resolution at the general meetings. Fosun Pharma and Fosun International shall dispatch a circular containing the information as required by the Hong Kong Stock Exchange from time to time, including the recommendation of the independent non-executive directors of Fosun Pharma and Fosun International, excluding any independent non-executive director of Fosun Pharma and Fosun International who is an Incentive Recipient, on whether to vote for the proposed grant of such share options.

(5) TIME OF EXERCISE OF OPTIONS

The options granted under the Shanghai Henlius Share Option Incentive Scheme shall be exercisable for a term of 10 years commencing from the date of grant.

(6) MINIMUM PERIOD AN OPTION MUST BE HELD

The board of directors of Shanghai Henlius may determine at its discretion the minimum period of the Initial Options and Reserved Options to be held by the Incentive Recipients in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme, which shall be set out in the relevant agreement for grant of options.

Incentive Recipients shall exercise their share options in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme and administered by Shanghai Henlius. The date of exercise must be a trading day in the Exercise Period, but no options shall be exercised during the following periods of time:

- (a) the period commencing from 30 days before regular results reports are published by Shanghai Henlius, or 30 days before such reports are scheduled to be published if the publishing dates of such regular reports are postponed due to special reasons, and ending on the second trading day after such reports are published;
- (b) the period commencing from 10 days prior to the publication of Shanghai Henlius' announcements of estimated results and preliminary results and ending on the second trading day after such announcements are published;
- (c) the period commencing from the decision-making process of a major transaction or material matter and ending on the second trading day after the announcement thereof is published; and
- (d) the period commencing from the occurrence date of any other material event that may affect the share price and ending on the second trading day after the announcement thereof is published.

The above-mentioned "major transaction", "material matter" and "material event that may affect the share price" refers to any transaction or any other material matter that shall be disclosed by Shanghai Henlius in accordance with the requirements of the Rules on Share Transfer on the National Equities Exchange and Quotations System (Trial), the Business Rules of the National Equities Exchange and Quotations System (Trial) and other relative laws, regulations and regulatory documents.

The specific date of exercise shall be determined by the board of directors of Shanghai Henlius. The board of directors of Shanghai Henlius shall arrange no less than four periods of consecutive day for exercise of options for each year with no less than 5 days for each period.

Incentive Recipients must exercise all of their share options within the Exercise Period of the options. Upon the expiration of the Exercise Period, the options that have been granted but not exercised shall be cancelled automatically. The board of directors shall handle the related formalities.

(7) PERFORMANCE TARGETS

With respect to the Initial Options, (i) on or before 31 March 2017, if the products developed by Shanghai Henlius have entered the stage of preliminary research, clinical trial or marketing as agreed in the research and development plan of Shanghai Henlius, the Initial Incentive Recipients may exercise 30% of the Initial Options held by them in one go on the relevant date of exercise; (ii) on or before 31 December 2017, if the products developed by Shanghai Henlius have entered the stage of preliminary research, clinical trial or marketing as agreed in the research and development plan of Shanghai Henlius, the Initial Incentive Recipients may exercise 30% of the Initial Options held by them in one go on the relevant date of exercise; (iii) on or before 31 December 2018, if the products developed by Shanghai Henlius have entered the stage of preliminary research, clinical trial or marketing as agreed in the research and development plan of Shanghai Henlius, the Initial Incentive Recipients may exercise 40% of the Initial Options held by them in one go on the relevant date of exercise; and (iv) if the exercise conditions are satisfied at a time later than those prescribed above, the Initial Incentive Recipients may also exercise the Initial Options in respective proportions if otherwise approved by the board of directors of Shanghai Henlius.

The exercise conditions for the Reserved Options shall be determined by the board of directors of Shanghai Henlius with due consideration of the operations and development planning of Shanghai Henlius.

(8) PAYMENT ON APPLICATION OR ACCEPTANCE

No payment to the options under Shanghai Henlius Share Option Incentive Scheme shall be required to be made by the Incentive Recipients upon the grant of an option.

(9) BASIS OF DETERMINATION OF THE EXERCISE PRICE

The exercise price of each Option Share, which is subject to the adjustment to be made based on the price of shares of Shanghai Henlius of further financing rounds prior to the quotation of Shanghai Henlius on NEEQ should such price is higher than the exercise price of the Initial Options, that underlying the options to be granted under the Shanghai Henlius Share Option Incentive Scheme shall be RMB9.21 per Option Share, which was determined by the board of directors of Shanghai Henlius based on the market valuation of Shanghai Henlius

taking in account of the incentive effect, which is equivalent to the market price of the shares of Shanghai Henlius that arrived at based on the consideration of the latest financing round of Shanghai Henlius as at the date hereof, such consideration was determined based on the assessed value of Shanghai Henlius considering a discounted cash flow model and the negotiation between Shanghai Henlius and the third party investors.

