FOSUNPHARMA
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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2013 (the "**Reporting Period**").

FINANCIAL HIGHLIGHTS

Interim Condensed Consolidated Income Statement
Six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Audited)
REVENUE	*3*	**4,473,639**	3,464,107
Cost of sales		**(2,514,252)**	(1,934,832)
Gross profit		**1,959,387**	1,529,275
Other income	*4*	**70,663**	45,510
Selling and distribution expenses		**(885,686)**	(716,632)
Administrative expenses		**(440,662)**	(402,480)
Research and development costs		**(164,382)**	(101,734)
Other gains	*5*	**728,762**	464,710
Other expenses		**(64,321)**	(32,532)
Interest income		**41,742**	20,739
Finance costs	*7*	**(180,942)**	(198,094)
Share of profits and losses of:			
Joint ventures		**(5,085)**	(250)
Associates		**391,614**	378,717
PROFIT BEFORE TAX	*6*	**1,451,090**	987,229
Income tax	*8*	**(248,939)**	(129,460)
PROFIT FOR THE PERIOD		**1,202,151**	857,769
Attributable to:			
Owners of the parent		**1,053,141**	701,767
Non-controlling interests		**149,010**	156,002
		1,202,151	857,769
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	*9*	**0.47**	0.37

Interim Condensed Consolidated Statement of Comprehensive Income
Six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PROFIT FOR THE PERIOD	**1,202,151**	857,769
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**124,389**	58,637
Reclassification adjustments for gains included in consolidated income statement — gain on disposal	**(98,290)**	(228,231)
Income tax effect	**15,631**	48,768
	41,730	(120,826)
Share of other comprehensive income of associates	**930**	23,528
Exchange differences on translation of foreign operations	**4,379**	923
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**47,039**	(96,375)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**—**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**47,039**	(96,375)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,249,190**	761,394
Attributable to:		
Owners of the parent	**1,106,934**	605,867
Non-controlling interests	**142,256**	155,527
	1,249,190	761,394

Interim Condensed Consolidated Statement of Financial Position
30 June 2013

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,898,270**	3,501,614
Prepaid land lease payments		**535,639**	543,518
Goodwill		**2,704,532**	1,661,771
Other intangible assets		**1,897,228**	1,238,758
Investments in joint ventures		**18,951**	17,281
Investments in associates		**8,902,625**	7,902,902
Available-for-sale investments		**2,127,422**	2,070,223
Deferred tax assets		**61,632**	31,483
Other non-current assets		**223,162**	101,185
Total non-current assets		**20,369,461**	17,068,735
CURRENT ASSETS			
Inventories		**1,455,573**	1,273,439
Trade and bills receivables		**1,378,964**	1,075,172
Prepayments, deposits and other receivables		**673,959**	643,353
Due from related companies		**180,024**	192,195
Equity investments at fair value through profit or loss		**260,599**	224,834
Other current asset		**—**	—
Cash and bank balances		**3,227,006**	4,972,525
Total current assets		**7,176,125**	8,381,518

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade and bills payables		**940,204**	882,037
Other payables and accruals		**1,746,911**	1,466,170
Interest-bearing bank and other borrowings		**1,810,362**	1,374,706
Due to related companies		**226,997**	36,994
Tax payable		**64,663**	133,325
Total current liabilities		**4,789,137**	3,893,232
NET CURRENT ASSETS		**2,386,988**	4,488,286
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,756,449**	21,557,021
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,234,205**	4,280,165
Deferred tax liabilities		**1,617,641**	1,359,938
Deferred income		**54,709**	41,535
Other long term liabilities		**887,787**	627,622
Total non-current liabilities		**6,794,342**	6,309,260
Net assets		**15,962,107**	15,247,761
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**2,240,462**	2,240,462
Reserves		**11,906,156**	10,790,946
Proposed final dividend	*10*	**—**	470,497
		14,146,618	13,501,905
Non-controlling interests		**1,815,489**	1,745,856
Total equity		**15,962,107**	15,247,761

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2013 (the "Period"), have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the pharmaceutical manufacturing and R&D segment mainly engages in the production, sale and research of medicine;

(b) the pharmaceutical distribution and retail segment mainly engages in the retail and wholesale of medicine;

(c) the medical diagnosis and medical devices segment mainly engages in the sale of medical equipment and the provision of medical services;

(d) the healthcare service mainly engages in the provision of healthcare and hospital management; and

(e) the other business operations segment comprises businesses other than those mentioned above.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that finance costs, dividend income from available-for-sale investments, gain or loss on disposal of available-for-sale investments, fair value gain or loss from equity investments at fair value through profit or loss, impairment of available-for-sale investments as well as head office and investment management entities income and expenses are excluded from such measurement.

Intersegment revenues are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment assets exclude equity investments at fair value through profit or loss, available-for-sale investments and unallocated head office and investment management entities assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and investment management entities liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2013 (unaudited)

