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 2015

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 2015 (the "**Reporting Period**").

FINANCIAL HIGHLIGHTS

Interim Condensed Consolidated Income Statement
Six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited, restated)
REVENUE	*3*	**5,871,372**	5,502,224
Cost of sales		**(2,929,465)**	(3,186,616)
Gross profit		**2,941,907**	2,315,608
Other income	*4*	**59,272**	62,569
Selling and distribution expenses		**(1,280,684)**	(1,017,298)
Administrative expenses		**(601,546)**	(527,342)
Research and development expenses		**(299,182)**	(254,072)
Other gains	*5*	**624,777**	495,649
Other expenses		**(53,194)**	(46,106)
Interest income		**25,493**	28,150
Finance costs	*7*	**(223,375)**	(186,906)
Share of profits and losses of:			
Joint ventures		**(8,976)**	(9,616)
Associates		**625,601**	498,253
PROFIT BEFORE TAX	*6*	**1,810,093**	1,358,889
Income tax expense	*8*	**(293,988)**	(206,589)
PROFIT FOR THE PERIOD		**1,516,105**	1,152,300
Attributable to:			
Owners of the parent		**1,303,484**	1,017,556
Non-controlling interests		**212,621**	134,744
		1,516,105	1,152,300
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	*9*	**0.56**	0.45

Interim Condensed Consolidated Statement of Comprehensive Income
Six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited, restated)
PROFIT FOR THE PERIOD	**1,516,105**	1,152,300
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments		
Changes in fair value	**1,093,230**	223,185
Reclassification adjustments for gains included in the consolidated statement of profit or loss — Gain on disposal	**(523,906)**	(314,393)
Income tax effect	**(142,034)**	63,438
	427,290	(27,770)
Share of other comprehensive income of associates	**(196,518)**	(5,099)
Exchange differences on translation of foreign operations	**(6,237)**	8,543
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**—**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**224,535**	(24,326)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,740,640**	1,127,974
Attributable to:		
Owners of the parent	**1,527,633**	995,625
Non-controlling interests	**213,007**	132,349
	1,740,640	1,127,974

Interim Condensed Consolidated Statement of Financial Position
30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,776,236**	5,694,638
Prepaid land lease payments		**882,995**	862,037
Goodwill		**3,254,439**	3,255,042
Other intangible assets		**2,034,112**	2,049,826
Investments in joint ventures		**93,167**	121,382
Investments in associates		**12,780,644**	11,727,481
Available-for-sale investments		**3,319,277**	2,499,156
Deferred tax assets		**95,423**	101,222
Other non-current assets		**309,760**	304,581
Total non-current assets		**28,546,053**	26,615,365
CURRENT ASSETS			
Inventories		**1,639,958**	1,604,562
Trade and bills receivables	*10*	**1,909,855**	1,778,078
Prepayments, deposits and other receivables		**559,386**	346,387
Due from related companies		**272,085**	215,188
Equity investments at fair value through profit or loss		**36,950**	33,771
Cash and bank balances		**3,325,138**	3,695,698
		7,743,372	7,673,684
Assets of a disposal group classified as held for sale		**—**	990,341
Total current assets		**7,743,372**	8,664,025

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*11*	**915,257**	875,149
Other payables and accruals		**2,684,780**	2,738,097
Interest-bearing bank and other borrowings		**5,975,149**	4,939,433
Due to related companies		**309,811**	179,131
Tax payable		**326,115**	216,392
		10,211,112	8,948,202
Liabilities directly associated with the assets classified as held for sale		**—**	589,118
Total current liabilities		**10,211,112**	9,537,320
NET CURRENT ASSETS		**(2,467,740)**	(873,295)
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,078,313**	25,742,070
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,097,937**	3,856,675
Deferred tax liabilities		**2,060,129**	1,929,331
Deferred income		**148,299**	139,593
Other long term liabilities		**966,299**	770,356
Total non-current liabilities		**6,272,664**	6,695,955
Net assets		**19,805,649**	19,046,115
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,311,380**	2,311,611
Reserves		**15,124,931**	13,659,164
Proposed final dividend	*12*	**—**	647,187
		17,436,311	16,617,962
Non-controlling interests		**2,369,338**	2,428,153
Total equity		**19,805,649**	19,046,115

Notes to Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

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 2015 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2015 (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 2014.

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 production and sale of medical equipment and diagnostic products;

(d) the healthcare service mainly engages in the provision of healthcare service 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 dividend income from available-for-sale investments, gain or loss on disposal of available-for-sale investments, gain or loss on disposal of subsidiaries, fair value gain or loss on 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. During the Period, goodwill has been reclassified from unallocated assets to the assets of each segment. The prior year figure has been reclassified to conform with current period's presentation.

Segment liabilities exclude interest-bearing bank and other borrowings, interest payable and unallocated head office and investment management entities liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2015 (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	4,077,237	—	1,109,713	673,938	10,484	—	5,871,372
Intersegment sales	27	—	—	—	11,322	(11,349)	—
Total revenue	4,077,264	—	1,109,713	673,938	21,806	(11,349)	5,871,372
Segment results*	602,382	—	201,709	116,307	1,002	616	922,016
Other income	23,025	—	2,945	—	—	—	25,970
Other gains	44,674	—	420	319	17,303	—	62,716
Interest income	15,781	—	3,816	890	305	—	20,792
Finance costs	(62,228)	—	(18,532)	(4,500)	(5,585)	42,004	(48,841)
Other expenses	(7,173)	—	(9,160)	1,621	(10)	—	(14,722)
Share of profits and losses of:							
Joint ventures	(821)	—	—	(6,686)	(1,469)	—	(8,976)
Associates	103,921	529,510	(432)	(12,482)	5,084	—	625,601
Unallocated other income, interest income and other gains							600,064
Unallocated finance cost							(174,534)
Unallocated expenses							(199,993)
Profit before tax	719,561	529,510	180,766	95,469	16,630	42,620	1,810,093
Tax	(106,307)	—	(27,802)	(28,290)	(4,326)	—	(166,725)
Unallocated tax							(127,263)
Profit for the period	613,254	529,510	152,964	67,179	12,304	42,620	1,516,105
Segment assets:	14,419,729	8,799,077	3,183,888	4,556,838	798,875	(224,169)	31,534,238
Including:							
Investments in joint ventures	*20,105*	—	—	*65,962*	*7,100*	—	*93,167*
Investments in associates	*1,828,036*	*8,760,701*	*219,334*	*1,865,336*	*107,237*	—	*12,780,644*
Unallocated assets							4,755,187
Total assets							36,289,425
Segment liabilities:	6,455,805	—	1,208,177	681,473	76,015	(4,233,757)	4,187,713
Unallocated liabilities							12,296,063
Total liabilities							16,483,776
Other segment information:							
Depreciation and amortisation	216,411	—	33,164	57,062	11,952	—	318,589
Provision for impairment of inventories	685	—	3,246	—	—	—	3,931
Provision for impairment of trade and other receivables	1,809	—	2,025	(2,228)	—	—	1,606
Provision for impairment of investments in associates	—	—	—	—	16,200	—	16,200
Capital expenditure**	359,096	—	20,121	80,251	16,636	—	476,104

* Segment results represent segment revenue less cost of sales, selling and distribution expenses, administrative expenses and research and development expenses.

** Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments (not including the addition from acquisition of subsidiaries).

Six months ended 30 June 2014 (unaudited, restated)

	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	3,360,142	757,061	826,984	550,265	7,772	—	5,502,224
Intersegment sales	160	—	—	—	3,284	(3,444)	—
Total revenue	3,360,302	757,061	826,984	550,265	11,056	(3,444)	5,502,224
Segment results*	480,360	7,678	73,471	83,970	(2,050)	1,711	645,140
Other income	14,837	—	488	—	—	—	15,325
Other gains	148,555	7,006	(89)	186	2	—	155,660
Interest income	4,892	1,811	3,449	1,044	445	(3,069)	8,572
Finance costs	(54,397)	74	(18,743)	(4,240)	(4,285)	42,542	(39,049)
Other expenses	(11,813)	(1,083)	(6,609)	(3,692)	(12)	—	(23,209)
Share of profits and losses of:							
Joint ventures	(4,564)	(4,925)	—	(127)	—	—	(9,616)
Associates	56,690	440,627	(1,547)	(542)	3,025	—	498,253
Unallocated other income, interest income and other gains							406,811
Unallocated finance cost							(147,857)
Unallocated expenses							(151,141)
Profit before tax	634,560	451,188	50,420	76,599	(2,875)	41,184	1,358,889
Tax	(133,878)	(4,430)	(15,291)	(19,567)	(6)	—	(173,172)
Unallocated tax							(33,417)
Profit for the period	500,682	446,758	35,129	57,032	(2,881)	41,184	1,152,300
Segment assets:	12,508,140	8,072,325	2,997,384	2,312,131	801,797	(217,162)	26,474,615
Including:							
Investments in joint ventures	*28,143*	*639*	—	*102,279*	—	—	*131,061*
Investments in associates	*1,454,697*	*7,145,985*	*252,630*	*4,250*	*165,062*	—	*9,022,624*
Unallocated assets							4,516,452
Total assets							30,991,067
Segment liabilities:	5,897,576	568,834	1,088,664	596,058	16,019	(4,041,770)	4,125,381
Unallocated liabilities							9,366,585
Total liabilities							13,491,966
Other segment information:							
Depreciation and amortisation	197,794	4,582	30,679	36,966	5,215	—	275,236
Provision for impairment of inventories	482	—	3,606	—	—	—	4,088
Provision for impairment of trade and other receivables	359	—	1,369	3,113	—	—	4,841
Capital expenditure**	408,436	12,547	20,975	166,919	34,003	—	642,880

* Segment results represent segment revenue less cost of sales, selling and distribution expenses, administrative expenses and research and development expenses.

** Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments (not including the addition from acquisition of subsidiaries).

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	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of goods	**5,121,126**	4,947,417
Rendering of services	**748,082**	553,820
Sale of materials	**2,164**	987
	5,871,372	5,502,224

4. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends income from available-for-sale investments	**32,747**	45,415
Government grants	**26,525**	17,154
	59,272	62,569

5. OTHER GAINS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited, restated)
Gain on disposal of available-for-sale investments	**527,731**	308,215
Gain on disposal of interests in associates	**59,659**	153,807
Gain on disposal of subsidiaries	**30,950**	15,918
Exchange gain	**—**	15,280
Fair value gains on an equity investment at fair value through profit or loss	**3,220**	—
Others	**3,217**	2,429
	624,777	495,649

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**2,389,768**	2,745,599
Cost of services provided	**539,697**	441,017
Depreciation of items of property, plant and equipment	**261,512**	220,426
Amortisation of prepaid land lease payments	**9,973**	12,116
Amortisation of other intangible assets	**47,104**	42,694
Provision for impairment of inventories	**3,931**	4,088
Provision for impairment of trade and other receivables	**1,606**	4,841
Provision for impairment of items of property, plant and equipment	**—**	2,614
Provision for impairment of investments in joint ventures	**16,200**	—
Loss on disposal of items of property, plant and equipment and other intangible assets	**914**	6,031

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**226,149**	193,103
Less: Interest capitalised	**(2,774)**	(6,197)
Interest expenses, net	**223,375**	186,906

8. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 2014: 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 0% to 20%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2014:16.5%) on the estimated assessable profits arising in Hong Kong during the Period. The provision of current income tax of Alma Lasers Ltd., a subsidiary of the Group incorporated in Israel, is based on a preferential rate of 16% (for the six months ended 30 June 2014: 16%).

The major components of tax expenses for the six months ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited, restated)
Current		
— Mainland China	**291,190**	219,802
— Elsewhere	**11,523**	13,786
	302,713	233,588
Deferred	**(8,725)**	(26,999)
Total tax charge for the Period	**293,988**	206,589

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,311,457,364 (for the six months period ended 30 June 2014: 2,278,004,364 ordinary shares) in issue during the Period, as adjusted to reflect the repurchase of restricted A shares of the Company during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those Periods.

10. TRADE AND BILLS RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**1,511,268**	1,342,232
Bills receivable	**398,587**	435,846
	1,909,855	1,778,078

The credit period for trade receivables is generally three months, which may be extended up to six months for major customers. Trade and bills receivables are non-interest-bearing.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Outstanding balances with ages:		
Within 1 year	**1,478,693**	1,336,762
1 to 2 years	**55,817**	31,772
2 to 3 years	**9,282**	5,097
Over 3 years	**33,300**	32,217
	1,577,092	1,405,848
Less: Provision for impairment of trade receivables	**(65,824)**	(63,616)
	1,511,268	1,342,232

11. TRADE AND BILLS PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	**880,073**	804,162
Bills payable	**35,184**	70,987
	915,257	875,149

Trade and bills payables are non-interest-bearing and are normally settled on a three-month term.

An aged analysis of trade payables as at the end of the reporting period is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Outstanding balances with ages:		
Within 1 year	**854,437**	788,282
1–2 years	**11,436**	9,287
2–3 years	**9,531**	2,974
Over 3 years	**4,669**	3,619
	880,073	804,162

12. 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 2014: Nil).

The proposed final dividend of RMB0.28 (tax included) per ordinary share for the year ended 31 December 2014 was declared payable and approved by the shareholders at the annual general meeting of the Company on 29 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

In 2015, amidst the severe situation of global economic downturn and slowdown of the domestic economic growth, continuous reform of the medical system in the People's Republic of China ("**PRC**"or "**China**") and slowdown of pharmaceutical manufacturing industry growth have brought policy opportunities to the development of medical services. During the Reporting Period, the Group adhered to its business philosophy of "Innovation for Good Health", focused on its core pharmaceutical and healthcare businesses, continued to develop product innovation and improve management, actively promoted the strategies of organic growth, external expansion and integrated development, thereby maintaining the growth of its principal businesses.