The Exercise Price of the Reserved Options will be determined by the board of directors of Shanghai Henlius based on the specific situations of Shanghai Henlius on the date of grant of the Reserved Options, in accordance with the relevant rules and regulations of NEEQ, with reference to any or several of the following standards:

- (a) the average closing price of shares of Shanghai Henlius for the 30 trading days immediately preceding the disclosure of the incentive plan then in effect for the Reserved Options;
- (b) the price of the last batch of shares placed by Shanghai Henlius to external investors within the last 6 months preceding the disclosure of the incentive plan then in effect for the Reserved Options; and
- (c) the market price or fair price of shares of Shanghai Henlius determined in other reasonable means.

(10) RANKING OF OPTION SHARES SUBJECT TO THE OPTIONS

The Option Shares subject to the options to be granted under the Shanghai Henlius Share Option Incentive Scheme are ordinary shares of Shanghai Henlius. Option Shares to be issued upon the exercise of options under the Shanghai Henlius Share Option Incentive Scheme will be subject to all the provisions of the articles of association of Shanghai Henlius for the time being in force and will rank pari passu in all respects with the existing fully paid shares of Shanghai Henlius in issue on the date on which the options are duly exercised and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid, and shall carry voting rights.

(11) TERM OF THE SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

The Shanghai Henlius Share Option Incentive Scheme shall terminate at the end of ten (10) years from the date of adoption, unless terminated earlier in accordance with the terms of the Shanghai Henlius Share Option Incentive Scheme.

**(12) CIRCUMSTANCES UNDER WHICH THE OPTIONS WILL AUTOMATICALLY
LAPSE**

The options granted under the Shanghai Henlius Share Option Incentive Scheme shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) in the event of termination of the Shanghai Henlius Share Option Incentive Scheme by the shareholders of Shanghai Henlius; or
- (b) the expiration of the Exercise Period.

(13) ADJUSTMENTS

- (a) Adjustment to the number of options

In the event of any capitalization of capital reserve, share split or share consolidation before the exercise of options, Shanghai Henlius shall accordingly adjust the number of the options to be granted to the Incentive Recipients as follows:

- (i) Capitalization of capital reserve and share split

$$Q = Q_0 \times (1 + N)$$

Where: Q_0 represents the quantity of share options before adjustment; N represents the ratio of the capitalization of capital reserve and share split per share, i.e. the quantity of shares increased per share after capitalization and share split; Q represents the quantity of share options after adjustment.

- (ii) Share consolidation

$$Q = Q_0 \times N$$

Where: Q_0 represents the quantity of share options before adjustment; N represents the stock consolidation ratio, i.e. one Henlius Share will be consolidated into N shares; Q represents the quantity of share options after adjustment.

(b) Adjustment to the Exercise Price

In the event of any capitalization of capital reserve, share split or share consolidation made by Shanghai Henlius before the exercise, the Exercise Price shall be adjusted accordingly as follows:

(i) Capitalization of capital reserve and share split

$$P = P_0 / (1 + N)$$

Where: P_0 represents the Exercise Price before the adjustment; N represents the ratio of capitalization of capital reserve and share split; P represents the Exercise Price after adjustment.

(ii) Share consolidation

$$P = P_0 / N$$

Where: P_0 represents the Exercise Price before adjustment; N represents the ratio of share consolidation; P represents the Exercise Price after adjustment.

(14) CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED

If any Incentive Recipient takes the initiative to leave, or his/her employment relation with Shanghai Henlius is terminated because of his/her violation of rules and regulations of Shanghai Henlius, or is not able to fulfill their job requirements (i.e. failing the performance appraisal), Shanghai Henlius may cancel the options granted to, but not exercised by, such Incentive Recipient after consideration by the board of directors of Shanghai Henlius.

If any Incentive Recipient materially damages the interest or reputation of Shanghai Henlius due to such behaviours as breach of law, violation of professional ethics, disclosure of confidential information, and negligence or breach of duty, Shanghai Henlius may cancel the options granted to, but not exercised by, such Incentive Recipient after consideration by the board of directors of Shanghai Henlius.

Prior to the shares of Shanghai Henlius are quoted on the New Third Board, the outstanding options shall be cancelled upon occurrence of the following events. If, upon the occurrence of the following events, the shares of Shanghai Henlius have been quoted on the New Third Board, the Incentive Recipient shall decide whether he/she will exercise the options within 30 days, otherwise such outstanding options that have not been exercised will be cancelled, and for the options have been exercised, the board of directors of Shanghai Henlius has the right to designate other Incentive Recipient to purchase the shares, if such other Incentive Recipient fails to purchase such shares, the controlling shareholder of Shanghai Henlius or any other party designated thereby may purchase such shares at the market price.