	Pharmaceutical manufacturing and R&D *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Medical diagnosis and medical devices *RMB'000*	Healthcare service *RMB'000*	Other business operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	3,034,608	708,311	557,991	165,589	7,140	—	4,473,639
Intersegment sales	1,042	—	—	—	2,527	(3,569)	—
Total revenue	3,035,650	708,311	557,991	165,589	9,667	(3,569)	4,473,639
Segment results	525,510	7,757	17,411	21,239	(1,487)	1,665	572,095
Other income	26,997	—	3,034	—	—	—	30,031
Other gains	2,226	587,542	359	16	7	—	590,150
Interest income	4,674	2,700	2,113	2,708	408	(2,288)	10,315
Other expenses	(15,518)	(1,809)	(6,420)	(1,303)	(10)	—	(25,060)
Share of profits and losses of:							
Joint ventures	(5,051)	(34)	—	—	—	—	(5,085)
Associates	37,279	357,743	(537)	252	(3,123)	—	391,614
Unallocated other income, interest income and other gains							210,671
Finance costs							(180,942)
Unallocated expenses							(142,699)
Profit before tax	576,117	953,899	15,960	22,912	(4,205)	(623)	1,451,090
Tax	(78,140)	(149,866)	(9,483)	(5,697)	(13)	—	(243,199)
Unallocated tax							(5,740)
Profit for the period	497,977	804,033	6,477	17,215	(4,218)	(623)	1,202,151
Segment assets:	11,337,302	7,890,130	1,932,964	2,664,311	751,388	(559,486)	24,016,609
Including:							
Investments in joint ventures	11,466	7,485	—	—	—	—	18,951
Investments in associates	1,642,511	6,827,383	233,937	15,699	183,095	—	8,902,625
Unallocated assets							3,528,977
Total assets							27,545,586
Segment liabilities:	4,273,427	476,045	1,711,930	1,109,889	1,138,269	(153)	8,709,407
Unallocated liabilities							2,874,072
Total liabilities							11,583,479
Other segment information:							
Depreciation and amortisation	142,991	2,634	32,982	13,966	6,291	—	198,864
Provision for impairment of inventories	9,391	—	—	1,980	—	—	11,371
Reversal for impairment of trade and other receivables	(2,214)	—	(38)	556	—	—	(1,696)
Capital expenditure*	337,669	9,695	27,881	17,099	25,330	—	417,674

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Six months ended 30 June 2012 (audited)

	Pharmaceutical manufacturing and R&D *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Medical diagnosis and medical devices *RMB'000*	Healthcare service *RMB'000*	Other business operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	2,175,876	692,689	511,031	77,895	6,616	—	3,464,107
Intersegment sales	914	—	411	—	3,597	(4,922)	—
Total revenue	2,176,790	692,689	511,442	77,895	10,213	(4,922)	3,464,107
Segment results	362,230	11,376	24,943	10,665	1,162	1,708	412,084
Other income	14,885	—	2,744	—	—	—	17,629
Other gains	3,345	84	367	—	—	—	3,796
Interest income	5,715	2,381	1,783	103	461	(2,560)	7,883
Other expenses	(7,527)	(2,167)	(2,106)	(1,425)	(8)	—	(13,233)
Share of profits and losses of:							
Joint ventures	(278)	28	—	—	—	—	(250)
Associates	68,791	309,003	1,478	212	(767)	—	378,717
Unallocated other income, interest income and other gains							501,651
Finance costs							(198,094)
Unallocated expenses							(122,954)
Profit before tax	447,161	320,705	29,029	9,555	848	(852)	987,229
Tax	(67,694)	(4,629)	716	(1,936)	(58,272)	—	(131,815)
Unallocated tax							2,355
Profit for the period	379,467	316,076	29,745	7,619	(57,424)	(852)	857,769
Segment assets:	9,957,635	6,938,705	1,221,158	460,828	445,874	(46,708)	18,977,492
Including:							
Investments in joint ventures	939	765	—	—	—	—	1,704
Investments in associates	1,827,549	5,556,805	102,984	15,655	139,953	—	7,642,946
Unallocated assets							3,287,777
Total assets							22,265,269
Segment liabilities:	2,151,613	1,275,450	622,109	237,261	780,491	(39,592)	5,027,332
Unallocated liabilities							5,546,437
Total liabilities							10,573,769
Other segment information:							
Depreciation and amortisation	111,209	3,903	12,601	8,024	5,291	—	141,028
Provision for impairment of inventories	4,980	—	1,586	—	—	—	6,566
Provision for impairment of trade and other receivables	726	1,112	(560)	—	—	—	1,278
Capital expenditure*	403,657	5,929	29,187	14,514	136,774	—	590,061

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

3. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Sale of goods	**4,221,653**	3,342,731
Rendering of services	**248,125**	117,559
Sale of materials	**3,861**	3,817
	4,473,639	3,464,107

4. OTHER INCOME

An analysis of the Group's other income is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Dividends from available-for-sale investments	**21,617**	26,739
Government grants	**49,046**	18,771
	70,663	45,510

5. OTHER GAINS

An analysis of the Group's other gains is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Gain on disposal of interests in an associate	**—**	232,681
Gain on deemed disposal of interests in an associate	**586,960**	—
Gain on disposal of available-for-sale investments	**98,290**	228,231
Fair value gain on an equity investment at fair value through profit or loss	**40,061**	—
Others	**3,451**	3,798
	728,762	464,710

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of inventories sold	**2,391,429**	1,856,274
Cost of services provided	**122,823**	78,557
Depreciation of items of property, plant and equipment	**161,179**	110,471
Amortisation of prepaid land lease payments	**7,646**	4,766
Amortisation of other intangible assets	**30,039**	25,791
Provision for impairment of inventories	**11,371**	6,566
(Reversal of)/provision for impairment of trade and other receivables	**(1,696)**	1,278
Loss on disposal of items of property, plant and equipment and other intangible assets	**352**	1,213

7. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest on bank and other borrowings wholly repayable within five years	**184,888**	200,586
Interest on bank and other borrowings not wholly repayable within five years	**420**	1,293
	185,308	201,879
Less: Interest capitalised	**(4,366)**	(3,785)
Interest expenses, net	**180,942**	198,094

8. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the corresponding period of 2012: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 15% to 20%.

Hong Kong profits tax has been provided at the rate of 16.5% (for the corresponding period of 2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates, except for Alma Lasers Ltd. ("ALMA"), a subsidiary of the Group in Israel, is taxed at preferential rate of 12.5%.