During the Reporting Period, the Group realized revenue of RMB5,871 million, representing an increase of 6.71% as compared to the corresponding period of 2014; excluding the impact of the disposal of three companies, namely Shanghai Fosun Pharmaceutical Company Limited* (上海復星藥業有限公司) ("**Fosun Pharmaceutical**")*(Note 1)*, Shanghai For Me Yixing Pharmacy Chain-Store Company Limited* (上海復美益星大藥房連鎖有限公司) ("**For Me Pharmacy**")*(Note 2)* and Beijing Golden Elephant Pharmacy Medicine Chain Company Limited* (北京金象大藥房醫藥連鎖有限責任公司) ("**Golden Elephant Pharmacy**"), under pharmaceutical distribution and retail segment and the new acquisition of Suzhou Erye Pharmaceutical Co. Ltd.* (蘇州二葉製藥有限公司) ("**Erye Pharmaceutical**"), the revenue would have increased by 17.51% on the same basis as compared with the corresponding period of 2014. Of which, the Group realized revenue of RMB4,077 million in pharmaceutical manufacturing and research and development (R&D) segment, representing an increase of 21.34% as compared to the corresponding period of 2014. Revenue from healthcare service business amounted to RMB674 million, representing an increase of 22.55% as compared to the corresponding period of 2014. The increase in the revenue of the Group was mainly due to the growth in revenue from the business segments of manufacturing, distribution of medical devices and healthcare services.

Notes:

1. Fosun Pharmaceutical has been renamed as Sinopharm Holdings GuoDa For Me Pharmaceutical (Shanghai) Company Limited* (國藥控股國大復美藥業（上海）有限公司).
2. For Me Pharmacy has been renamed as Sinopharm Holdings GuoDa For Me Pharmacy Shanghai Chain-Store Company Limited* (國藥控股國大復美大藥房上海連鎖有限公司).

During the Reporting Period, the revenue from each segment of the Group was as follows:

Unit: RMB million

Business segment	**Revenue for January to June 2015**	Revenue for January to June 2014	Year-on-year increase/decrease *(%)*
Pharmaceutical manufacturing and R&D *(note)*	**4,077**	3,360	21.34
Pharmaceutical distribution and retail	**—**	757	—
Healthcare services	**674**	550	22.55
Manufacturing of medical diagnosis and medical devices	**827**	709	16.64
Distribution of medical diagnosis and medical devices	**283**	118	139.83

Note: Excluding the contribution of the new acquisition of Erye Pharmaceutical, the revenue of pharmaceutical manufacturing and R&D would have increased by 12.56% on the same basis as compared with the corresponding period of 2014.

The Group recorded profit before tax of RMB1,810 million and profit for the year attributable to owners of the parent of RMB1,303 million for January to June 2015, representing an increase of 33.20% and 28.10%, respectively, as compared with that in the consolidated financial statements for the corresponding period of 2014 that has been retrospectively adjusted. The increase in each of the profit before tax and profit for the year attributable to owners of the parent was mainly due to (1) the steady growth maintained by businesses of the Group; and (2) the rapid growth maintained by Sinopharm Group Co. Ltd.* (國藥控股股份有限公司) ("**Sinopharm**"), an associate of the Company.

During the Reporting Period, the Group continued to increase its investments in R&D, and jointly invested in Ambrx Inc., a clinical trial R&D company which focuses on discovery and R&D of innovative and cutting-edge protein medicines, with entities including Wuxi Pharma Tech (Cayman) Inc.. During the Reporting Period, the Group applied for 32 patents, including 3 U.S. patent applications, 3 patent applications with the European Patent Office ("**EPO**"), 3 Japanese patent applications and 3 applications under the Patent Cooperation Treaty ("**PCT**"), in its pharmaceutical manufacturing and R&D segment. The pharmaceutical manufacturing and R&D segment of the Group obtained 6 licensed patents, including 5 invention patents. In addition, since 2015, the "recombinant human-mouse chimeric anti-CD20 monoclonal antibody injection" for treatment of rheumatoid arthritis indications and the "recombinant humanized anti-HER2 monoclonal antibody" for the treatment of breast cancer indications developed by Shanghai Henlius Biotech Co., Ltd.* (上海復宏漢霖生物技術有限公司) as well as the recombinant human insulin ingredients of Jiangsu Wanbang Biopharmaceutical Co., Ltd.* (江蘇萬邦生化醫藥股份有限公司) ("**Wanbang Pharma**") obtained clinical trial approvals (the aforesaid two monoclonal antibody products have obtained three clinical trial approvals in aggregate), and clinical trial for insulin lispro injection fluid has been completed. Besides, the arginie active pharmaceutical ingredients (APIs) of Shine Star (Hubei) Biological Engineering Company Limited* (湖北新生源

生物工程股份有限公司) ("**Hubei Shine Star**") obtained production approval, and the venlafaxine hydrochloride tablets of Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司) ("**Yao Pharma**") passed the launching approval of Food and Drug Administration ("**FDA**"). As at the end of the Reporting Period, the Group had 130 pipeline drug, generic drug, generic biopharmaceutical drug and vaccine projects. During the Reporting Period, the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing a 19.64% growth as compared with the corresponding period of 2014 and accounting for 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment.

During the Reporting Period, the Group continued to reinforce its substantially completed strategic deployment of healthcare services segment with 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. A new complex of Foshan Chancheng Central Hospital Company Limited* (佛山市禪城區中心醫院有限公司) ("**Chancheng Hospital (禪城醫院)**"), "Excelsior Tower" (精進樓), was completed and commenced operation, establishing a foundation for creating differentiated healthcare service platform. The project in respect of establishment of a rehabilitation and body-check hospital initiated by Suqian Zhongwu Hospital Co., Ltd.* (宿遷市鐘吾醫院有限責任公司) ("**Zhongwu Hospital (鐘吾醫院)**") have further diversified the healthcare service platform of the Group. Furthermore, the establishment of the Taizhou Zanyang Medical Care Project (i.e., Taizhou Zhedong Zanyang Medical Care Investment Management Company Limited* (台州市浙東贊揚醫養投資管理有限公司) ("**Taizhou Zhedong Medical Care**") and its ancillary hospitals) have commenced, which will proactively explore new healthcare models.

Pharmaceutical Manufacturing and R&D

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group realized revenue of RMB4,077 million, representing an increase of 21.34% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, the revenue would have increased by 12.56% on the same basis as compared with the corresponding period of 2014. In the first half of 2015, the Group's pharmaceutical manufacturing and R&D business realized segment results of RMB602 million, representing an increase of 25.40% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, segment results would have increased by 16.32% on the same basis as compared with the corresponding period of 2014; segment profit was RMB613 million, representing an increase of 22.48% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, segment profit would have increased by 14.83% on the same basis as compared with the corresponding period of 2014.

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group continued to grow steadily and the development of its professional operational team was further strengthened. In 2015, the sales of the Group's major products in therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary system and anti-tumor maintained rapid growth. Among the new products, the sales of You Di Er (alprostadil dried emulsion), a product in the cardiovascular system therapeutic area, and You Li Tong (febuxostat tablets), a product in the metabolism therapeutic area, had experienced prominent growth.

