FOSUN PHARMA
复星医药

上海復星醫藥（集團）股份有限公司

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

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

(Stock Code: 02196)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of the Company is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

	2021 ***RMB million***	2020 *RMB million* (Restated)
Operating results		
Revenue	**38,858**	30,163
Gross profit	**18,630**	16,430
Operating profit	**2,393**	2,437
EBITDA	**8,825**	7,287
Profit before tax	**6,054**	4,678
Profit for the year attributable to owners of the parent	**4,735**	3,663
Profitability		
Gross margin	**47.94%**	54.47%
Net profit margin	**12.84%**	13.06%
Earnings per share (RMB)		
Earnings per share — basic	**1.85**	1.43
Earnings per share — diluted	**1.85**	1.43
Assets		
Total assets	**93,237**	83,629
Equity attributable to owners of the parent	**39,135**	36,939
Total liabilities	**44,918**	37,702

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	**2021** ***RMB'000***	2020 *RMB'000* (Restated)
REVENUE	*3*	**38,858,085**	30,163,260
Cost of sales		**(20,228,269)**	(13,733,529)
Gross profit		**18,629,816**	16,429,731
Other income	*4*	**375,734**	420,764
Selling and distribution expenses		**(9,098,892)**	(8,161,592)
Administrative expenses		**(3,303,290)**	(3,036,109)
Impairment losses on financial assets		**(74,016)**	(104,836)
Research and development expenses		**(3,834,483)**	(2,795,494)
Other gains	*6*	**3,322,373**	1,278,251
Other expenses		**(1,163,734)**	(251,861)
Interest income		**233,727**	199,609
Finance costs	*7*	**(822,534)**	(880,952)
Share of profits and losses of:			
Joint ventures		**(247,388)**	(133,257)
Associates		**2,036,525**	1,713,592
PROFIT BEFORE TAX	*5*	**6,053,838**	4,677,846
Income tax expense	*8*	**(1,066,400)**	(737,865)
PROFIT FOR THE YEAR		**4,987,438**	3,939,981
Attributable to:			
Owners of the parent		**4,735,270**	3,662,813
Non-controlling interests		**252,168**	277,168
		4,987,438	3,939,981
Earnings per share attributable to ordinary equity holders of the parent:	*10*		
Basic		**RMB1.85**	RMB1.43
Diluted		**RMB1.85**	RMB1.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**4,987,438**	3,939,981
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(409,611)**	(686,858)
Share of other comprehensive (loss)/income of joint ventures	**(531)**	585
Share of other comprehensive income of associates	**56,014**	21,227
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(354,128)**	(665,046)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(978)**	(13,466)
Income tax effect	**147**	18
Share of other comprehensive income of associates	**10,778**	88,649
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods reclassified to	**9,947**	75,201
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(344,181)**	(589,845)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,643,257**	3,350,136
Attributable to:		
Owners of the parent	**4,403,017**	3,119,000
Non-controlling interests	**240,240**	231,136
	4,643,257	3,350,136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**13,011,818**	12,579,873
Right-of-use assets		**2,569,796**	2,666,402
Goodwill		**9,399,987**	8,677,249
Other intangible assets		**11,610,712**	9,577,741
Investments in joint ventures		**282,837**	381,616
Investments in associates		**22,343,990**	21,870,966
Equity investments designated at fair value through other comprehensive income		**29,916**	1,043
Financial assets at fair value through profit or loss		**1,206,489**	1,460,769
Deferred tax assets		**265,589**	244,937
Trade receivables — non-current		**77,395**	—
Other non-current assets		**2,013,740**	1,083,724
Total non-current assets		**62,812,269**	58,544,320
CURRENT ASSETS			
Inventories		**5,472,315**	5,162,800
Trade and bills receivables	*11*	**6,045,460**	4,807,059
Prepayments, other receivables and other assets		**3,466,043**	2,554,165
Financial assets at fair value through profit or loss		**4,241,069**	1,970,096
Debt investments at fair value through other comprehensive income		**427,884**	628,881
Cash and bank balances		**10,308,157**	9,961,802
		29,960,928	25,084,803
Assets of a disposal group classified as held for sale		**463,705**	—
Total current assets		**30,424,633**	25,084,803
CURRENT LIABILITIES			
Trade and bills payables	*12*	**5,063,661**	3,289,021
Other payables and accruals		**7,020,048**	5,597,564
Interest-bearing bank and other borrowings		**15,460,243**	14,488,946
Lease liabilities		**141,496**	151,084
Contract liabilities		**1,150,274**	1,020,309
Tax payable		**474,223**	325,429
Total current liabilities		**29,309,945**	24,872,353
NET CURRENT ASSETS		**1,114,688**	212,450
TOTAL ASSETS LESS CURRENT LIABILITIES		**63,926,957**	58,756,770

	2021	2020
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**9,049,069**	8,475,685
Lease liabilities	**648,360**	627,291
Deferred tax liabilities	**3,129,746**	2,852,997
Contract liabilities	**239,011**	121,712
Deferred income	**512,806**	482,201
Other long-term liabilities	**2,029,287**	269,488
Total non-current liabilities	**15,608,279**	12,829,374
Net assets	**48,318,678**	45,927,396
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,562,899**	2,562,899
Reserves	**36,572,163**	34,375,748
	39,135,062	36,938,647
Non-controlling interests	**9,183,616**	8,988,749
Total equity	**48,318,678**	45,927,396

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments, debt investments and certain financial assets, which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group historically recorded the transportation cost incurred for the purpose of the fulfillment of the contracts with customers in the "selling and distribution expenses" included in the consolidated statement of profit or loss of the Group. There is no difference on the accounting policy adopted on such transactions between the financial statements prepared under generally accepted accounting principles in the PRC ("**PRC GAAP**") and HKFRSs before 31 December 2020. However, on 2 November 2021, the Ministry of Finance of the PRC (the "**MOF**") released the publication of Q&A regarding to Accounting Standard for Business Enterprises, among which cleared indicated that in the normal circumstances, before the control of the goods or services is transferred to the customer, the transportation activities incurred for the purpose of the fulfillment of the contracts with customers are not identified as the individual performance obligation and accordingly the relevant transportation expenses shall be treated as the contract costs which are capitalized as an asset and the capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. So the amortization of the capitalized transportation cost shall be recorded as "cost of sales" rather than "selling and distribution expenses" included in the consolidated statement of profit or loss of the Group. The Group has adopted the changes in accounting policy and made retrospective reclassification adjustments in the consolidated financial statements of the Group prepared under PRC GAAP for the year ended 31 December 2021. According to the Interpretation No. 2 to Accounting Standard for Business Enterprises issued by the MOF, those A+H share listed companies shall adopt consistent accounting policies of the same transactions in the financial statements prepared under PRC GAAP and HKFRSs. Accordingly, the Group changes its accounting policy during the year regarding to the presentation of the transportation cost in the consolidated financial statements of the Group prepared under HKFRSs with retrospective adjustments made to keep consistent with that prepared under PRC GAAP.

The quantitative impact regarding to the change of above accounting policy on the consolidated financial statements for the year ended 31 December 2021 and comparative information for the year ended 31 December 2020 is summarised below:

	Year ended 31 December 2021 *RMB'000*	**Change in accounting policy** *RMB'000*	**Year ended 31 December 2021** *RMB'000*
	Before change		**After change**
Cost of sales	**19,912,137**	**316,132**	**20,228,269**
Selling and distribution costs	**9,415,024**	**(316,132)**	**9,098,892**
Total	**29,327,161**	**—**	**29,327,161**

	Year ended 31 December 2020 *RMB'000*	Change in accounting policy *RMB'000*	Year ended 31 December 2020 *RMB'000*
	Before change		After change
Cost of sales	13,431,178	302,351	13,733,529
Selling and distribution costs	8,463,943	(302,351)	8,161,592
Total	21,895,121	—	21,895,121

The change in accounting policy had no impact neither on the consolidated statements of comprehensive financial position as at 31 December 2021 or 31 December 2020, nor on the consolidated statement of cash flow for the year ended 31 December 2021 or 31 December 2020.

In addition, the Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, and HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Renminbi based on the Loan Prime Rate ("**LPR**"), and United States dollars based on the London Interbank Offered rate ("**LIBOR**") or various Interbank Offered Rates as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and

performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these borrowings provided that the ''economically equivalent'' criterion is met.

(b) Amendments to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB60,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2021.There was no impact on the opening balance of equity as at 1 January 2021.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1

January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Standards 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or

received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- *HKFRS 16 Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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 segment mainly engages in the production, sale and R&D of medicine;

(b) the medical devices and medical diagnosis segment mainly engages in the production and sale of medical devices and diagnostic products;

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

(d) the pharmaceutical distribution and retail segment mainly engages in the retail and wholesale of medicine; 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 fair value gain or loss on financial assets at fair value through profit or loss, 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 financial assets at fair value through profit or loss, Equity investments designated at fair value through other comprehensive income and unallocated head office and investment management entities assets as these assets are managed on a group basis.

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.