The major components of tax expenses for the six months ended 30 June 2013 and 2012 are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
— Mainland China	**127,468**	119,887
— Hong Kong and others	**—**	(2,356)
	127,468	117,531
Deferred	**121,471**	11,929
Total tax charge for the Period	**248,939**	129,460

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the parent for the Period of RMB1,053,141,000 (for the six months period ended 30 June 2012: RMB701,767,000) by the number of ordinary shares in issue during the Period of 2,240,462,364 (for the six months period ended 30 June 2012: 1,904,392,364 ordinary shares).

No adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the Group did not have any potentially dilutive ordinary shares for the Period and for the six months period ended 30 June 2012. Share option plan of Chindex Medical Limited was not considered as a potential dilutive event as the options granted were in respect of the common shares of Chindex International, Inc., which is not an entity within the Group.

10. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the Period (for the six months period ended 30 June 2012: Nil).

The proposed final dividend of RMB0.21 (tax included) per ordinary share for the year ended 31 December 2012 was declared payable and approved by the shareholders at the annual general meeting of the Company on 28 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Board's Discussion and Analysis on Operations of the Company for the Reporting Period

In 2013, we faced a challenging economic environment posed by unfavorable global economic conditions and decelerated growth of the domestic economy. During the Reporting Period, the Group adhered to its business philosophy of "Innovation for Good Health", focused on its core pharmaceutical businesses, continued to develop product innovation and improve management, actively promoted the strategies of organic growth, external expansion and integrated development, and thereby maintaining a rapid growth of the principal businesses.

During the Reporting Period, the Group recorded revenue of RMB4,473.64 million, representing an increase by 29.14% compared with the corresponding period in 2012. The Group recorded revenue of RMB3,034.61 million in pharmaceutical manufacturing and research and development ("**R&D**"), representing an increase by 39.47% compared with the corresponding year of 2012. During the Reporting Period, there were changes in the scope of consolidated statements, with the acquisitions of Hunan Dongting Pharmaceutical Co., Ltd. ("**Hunan Dongting**"), Zaozhuang Sainuokang Biochemical Co., Ltd. ("**Zaozhuang Sainuokang**") and ALMA and the inclusion of the income statement of Suqian Zhongwu Hospital Co. Ltd. ("**Zhongwu Hospital**"). The increase in revenue of the Group was mainly due to (1) the growth in the sales of the pharmaceutical manufacturing, and the medical diagnosis and medical devices manufacturing business segments; and (2) the business contribution from the newly acquired and merged companies. The year-on-year decrease in revenue of the business segment in distribution of medical diagnosis and medical devices was due to the adjustment of distribution rights for Siemens' and Hologics' products and the delay in sales of the Da Vinci surgical robotic system.

In the first half of 2013, the revenue from each segment of the Group was as follows:

Unit: RMB million

Business segment	**January to June 2013 Revenue**	January to June 2012 Revenue	Year-on-year increase or decrease *(%)*
Pharmaceutical manufacturing and R&D	**3,034.61**	2,175.88	39.47
Pharmaceutical distribution and retail	**708.31**	692.69	2.26
Healthcare services	**165.59**	77.90	112.58
Manufacturing of medical diagnosis and medical devices	**428.59** *(Note)*	278.24	54.04
Distribution of medical diagnosis and medical devices	**129.40**	232.79	–44.41

Note: This included the data as of June 2013 of ALMA, a newly acquired and merged company. Excluding the impact of the new acquisition and merger, the segment in manufacturing of medical diagnosis and medical devices recorded a year-on-year increase of 27.10%.

During the Reporting Period, the Group recorded profit before tax of RMB1,451.09 million and net profit attributable to owners of the parent of RMB1,053.14 million, which increased by 46.99% and 50.07% respectively compared with the corresponding period of 2012. The increase in profit before tax and net profit attributable to owners of the parent was mainly due to (1) the steady growth maintained by the core businesses of the Group; (2) the gain on deemed disposal recognized from the dilution of equity interest resulting from the completion of placing of H shares by Sinopharm Group Co., Ltd. ("**Sinopharm**"), an associate company of the Group, in April 2013. Upon completion of placing of Sinopharm's H shares, the investment of the Group in Sinopharm was diluted from 32.05 % to 29.98% and the gain on deemed disposal resulting from the diluted equity interests amounted to a gross profit of RMB586.96 million and a net profit after tax of RMB440.22 million.

During the Reporting Period, the Group continued to increase its investments, focusing on the R&D of generic biopharmaceutical drugs and innovative drugs. As of the end of the Reporting Period, the Group invented 114 pipeline drugs and vaccines. During the Reporting Period, Feibusita APIs and formulation have been granted with production approvals and licence for new medicines and Entecavir APIs have also been granted with production approvals. During the Reporting Period, the Group had applied for 12 patents in the pharmaceutical manufacturing and R&D segment.

Pharmaceutical Manufacturing and R&D:

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group recorded revenue of RMB3,034.61 million, representing an increase of 39.47% compared with the corresponding period of 2012, and segment results of RMB525.51 million, representing a year-on-year increase of 45.08% compared with the corresponding period of 2012. The increase in the revenue and segment results was mainly due to the increase in the sales revenue of major products and changes in the scope of consolidated statements. During the Reporting Period, the Group recorded profit before tax of RMB576.12 million in the pharmaceutical manufacturing and R&D segment, representing an increase of 28.84% compared with the corresponding period of 2012.

During the Reporting Period, the pharmaceutical manufacturing segment of the Group grew rapidly and the development of its professional operational team was further strengthened. In the first half of 2013, the sales of the Group's major products in therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary tract and anti-infection maintained their growth momentum, recording a year-on-year growth of 30.72%, 67.29%, 25.57%, 16.23% and 22.58%, respectively. Sales of products including Atomolan, Ao De Jin, Bang Ting, You Di Er continued to experience rapid growth.