Revenues of major products of the Group in the major therapeutic areas during the Reporting Period are set out in the following table:

Unit: RMB million

Pharmaceutical manufacturing and R&D	**January to June 2015**	January to June 2014	Year-on-year increase/ decrease on the same basis *(%)*
Major products of cardiovascular system therapeutic area *(note 1)*	**395**	317	24.49
Major products of central nervous system therapeutic area *(note 2)*	**387**	331	16.93
Major products of blood system therapeutic area *(note 3)*	**112**	87	29.29
Major products of metabolism and alimentary system therapeutic area *(note 4)*	**816**	713	14.43
Major products of anti-infection therapeutic area *(note 5)*	**714**	647 *(note 8)*	10.33 *(note 8)*
Major products of anti-tumor therapeutic area *(note 6)*	**127**	88 *(note 8)*	43.69 *(note 8)*
Major products of APIs and intermediate products *(note 7)*	**456**	434	5.19

Note 1: Major products of cardiovascular system therapeutic area include 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) and heparin series preparations;

Note 2: Major products of central nervous system therapeutic area include Ao De Jin (deproteinised calf blood injection) and quetiapine fumarate (quetiapine fumarate tablets);

Note 3: Major products of blood system therapeutic area include Bang Ting (hemocoagulase for injection);

Note 4: Major products of metabolism and alimentary system therapeutic area include Atomolan series, Wan Su Ping (glimepiride), animal insulin and its formulation, recombinant human erythropoietin (Yi Bao), compound aloe capsules, Mo Luo Dan and You Li Tong (febuxostat tablets);

Note 5: Major products of anti-infection therapeutic area include anti-tuberculosis series, artesunate series, Xi Chang (cefmetazole sodium) and Shaduolika (potassium sodium dehydroandrographolide succinate), Qiang Shu Xi Lin (Piperacillin Sodium and Sulbactam Sodium 1.5g), Qin Shu (Piperacillin Sodium and Sulbactam Sodium 3g), Gu Shu Xi Lin (Piperacillin Sodium and Tazobactam Sodium) and Er Ye Bi (Ceftizoxime Sodium);

Note 6: Major products of anti-tumor therapeutic area include Xihuang capsules, pemetrexed disodium and Zhao Hui Xian (bicalutamide);

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

Note 8: Figures for January to June 2014 were restated by categories against those of January to June 2015 and figures for January to June 2014 included figures of new products for the same period.

The Group has placed great emphasis on quality and risk management of the life cycle of its products and implemented stringent quality and safety control mechanisms and adverse drug reaction monitoring mechanisms at each stage of the production chain from R&D to pulling off shelf of products, so as to ensure the R&D, registration, 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, Corrective and Preventive Actions (CAPA) deviation management, out-of-specification (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 Current Good Manufacturing Practice (cGMP) certifications such as the U.S., European Union and World Health Organization (WHO), and encourage voluntary adoption of international standards such as the European Directorate for the Quality of Medicines (EDQM), the United States Pharmacopeia (USP) and International Pharmacopeia (InP) in the production processes. As at the end of the Reporting Period, 13 APIs of the Group received certifications from the U.S. FDA, EU Certification, Ministry of Health, Labour and Welfare of Japan, Federal Ministry of Health of Germany. 1 production line for oral solid dosage formulation, 4 production lines for injection and 2 production lines for APIs of Guilin South Pharma Company Limited* (桂林南藥股份有限公司) ("**Guilin Pharma**") also obtained PreQualification from the World Health Organization (WHO-PQ), and 1 production line of oral solid dosage formulation of Yao Pharma was recognized by the Canada FDA and the U.S. FDA.

The Group has focused on innovation and R&D in long run and continued to increase investment in R&D. During the Reporting Period, the capitalised R&D expenditures were RMB299 million, increased by 17.75% as compared to the corresponding period of 2014, of which the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment. During the Reporting Period, the Group continued to optimize 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 centers and established highly-efficient international R&D teams in Shanghai, Chongqing, San Francisco and Taiwan. In order to leverage its competitive strengths, the Group focused its R&D on therapeutic areas including metabolism and alimentary system, cardiovascular system, central nervous system, anti-tumor and immune modulating and anti-infection, and the major products have gained leading position in their respective market segments.

As at the end of the Reporting Period, the Group had 130 pipeline drugs, generic drugs, generic biopharmaceutical drugs and vaccine projects; among which, the Group has tendered applications for clinical trial to China Food and Drug Administration for recombinant anti-VEGF monoclonal antibody, 2 generic biopharmaceutical drugs of recombinant human-mouse chimeric anti-EGFR monoclonal antibody, 1 type 1.1 innovative drug FC-110 project and 5 domestically unlaunched type 3.1 new drugs, obtained approval of clinical trial for 2 monoclonal antibody generic biopharmaceutical drugs (rituximab biosimilars and trastuzumab biosimilars) and recombinant human insulin ingredients, and completed clinical trial for insulin lispro injection fluid. In addition, during the Reporting Period, the arginie APIs of Hubei Shine Star obtained production approval and the venlafaxine hydrochloride tablets of Yao Pharma passed the launching approval of FDA. During the Reporting Period, the Group applied for a total of 32 patents, including 3 U.S. patent applications, 3 EPO patent applications, 3 Japanese patent applications and 3 PCT applications, in its pharmaceutical manufacturing segment. The Group obtained 6 licensed patents, including 5 invention patents.

Meanwhile, the Group creatively integrated domestic resources and continued to enhance its R&D capabilities. The Group created an innovative Chinese medicine R&D platform and established "Fosun Pharmaceutical Innovation Fund on Chinese Medicine Technology" (復星醫藥中藥科技創新基金) in Shanghai University of Traditional Chinese Medicine to formulate an innovative Chinese medicine R&D platform under the cooperation between schools and enterprises, and also entered into a strategic cooperation framework agreement with Shanghai Institute of Materia Medica to formulate cooperation among production, academic and research parties in a bid to accelerate the pace of putting technological results into practice.

Pharmaceutical Distribution and Retail

In the beginning of 2015, the Group and Sinopharm have completed the integration of drug distribution and retail business as well as the optimization of resource allocation among Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy. In addition, the Group attempted to explore a new business model via the cooperation with Guahao.com Limited (掛號網).

During the Reporting Period, Sinopharm, an associate of the Group, put continuous efforts in accelerating industry consolidation, expanding distribution network of pharmaceutical products and maintaining rapid growth in business. In the first half of 2015, Sinopharm realized operating income of RMB111,057 million, net profit of RMB2,889 million and net profits attributable to shareholders of the parent of RMB1,914 million, which represented an increase of 17.11%, 25.15% and 30.60% as compared to the corresponding period of 2014, respectively. As at the end of the Reporting Period, the distribution network of Sinopharm covered 31 provinces, autonomous regions and municipalities in China. Its direct customers included 12,850 hospitals (only referring to hospitals with ranking, including 1,752 of the tier-three hospitals, which are the largest and most highly-ranked hospitals). During the Reporting Period, Sinopharm's revenue from pharmaceutical distribution business increased by 16.38% as compared to the corresponding period of 2014 to RMB105,414 million. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB4,102 million realized during the Reporting Period, representing an increase of 46.58% as compared to the corresponding period of 2014, while its pharmaceutical retail network further expanded with retail pharmacies owned by Sinopharm Holding GuoDa Drugstores Co., Ltd.* (國藥控股國大藥房有限公司) ("**GuoDa Drug Store**"), its subsidiary, amounted to 2,932 as at the end of the Reporting Period.