Year ended 31 December 2021

	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Other business operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	**28,771,650**	**5,926,560**	**4,114,652**	**—**	**45,223**	**—**	**38,858,085**
Intersegment sales	**308,140**	**35,311**	**70,915**	**—**	**29,991**	**(444,357)**	**—**
Total revenue	**29,079,790**	**5,961,871**	**4,185,567**	**—**	**75,214**	**(444,357)**	**38,858,085**
Segment results*	**2,963,741**	**825,648**	**(366,706)**	**—**	**44,124**	**(259,731)**	**3,207,076**
Other income	**293,101**	**26,947**	**44,991**	**—**	**50**	**—**	**365,089**
Other gains	**405,285**	**1,896,659**	**217,403**	**—**	**562,015**	**(113,095)**	**2,968,267**
Interest income	**172,410**	**28,007**	**26,696**	**—**	**502**	**(23,120)**	**204,495**
Finance cost	**(177,440)**	**(26,267)**	**(140,175)**	**—**	**(10,440)**	**118,060**	**(236,262)**
Other expenses/Impairment losses on financial assets	**(344,234)**	**(235,561)**	**(84,417)**	**—**	**(373,178)**	**—**	**(1,037,390)**
Share of profits and losses of:							
Joint ventures	**(247,973)**	**—**	**332**	**—**	**253**	**—**	**(247,388)**
Associates	**90,913**	**129,890**	**(87,083)**	**1,947,910**	**(45,105)**	**—**	**2,036,525**
Unallocated other income, interest income, other gains, finance cost, and expenses							**(1,206,574)**
Profit/(loss) before tax	**3,155,803**	**2,645,323**	**(388,959)**	**1,947,910**	**178,221**	**(277,886)**	**6,053,838**
Tax	**(526,030)**	**(645,719)**	**(43,624)**	**—**	**(52,449)**	**—**	**(1,267,822)**
Unallocated tax							**201,422**
Profit/(loss) for the year	**2,629,773**	**1,999,604**	**(432,583)**	**1,947,910**	**125,772**	**(277,886)**	**4,987,438**
Segment assets	**49,252,503**	**8,659,936**	**10,110,712**	**15,853,096**	**3,688,501**	**(2,408,016)**	**85,156,732**
Including:							
Investments in joint ventures	**272,802**	**—**	**832**	**—**	**9,203**	**—**	**282,837**
Investments in associates	**1,911,458**	**1,123,378**	**1,495,090**	**15,853,096**	**1,960,968**	**—**	**22,343,990**
Unallocated assets							**8,080,170**
Total assets							**93,236,902**
Segment liabilities	**21,492,287**	**2,677,604**	**4,855,573**	**—**	**1,253,382**	**(14,388,666)**	**15,890,180**
Unallocated liabilities							**29,028,044**
Total liabilities							**44,918,224**
Other segment information:							
Depreciation and amortisation	**1,301,381**	**270,636**	**343,167**	**—**	**33,256**	**—**	**1,948,440**
Impairment losses recognised in the statement of profit or loss, net	**260,808**	**212,124**	**57,882**	**—**	**373,075**	**—**	**903,889**
Capital expenditure**	**3,458,408**	**295,976**	**850,447**	**—**	**129,337**	**—**	**4,734,168**

* Segment results are obtained as segment revenue less costs of sales, selling and distribution expenses and 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 included in right-of-use assets (not including the addition from acquisition of subsidiaries).

Year ended 31 December 2020

	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Other business operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	21,748,464	5,208,011	3,170,116	—	36,669	—	30,163,260
Intersegment sales	60,875	72,844	10,507	—	56,842	(201,068)	—
Total revenue	21,809,339	5,280,855	3,180,623	—	93,511	(201,068)	30,163,260
Segment results*	2,262,000	1,052,601	194,547	—	57,996	(40,730)	3,526,414
Other income	319,528	24,292	55,781	(165)	1,569	—	401,005
Other gains	438,031	18,784	21,475	—	100,880	—	579,170
Interest income	113,754	26,503	34,521	—	562	(9,907)	165,433
Finance cost	(121,695)	(29,752)	(40,002)	—	(11,101)	49,585	(152,965)
Other expenses/Impairment losses on financial assets	(74,034)	(81,474)	(55,201)	—	(127,449)	—	(338,158)
Share of profits and losses of:							
Joint ventures	(132,500)	—	—	—	(757)	—	(133,257)
Associates	81,230	27,745	(35,900)	1,807,036	(166,519)	—	1,713,592
Unallocated other income, interest income, other gains, finance cost, and expenses							(1,083,388)
Profit/(loss) before tax	2,886,314	1,038,699	175,221	1,806,871	(144,819)	(1,052)	4,677,846
Tax	(531,484)	(131,393)	(66,620)	—	(987)	—	(730,484)
Unallocated tax							(7,381)
Profit/(loss) for the year	2,354,830	907,306	108,601	1,806,871	(145,806)	(1,052)	3,939,981
Segment assets	44,513,268	8,201,827	10,178,485	14,456,326	4,455,162	(2,516,852)	79,288,216
Including:							
Investments in joint ventures	372,056	—	—	—	9,560	—	381,616
Investments in associates	2,247,454	550,027	1,615,642	14,456,326	3,001,517	—	21,870,966
Unallocated assets							4,340,907
Total assets							83,629,123
Segment liabilities	16,528,770	2,298,017	2,575,468	—	515,898	(9,713,157)	12,204,996
Unallocated liabilities							25,496,731
Total liabilities							37,701,727
Other segment information:							
Depreciation and amortisation	1,223,708	205,708	268,790	—	29,931	—	1,728,137
Impairment losses recognised in the statement of profit or loss, net	4,727	76,244	44,766	—	127,353	—	253,090
Capital expenditure**	3,482,641	210,747	833,716	—	101,844	—	4,628,948

* Segment results are obtained as segment revenue less costs of sales, selling and distribution expenses, and 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 included in right-of-use assets (not including the addition from acquisition of subsidiaries).

Geographical information

(a) ***Revenue from external customers***

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**25,259,076**	21,974,958
Overseas countries and regions	**13,599,009**	8,188,302
	38,858,085	30,163,260

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**50,320,906**	45,484,849
Overseas countries and regions	**10,763,767**	11,163,881
	61,084,673	56,648,730

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer for the years ended 31 December 2021 and 2020.

3. REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**38,820,978**	30,127,941
Revenue from other sources		
Gross rental income	**37,107**	35,319
	38,858,085	30,163,260

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Other business operations *RMB'000*	Total *RMB'000*
Type of goods or services						
Sale of industrial products	**27,787,940**	**5,760,396**	**183,029**	**—**	**—**	**33,731,365**
Rendering of services	**869,645**	**128,754**	**3,928,883**	**—**	**17,805**	**4,945,087**
Sale of materials	**111,035**	**32,722**	**769**	**—**	**—**	**144,526**
Total revenue from contracts with customers	**28,768,620**	**5,921,872**	**4,112,681**	**—**	**17,805**	**38,820,978**
Geographical markets						
Mainland China	**18,112,804**	**2,983,004**	**4,111,252**	**—**	**14,978**	**25,222,038**
Overseas countries and regions	**10,655,816**	**2,938,868**	**1,429**	**—**	**2,827**	**13,598,940**
Total revenue from contracts with customers	**28,768,620**	**5,921,872**	**4,112,681**	**—**	**17,805**	**38,820,978**
Goods and materials transferred at a point in time	**27,898,975**	**5,793,118**	**183,798**	**—**	**—**	**33,875,891**
Services transferred at a point in time	**620,861**	**23,002**	**3,928,883**	**—**	**17,805**	**4,590,551**
Services transferred over time	**248,784**	**105,752**	**—**	**—**	**—**	**354,536**
Total revenue from contracts with customers	**28,768,620**	**5,921,872**	**4,112,681**	**—**	**17,805**	**38,820,978**

For the year ended 31 December 2020

Segments	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Other business operations *RMB'000*	Total *RMB'000*
Type of goods or services						
Sale of industrial products	20,941,989	4,723,613	54,537	—	—	25,720,139
Rendering of services	730,823	482,439	3,113,049	—	7,940	4,334,251
Sale of materials	72,006	1,545	—	—	—	73,551
Total revenue from contracts with customers	21,744,818	5,207,597	3,167,586	—	7,940	30,127,941
Geographical markets						
Mainland China	15,957,389	2,808,548	3,167,586	—	6,129	21,939,652
Overseas countries and regions	5,787,429	2,399,049	—	—	1,811	8,188,289
Total revenue from contracts with customers	21,744,818	5,207,597	3,167,586	—	7,940	30,127,941
Goods and materials transferred at a point in time	21,013,995	4,725,158	54,537	—	—	25,793,690
Services transferred at a point in time	592,042	379,626	3,113,049	—	7,940	4,092,657
Services transferred over time	138,781	102,813	—	—	—	241,594
Total revenue from contracts with customers	21,744,818	5,207,597	3,167,586	—	7,940	30,127,941

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in contract liabilities as at the beginning of the reporting period		
Advances from customers	**987,844**	469,086
Warranty services	**32,465**	34,597
	1,020,309	503,683

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied at the point when control of the asset is transferred to the customer.

Rendering of services

— The performance obligation is recognized at the point in time when the service is provided.