Revenues of major products in the major therapeutic areas in the first half of 2013 are set out in the following table:

Unit: RMB million

	January to June 2013	January to June 2012 *(Note 1)*	Year-on-year increase or decrease *(%)*
Major products of cardiovascular system therapeutic area *(note 2)*	**243.80**	186.50	30.72
Major products of central nervous system therapeutic area *(note 3)*	**353.98**	211.60	67.29
Major products of blood system therapeutic area *(note 4)*	**121.25**	96.56	25.57
Major products of metabolism and alimentary tract therapeutic area *(note 5)*	**635.94**	547.13	16.23
Major products of anti-infection therapeutic area *(note 6)*	**356.23**	290.60	22.58
Major products of APIs and intermediate products *(note 7)*	**496.60**	350.51	41.68

Note 1: During the Reporting Period, quetiapine fumarate (quetiapine fumarate tablets) became a major product of central nervous system therapeutic area. If the corresponding data of quetiapine fumarate from January to June 2012 were included, the year-on-year increase would have been 22.21%. During the Reporting Period, clindamycin hydrochloride became a major product of APIs and intermediate products. If the corresponding data of clindamycin hydrochloride from January to June 2012 were included, the year-on-year increase would have been 19.69%;

Note 2: Major products of cardiovascular system therapeutic area include heparin series preparations, Xin Xian An (meglumine adenosine cyclophosphate for injection), Ke Yuan (calcium dobesilate), Bang Tan (Telmisartan), Bang Zhi (pitavastatin) and You Di Er (alprostadil dried emulsion);

Note 3: Major products of central nervous system therapeutic area include Ao De Jin (deproteinised calf blood injection) and quetiapine fumarate (quetiapine fumarate tablets);

Note 4: Major products of blood system therapeutic area include Bang Ting (hemocoagulase for injection);

Note 5: Major products of metabolism and alimentary tract therapeutic area include Atomolan series, Wan Su Ping (glimepiride), animal insulin and its formulation, recombinant human erythropoietin (Yi Bao), compound aloe capsules and Mo Luo Dan;

Note 6: Major products of anti-infection therapeutic area include anti-tuberculosis series, artesunate series, Xi Chang (cefmetazole sodium) and Shaduolika (potassium sodium dehydroandrographolide succinate);

Note 7: Major products of APIs and intermediate products include amino acid, clindamycin hydrochloride and tranexamic acid.

The Group has placed great emphasis on quality and risk management of its life cycle of the products, implemented stringent quality and safety control mechanisms and monitored adverse drug reaction at each stage of the production chain from R&D to sales, so as to ensure the R&D, production, sales, pulling off shelf and recall of pharmaceutical products are conducted safely and properly. The Group's pharmaceutical manufacturing segment fully implemented the concept of quality and risk management and focused on quality control mechanisms such as annual quality review, change management, deviation management, OOS investigation and audit on suppliers. The Group's pharmaceutical manufacturing segment continued to push forward qualification certifications, ensure fulfillment of the new Good Manufacturing Practice (GMP) in China, push forward international standards, and encourage voluntary adoption of international standards such as European Directorate for the Quality of Medicines (EDQM) and the United States Pharmacopeia (USP) in the production processes. As of the end of the Reporting Period, eight APIs production lines of the Group received certifications from the Food and Drug Administration ("**FDA**") of the United States, EU Certification, Ministry of Health, Labour and Welfare of Japan and Federal Ministry of Health of Germany. Two APIs production lines, a production line for oral solid dosage formulation and two productions lines for injection of Guilin South Pharma Company Limited ("**Guilin Pharma**") also obtained PreQualification from the World Health Organization ("**WHO-PQ**") and one production line of oral solid dosage formulation of Chongqing Yao Pharmaceutical Company Limited ("**Yao Pharma**") was recognized by FDA of Canada.

The Group has focused on innovation and R&D in long run, optimized its pharmaceutical R&D system that integrates imitation and innovation, increased investment in the "4+1" R&D platform, improved its innovation system, enhanced R&D capabilities, launched new products, and strengthened the core competitiveness of the Group. The Group owned national-level enterprise technical center and established highly-efficient international R&D teams in Shanghai, Chongqing and San Francisco. In order to leverage its competitive strengths, R&D of the Group focused on therapeutic areas including metabolism and alimentary tract, cardiovascular system, central nervous system, anti-tumor and immune modulating and anti-infection, and the major products have gained leading position in each of the market segments. The Group has competitive advantage in segment markets of liver disease, diabetes and tuberculosis in China. In the global market, the Group is a pioneer in the manufacturing and research of antimalar. As of the end of the Reporting Period, the Group has 114 pipeline drugs and vaccines. The Group has completed construction and selection of high-expressing production cell lines for four monoclonal antibody products, tendered applications for clinical trial to the State Food and Drug Administration ("**SFDA**") for two monoclonal antibody products as of the end of the Reporting Period, and expects to obtain approval for the clinical trial for a new small molecular innovative chemical drug by the end of the year. During the Reporting Period, production approvals and licences for new medicines for Feibusita APIs and formulation and production approvals for Entecavir APIs have been obtained; Chongqing Pharmaceutical Research Institute Co., Ltd. ("**Chongqing Pharma Research**") has obtained the first licence for clinical study for methylnaltrexone bromide injection in China; and Chongqing Pharma Research adopted the carrier drug delivery technology and invented the new formulation of "Rasagiline Transdermal Patches", for which it has obtained the approval for clinical study from SFDA. The new packaging of Artesun triple injection of Guilin Pharma also passed the WHO-PQ in February 2013. In addition, the Group continued to implement its patent strategy and the Group's pharmaceutical manufacturing segment applied for a total of 12 patents during the Reporting Period.