Healthcare Services

In 2015, the Group, based on its substantially completed deployment of its healthcare services business integrating 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, further strengthened the operating capabilities and profitability of the Group. During the Reporting Period, a new complex of Chancheng Hospital (禪城醫院), "Excelsior Tower" (精進樓), was completed and commenced operation, establishing a foundation for creating the differentiated healthcare service platform. The establishment of a rehabilitation and body-check hospital initiated by Zhongwu Hospital (鐘吾醫院) have further diversified the healthcare service platform of the Group. The establishment of the Taizhou Zanyang Healthcare and Rehabilitation Project (台州市贊揚醫養項目) (i.e., Taizhou Zhedong Medical Care and its ancillary hospitals) have been initiated for exploration of new healthcare models. During the Reporting Period, the healthcare services entities controlled by the Group realized total revenue of RMB674 million, representing an increase of 22.55% as compared to the corresponding period of 2014, segment results of RMB116 million, representing an increase of 38.51% as compared to 2014, and segment profit of RMB67 million, representing an increase of 17.79% as compared to 2014. In 2015, Chancheng Hospital (禪城醫院) realized the revenue of RMB467 million, representing an increase of 29.01% as compared to the corresponding period of 2014. As at the end of the Reporting Period, the total number of beds available for the public in Chancheng Hospital (禪城醫院), Anhui Jimin Cancer Hospital* (安徽濟民腫瘤醫院), Yueyang Guangji Hospital Company Limited* (岳陽廣濟醫院有限公司) and Zhongwu Hospital (鐘吾醫院), controlled by the Group, was 2,770.

In addition, during the Reporting Period, the Group actively supported and facilitated the development and deployment of hospital and clinic network under "United Family Hospital", a leading premium healthcare services brand under Chindex International, Inc. ("**Chindex**"). In the first half of 2015, the United Family Hospital maintained its brand awareness and prominent positions in high-end healthcare segment in major cities such as Beijing and Shanghai. Qingdao United Family Hospital commenced its operation during the Reporting Period, and the construction of Guangzhou United Family Hospital was at full steam.

While devoting itself to the domestic healthcare services industry, the Group also paid close attention to exploring new service models in healthcare services segment of the overseas mainstream market. In the first half of 2015, the Group invested in approximately 30% equity interest of Sovereign Medical Services, Inc., a day surgery centre in the United States, for further studies for exemplars and implementation of new healthcare services model in the PRC market in future.

Medical Diagnosis and Medical Devices

In respect of the medical devices segment, during the Reporting Period, the Group actively fostered the business development of Alma Lasers Ltd. ("**Alma Lasers**") and enhanced the expansion of the distribution business of Chindex Medical Limited (美中互利醫療有限公司) ("**CML**"), in particular, the volume of surgery by Da Vinci surgical robotic system experienced a significant increase in the first half of 2015. In 2015, Alma Lasers accelerated in developing the international market and especially key emerging markets such as China and India and recorded revenue of RMB331 million for the first half of 2015, representing an increase of 12.17% as compared to the corresponding period of 2014. Alma Lasers also strengthened its new product portfolio, in particular, by increasing R&D of medical devices and extending its production line into the clinical treatment area.

During the Reporting Period, the Group realized revenue of RMB827 million from the manufacturing of medical diagnosis and medical devices segment, representing an increase of 16.64% as compared to the corresponding period of 2014. The revenue of distribution business amounted to RMB283 million, representing an increase of 139.83% as compared to the corresponding period of 2014; the increase in revenue of distribution business was mainly due to an increase in sales of consumables brought by the accelerated sales of Da Vinci surgical robotic system and the increased volume of surgery.

Environment, Health and Safety

During the Reporting Period, on the basis of maintaining the structural construction of environment, health and safety (EHS), the Group has strengthened the assessment, support and improvement of various expertise. The Group has made comprehensive and systematic progress in the establishment of EHS organizations, recruitment of professional personnel, provision of professional training, intervention, resolution and support for compliance controls as well as implementation and progress tracking of improvement for all of its business segments, including manufacturing and R&D, healthcare services and medical devices and medical diagnosis. Meanwhile, the Group also commenced its annual EHS inspection.

As of the end of the Reporting Period, the Group initiated the examination and assessment on mechanical risks and prevention for its pharmaceutical manufacturing and R&D segment, and has arranged trainings on lock listing and power isolation to enhance the management of regulated operation by its staff. With regards to its rapid development and internationalization, the Group thoroughly implemented EHS due diligence on all domestic and foreign investments as well as merger and acquisition projects, and regarded EHS as one of the key considerations for investment decisions. All new projects in the Group have taken into account EHS compliance at the early design stage and capture all opportunities for improvement, so as to ensure its operations complied with EHS while achieving continuous improvement.

Each subsidiary of the Group has also been required to take the initiatives to conduct voluntary EHS improvement pursuant to their respective EHS risk characteristics. Overall energy conservation and consumption reduction have been initiated and continuous investment in the upgrading of environmental friendly facilities, such as sewage treatment and air emission from boilers, has been made in the pharmaceutical manufacturing and R&D segment. Besides, security and fire control have been continuously improved in the healthcare services segment. The Group also proactively explored the cultivation of EHS culture by requiring its enterprises to adhere to self-discipline, implement accountability of chief officers and encourage staff's participation. Risk hazards were proactively identified, while more efforts were also placed on the enhancement of transparency and accountability. Besides, the Group concurrently established its EHS electronic data platform, and attained its target on governing EHS through the advancement of EHS risk control and integration of detailed and professional control.

Financing

During the Reporting Period, the proposal on non-public issuance of A shares of the Company ("**A Shares**") (the "**Proposed Non-Public Issuance**") was considered and passed by the general meeting, pursuant to which it was proposed to issue new A Shares to 8 institutional investors to raise a total of approximately RMB5.8 billion for the purposes of the repayment of interest-bearing debts and replenishment of working capital. The proposal on issuance is subject to the approval of China Securities Regulatory Commission ("**CSRC**"). Meanwhile, during the Reporting Period, the Company registered medium-term notes of RMB2.0 billion with the National Association of Financial Market Institutional Investors, which could be issued at its discretion within two years from the date of issuance of registration notice. The Company also extended cooperation with the Export-Import Bank of China and International Finance Corporation (IFC) to obtain loans at low interest rates, and maintained solid partnerships and credit facilities with major principal banks domestically and overseas, enabling the Company to continually further its mergers and acquisitions of domestic and overseas pharmaceutical companies, enhance the construction of international R&D platform, and strengthen the development of its principal businesses.

A. *Analysis on Principal Operations*

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

Unit: RMB million

Items	**January to June 2015**	January to June 2014	Year-on-year change *(%)*
Revenue	**5,871**	5,502	6.71
Cost of sales	**2,929**	3,187	–8.07
Selling and distribution expenses	**1,281**	1,017	25.89
Administrative expenses	**602**	527	14.07
R&D expenses	**299**	254	17.75
Finance costs	**223**	187	19.25
Net cash flow generated from operating activities	**677**	404	67.83
Net cash flow generated from investment activities	**–627**	–195	–221.44
Net cash flow generated from financing activities	**–201**	776	–125.96
R&D expenditure	**357**	297	20.22

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

The increase in finance costs was mainly due to the increase in interest-bearing debts of the Group and the changes in foreign exchange loss and gain during the Reporting Period;

The increase in net cash flow generated from operating activities was mainly due to the outstanding sales performance and operational enhancement of the Group during the Reporting Period;

The decrease in net cash flow generated from investment activities was mainly due to the increase in investment payment of the Group during the Reporting Period;

The decrease in net cash flow generated from financing activities was mainly due to the corresponding figures during the period including the proceeds raised from the issuance of overseas listed foreign shares in April 2014.