— The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**1,150,274**	1,020,309
After one year	**239,011**	121,712
	1,389,285	1,142,021

The amounts disclosed above do not include variable consideration which is constrained.

4. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Dividend income from financial assets at fair value through profit or loss	**47,894**	25,583
Dividend income from equity investments at fair value through other comprehensive income	**8**	1,554
Government grants	**326,170**	391,030
Others	**1,662**	2,597
	375,734	420,764

5. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**16,618,199**	10,849,189
Cost of services provided	**3,610,070**	2,884,340
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**6,837,554**	5,196,102
Retirement benefits:		
Defined contribution fund	**439,064**	118,727
Accommodation benefits:		
Defined contribution fund	**257,397**	187,663
Share-based payment expense	**64,286**	55,220
	7,598,301	5,557,712
Research and development costs:		
Current year expenditure excluding amortisation of other intangible assets	**3,720,609**	2,682,613
Less: Government grants for R&D projects*	**(72,032)**	(104,714)
	3,648,577	2,577,899
Auditors' remuneration	**4,760**	4,700
Depreciation of property, plant and equipment	**1,183,576**	1,006,023
Amortisation of other intangible assets	**567,710**	514,896
Provision for impairment of inventories	**64,611**	64,399
Impairment losses on financial assets	**74,016**	104,836
Provision for impairment of goodwill	**150,000**	—
Provision for other intangible assets	**152,775**	—
Provision for impairment of investment in associates	**462,488**	83,855
Depreciation of right-of-use assets	**197,154**	207,218
Lease payments not included in the measurement of lease liabilities	**56,780**	28,141
Gain on disposal of financial assets at fair value through profit or loss	**(86,432)**	(448,088)
Gain on fair value change of financial assets at fair value through profit or loss, net	**(352,299)**	(578,657)
Gain on disposal of interests in associates and joint ventures	**(687,245)**	(220,275)
Foreign exchange(gain)/loss, net	**(154,627)**	24,790
Gain on disposal of subsidiaries	**(2,013,109)**	(8,146)
Loss on disposal of items of property, plant and equipment and other intangible assets	**33,656**	4,399
Provision for the loss contract	**191,271**	—
Donations	**36,063**	40,384

* The Group received various government grants related to research and development projects. The government grants received have been recorded in other income. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. OTHER GAINS

	2021	2020
	RMB'000	*RMB'000*
Gain on disposal of interests in associates and joint ventures	**687,245**	220,275
Gain on disposal of financial assets at fair value through profit or loss	**86,432**	448,088
Gain on fair value change of financial assets at fair value through profit or loss, net	**352,299**	578,657
Foreign exchange gain, net	**154,627**	—
Gain on disposals subsidiaries	**2,013,109**	8,146
Others	**28,661**	23,085
	3,322,373	1,278,251

7. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank and other borrowings (excluding lease liabilities)	**819,179**	867,673
Interest on lease liabilities	**27,836**	29,824
	847,015	897,497
Less: Interest capitalised	**(24,481)**	(16,545)
Interest expenses, net	**822,534**	880,952

8. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 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% on the estimated taxable profits arising in Hong Kong during the year. The provision of current income tax of Sisram Medical Limited ("**Sisram Medical**"), a subsidiary of the Company incorporated in Israel, is based on a preferential rate of 6%. The provision of current income tax of Nova Medical Israel Ltd. ("**Nova**"), a subsidiary of the Company incorporated in Israel, is based on a statutory rate of 23%. The provision of current tax of Gland Pharma Limited ("**Gland Pharma**"), a subsidiary of the Company incorporated in India, was based on a statutory rate of 25.17%. The provision of current tax of Breas Medical Holdings AB ("**Breas**"), a subsidiary of the Company incorporated in Sweden, is based on a statutory rate of 20.6%. The provision of current tax of Tridem Pharma S.A.S ("**Tridem Pharma**"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 26.5%.

	2021	2020
	RMB'000	*RMB'000*
Current	**1,016,217**	854,479
Deferred	**50,183**	(116,614)
Total tax charge for the year	**1,066,400**	737,865

9. DIVIDENDS

Cash dividend

	2021	2020
	RMB'000	*RMB'000*
Proposed final — RMB0.56 (2020: RMB0.43) per ordinary share	**1,435,223**	1,102,046

The Company proposed to distribute a cash dividend of RMB0.56 (inclusive of tax) for each ordinary share to all shareholders. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and the final dividend amount will be determined by the number of the ordinary shares on the dividend payment date.

The amount of the proposed final dividend of RMB1,435,223 thousand is calculated based on the total number of ordinary shares of the Company of 2,562,898,545 shares on the record of 22 March 2022.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,562,898,545 (2020: 2,562,898,545) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares if applicable.

When calculating the weighted average number of shares in the calculation of the diluted earnings per share amounts, the dilutive potential ordinary shares which were issued in prior years are assumed to be converted at the beginning of the year and the dilutive potential ordinary shares which were issued during the year are assumed to be converted at the issuance date if applicable. For the year ended 31 December 2021, there was no dilutive potential ordinary shares outstanding.

The calculations of basic and diluted earnings per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**4,735,270**	3,662,813

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the dilutive earnings per share calculation	**2,562,898,545**	2,562,898,545

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**6,029,233**	4,564,659
Bills receivable	**16,227**	242,400
	6,045,460	4,807,059

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 ageing analysis of trade receivables, based on the invoice date and net of loss allowance, as at the respective reporting dates is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**6,050,772**	4,494,797
1 to 2 years	**129,356**	186,530
2 to 3 years	**55,349**	42,506
Over 3 years	**120,136**	121,553
	6,355,613	4,845,386
Impairment	**(326,380)**	(280,727)
	6,029,233	4,564,659

12. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**4,515,273**	2,942,091
Bills payable	**548,388**	346,930
	5,063,661	3,289,021

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

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**4,466,889**	2,881,516
1 to 2 years	**26,002**	44,525
2 to 3 years	**14,949**	8,999
Over 3 years	**7,433**	7,051
	4,515,273	2,942,091

13. EVENTS AFTER THE REPORTING PERIOD

Changes in BioNTech's share price as of the date of the report

The group holds 1,580,777 shares of BioNTech with the cost of USD31.63 per share, which was listed on NASDAQ. On 31 December 2021, the closing price of BioNTech was at USD257.80 per share, and as of 21 March 2022, the closing price of BioNTech was at USD170.12 per share.

Acquisition of Guangzhou Xinshi Hospital

On 9 November 2021, Shanghai Fosun Health Technology (Group) Co., Ltd., a subsidiary of the Company, signed the equity transfer agreement with Guangzhou Xinshi Hospital, Mr. Lin Junjie and his spouse Ms. Yu Cuilin. Shanghai Fosun Health Technology (Group) Co., Ltd. would acquire 70% share of Guangzhou Xinshi Hospital held by Mr. Lin Junjie with the consideration at RMB809.2 million.

In January 2022, the acquisition was completed.

Because the acquisition was completed shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

1. THE BOARD'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD

During the Reporting Period, the revenue of the Group amounted to RMB38,858 million, representing a year-on-year increase of 28.83%. Net profit attributable to shareholders of the listed company amounted to RMB4,735 million, representing a year-on-year increase of 29.28%. Net profit (after extraordinary gain or loss) attributable to shareholders of the listed company amounted to RMB3,277 million, representing a year-on-year increase of 20.60%. Net cash flow from operating activities amounted to RMB3,949 million, representing a year-on-year increase of 53.07%.

During the Reporting Period, the Group continued to enhance its R&D expenditure. The total R&D expenditure amounted to RMB4,975 million for the year, representing a year-on-year increase of 24.28%. In particular, the R&D expenses amounted to RMB3,834 million, representing a year-on-year increase of RMB1,039 million or 37.17%.

During the Reporting Period, the revenue structure was as follows:

Unit: million Currency: RMB

	2021 revenue		2020 revenue		Year-on-year increase/ decrease of revenue
	Amount	**Percentage of revenue (%)**	Amount	Percentage of revenue (%)	(%)
By business segment					
Pharmaceutical manufacturing	**28,772**	**74.04**	21,748	72.10	32.30
Medical devices and medical diagnosis[Note]	**5,927**	**15.25**	5,208	17.27	13.81
Healthcare services	**4,115**	**10.59**	3,170	10.51	29.81
By geographical locations					
Chinese Mainland	**25,259**	**65.00**	21,975	73.85	14.94
Regions outside Chinese Mainland and other countries	**13,599**	**35.00**	8,188	27.15	66.08

Note: Since 2021, the income from distribution rights of Da Vinci surgical robotic systems had been transferred to Intuitive Fosun, an associated company. Excluding such effects, the revenue from the medical devices and medical diagnosis segment increased by 21.25% on the same basis.

During the Reporting Period, despite the fact that our existing products were under pressure of price reduction from centralized procurement of pharmaceutical products, the Group adhered to the implementation of the "4IN" strategy (Innovation, Internationalization, Integration and Intelligentization), and the overall business performance maintained steady growth. Proportion of revenue from new products and proportion of revenue from regions outside Chinese Mainland and other countries continued to increase, and revenue structure continued to be optimized. In 2021, the implementation of R&D and innovation accelerated. A number of innovative products such as Yi Kai Da (Ejilunsai injection) and Serplulimab injection were approved successively or entered critical clinical/approval stage. Overseas capabilities continued to be strengthened. A global business deployment with full coverage of research, production and sales with the United States as the second headquarters was formed. The integration and prioritization of the Group's business lines and organizational structure continued to advance, realizing the focus of each segment by product lines.