Meanwhile, the Group creatively integrated domestic resources and continued to enhance R&D capabilities of the enterprise. The "Technology Innovation Strategic Alliance" formed by us with prestigious research institutes in China is one of the "industry, academia and research strategic alliances" under the national major project of innovation and manufacturing of new drugs. We cooperated with Shanghai Institute of Materia Medica of the Chinese Academy of Sciences to invent a new R&D model and to develop three anti-tumor innovative drug targets through sharing of benefits and risks. We established a joint venture company with Wanchun Medicine Co., Ltd. to jointly develop new anti-cancer drugs with international patents. We have also collaborated with Shanghai Jiao Tong University to jointly invent the synthesized arteannuin technology from arteannuin. As an "Innovative Pilot Enterprise" recognized by the PRC Ministry of Science and Technology and "National Enterprise Technology Centre", the Group continued to enhance and improve its development as a pilot enterprise encouraged by the PRC Ministry of Science and Technology during the Reporting Period. In July 2013, the pharmaceutical manufacturing segment of the Group ranked 17th among the "Top 100 Enterprises in Pharmaceutical Manufacturing Industry in China for 2012", which was released by the Southern Medicine Economic Institute under the SFDA.

Pharmaceutical Distribution and Retail

The pharmaceutical distribution and retail business of the Group recorded revenue of RMB708.31 million during the Reporting Period, representing a year-on-year increase of 2.26% as compared with the corresponding period of 2012. As of the end of the Reporting Period, our pharmaceutical retail brands, For Me Pharmacy and Golden Elephant Pharmacy, had a total of over 660 retail pharmacies, maintaining leading position in their respective regional markets and leading market share in the pharmaceutical retail markets in Shanghai and Beijing. Meanwhile, the Group actively explored the transformation of the pharmaceutical retail business model and tried new business models.

During the Reporting Period, Sinopharm, an associate company of the Group, completed placing of 165,668,190 H shares, raising net proceeds of HK$4,004 million. Continuous efforts were also made in accelerating industry consolidation, expanding distribution network of pharmaceutical products and maintaining rapid growth in business. In the first half of 2013, Sinopharm realized revenue of RMB80,066 million, net profit of RMB1,796 million and net profits attributable to shareholders of RMB1,152 million, which represented an increase of 20.29%, 17.47% and 20.11% compared with the same period of last year respectively. As of the end of the Reporting Period, the distribution network of Sinopharm further expanded to 51 distribution centers in 30 provinces, autonomous regions and municipalities in China. Its direct customers included 10,692 hospitals (only referring to hospitals with ranking and including 1,332 of the class-three hospitals which are the largest and most highly-ranked hospitals), accounting for approximately 77% of the total number of hospitals in the PRC and approximately 94% of all the class-three hospitals. During the

Reporting Period, Sinopharm's revenue from pharmaceutical distribution business increased by 20.95% compared with the same period of last year to RMB75,854 million. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB2,275 million generated during the Reporting Period, representing an increase of 17.14%; while its pharmaceutical retail network has further expanded to over 1,762 retail pharmacies as of the end of the Reporting Period.

Healthcare Services

In 2013, the Group continued to increase its investment in the healthcare services segment and substantially completed the deployment of its healthcare services business to combine high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC.

During the Reporting Period, the Group actively endeavored to strengthen the operating capabilities of the healthcare institutions controlled by the Group, increased efforts in cultivating and recruiting medical staff, and facilitated the regional development of our healthcare services business. In the first half of 2013, the healthcare services entities controlled by the Group recorded total revenue of RMB165.59 million; and as of the end of the Reporting Period, the total number of beds available for the public in Jimin Cancer Hospital, Yueyang Guangji Hospital and Zhongwu Hospital was over 1,300.

During the Reporting Period, the Group continued to support and facilitate the development and deployment of the hospital and clinic network under "United Family Hospital", a leading premium healthcare services brand of Chindex. In 2013, there were significant increase and positive growth momentum in the United Family Hospital's businesses in Beijing, Shanghai and Tianjin, and Beijing United Family Rehabilitation, one of the world's leading hospitals, commenced operation officially. During the Reporting Period, revenue of the United Family Hospital increased by 22% to US$87.54 million as compared with the corresponding period last year, reflecting the growing market demand for premium healthcare services and the strong brand recognition of "United Family Hospital".

Medical Diagnosis and Medical Devices

In 2013, the Group furthered its development in the medical diagnosis and medical devices segment by increasing investments and enhancing business cooperation. With respect to the medical diagnosis segment, the Group has invested in Saladax Biomedical, Inc., a U.S. corporation which is principally engaged in individual dose detection, and also increased its equity interest in SD Biosensor, Inc., a Korean company which manufactures rapid diagnostic products during the Reporting Period. These investments further increased the varieties of diagnostic products and expanded our market share of rapid diagnostic products in the international market. With respect to medical devices segment, the Group invested in the world's leading supplier of laser medical equipment, ALMA, during the Reporting Period. In the first half of 2013, ALMA recorded revenue of US$46.99 million (where the revenue from the date of acquisition to the end of June, amounted to RMB74.94 million), maintaining its global leading position in such market segment.

During the Reporting Period, the Group recorded revenue of RMB428.59 million for the manufacturing of medical diagnosis and medical devices segment, representing an increase of 54.04% compared with the corresponding period of 2012. Excluding the impact of consolidation of ALMA, the Group recorded revenue of RMB353.65 million for the manufacturing of medical diagnosis and medical devices segment during the Reporting Period, representing an increase of 27.10% compared with the corresponding period of 2012. The revenue of distribution operations amounted to RMB129.40 million, representing a decrease of 44.41% as compared with the corresponding period of 2012. This was mainly due to the adjustment of distribution rights for Siemens' and Hologics' products and the delay in sales of the Da Vinci surgical robotic system.