(2) *R&D Expenditures*

① Table for R&D expenditures

Unit: RMB million

R&D expenditures expensed for the Reporting Period	299
R&D expenditures capitalized for the Reporting Period	58
Total R&D expenditures	357
Percentage of total R&D expenditures on net assets (%)	1.8
Percentage of total R&D expenditures on revenue (%)	6.0

② Description

During the Reporting Period, R&D expenses amounted to RMB299 million, representing an increase of 17.75% as compared with the corresponding period of the previous year, of which the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing a 19.64% growth from the corresponding period last year and accounting for 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment. The increase was mainly due to the continuous increase in research and development efforts, with the focus on the research and development of generic biopharmaceutical drugs and innovative drugs.

(3) *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 its major business of pharmaceutical manufacturing and R&D, insisted on product innovation and further enhanced the competitiveness of its products. Meanwhile, the Group continued to increase its investment in the healthcare services segment and substantially completed the strategic deployment of its healthcare services segment 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. In addition, the Group actively promoted its internationalization strategies, accelerated the pace of its international mergers and acquisitions and increased its business scale.

B. *Industry, Products and Regional Operations*

(1) *Principal Business by Segment and Product*

Unit: RMB million

	Business by segment					
Segments	**Revenue**	**Cost of sales**	**Gross margin** *(%)*	**Year-on-year change in revenue** *(%)*	**Year-on-year change in cost of sales** *(%)*	**Year-on-year change in gross margin** *(%)*
Pharmaceutical manufacturing and R&D	4,077	1,890	53.64	21.34	10.48	4.55
Healthcare services	674	478	29.08	22.55	16.10	3.93
Medical diagnosis and medical devices	1,110	547	50.72	34.22	33.89	0.12

(2) *Business by Geographical Location*

Unit: RMB million

Region	**Revenue**	**Year-on-year change in revenue** *(%)*
Mainland China	5,143	7.39
Overseas countries or regions	728	2.10

C. *Analysis on Major Subsidiaries and Investee Companies*

(1) *Operation and Results of Major Subsidiaries of the Group*

① Operation and Results of Major Subsidiaries

Unit: RMB million

Name	Nature of business	Main products or services	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical manufacturing	Atomolan, You Di Er, Potassium Sodium Dehydroandrographolide Succinate	197	1,858	1,021	1,167	126	107
Wanbang Pharma	Pharmaceutical manufacturing	Wan Su Lin, Wan Su Ping, Xihuang capsules, EPO, heparin series, etc.	440	2,239	1,006	1,013	116	100
Hubei Shine Star	Manufacturing of amino acid	Amino acid series products	51	1,038	518	537	39	36
Jinzhou Aohong Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司) ("**Aohong Pharma**") *(note)*	Pharmaceutical manufacturing	Ao De Jin, Bang Ting	108	1,250	942	398	263	224

Note: Aohong Pharma's data include fair value adjustment and relevant amortization.

② Status of Major Subsidiaries of Other Business Segments

Unit: RMB million

Name	Nature of business	Major products	Registered Capital	Total assets	Net assets	Net profit
Alma Lasers *(note)*	Medical Devices	Medical devices for beauty treatment and medical devices for medical purposes	N/A	998	780	52
Chancheng Hospital (禪城醫院) *(note)*	Healthcare services	Healthcare services	5,000	1,385	935	59

Note: The figures of Alma Lasers and Chancheng Hospital included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

(2) *Operation and Results of Investee Companies, whose Net Profit and Investment Income Contributing More Than 10% of the Group's Net Profit*

Unit: RMB million

Name	Nature of business	Main business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial Investment Co., Ltd.* (國藥產業投資有限公司)	Pharmaceutical investment	Pharmaceutical investment	100	136,577	39,040	110,860	3,627	2,882

(3) *Acquisition and Disposal of Subsidiaries during the Reporting Period (including the Methods of the Acquisitions and Disposals and the Effects on the Group's Overall Operation and Results)*

Unit: RMB million

Name	Method of acquisition	Net assets (as at 30 June 2015)	Net profit (from acquisition date to the end of June)	Acquisition date
Hainan Kai Ye Medical Company Limited* (海南凱葉醫藥有限公司)	Equity transfer	7	—	26 June 2015

Unit: RMB million

Name	Method of disposal	Net assets (disposal date)	Net profit (from the beginning of the Reporting Period to disposal date)	Disposal date
Fosun Pharmaceutical	Equity transfer	97	—	9 January 2015
For Me Pharmacy	Equity transfer	101	—	9 January 2015
Golden Elephant Pharmacy	Equity transfer	195	—	4 January 2015

D. *Analysis on Core Competence*

The Group has formed a relatively complete product portfolio in the six major therapeutic areas (being areas of cardiovascular system, metabolism and alimentary system, central nervous system, blood system, anti-infection and anti-tumor) 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 2014, there were 17 formulation products and series of the Group that each recorded revenue of over RMB100 million.

The Group has developed internationalized R&D structure and strong R&D capabilities. It has set up interactive and integrated R&D systems in Shanghai, Chongqing, San Francisco and Taiwan. It has also established an efficient R&D platform in areas of small molecular innovative chemical drugs, large molecular biosimilars, generic drugs with high entry barriers and special formulation technology. During the Reporting Period, the Group also strengthened its presence in the production of anti-tumor drugs. There were over 22 pipeline generic biopharmaceutical drugs (mainly monoclonal antibodies) and chemical drugs after years of research and development. As at the end of the Reporting Period, there were 130 pipeline drugs, generic drugs, biosimilars and vaccine projects, 37 projects under clinical trial applications, 13 projects under clinical trial, and 33 projects awaiting official approval for sales. It is expected that these projects under development will provide a solid foundation to maintain sustainable growth of the Group in the future. As at the end of the Reporting Period, there were 866 staff in the R&D team. Meanwhile, the Group diversified its innovative research through strategic alliances, cooperative projects, joint ventures and other means so as to further strengthen its R&D capabilities.

Whilst enhancing the competitiveness of its products, the Group also focused on developing its marketing capabilities. With a marketing team consisting of nearly 3,000 employees and a sales network covering most of the major domestic markets, the Group has been improving its capabilities in sales and marketing. Sinopharm, an investee of the Group for over a decade, has developed into the largest pharmaceutical and healthcare distributor and a leading supply chain service provider in China possessing and operating China's largest drug distribution and delivery network. The Group, leveraging its long-established strategic cooperation with Sinopharm, put the synergy into full play.