(1) The Group continuously promoted innovation transformation and the development and launch of innovative products and technology platforms with a continuous increase in the proportion of revenue from new products and an optimized revenue structure. During the Reporting Period, the revenue from new products and sub-new products, including but not limited to Comirnaty, Han Li Kang, Han Qu You and Su Ke Xin, accounted for more than 25% of revenue from the pharmaceutical manufacturing segment. During the Reporting Period, Comirnaty (mRNA COVID-19 vaccine) was included in the government vaccination program in Hong Kong and Macau in March 2021, and it has been administered in Taiwan region of China since September 2021. As of the end of February 2022, more than 20 million doses of the vaccine had been administered in Hong Kong, Macau and Taiwan. Yi Kai Da (Ejilunsai injection) was approved for launch in June 2021, and had become the first CAR-T cell therapy product approved for domestic launch. As of the end of February 2022, Yi Kai Da had been included in the urban customized commercial health insurance of more than 23 provinces and municipalities and over 40 commercial insurances. In addition, the Group's innovation pipeline continued to be launched. The new drug application for the first indication (treatment of highly microsatellite unstable type solid tumors) of PD-1 inhibitor Serplulimab was included in the priority review process, and the new drug application for the second indication (treatment of squamous non-small cell lung cancer) has also been accepted. Products including Han Bei Tai (bevacizumab biosimilar), Yi Bao (recombinant human erythropoietin for injection) (with new indication for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies) were approved for launch. FCN-437c and other pipeline products entered phase III clinical stage.

(2) The Group continuously strengthened its construction of full capacity for global operation and further enhanced global operation capability. The Group made great progress in market access and commercialization team building in the United States, Africa, Hong Kong and Macau. During the Reporting Period, the revenue from regions outside Chinese Mainland and other countries reached RMB13,599 million, accounting for 35.00% of the Group's total revenue. As at the end of the Reporting Period, the overseas commercial team of the Group comprised

more than 1,200 employees. The Group has established marketing platforms in the United States, Africa and Europe, and achieved the direct sales of preparations to the United States market. Sisram Medical, Breas and other medical device business has covered major regions such as China, the United States and Europe, and Fosun Diagnosis' test kits for 2019-nCoV have been sold in more than ten countries. During the Reporting Period, the distribution center in Côte d'Ivoire, the first regional pharmaceutical distribution center in Africa, commenced operation. The business achieved substantial sales breakthrough in South Sudan. Gland Pharma, a subsidiary in India, received U.S. FDA marketing approval for a total of 13 generic products during the Reporting Period, and its revenue increased by 29.48% year on year (based on the financial statements of Gland Pharma using its presentation currency). In February 2022, Shanghai Henlius, a subsidiary, entered into a licensing and supply agreement with Getz Pharma, pursuant to which Shanghai Henlius would grant a license to Getz Pharma to commercialize adalimumab injection in eleven emerging markets in Europe, Asia and Africa and any other territories to be mutually agreed, thus expanding into new emerging markets to further accelerate the Group's commercialization globally.

(3) The Group sped up strategic upgrading and internal integration. In 2021, the Group further strengthened internal business rationalization and promoted focus by product lines. During the Reporting Period, the Group promoted strategic integration of its production side by sorting out the advantageous production capacity within the pharmaceutical manufacturing segment, strengthening the supply chain management and accelerating the construction of competitive production bases. The Group upgraded the pharmaceutical manufacturing business into the Innovative Medicines Division, the Established Medicines and Manufacturing & Supply Division and the Vaccines Division at the beginning of 2022, to sort out boundaries between various businesses in the form of business division and accelerate the focus by product lines.

During the Reporting Period, the Group's medical devices and medical diagnosis business continuously strengthened independent operation capability. Through business integration and sorting, the medical device segment basically formed three major businesses with medical cosmetology, respiratory health and professional medical care as the core. In particular, the core platform of medical cosmetology, Sisram Medical, while actively expanding its existing energy-based aesthetics equipment business, made layout in strategic tracks such as aesthetic dentistry, injectables and personal care, and accelerated the construction of medical cosmetology ecology. During the Reporting Period, Sisram Medical completed the merger of Foshion's assets, and entered into a sublicensing agreement with Fosun Pharmaceutical Industrial for the aesthetic indications of RT002 in Greater China (subject to approval by Sisram Medical's general meeting). During the Reporting Period, the Group completed the realignment of the medical diagnosis business and achieved initial operational integration. In line with the strategic layout of medical diagnosis business, the Group completed the acquisition of Suzhou Abcarta and made layout in pathological diagnosis to enrich presence of the diagnosis business. In addition, the Group also completed the transfer of 29.02% equity interest in Yaneng Biotech during the Reporting Period.

(4) The Group continuously promoted the digitalization and intelligent transformation and upgrading. During the Reporting Period, stage results were achieved in R&D and innovation, intelligent manufacturing, smart marketing, smart supply chain, etc. The work on empowering sustainable business development with digitalization was effectively implemented, which significantly improved its overall operational efficiency. The Group built digital service capability based on industrial internet, integrating internal and external medical resources and opening up the flow of data between scenarios, and promoting active transformation into its digitalization and intelligence model. During the Reporting Period, the Group also actively promoted the advancement of health services from the offline model into a new phase of integrated online and offline development.

Segment Performance Overview

Pharmaceutical manufacturing

Performance summary

The Group continues to pursue its innovation and internationalization strategy, with an international layout focusing on R&D, license introduction, production and operation and commercialization. Regarding R&D and license introduction, the Group makes deployment in frontier areas through globalized early stage investment, incubation and license-in projects. The Group leverages global R&D centers to form global clinical teams to accelerate overseas product launches. Regarding production and operation, the Group actively promotes the international quality certification of production lines. As of the end of the Reporting Period, the Group had more than 10 API production lines that had passed GMP certification in the U.S. FDA, EU and other mainstream regulatory markets. During the Reporting Period, the Group actively promoted the construction of preparation centers in Xuzhou, Chongqing, and API bases in Changde, Xinyi and Changshou to strengthen global supply chain capabilities and open up the integrated production system of API and formulation, thus establishing the cost side advantage for export of the preparations. In terms of commercialization, the Group establishes and strengthens the commercialization capacity of markets such as the United States, and continues to strengthen the advantages of differentiated markets such as Africa and India to help realize the global value of the products of the Group.

During the Reporting Period, the Group continued to increase its investment in R&D, and built up and formed small molecule innovative drugs, antibody drugs and cell therapy technology platforms centering on key disease areas such as tumor and immune modulation, metabolism and alimentary system and central nervous system, and actively explored cutting-edge technologies, such as RNA, oncolytic viruses, gene therapy and Protac.

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB28,772 million, representing a year-on-year increase of 32.30%. The segment results amounted to RMB2,964 million, representing a year-on-year increase of 31.03%. The segment profit amounted to RMB2,630 million (excluding the gains from changes in the fair value

of the shares held of BNTX). Excluding the impact of impairment of goodwill of Avanc Pharma, segment profit increased by 22.04% on the same basis. The R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB4,486 million, representing a year-on-year increase of 22.23%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 15.52% of the revenue of the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,359 million, representing a year-on-year increase of RMB891 million or 36.10%, accounting for 11.62% of the revenue from the pharmaceutical manufacturing segment.

During the Reporting Period, with You Li Tong (febuxostat tablets), Bang Zhi (pitavastatin calcium tablets) and other existing drugs being incorporated into centralized procurement with reduced sales prices, the pharmaceutical manufacturing segment facilitated revenue growth through new and sub-new products, and continued to optimize revenue structure. The increase was mainly attributable to: (1) the inclusion of Comirnaty (mRNA COVID-19 vaccine) in the government vaccination programs in Hong Kong and Macau in March 2021, and the commencement of vaccination in Taiwan region of China in September 2021, with a sale of approximately 22.00 million doses in Hong Kong, Macau and Taiwan during the Reporting Period; Han Li Kang (rituximab injection) achieved revenue of RMB1,690 million, representing a year-on-year increase of 125.33%; Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets), which were launched in the second half of 2020, recorded revenue of RMB930 million and RMB426 million respectively during the Reporting Period; during the Reporting Period, revenue from new and sub-new products, including Comirnaty, Han Li Kang, Han Qu You and Su Ke Xin, accounted for more than 25% of the revenue from the pharmaceutical manufacturing segment; (2) a year-on-year increase of 29.48% in revenue of Gland Pharma during the Reporting Period (based on the financial statements of Gland Pharma using its functional currency) benefiting from the contribution from Micafungin, enoxaparin sodium injection and the launch of new products.