A. Principal operations

(1) *Table of Analysis of Changes in Relevant Items of Financial Statement*

Unit: RMB million

Items	Current period	Previous period	Percentage changes *(%)*
Revenue	**4,473.64**	3,464.11	29.14
Cost of sales	**2,514.25**	1,934.83	29.95
Selling and distribution expenses	**885.69**	716.63	23.59
Administrative expenses	**440.66**	402.48	9.49
Research and development costs	**164.38**	101.73	61.58
Finance costs	**180.94**	198.09	–8.66
Net cash inflow from operating activities	**311.48**	230.91	34.89
Net cash outflow from investing activities	**–1,715.60**	–736.88	132.82
Net cash inflow/(outflow) from financing activities	**306.82**	–462.47	–166.34
R&D expenditure	**182.65**	110.57	65.19

Note: Items (other than R&D expenditures) are extracted from the consolidated income statement and consolidated statement of cash flows.

(2) *R&D expenditures*

a. *Table for R&D expenditures*

	Unit: RMB million
R&D expenditures expensed for the Reporting Period	164.38
R&D expenditures capitalized for the Reporting Period	18.27
Total R&D expenditures	182.65
Percentage of total R&D expenditures on net assets *(%)*	1.14
Percentage of total R&D expenditures on revenue *(%)*	4.08

b. *Description*

During the Reporting Period, the R&D expenditures increased by more than 61.58% as compared with last year, mainly because the Group has increased its investments to focus on R&D of generic biopharmaceutical drugs and innovative drugs.

(3) *Others*

a. *Detailed explanation on composition of the profit and significant changes in the source of profit of the Group*

Sinopharm, an associate company of the Group, completed placing of its H shares in April 2013, resulting in the dilution of equity interest of the Group in Sinopharm from 32.05% to 29.98% which was recognized as a gain on deemed disposal of interests in an associate in a total amount of RMB586.96 million.

b. *Introduction on the progress of operation plans*

During the Reporting Period, the Group adhered to its strategies of "organic growth, external expansion and integrated development", focused its competitive strengths and resources on the principal businesses of the pharmaceutical manufacturing and R&D segment, insisted on product innovation and further enhanced the competitiveness of its products. During the Reporting Period, the Group endeavored to strengthen the strategic plans in the healthcare services and medical diagnosis and medical devices segments at the same time, in order to enhance its scale of business and operation capacities and achieve a more complete business portfolio.

B. Industry, Products and Regional Operations

(1) *Business by segments and products*

Unit: RMB million

Principal business by segments

Segments	**Revenue**	**Cost of sales**	**Gross margin** *(%)*	**Year-on-year increase or decrease in revenue** *(%)*	**Year-on year increase or decrease in cost of sales** *(%)*	**Year-on-year increase or decrease in gross margin** *(%)*
Pharmaceutical manufacturing and R&D	3,034.61 *(Note 1)*	1,488.73	50.94	39.47	48.96	–3.13 *(Note 2)*
Pharmaceutical distribution and retail	708.31	601.10	15.14	2.26	1.65	0.51
Medical diagnosis and medical devices	557.99	292.11	47.65	9.19	2.63	3.35
Healthcare services *(Note 3)*	165.59	124.98	24.52	112.58	117.81	–1.82

Principal business by products

Products	**Revenue**	**Cost of sales**	**Gross margin** *(%)*	**Year-on-year increase or decrease in revenue** *(%)*	**Year-on year increase or decrease in cost of sales** *(%)*	**Year-on-year increase or decrease in gross margin** *(%)*
Western medicine and APIs immediate products	2,938.90 *(Note 1)*	1,461.61	50.27	40.13	51.00	–3.58
Medical diagnosis and medical device products *(Note 4)*	428.59	209.23	54.04	54.04	62.72	–2.61
Chinese patent drug	95.71	27.12	71.66	21.78	–13.80	11.69

Note 1: The significant increase in revenue of the pharmaceutical manufacturing and R&D segment and the western medicine and APIs immediate products was mainly due to the increase in revenue of major products and increase in the scope of consolidated statements.

Note 2: The year-on-year decrease in gross margin of the pharmaceutical manufacturing and R&D segment was mainly due to the increasing proportion of APIs immediate products, which have low gross margins, in revenue.

Note 3: The significant increase in revenue of the healthcare services segment was due to the inclusion of the income statement of Zhongwu Hospital in the scope of the consolidated statements.

Note 4: Medical diagnosis and medical device products refer to the products that are produced by our Group, excluding the products that are distributed by agents. The significant increase in revenue was mainly due to the consolidation of results of ALMA.

(2) *Business by geographical locations*

Unit: RMB million

Region	Revenue	Year-on-year increase or decrease in revenue (%)
Mainland China	3,983.34	29.33
Overseas countries or regions	490.30	27.67

C. Major Subsidiaries and Investee Companies

(1) *Operation and results of the major subsidiaries of the Group*

Unit: RMB million

Company name	Nature of business	Main products or services	Registered capital	Total assets	Net assets	Revenue	Profit before tax	Net profit
Yao Pharma	Pharmaceutical manufacturing	Atomolan, You Di Er, Potassium Sodium Dehydroandrographolide Succinate, V Jialin etc.	196.54	1,288.61	668.58	753.17	100.05	84.41
Jiangsu Wanbang Biopharmaceutical Co., Ltd.	Pharmaceutical manufacturing	Wan Su Lin, Wan Su Ping etc.	119.04	1,639.34	794.66	640.56	71.71	60.23
Shine Star (Hubei) Biological Engineering Co., Ltd.	Manufacturing of amino acid	Amino acid series products	51.12	1,013.54	413.91	651.56	63.12	60.00
Guilin Pharma	Pharmaceutical manufacturing	Artesunate series products	285.03	953.55	487.92	214.91	8.90	7.22
Jinzhou Aohong Pharmaceutical Co., Ltd. ("**Aohong Pharma**") *(Note)*	Pharmaceutical manufacturing	Deproteinised Calf Blood Serum Injection, Homocoagulase For Injection	107.88	442.42	374.71	381.45	257.12	211.30

Note: The data of Aohong Pharma did not include its revaluation surplus and amortizatioin of the revaluation surplus.