The Group is one of the first enterprises in the PRC pharmaceutical industry to develop internationally, and its production capacity has met the international standards, with several production lines recognized by relevant international certifications and some of the formulations and APIs have also entered into the international markets in a considerable scale. Globally, it is the leading provider of anti-malaria medicines. The solid dosage formulation production line of Yao Pharma was recognized by the FDAs in Canada and the U.S.. The dietary supplement amino acid of Hubei Shine Star was recognized by the U.S. FDA.

The Group has taken the lead in entering into the healthcare service segment in China and has completed the strategic deployment of its healthcare services business with 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.

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. A-share market and the H-share market have created favorable condition for the Group to rapidly expand its scale of operation and enhance its competitiveness 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 the end of the Reporting Period, the Group had a total of 17,666 employees. The employee's remuneration policies of the Group are formulated on the basis of the results, work experience and salary level prevailing in the market.

2. Business Outlook for the Second Half of 2015

Development Strategies of the Group

In 2015, the Group will continue to be committed to its mission of improving human health, adhere to its corporate 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 rapid growth of generic drugs in mainstream markets such as Europe and the U.S.. It will adhere to the development strategies of organic growth, external expansion and integrated development, and enhance the innovation and strengthen product marketing. In addition to proactively implementing internationalization of the business and strengthening the Group's core competitiveness, the Group will also increase its investment in outstanding industry players and continuously optimize and integrate its pharmaceutical industry chain and resources, so as to further improve the Group's 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 2015, 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 products in therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary system, anti-tumor and anti-infection. In addition to solidifying the market position and product growth in its existing key segments and products, the Group will further its efforts in promoting products such as You Di Er, You Li Tong, EPO, Bang Ting, Ao De Jin and Atomolan 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 to combine international technology licenses with domestic industry-university-research cooperation, and increase its investments in R&D driven by the cooperation tie of "project plus technology platform". 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 pharmaceutical products 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 products including 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 as to foster the capture of value from R&D projects. 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 its pharmaceutical manufacturing business.

Pharmaceutical Distribution and Retail

In the second half of 2015, 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 and retail sector. The Group will actively support the leap-forward and integrated development of GuoDa Drug Store in the pharmaceutical retail segment, thus enabling Sinopharm to build up its leading position in the pharmaceutical retail segment. Meanwhile, the Group will launch cooperation with Guahao.com Limited (掛號網) in the industry chain of "Insurance, Medical Treatment and Medicine".

Healthcare Services

In the second half of 2015, the Group will continue to seize the business and investment opportunities arising from the opening up of the healthcare services segment to social enterprises. The Group will continuously increase its investments in the healthcare services segment, and strengthen the established strategic deployment of its healthcare services business which integrates high-end healthcare services in coastal developed cities and 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 disciplines and quality management, enhance operational efficiency and accelerate the business development. With the commencement of operation of the new complex and tumor center of Chancheng Hospital (禪城醫院), the Group will continue to expand the coverage and regional influence of healthcare services of Chancheng Hospital (禪城醫院). The Group will also promote the implementation of the Taizhou Zanyang Healthcare and Rehabilitation Project (台州市贊揚醫養項目) and positively seek new opportunities for merger and acquisition of healthcare services. Furthermore, the Group will continue to support and promote the development of "United Family Hospital", a high-end brand for healthcare services under Chindex, and in particular the establishment and business expansion of hospitals in Qingdao, Tianjin and Guangzhou in order to accelerate 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 2015, the Group will continue to develop and introduce products, launch new products and enrich new product lines for its diagnostic business. 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 including those newly introduced and registered in 2015, and actively seek opportunities to invest in quality companies both domestically and internationally.

In the second half of 2015, the Group will increase its investments in R&D, manufacturing and sales of medical devices. Alma Lasers will further stimulate the R&D and sales of medical devices and synergy and innovation in service models with other business segments in order to extend its business from device supply to services. Meanwhile, the Group will continue to leverage on its strengths in expanding international operations, and with its existing overseas companies as platforms, vigorously explore cooperation with overseas companies on the basis of proactive integration, so as to achieve growth in the scale of its medical devices business.

Financing

The Group will continue to explore the financing channels domestically and internationally, optimize its financing structure and debt structure, lower financial costs and further enhance its core competence, so as to consolidate its leading position in the industry.

3. Other Events

(a) *The Restricted A Share Incentive Scheme*

On 19 January 2015, the Board considered and approved, among other things, the resolution in relation to repurchase and cancellation of certain restricted A shares of the Company ("**Restricted A Shares**") which have not been unlocked under the restricted A share incentive scheme of the Company (the "**Restricted A Share Incentive Scheme**"). Pursuant to the Restricted A Share Incentive Scheme, the Board has approved that a total of 231,000 Restricted A Shares, which have been granted to Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei but have not been unlocked due to the resignation of Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei and termination of their employment contracts with the Company or the relevant subsidiary, shall be repurchased and cancelled at a repurchase price of RMB6.08 per share for a total repurchase amount of RMB1,404,480, and that the dividends distributable to such grantees and held in escrow by the Company shall be forfeited by the Company in accordance with the Restricted A Share Incentive Scheme. The aforementioned repurchased Restricted A Shares were cancelled on 12 February 2015.

On 19 January 2015, the Board also considered and approved, the resolution in relation to the fulfillment of the conditions for unlocking the first tranche of Restricted A Shares, and the conditions for unlocking the Restricted A Shares have been satisfied by 24 Grantees. As a result, a total of 1,222,320 Restricted A Shares were unlocked, and trading of such Restricted A Shares commenced on 25 February 2015.

(b) ***The Restricted A Share Incentive Scheme II***

On 20 January 2015, the Board considered and approved, among other things, the proposal to adopt the restricted A share incentive scheme II of the Company (the "**Restricted A Share Incentive Scheme II**") and to grant a total of 2,719,000 restricted A shares of the Company at a grant price of RMB10.82 per share to 47 participants thereunder. On 4 March 2015, the Company obtained the confirmation entitled "Opinion on the Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Restricted A Share Incentive Scheme" (Shang Shi Bu Han [2015] No. 215) (《關於上海復星醫藥(集團)股份有限公司股權激勵計劃意見的函》(上市部函[2015]215號)) that the CSRC had no objection to the Company convening a general meeting to consider the Restricted A Share Incentive Scheme II.

On 25 August 2015, the Board has passed resolutions to revise the initial draft of the Restricted A Share Incentive Scheme II and the proposed grant as follows:

1. The total number of participants under the Restricted A Share Incentive Scheme II shall be reduced from 47 to 46 due to the termination of employment of one of the participants, Mr. Liu Shengguang, and the total number of Restricted A Shares to be granted to the participants shall be adjusted from 2,719,000 shares to 2,704,000 shares accordingly.

2. Since the distribution of the Company's final dividend for 2014 was completed on 21 August 2015, pursuant to the terms of the Restricted A Share Incentive Scheme II, the proposed grant price under the Restricted A Share Incentive Scheme II shall be adjusted accordingly. Other than the above, no material changes have been made to the terms of the initial draft of the Restricted A Share Incentive Scheme II and the Proposed Grant as disclosed in the announcement of the Company dated 20 January 2015.

As at the date of this announcement, the Restricted A Share Incentive Scheme II remains subject to shareholders' approval at the Company's general meeting, the A shareholders' class meeting and the H shareholders' class meeting.