Important events

- Progress of Comirnaty (mRNA COVID-19 vaccine)

  During the Reporting Period, Comirnaty (mRNA COVID-19 vaccine) developed based on an mRNA technology platform, for which the Group had been authorized to carry out exclusive development and commercialization in Chinese Mainland, Hong Kong, Macau and Taiwan, was included in the government vaccination programs in Hong Kong and Macau in March 2021, and commenced vaccination in Taiwan region of China in September 2021.

  During the Reporting Period, the Group actively supported anti-pandemic efforts, supplied Comirnaty (mRNA COVID-19 vaccine) to Hong Kong, Macau and Taiwan, assisted in promoting vaccination in an orderly manner, and actively promoted improved vaccine protection for children, the elderly and those who are immunocompromised to reduce the risk of local infection and transmission, and help Hong Kong, Macau and Taiwan establish a COVID-19 immune barrier. Hong Kong, Macau and Taiwan further approved vaccination for

people aged 12 to 15 years in June 2021, June 2021 and August 2021, respectively. As of the end of February 2022, more than 20 million doses had been administered in Hong Kong, Macau and Taiwan.

- Progress of CAR-T cell therapy product Yi Kai Da (Ejilunsai injection)

  In June 2021, the CAR-T cell therapy product Yi Kai Da (奕凯達) (Ejilunsai injection) of Fosun Kite, a joint venture, became the first CAR-T cell therapy product approved for launch in China, primarily used for the treatment of adult patients with relapsed or refractory large B-cell lymphoma after prior second-line or higher systemic therapy. In August 2021, its second indication (for the treatment of adult patients with relapsed or refractory inert non-Hodgkin's lymphoma containing follicular lymphoma and marginal zone lymphoma) was also included in the breakthrough therapy drug program by the NMPA. Since the launch of Yi Kai Da, an "end-to-end closed-loop commercialization full chain management system covering patient prescription — appointment — single blood collection packages — cold chain transport to preparation center — single blood collection packages receipt and inspection — production — product release and packaging — cold chain transport to treatment center — return transport and hospital observation had been established. To realize the whole chain quality management of individualized customized cellular drugs, Fosun Kite developed special electronic management system — identification chain and monitoring chain, to realize whole chain monitoring and management of products and ensure the high quality and safe production of products, to continuously safeguard the safety of patients and enhance the accessibility of patients. As of the end of February 2022, Kai Yi Da had been included in the urban customized commercial health insurance of more than 23 provinces and municipalities and over 40 commercial insurances, while the number of treatment centers on file had reached 75, and about 100 patients have enrolled in the treatment process.

  Yi Kai Da is a cell therapy product of Fosun Kite which is authorized to carry out the product's localized production in China following the technology transfer of Yescarta, a CAR-T cell therapy product, from Kite Pharma. The over 5-years follow-up (median follow-up 63.1 months) results of Yescarta's ZUMA-1 study show that the 5-year overall survival rate reaches 42.6%, and the 5-year overall survival rate of CR patients reaches 64.4%. Yescarta is the first CAR-T cell therapy which reports 5-year survival data. The results of this study offer hope for a cure for relapsed or refractory patients. The data of a domestic multi-center bridging clinical trial of Yi Kai Da shows that the best overall response rate (ORR) reaches 79.2%. The data of Yi Kai Da, Yescarta and their real world studies are highly similar in terms of safety and effectiveness, showing the significant improvement of the response rate and overall survival period of patients. In addition, in October 2021, Kite Pharma submitted a sBLA application for the use of Yescarta for second line treatment of relapsed or refractory large B-cell lymphoma indications to U.S. FDA, which has been granted priority review. The clinical value of Yescarta to second line treatment of relapsed or refractory large B-cell lymphoma provided further evidence of the position and promise of CAR-T cell therapy in the overall treatment of lymphoma.

Moreover, the second CAR-T product (FKC889) of Fosun Kite, a joint venture, completed technology transfer during the Reporting Period. The clinical trial application for relapsed or refractory laparoscopic lymphoma was approved by the NMPA for clinical trial in March 2022.

- NDA of PD-1 inhibitor Serplulimab was accepted by the NMPA

  In April 2021, the NDA for the first indication (treatment of unresectable or metastatic microsatellite instability-high (MSI-H) solid tumors that have failed standard therapies) of the innovative PD-1 inhibitor Serplulimab injection independently developed by the Group was officially accepted by the NMPA and included in the priority review process. In September 2021, the NDA for the second indication (in combination with chemotherapy for the first-line treatment of locally advanced or metastatic squamous non-small cell lung cancer (sqNSCLC)) has also been accepted by the NMPA. In October 2021, drug substance (DS) and drug product (DP) lines for the production of Serplulimab injection successfully passed the GMP compliance on-site inspection conducted by Shanghai Medical Products Administration.

  Based on the differentiated development strategy of "Combo+Global" (combination therapy + globalization), Serplulimab has been approved for clinical trials in China, the U.S., the EU and other countries/regions. As of the end of February 2022, 10 clinical studies were progressing in an orderly manner (2 of them are international multi-center clinical trials). A total of approximately 2,800 subjects were enrolled in countries/regions including China and Europe, increasing by more than 800 subjects compared with the end of 2020. In particular, in the first interim analysis of a randomized, double-blind, international multicenter phase III clinical study of use of Serplulimab injection or placebo combined with chemotherapy (carboplatin-Etoposide) in patients with previously untreated extensive stage small cell lung cancer (ES-SCLC), the combination therapy met the primary study endpoint of overall survival (OS), as assessed by the Independent Data Monitoring Committee (IDMC).

- Acquisition of Antejin to enrich vaccine product pipeline

  In October 2021, to further deepen the Group's vaccine business, Fosun Pharmaceutical Industrial, a subsidiary, acquired Antejin for a cash and in-kind consideration of its equity interest in Aleph. On the basis of the original virus vaccine platform, it introduced bacterial vaccines R&D and production technology, to further enrich the vaccine R&D pipeline.

  As of the end of the Reporting Period, the Group had built a technology platform for bacterial vaccines and viral vaccines and owned the patent for polysaccharide-protein multivalent binding. Currently, its launched product varieties include human rabies vaccine (vero cells), trivalent influenza virus lysate vaccine, etc. There are a number of major products under development in the pipeline: quadrivalent influenza virus lysate vaccine is in Phase III clinical stage, 13-valent pneumococcal conjugate vaccine (multivalent combinations) is in Phase I clinical stage, 24-valent pneumococcal conjugate vaccine (multivalent combinations) and freeze-dried 24-valent Pneumococcal polysaccharide vaccine are in pre-clinical study phase.

Based on the existing production site and equipment resources of Aleph, the Group will further enrich its vaccine R&D pipeline and accelerate the establishment of a vaccine platform-based company, with a view to becoming a leading vaccine company in China.

- Progress of license-in, license-out projects and major R&D

  Relying on the open R&D ecology and internationalization system, as well as years of domestic industry accumulation and global channel network, the Group has developed a global leading two-way licensing capability to efficiently reach emerging fields and leading technologies through channels such as overseas subsidiaries and overseas venture capital funds invested, and has completed the license introduction of a number of heavyweight varieties in recent years. At the same time, as its own R&D platform becomes more mature, the Group is also actively seeking opportunities to collaborate with leading global pharmaceutical companies to achieve rapid conversion of R&D results, cover incremental markets with the help of leading international partners and maximize product value.

  During the Reporting Period, Shanghai Henlius, a subsidiary, entered into license and cooperation with Suzhou NeuPharma Co., Ltd.* (蘇州潤新生物科技有限公司) in relation to BRAF V600E inhibitor (HLX208) and received exclusive rights to research, develop, produce and commercialize the product in China (including Hong Kong, Macau and Taiwan regions, China). Currently, Phase Ib/II clinical trial for the single drug or combined use of HLX208 for treatment of advanced solid tumors has been approved. In February 2022, Shanghai Henlius, a subsidiary, entered into a licensing and supply agreement with Getz Pharma, granting a license to it to exclusively commercialize HANDAYUAN (adalimumab injection) for the sales in 11 emerging markets in Asia, Africa and Europe. In addition, Fosun Pharma AG, a subsidiary, has entered into an exclusive licensing and distribution agreement with a Swiss biopharmaceutical group Helsinn Healthcare SA to distribute, market and sell Akynzeo (netupitant and palonosetron capsules), a product for the treatment of nausea and vomiting caused by tumor chemotherapy in Chinese Mainland, Hong Kong and Macau.

  In addition, during the Reporting Period, a number of the Group's products were approved or entered critical clinical stage. Phase I clinical trial in the United States of BCL-2 small molecule inhibitor FCN-338 for its first indication (treatment of hematologic malignancies) completed enrollment of the first patients, and its second indication (treatment of relapsed or refractory B-cell lymphoma) was approved for clinical trial in Chinese Mainland in October 2021. Phase III clinical trial in Chinese Mainland of long-lasting botulinum toxin RT002 for the treatment of moderate to severe glabellar lines and cervical dystonia indications completed enrollment of subjects. Clinical trial of MEK1/2 selective inhibitor FCN-159 for treatment of type I neurofibroma in adults and children was approved in the United States and Spain, and its phase II clinical trial in Chinese Mainland completed enrollment of first subject in November 2021. Phase III clinical trial in Chinese Mainland of CDK4/6 selective inhibitor FCN-437c for treatment of positive hormone receptors (HR+) and human epidermal growth factor receptor 2 negative (HER2-) advanced breast cancer completed enrollment of first

patient. In November 2021, Han Bei Tai (Bevacizumab Biosimilar) for treatment of metastatic colorectal cancer and advanced, metastatic or relapsed non-small cell lung cancer was approved for launch.