(2) *Operation and results of investee companies whose net profit and investment income contributing more than 10% of the Company's net profit*

Unit: RMB million

Company name	Nature of business	Main products or services	Registered capital	Total assets	Net assets	Revenue	Profit before tax	Net profit
Sinopharm Industrial Investment Co., Ltd.	Pharmaceutical investment	Chemical APLs, chemical agent, antibiotic, Chinese patentdrug, biochemicals, wholesales of diagnostic drugs, industrial investment, trustee management and capital reorganization for pharmaceutical companies, domestic trading, retail chain, logistics and relevant advisory services	100	97,466.68	27,876.97	79,929.71	2,303.36	1,787.17

(3) *The acquisition and disposal of subsidiaries during the Reporting Period, including the method of acquisition and disposal and the impact on the overall production, operation and results of the Group*

Unit: RMB million

Company name	Method of acquisition	Net assets (As at 30 June 2013)	Net profit (Date of acquisition to the end of June)	Date of acquisition
ALMA	Equity transfer	692.87	11.92	27 May 2013
Hunan Dongting	Equity transfer	397.52	27.75	11 January 2013
Zaozhuang Sainuokang	Equity transfer	37.54	2.53	11 March 2013

Note: The abovementioned information is presented in fair value and includes the revaluation surplus and amortization of the revaluation surplus.

D. Core Competence

The Group has formed a relatively complete product portfolio in the five major therapeutic areas (being areas of cardiovascular system, metabolism and alimentary tract, central nervous system, blood system and anti-infection) which are areas with the greatest potential to grow in China's pharmaceutical market. Each of the major pharmaceutical products of the Group has its own competitive advantages in their respective segments. In 2012, 11 products of the Group each recorded revenue of over RMB100 million.

The Group has developed strong R&D capabilities and established an efficient R&D platform in areas of small molecular innovative drugs, monoclonal antibodies and generic drugs with high barriers-to-entry. During the Reporting Period, there are 114 pipeline drugs and vaccines projects, 27 projects under clinical trial application, 6 projects under clinical trial, and 22 projects awaiting official approval for sales. It is expected that these projects under development will provide a solid foundation for the continuous improvement of the operating results of the Group in the future.

Whilst enhancing the competitiveness of its products, the Group also focuses on developing its marketing capabilities. With a marketing team consisting of over 2,300 employees and a sales network covering most of the major domestic markets, the Group has been improving its capabilities in sales and marketing. The Group has strategically cooperated with Sinopharm, the largest nationwide enterprise in the pharmaceutical distribution and retail sector in the PRC. It would be easier for the Group's products to enter local markets with the synergies with Sinopharm.

The Group was one of the first enterprises in the pharmaceutical industry in the PRC to develop internationally, and its production capacity has met the international standards, with several production lines recognized by related international certifications and some of the formulations and APIs entered into the international markets in a considerable scale.

In addition, the Group's capabilities in investment, merger and acquisition activities and consolidation have been widely recognized in the pharmaceutical industry, providing a solid foundation for the Group to make a leap-forward development in the future. The shares of the Group were successfully listed on the Hong Kong Stock Exchange in 2012. As a result, the Group is listed both in the A-share market and the H-share market. The proceeds raised through the capital market had created favorable condition for the Group to rapidly expand its operation scale and enhance its competitive strengths through merger and acquisition activities. In order to maintain its rapid growth, the Group will follow the direction of China's Twelfth Five-year Plan in relation to the pharmaceutical industry, take advantage of its competitive strengths and adhere to the strategies of organic growth, external expansion and integrated development.

E. Employees and remuneration policies

As at 30 June 2013, the Group had a total of 15,867 employees. The employees remuneration policies of the Group are formulated on the basis of the merits, qualifications and competence of the employees.

2. BUSINESS OUTLOOK FOR THE SECOND HALF OF 2013:

In the second half of 2013, the Group will continue to be committed to its mission of improving public health, adhere to its company philosophy of "Innovation for Good Health", and endeavor to capture the opportunities presented by the development of the pharmaceutical market in China as well as the growth of generic drugs in mainstream markets such as Europe and the United States. It will adhere to the development strategies of organic growth, external expansion and integrated development, and further its efforts in acquiring quality companies in the pharmaceutical industry. By continuing to optimize and integrate resources in the pharmaceutical industry chain, strengthening product innovation and product marketing systems, and enhancing the core competence of the Group, the Group strives to further enhance its operating results. Meanwhile, the Group will continue to actively explore the financing channels domestically and internationally and create favorable conditions for the continuous development of the Group.

Pharmaceutical R&D and manufacturing:

In the second half of 2013, the Group will continue to focus on innovation and international development, and strive to develop strategic products. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, the Group seeks to achieve continuous and rapid growth of its revenue and profit.