(c) ***Proposed Non-public Issuance of New A Shares***

On 16 April 2015, the Board resolved to submit to the shareholders of the Company (the "**Shareholders**") for their consideration and approval of a special resolution in respect of the grant of the general mandate of A shares (the "**General Mandate of A Shares**") to the Board, pursuant to which the Board may issue, allot and/or deal with a maximum of 381,619,272 new A Shares, representing 20% of the total issued A Shares, assuming that there will be no change in the number of issued A Shares on the date the proposed special resolution regarding the General Mandate of A Shares is passed. The Company will issue and allot new A Shares under the Proposed Non-Public Issuance pursuant to the General Mandate of A Shares to be considered and granted by the Shareholders at the general meeting of the Company.

On 16 April 2015, the Board approved the Proposed Non-Public Issuance, pursuant to which the Company will issue not more than 246,808,510 new A Shares to China Life Insurance Company Limited (中國人壽保險股份有限公司), China Merchants Wealth Asset Management Co., Ltd. (招商財富資產管理有限公司), Taikang Asset Management Co., Ltd. (泰康資產管理有限責任公司), China Fund Management Co., Ltd. (中信建投基金管理有限公司), China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), Anhui Railway Construction Investment Fund Co., Ltd. (安徽省鐵路建設投資基金有限公司), Beijing Zhongrong Dingxin Investment Management Co., Ltd. (北京中融鼎新投資管理有限公司) and Elion Resources Holding Co. Ltd. (億利資源控股有限公司) (collectively, the "**Subscribers**").

On 16 April 2015, the Subscribers entered into subscription agreements with the Company, respectively, to subscribe for a total of up to 246,808,510 new A Shares at the subscription price of RMB23.50 per new A Share, amounting to a maximum amount of gross proceeds to be raised from the Proposed Non-Public Issuance of RMB5,799,999,985. The new A Shares to be issued shall not be traded or transferred within 36 months from the date of completion of the Proposed Non-Public Issuance.

The Proposed Non-Public Issuance of A Shares has been approved by the 2014 annual general meeting of the Company held on 29 June 2015. As at the date of this announcement, the Proposed Non-Public Issuance of A Shares remains subject to the approval by CSRC.

Since the distribution of the Company's final dividend for 2014 was completed on 21 August 2015, according to the proposal on the Proposed Non-Public Issuance of A Shares, the issue price has been adjusted to RMB23.22 per share and the number of A shares to be issued has been adjusted to no more than 249,784,664 new A Shares.

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

The Restricted A Share Incentive Scheme was approved by the Shareholders at the extraordinary general meeting, the A Shareholders' class meeting and the H Shareholders' class meeting held on 20 December 2013. On 7 January 2014, the Company granted a total of 4,035,000 Restricted A Shares at the grant price of RMB6.08 each to 28 participants (the "**Grantees**") pursuant to the Restricted A Share Incentive Scheme. As disclosed in the announcement of the Company dated 21 January 2014, 27 out of 28 of the Grantees have accepted and subscribed with their own funds under the Restricted A Share Incentive Scheme and a total of 3,935,000 Restricted A Shares has been issued by the Company to the relevant Grantees.

On 19 January 2015, the Board considered and approved, among other things, the resolution in relation to the repurchase and cancellation of certain Restricted A Shares which have not been unlocked under the Restricted A Share Incentive Scheme. Due to the resignation of Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei and termination of their employment contracts with the Company or the relevant subsidiary, the Board has, pursuant to the Restricted A Share Incentive Scheme, approved that a total of 231,000 Restricted A Shares, which have been granted to Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei but have not been unlocked, shall be repurchased and cancelled at a repurchase price of RMB6.08 per share for a total repurchase amount of RMB1,404,480, and that the dividends distributable to such grantees and held in escrow by the Company shall be forfeited by the Company in accordance with the Restricted A Share Incentive Scheme. The aforementioned repurchased Restricted A Shares were cancelled on 12 February 2015.

On 19 January 2015, the Board also considered and approved, the resolution in relation to the fulfillment of the conditions for unlocking the first tranche of Restricted A Shares, and the conditions for unlocking the Restricted A Shares have been satisfied by 24 Grantees. As a result, a total of 1,222,320 Restricted A Shares were unlocked, and trading of such Restricted A Shares commenced on 25 February 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

USE OF PROCEEDS

(a) In May 2010, upon approval by CSRC through the approval document (Zheng Jian Xu Ke [2010] No.334), the Company made a non-public offer of 31,820,000 domestic shares of RMB1.00 each in the PRC at the issue price of RMB20.60 per share. The total proceeds raised from such offer amounted to RMB655 million and, after deducting the underwriting commission attributable to the brokers and other expenses, the net proceeds were RMB635 million.

As at 30 June 2015, the Group applied an accumulated amount of proceeds of approximately RMB577 million.

Details of the use of proceeds of the A Shares are set out below:

Unit: RMB million

Projects undertaken	**Amount of proceeds proposed to be applied**	**Amount of proceeds applied as at 30 June 2015**
Recombinant human insulin (API + formulation) industrialized project	371	317
Artesunate high-technology industrialized model project *(Note 1)*	190	186
In-vitro diagnostic products production facilities project *(Note 2)*	74	74 *(Note 3)*

Note 1: The final payment remained to be paid following the completion and acceptance of the project.

Note 2: The relevant designated account for the proceeds had been cancelled following the completion and acceptance of the project.

Note 3: The accumulated amount of proceeds applied included the interest income of RMB0.04 million from a designated account for the proceeds.

(b) In October 2012, upon approval by CSRC through the approval document (Zheng Jian Xu Ke [2012] No.444), the Company made a global offering of 336,070,000 H Shares of RMB1.00 each and the total proceeds were HK$3,966 million. The net proceeds, together with relevant interest income, and after deducting the listing expenses of HK$84 million paid overseas, were HK$3,882 million. As at the end of the Reporting Period, the net proceeds from the abovementioned offering of H Shares had been fully applied.

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 regulations, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**"). The Company is committed to continually improve its corporate governance structure, and to optimize its internal management and control and its business operation in order to improve the corporate governance of the Company.

The corporate governance practices adopted by the Company are based on the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Hong Kong Listing Rules. The Company has complied with all the applicable code provisions contained in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules and formulated its Written Code for Securities Transactions for Directors and Relevant Employees of the Company (the "**Written Code**") as its codes of conduct regarding securities transactions.

Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the standards as set out in the Model Code and the Written Code throughout the Reporting Period.

REVIEW OF INTERIM RESULTS BY

THE AUDIT COMMITTEE
The Group's unaudited interim results for the six months ended 30 June 2015 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 2015 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 2015 Interim Report will be dispatched to the 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

25 August 2015

As at the date of this announcement, the executive Directors are Mr. Chen Qiyu and Mr. Yao Fang; the non-executive Directors are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Wang Pin

liang, Ms. Kang Lan and Mr. John Changzheng Ma; and the independent non-executive Directors are Dr. Zhang Weijiong, Mr. Cao Huimin, Mr. Jiang Xian and Dr. Wong Tin Yau Kelvin.

* *for identification purposes only*