- Global operation layout

  Through a forward-looking global layout, the Group has preliminary formed a global operation system surrounding R&D, production and commercialization, and continued to deeply cultivate overseas markets, expediting the Group's globalization progress in an all-round way.

  The Group upgraded by establishing the global R&D center at the beginning of 2020. At present, teams including pharmacology, CMC, translational medicine, clinical research, data statistics, product registration and pharmacovigilance have been established, contributing to the orderly and efficient development of overseas clinical trials. In addition, the differentiated open R&D system and extensive experience in international cooperation support the Group to maximize the two-way value of self-developed and overseas products through overseas cooperation. For license introduction, it has successfully introduced various differentiated and advantageous products such as Su Ke Xin (Avatrombopag Maleate Tablets), RT002 (long-acting Botulinum Toxin) and Akynzeo (netupitant and palonosetron capsules). For out-licensing, self-developed blockbuster products including FCN-338, Han Qu You and Serplulimab have been out-licensed. In February 2022, Henlius and Getz Pharma reached a commercial authorization cooperation for Han Da Yuan (Adalimumab), with a coverage of 11 emerging markets in Asia, Africa and Europe.

  Relying on the existing international production standards and quality system certifications of Yao Pharma, Guilin Pharma and Wanbang Pharma, the Group accelerated the overseas quality system certification of domestic production lines and laid a solid foundation for domestic preparations to go overseas. In January and March 2022, Fosun Pharmaceutical Industrial was licensed to manufacture and supply the generic versions of Molnupiravir, a COVID-19 oral drug of Merck, and Nirmatrelvir, a COVID-19 oral drug of Pfizer, and a combination of Nirmatrelvir/Ritonavir by MPP for certain mid- and low-income countries in the world. The license allows the production of the active pharmaceutical ingredient and the finished drug. As of January 2022, the total number of antimalarial products of the Group that have passed WHO-PQ certification has increased to 30, including 26 preparation products and 4 API products, rendering the Company the antimalarial drug manufacturers with the world's largest number of antimalarial products that have passed this certification. In January 2022, the new production line of Wanbang Pharma's enoxaparin sodium passed the on-site inspection of the U.S. FDA. As of the end of the Reporting Period, more than ten API production lines of the Group had passed the GMP certification of mainstream regulatory markets such as the U.S. FDA and the EU.

The Group continued to expand the international market. As at the end of the Reporting Period, the pharmaceutical manufacturing segment had formed an overseas commercialization team of approximately 1,000 employees, which mainly covered markets including the United States and Africa. In the U.S. market, the Group had launched 21 drugs under its own brands, including ziprasidone and 2 test kits for 2019-nCoV, cooperated with 5 major wholesalers/ retailers and 16 group purchasing organizations (GPOs), covered the retail chain pharmacy through 9 channel providers, and entered over 10 cooperation agreements to cover 75% integrated network distribution system thereby forming a multichannel and comprehensive market coverage. In Africa market, the Group has established long-term business cooperation with several countries' national public drug procurement centers and international drug procurement agency groups, and its business covered 39 countries and regions in Africa, with a team of about 800 frontline sales personnel, and a one-stop service support system providing registration, circulation, academic promotion, post-launch safety alert and other services, which laid a solid foundation for the Group's product access and marketing, including obtaining MPP licenses to manufacture and commercialize COVID-19 therapeutics around the world. During the Reporting Period, the distribution center in Cote d'Ivoire, West Africa commenced operation, further strengthening the Group's supply chain management in Africa and deepening its differentiation advantages in Africa. In addition, the Group has been assisting in the anti-malarial work globally over the past years, and as of the end of the Reporting Period, it has supplied more than 200 million pieces of artesunate for injection to the international market, saving lives of more than 48 million patients suffering from severe malaria.

Revenue from major products of the Group in the major therapeutic areas during the Reporting Period is set out in the following table:

Unit: million Currency: RMB

Major therapeutic area	**2021**	2020*	Year-on-year increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Note 1) (Note 7)*	**3,936**	1,605	145.23
Major products of metabolism and alimentary system *(Note 2) (Note 7)*	**2,865**	3,572	–19.79
Major products of anti-infection *(Note 3) (Note 7)*	**8,597**	3,916	119.54
Major products of central nervous system *(Note 4) (Note 7)*	**1,039**	1,382	–24.82
Major products of cardiovascular system *(Note 5) (Note 7)*	**2,002**	2,487	–19.50
Major products of APIs and intermediate products *(Note 6) (Note 7)*	**1,135**	1,036	9.56

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a year-on-year increase of 145.23%, mainly due to the revenue growth of Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets).

Note 2: The revenue from major products of metabolism and alimentary system recorded a year-on-year decrease of 19.79%, mainly due to the decreased unit selling price of You Li Tong (febuxostat tablets) after the execution of centralized procurement.

Note 3: The revenue from major products of anti-infection recorded a year-on-year increase of 119.54%, mainly due to the revenue contribution from Comirnaty (mRNA COVID-19 vaccine) and the growth in sales revenue of Micafungin and Mei Shi Ling (cefminox sodium for injection) during the Reporting Period.

Note 4: The revenue from major products of central nervous system recorded a year-on-year decrease of 24.82%, mainly due to the combined effect of the decline in both sales volume and unit selling price of Ao De Jin (deproteinized calf blood injection), the decreased unit selling price of Qi Wei (quetiapine fumarate tablets) after the execution of centralized procurement, and the growth in sales revenue of Qi Cheng (escitalopram tablets) and Chang Tuo Ning (penehyclidine hydrochloride injection).

Note 5: The revenue from major products of cardiovascular system recorded a year-on-year decrease of 19.50%, which was mainly due to the decline in both sales volume and unit selling price of Bang Zhi (pitavastatin calcium tablets) after the execution of centralized procurement.

Note 6: The revenue from major products of APIs and intermediate products recorded a year-on-year increase of 9.56%, mainly due to the sales revenue growth of amino acid series.

Note 7: Major products of anti-tumor and immune modulation comprise: Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection), Su Ke Xin (avatrombopag maleate tablets), Ke Sheng (Xihuang capsules), Kai Lai Zhi (epinastine hydrochloride capsules), Zhao Hui Xian (bicalutamide), Di Kai Mei (sorafenib tosylate tablets), Han Da Yuan (Adalimumab), Yi Luo Ze (pemetrexed disodium for injection), paclitaxel, ondansetron and oxaliplatin.

Major products of metabolism and alimentary system comprise: Atomolan tablets (glutathione tablets), Atomolan injection (glutathione for injection), animal insulin and its preparations, Yi Bao (recombinant human erythropoietin for injection (CHO cells)), You Li Tong (febuxostat tablets), potassium chloride granules, Ke Yi (compound aloe capsules), Li Qing (alfacalcidol tablets), Fan Ke Jia (thioctic acid injection) and Wan Su Ping (glimepiride tablets).

Major products of anti-infection comprise: Comirnaty (mRNA COVID-19 vaccine), antimalarial series such as artesunate, Xi Chang/Bi Li Shu (cefmetazole sodium for injection), rabies vaccine (VERO cell) for human use (non-freeze dried), Mei Shi Ling (cefminox sodium for injection), Micafungin, Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection), antituberculosis series, Pai Shu Xi Lin (piperacillin sodium and tazobactam sodium for injection), daptomycin, Qiang Shu Xi Lin/ Qin Shu/Er Ye Qin (piperacillin sodium and sulbactam sodium for injection), caspofungin, He Pu Ding (lamivudine tablets), Er Ye Bi (ceftizoxime sodium for injection), vancomycin, Ka Di (flucloxacillin sodium for injection), Si Ke Ni (azithromycin capsules) and clindamycin hydrochloride capsules.

Major products of central nervous system comprise: Qi Wei (quetiapine fumarate tablets), Chang Tuo Ning (penehyclidine hydrochloride injection), Ao De Jin (deproteinized calf blood injection) and Qi Cheng (escitalopram tablets).

Major products of cardiovascular system comprise: heparin series preparations, Bang Tan (Telmisartan tablets), Bang Zhi (pitavastatin calcium tablets), Ke Yuan (calcium dobesilate capsules), Xin Xian An (meglumine adenosine cyclophosphate for injection), You Di Er (alprostadil dried emulsion for injection), Ya Ni An/Shi Li Da (amlodipine besylate tablets) and indapamide tablets.

Major products of APIs and intermediate products comprise: amino acid series, tranexamic acid, levamisole hydrochloride and clindamycin hydrochloride.

* The data for 2020 was restated according to the basis of 2021, that is, the data for 2020 included sales revenue of new major products.