The Group will actively push forward the development of professional marketing teams and follow-on product in areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary tract, and anti-infection. In addition to solidifying the market position and product growth in the existing key segments and products, the Group will further its efforts in promoting products such as You Di Er, Bang Ting, Ao De Jin, Atomolan, EPO, anti-tuberculosis series and Feibusita so as to maintain and further improve the leading position in their respective market segments.

The Group will continue to adopt the strategy to integrate imitation with innovation and to combine international technology licenses with domestic industry-university-research cooperation. The Group adopts "project plus technology platform" as the model for its cooperation on research and development and will continue to increase its R&D investments. Project approval process for new products will be strictly implemented in order to enhance the efficiency of research and development. The Group will strengthen the development of the teams for the registration of pharmaceuticals in order to accelerate the approval process of existing products as well as to support innovation. The Group will actively facilitate the R&D and registration processes for insulin products and monoclonal antibody products and ensure that the development and registration processes will be completed on schedule. The Group will also accelerate its efforts to link its R&D with the market situation so that demand and supply are better matched. The Group will fully take advantage of the benefits of various R&D platforms, and strive to develop strategic product lines as well as R&D systems that are in line with international standards for new pharmaceutical products, and accelerate the development and reserve for follow-on strategic products, in order to solidify the core competence of our pharmaceutical manufacturing business.

Pharmaceutical Distribution and Retail:

In the second half of 2013, the Group will further improve and enhance retail brands such as For Me Pharmacy and Golden Elephant Pharmacy, strengthen the consolidation within the industry in regions where the Group operates, consolidate and increase market share in the regional markets, embrace the use of the internet, and actively develop the pharmaceutical e-commerce with a focus on the development of pharmaceutical retail e-commerce. Meanwhile, the Group will continue to facilitate consolidation and rapid development of Sinopharm in its pharmaceutical distribution business, and the continued expansion of the competitive advantages of Sinopharm in the pharmaceutical distribution segment. Meanwhile, the Group will actively support the leap-forward and integrated development of Sinopharm's pharmacy in the pharmaceutical retail segment, through which the leading position of Sinopharm in the pharmaceutical retail segment can be established.

Healthcare Services:

In the second half of 2013, the Group will continue to capture the high growth and investment opportunities in the healthcare services industry in China. The Group will continuously increase our investments in the healthcare services segment, and strengthen the current healthcare services business which integrates specialty hospitals and general hospitals in second-tier and third-tier cities, in an effort to expand the scale of our healthcare services business. The healthcare institutions controlled by the Group will further strengthen their operation capacity, cultivate and recruit medical staff, and accelerate the development of their healthcare services businesses. Meanwhile, the Group will continue to support and promote the business expansion of "United Family Hospital", which is a high-end brand for healthcare services under Chindex International, Inc. The Group will also actively support the development of "United Family Hospital" to maintain its leading position within the industry and support the development of its high-end healthcare services characterized by multiple levels, diversification and extensibility.

Medical Diagnosis and Medical Devices:

In the second half of 2013, the Group will continue to develop and introduce products in the diagnostic business, and continuously launch new products and new product lines. The Group will continue to enhance the development of domestic and overseas sales network and its professional sales team, strive to increase the market share of its diagnostic products, actively seek opportunities to invest in quality diagnostic companies both domestically and internationally.

Meanwhile, the Group will increase its investments in R&D and manufacturing of medical devices, continue to leverage its strengths in expanding international operations, and actively explore the opportunities to cooperate with overseas companies so as to achieve the growth in the scale of its medical devices business.

3. USE OF PROCEEDS OF H SHARES:

In October 2012, upon approval by the China Securities Regulatory Commission through the Approval Document (Zheng Jian Xu Ke [2012] No.444), the Company made a global offering of 336,070,000 overseas listed foreign ordinary shares ("**H Shares**") of RMB1.00 each and the total proceeds were HK$3,965.63 million. The net proceeds, together with relevant interest income, and after deducting the listing expenses of HK$83.71 million paid overseas, were HK$3,881.92 million.

As of the end of 30 June 2013, the use of proceeds of H Shares in the undertaken projects was as follows:

Unit: HK$ million

Names of projects undertaken	Change or not	Amount of proceeds proposed to applied	Amounts of proceeds actually applied	Conform to the project progress or not	Project progress
Mergers and acquisitions in pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, medical diagnosis and medical devices segments	No	1,863.32	716.46	Yes	38%
Funding for existing R&D projects, expanding R&D teams and acquiring new R&D projects	No	737.57	186.23	Yes	25%
Repayment of part of principal and interest of interest-bearing debts	No	892.84	629.97	Yes	71%
Replenishment of working capital	No	388.19	319.74	Yes	82%
Total	/	3,881.92	1,852.40	/	/

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CG CODE

As a public company listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), the Company has remained in strict compliance with the Articles of Association of the Company, relevant laws and the Stock Listing Rules of the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("**Hong Kong Listing Rules**"). The Company strives to continually improve its corporate governance structure, optimize its internal management and control, and corporate operations to improve the Company's corporate governance. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Hong Kong Listing Rules. Throughout the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules. The Company has made specific enquiry with all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period. The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. Having made reasonable enquiry, no incident of non-compliance of the Employees Written Guidelines by the employees during the Reporting Period was noted by the Company.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's interim results for the six months ended 30 June 2013 have been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND 2013 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.fosunpharma.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2013 Interim Report will be dispatched to shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange as and when appropriate.

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

Shanghai, the PRC

26 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Chen Qiyu and Mr. Yao Fang; the non-executive directors of the Company are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Zhang Guozheng, Mr. Wang Pinliang and Ms. Kang Lan; and the independent non-executive directors are Mr. Han Jiong, Dr. Zhang Weijiong, Mr. Li Man-kiu Adrian David and Mr. Cao Huimin.

* *for identification purposes only*