If, upon the occurrence of the following events, Shanghai Henlius has completed initial public offering, the Incentive Recipient shall decide whether he/she will exercise the outstanding share options within 30 days, otherwise such outstanding options will be cancelled, while the exercised options of such Incentive Recipient will not be affected:

- (a) the Incentive Recipient resigns voluntarily, though not due to his/her incompetence for the current post, failure to pass performance appraisal, severe violation of rules and norms of Shanghai Henlius, breach of law, contravention of business ethics, leakage of corporate secrets, and negligence or malpractice that significantly harms the Shanghai Henlius' interests or reputation;
- (b) the Incentive Recipient is unwilling to renew the employment contract with Shanghai Henlius upon expiration of such contract;
- (c) the Incentive Recipient is disengaged because of Shanghai Henlius (including significant events, change of control, consolidation and split of Shanghai Henlius);
- (d) the Incentive Recipient suffers diseases or sustains injuries not related to duties for Shanghai Henlius, and is not able to undertake his/her original work and other work arranged by Shanghai Henlius upon expiration of the specified medical treatment period;
- (e) the Incentive Recipient applies for statutory retirement as he/she reaches the retirement age stipulated by Shanghai Henlius and the relevant governmental authorities;
- (f) the Incentive Recipient is not able to fulfill the service agreement between him/her and Shanghai Henlius in consequence of other force majeure incidents;
- (g) In the event of death of the Incentive Recipient, his/her corresponding rights will be exercised by his/her heir.

(15) TRANSFERABILITY OF THE OPTIONS

No option granted under the Shanghai Henlius Share Option Incentive Scheme shall be transferred by the Incentive Recipients, or used for providing guarantee or debt repayment thereby.

(16) TERMINATION OF THE SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

Shanghai Henlius shall terminate the Shanghai Henlius Share Option Incentive Scheme upon occurrence of the following events, and the options granted thereunder to, but not exercised by, the Incentive Recipients shall be terminated:

- (a) the certified accountant issued an audit report with a negative or qualified opinion on the Shanghai Henlius' financial accounting report for the most recent accounting year;
- (b) Shanghai Henlius received administrative penalties from the CSRC during the most recent year due to material non-compliance with laws or regulations; and
- (c) other circumstances in which a share option incentive scheme may not be implemented as determined by the CSRC and NEEQ.

The board of directors of Shanghai Henlius may submit a proposal to its general meeting for the termination of the Shanghai Henlius Share Option Incentive Scheme as it deems necessary. Options vested but not exercised shall be terminated for exercise and cancelled, and options not vested shall lapse as from the date on which such termination is approved by the shareholders of Shanghai Henlius.

(17) ALTERATION OF THE SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

The board of directors of Shanghai Henlius may alter the Shanghai Henlius Share Option Incentive Scheme at any time. Any amendment, change or suspension of the the Shanghai Henlius Share Option Incentive Scheme shall not harm the right of any Incentive Recipient, unless otherwise mutually agreed by the Incentive Recipient and Shanghai Henlius, whereas the relevant agreement must be signed by the Incentive Recipient and Shanghai Henlius in writing. The termination of the Shanghai Henlius Share Option Incentive Scheme shall not prejudice the ability of the board of directors of Shanghai Henlius or its committees to exercise their respective powers pursuant to the rewards granted under incentives before the relevant termination date.

Nevertheless, the board of directors of Shanghai Henlius is entitled to amend and/or change the Shanghai Henlius Share Option Incentive Scheme, except in the following circumstances:

- (a) any amendment in favour of any Incentive Recipient or potential Incentive Recipient (as the case may be) in respect of the matters stipulated in Rule 17.03 of the Hong Kong Listing Rules; or
- (b) any change made by the board of directors of Shanghai Henlius in respect of its power to amend any provisions of the Shanghai Henlius Share Option Incentive Scheme.

Moreover, any significant change in the terms and conditions of the Shanghai Henlius Share Option Incentive Scheme or any amendment on the terms for granting share options (except any change that takes effect automatically in accordance with provisions of the Shanghai Henlius Share Option Incentive Scheme) must be approved at the applicable general meeting(s) of Fosun International and/or Fosun Pharma, as long as Shanghai Henlius is a subsidiary of Fosun International and/or Fosun Pharma. An amended provision of the Shanghai Henlius Share Option Incentive Scheme shall still be subject to the relevant requirements set forth in Chapter 17 of the Hong Kong Listing Rules.