In 2021, there were 44 products or series of products in the pharmaceutical manufacturing segment of the Group that each recorded sales of over RMB100 million, an increase of 5 items compared to the previous year, and details are as follows:

Currency: RMB

Sales during the Reporting Period	Number	Formulation items or series
Over 1 billion	3	Comirnaty (mRNA COVID-19 vaccine), Han Li Kang (rituximab injection), heparin series preparations
500 million to 1 billion	3	Han Qu You (trastuzumab for injection), antimalarial series such as artesunate, Atomolan tablets (glutathione tablets)
300 million to 500 million	11	Su Ke Xin (avatrombopag maleate tablets), Chang Tuo Ning (penehyclidine hydrochloride injection), Atomolan injection (glutathione for injection), rabies vaccine (VERO cell) for human use (non-freeze dried), Micafungin, Xi Chang/Bi Li Shu (cefmetazole sodium for injection), Mei Shi Ling (cefminox sodium for injection), Bang Ting (hemocoagulase for injection), animal insulin and its preparations, Qi Wei (quetiapine fumarate tablets), Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection)
100 million to 300 million	27	27 products including Yi Bao (recombinant human erythropoietin for injection (CHO cells)), You Li Tong (febuxostat tablets), Bang Zhi (pitavastatin calcium tablets), antituberculosis series and daptomycin

R&D innovation

The Group upgraded by establishing the global R&D center at the beginning of 2020 to coordinate project establishment management as well as project management, prioritize the promotion of strategic products R&D, strengthen global clinical and registration capabilities, and improve R&D efficiency. At the same time, leveraging the resources of its global business development (BD) team, the Group had access to the leading products and technology platforms in the industry for commercialization. Through independent R&D, cooperative development, license introduction and in-depth incubation, the Group has built and formed small molecule innovative drugs, antibody drugs and cell therapy technology platforms centering on tumor and immune modulation, metabolism and alimentary system, central nervous system and other major therapeutic areas, and actively explored cutting-edge technologies, such as RNA, oncolytic viruses, gene therapy and Protac, to enhance its innovation layout.

As at the end of the Reporting Period, there were over 240 pipeline projects of the Group on innovative drugs, biosimilars, generic drugs and consistency evaluation items (for the details of the major pipeline drug projects, please refer to Table 1). During the Reporting Period, a total of 186 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 35 U.S. patent applications, 26 PCT applications, with 62 licensed invention patents obtained.

Table 1 — Major pipeline drug projects

Type	Number (calculated according to indications)	Remarks
Innovative drugs	**64**	/
Including: Small molecular innovative drugs under independent development	27	For details of the major projects under clinical study and NDA, please refer to Table 2. Comprising 3 projects under phase III clinical trial.
Biopharmaceutical innovative drugs under independent development	26	For details of the major projects under clinical study and NDA, please refer to Table 3. Comprising 2 projects under NDA and 6 projects under phase III clinical trial.
License-in innovative drugs	11	For details, please refer to Table 4. Comprising 1 project under NDA and 5 projects under phase III clinical trial.
Biosimilars under independent development	**14**	For details, please refer to Table 5. Comprising 4 projects approved for launch, 2 projects under NDA and 2 projects under phase III clinical trial.
Generic drugs	**105**	/
Including: Imported generic drugs	14	/
Consistency evaluation items	**25**	/

Note 1: This table does not include the pipeline drug projects of Gland Pharma.

Note 2: This table does not include Yi Kai Da (奕凱達) (Ejilunsai injection) of Fosun Kite, a joint venture. The product has been approved for launch by the NMPA for the treatment of adult patients with relapsed and refractory large B-cell lymphoma.

Table 2 — Small molecular innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese Mainland as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	FCN-338	Hematological malignancies	Phase I clinical trial	Phase I clinical trial (in the U.S.)
2			Relapsed or refractory B-cell lymphoma	Approved for clinical trial	
3		FCN-159	Malignant melanoma	Phase I clinical trial	—
4			Neurofibromatosis type 1	Phase II clinical trial	Approved for clinical trial (in the U.S. and Spain)
5			Low-grade gliomas	Approved for clinical trial	—
6		ORIN1001	Solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S.)
7		HLX-208	Solid tumor	Phase I clinical trial	—
8		SAF-189	Non-small cell lung cancer (ROS1)	Phase II clinical trial	Approved for clinical trial (in the U.S.)
9			Non-small cell lung cancer (ALK)	Phase III clinical trial	
10		FN-1501	Advanced hepatocellular carcinoma	Approved for clinical trial	—
11			Leukemia and solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S. and Australia)
12		FCN-437c	Breast cancer 1L	Phase II clinical trial *Note 1*	Phase I clinical trial (in the U.S.)
13			Breast cancer 2L	Phase II clinical trial *Note 1*	
14		FCN-647	Relapsed or refractory B-cell lymphoma	Phase I clinical trial	—
15		YP01001	Advanced solid tumor	Phase I clinical trial	—
16		FH-2001	Advanced malignant solid tumor	Approved for clinical trial	—
17	Metabolism and alimentary system	FCN-207	Hyperuricemia	Phase I clinical trial	—
18		FCN-342	Gout	Phase I clinical trial	—
19	Others	ORIN1001	Idiopathic pulmonary fibrosis	—*Note 2*	Phase I clinical trial (in the U.S.)
20		ET-26	Anesthesia	Phase I clinical trial	—

Note 1: The phase III clinical trial of FCN-437c for the indication of breast cancer commenced in Chinese Mainland in January 2022.

Note 2: The clinical trial of ORIN1001 for the indication of idiopathic pulmonary fibrosis (IPF) in Chinese Mainland was approved in February 2022.

Table 3 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Serplulimab injection (recombinant humanized anti-PD-1 monoclonal antibody injection)	Microsatellite instability-high solid tumor (MSI-H)	NDA[Note 1]	Approved for clinical trial (in the U.S.)
2		Serplulimab injection (PD-1) + Chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	NDA[Note 2]	Phase III clinical trial (international multi-center)
3			Extensive-stage small cell lung cancer (ES-SCLC)	Phase III clinical trial (international multi-center)[Note 3]	
4			Locally advanced or metastatic esophageal squamous cell carcinoma (ESCC)	Phase III clinical trial	—
5			GC neoadjuvant/adjuvant	Phase III clinical trial	—
6		Serplulimab injection (PD-1) + Han Bei Tai (bevacizumab injection)	Non-squamous non-small cell lung cancer (nsNSCLC)	Phase III clinical trial	—
7			Hepatocellular carcinoma (HCC)	Phase II clinical trial	—
8			Metastatic colorectal cancer (mCRC)	Phase II/III clinical trial	—
9		Serplulimab injection (PD-1) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Recurrent or metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	—
10			Squamous non-small cell lung cancer (sqNSCLC)	Approved for clinical trial	—
11		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qu You (trastuzumab injection)	Gastric cancer (GC)	Phase II clinical trial	—
12		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Solid tumor (non-small cell cancer, esophageal cancer and others)	Phase Ib/II clinical trial[Note 4]	Approved for clinical trial (in the U.S.)
13		HLX20 (recombinant anti-PD-L1 fully human monoclonal antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
14		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
15		HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Advanced malignant solid tumor	Approved for clinical trial	Approved for clinical trial (in Australia)
16		HLX301 (recombinant humanized anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Locally advanced or metastatic solid tumor	—	Approved for clinical trial (in Australia)
17		HLX23 (recombinant anti-CD73 fully humanized monoclonal antibody injection)	Advanced solid tumor	—	Approved for clinical trial (in the U.S.)
18		Recombinant HER2 humanized monoclonal antibody monomethyl auristatin F coupling agent	HER2-positive advanced breast cancer and/or advanced malignant solid tumor	Phase I clinical trial	—

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
19	Blood system	Recombinant human erythropoietin-HyFc fusion protein injection	Anemia	Phase Ib/II clinical trial	—
20	Others	HLX04-0 (recombinant anti-VEGF humanized monoclonal antibody injection)	Wet age-related macula degeneration (wAMD)	Phase III clinical trial	Approved for clinical trial (in the U.S., Australia and others)

Note 1: In March 2021, a phase II clinical study of serplulimab injection for the treatment of unresectable or metastatic microsatellite instability-high or deficient mismatch repair deficient solid tumor that have failed standard therapies met primary study endpoints.

Note 2: In August 2021, an international multi-center phase III clinical trial to compare serplulimab injection in combination with chemotherapy against chemotherapy as first-line therapy for locally advanced or metastatic squamous non-small cell lung cancer met the primary study endpoint.

Note 3: In December 2021, an international multi-center phase III clinical trial of Serplulimab injection or placebo in combination with chemotherapy (carboplatin-etoposide) for the treatment of extensive-stage small cell lung cancer met the primary study endpoint.

Note 4: The phase Ib/II clinical trial for such drugs in Chinese Mainland is ongoing. The phase Ia clinical trial carried out in Taiwan, China was completed.

Table 4 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period
1	Anti-tumor	SVN53–67/M57-KLH peptide vaccine	Primary diagnosis of glioblastoma	Clinical trial application[Note]
2	Metabolism and alimentary system	Tenapanor tablets	Irritable bowel syndrome with constipation (IBS-C)	Phase I clinical trial
3		Ferric pyrophosphate citrate solution	Iron substitutes for dialysis patients	Phase III clinical trial
4	Anti-infection	mRNA vaccine BNT162b2	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Chinese Mainland: Phase II clinical trial Hong Kong: Authorized for emergency use Macau: Obtained advance permission as an imported vaccine Taiwan: Obtained special approval for emergency use
5		Pretomanid tablets	For the treatment of patients with extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) who cannot tolerate treatment/experience low efficacy of treatment	Phase I clinical trial
6	Central nervous system	Opicapone capsules	Parkinson syndrome	NDA
7	Blood system	Avatrombopag maleate Tablets	Chronic immune thrombocytopenia (ITP)	Phase III clinical trial
8		Tenapanor tablets	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Phase III clinical trial
9	Others	Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Approved for clinical trial
10		RT002 (DaxibotulinumtoxinA for injection)	Moderate to severe glabellar lines in adults (GL)	Phase III clinical trial
11			Isolated cervical dystonia (CD)	Phase III clinical trial

Note: The clinical trial of SVN53-67/M57-KLH peptide vaccine in Chinese Mainland was approved in March 2022.

Table 5 — Biosimilars under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese Mainland as at the end of the Reporting Period
1	Anti-tumor	Han Bei Tai (bevacizumab injection)	Metastatic colorectal cancer (mCRC) and advanced, metastatic or recurrent non-small cell lung cancer (NSCLC)	Approved for launch
2		HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection)	Breast cancer (BC)	Phase I clinical trial
3		HLX05 (Recombinant Anti-EGFR Human/Murine Chimeric Monoclonal Antibody injection)	Metastatic colorectal cancer (mCRC) and metastatic head and neck squamous cell carcinoma (HNSCC)	Phase I clinical trial
4		HLX12 (recombinant anti-VEGFR2 domain II-III fully human monoclonal antibody injection)	Gastric cancer (GC), metastatic non-small cell lung cancer (NSCLC) and metastatic colorectal cancer (mCRC)	Phase I clinical trial
5		HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	Melanoma, renal cell carcinoma (RCC) and metastatic colorectal cancer (mCRC)	Approved for clinical trial
6		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Approved for clinical trial
7	Metabolism and alimentary system	Human insulin injection	Diabetes	Supplemental application approved for launch
8		Insulin glargine injection	Diabetes	NDA
9		Recombinant insulin lispro injection	Diabetes	NDA*Note*
10		Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	Phase III clinical trial
11		Liraglutide injection	Diabetes	Phase III clinical trial
12	Blood system	Yi Bao (recombinant human erythropoietin for injection (CHO cells))	Anemia of cancer	Supplemental application approved for launch
13	Others	Han Da Yuan (adalimumab injection)	Uveitis	Approved for launch
14		HLX14 (Recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase I clinical trial

Note: Recombinant insulin lispro injection was approved for launch in Chinese Mainland in January 2022.

The Group continued to promote the NDA of drugs (products) (including import registration and approval for overseas launch) and the centralized and bulk purchase of drugs. During the Reporting Period, the CAR-T cell therapy product Yi Kai Da of Fosun Kite, a joint venture of the Company, was approved for launch in Chinese Mainland, and a total of 13 generic drugs of Gland Pharma received approval from the U.S. FDA for launch (for details, please refer to Table 6 — Major drugs approved for launch during the Reporting Period). In addition, as at the end of the Reporting Period, applications were made in respect of 5 products of Gland Pharma for Import Drug Licenses (IDL).

As at the end of the Reporting Period, a total of 23 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in six batches of centralized drug procurement ("**centralized procurement**") bidding (see Table 7 — Products won tenders for centralized procurement for details). For the existing products included in centralized procurement, the Group leveraged the advantages of multi-channel marketing and refined production to strengthen the life cycle management of centralized procurement products while sacrificing price for volume, and actively promoted incremental products to quickly enter the market through centralized procurement and effectively smooth the impact of existing products participating in centralized procurement.

Table 6 — Major drugs approved for launch during the Reporting Period

No.	Name of drugs	Classification of registration	Indications	Remarks
1	Yi Kai Da (ejilunsai injection)*Note 1*	Therapeutic biological product	Relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy (r/r DLBCL)	The first CAR-T product approved for launch in Chinese Mainland
2	Han Bei Tai (bevacizumab injection)	Therapeutic biological product	Metastatic colorectal cancer (mCRC) and advanced, metastatic or recurrent non-small cell lung cancer (NSCLC)	
3	Han Da Yuan (adalimumab injection)	Therapeutic biological product	Anterior uveitis	
4	Comirnaty (mRNA vaccine)*Note 2*	Preventive biological product	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Hong Kong: Authorized for emergency use Macau: Obtained advance permission as an imported vaccine Taiwan: Obtained special approval for emergency use
5	Human insulin injection	Therapeutic biological product	Diabetes	Supplemental application approved for launch
6	Yi Bao (recombinant human erythropoietin for injection (CHO cells))	Therapeutic biological product	Anemia of cancer	Supplemental application approved for launch
7	Artemether-lumefantrine dispersible tablets	WHO PQ	Malaria	
8	13 products including empagliflozin tablets, apixaban tablets and tofacitinib citrate tablets	Chemical drug	—	During the Reporting Period, a total of 13 generic drugs of the Group received approval from the NMPA for launch.
9	Tobramycin injection and other 13 products	US 505(j)*Note 3*	—	During the Reporting Period, a total of 13 generic drugs of Gland Pharma received approval from the U.S. FDA for launch.

Note 1: Product of Fosun Kite, a joint venture.

Note 2: As at the end of February of 2022, Comirnaty (mRNA COVID-19 vaccine) was approved for emergency use in Hong Kong for primary vaccination for people aged 16 and over and aged 12 to 15, and for the third dose of vaccination for people aged 18 and over; obtained advance permission as an imported vaccine for primary vaccination in Macau for people aged 16 and over and aged 12 to 15; and obtained special approval for emergency use in Taiwan of China for primary vaccination for people aged 12 to 15, and aged 16 and over, and booster doses for people aged 18 and over.

Note 3: According to the US registration classification, 505(j) represents generic drugs.

Table 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit	Selected price *(RMB)*
1	4+7 scope expansion	Amlodipine Besylate Tablets	High blood pressure	5mg*7 tablets	Box	0.49
2		Escitalopram Oxalate Tablets	Depression disorder	10mg*7 tablets	Box	27.86
3	The second round	Azithromycin Capsules	Infection	0.25g*6 capsules	Box	6.36
4		Clindamycin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15g*10 capsules	Box	1.40
5		Indapamide Tablets	Essential hypertension	2.5mg*10 tablets	Box	0.69
6		Isoniazid Tablets	Tuberculosis	0.1g*100 tablets	Box	5.02
7	The third round	Febuxostat Tablets	Long-term treatment of gout patients with hyperuricemia	40mg*16 tablets	Box	16.48
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1g*30 tablets	Box	33.96
9		Pitavastatin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2mg*14 tablets	Box	10.80
10		Ethambutol Hydrochloride Tablets	Tuberculosis	0.25g*50 tablets	Box	6.03
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer's dementia	10mg*14 tablets	Box	15.26

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit	Selected price *(RMB)*
12	The fourth round	Telmisartan Tablets	Essential hypertension	40mg*8 tablets/strip *4 strips/box	Box	19.17
13		Empagliflozin Tablets	Type 2 diabetes	10mg*10 tablets/strip *1 strip/box	Box	19.51
14		Calcium Dobesilate Capsules	1. Retinopathy caused by diabetes; 2. heart, brain, and kidney diseases caused by microcirculation disorders, such as glomerulosclerosis; 3. reduction of the viscosity of blood; 4. prevention of microemboli; 5. numbness, pain and itchiness of limb; 6. syndromes such as varicosity	0.5g*10 capsules/ strip*3 strips/ box	Box	20.40
15		Sorafenib Tosylate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2g*10 tablets/strip*3 strips/box	Box	798.00
16		Duloxetine Hydrochloride Enteric Capsules	Generalized anxiety disorder and depression	20mg*60 capsules/ bottle	Bottle	58.80
17		Pyrazinamide Tablets	Tuberculosis	0.25g*100 tablets/bottle	Bottle	19.49
18	The fifth round	Alfacalcidol Tablets	1. Improve the symptoms of patients with chronic renal insufficiency, hypoparathyroidism, vitamin D-resistant rickets and osteomalacia due to abnormal vitamin D metabolism, such as hypocalcemia, convulsions, ostealgia and bone damage. 2. Osteoporosis.	0.25μg*10 tablets/strip*3 strips/box	Box	36.90
19		Bicalutamide	1. 50mg per day: For the treatment for advanced prostate cancer together with luteinizing hormone-releasing hormone (LHRH) analogue or surgical orchiectomy. 2. 150mg per day: For the treatment of patients with locally advanced prostate cancer without distant metastasis who are not suitable or unwilling to receive surgical castration or other medical treatments.	50mg*14 tablets/strip/ box	Box	162.73
20	The sixth round	Human insulin Injection	Diabetes	3ml: 300 unit (refill)*1 vial	Vial	29.36
21		Protamine recombinant human mixed insulin injection (30/70)	Diabetes	3ml: 300 unit (refill)*1 vial	Vial	29.80

Commercialization system

The Group continuously enhanced the construction and integration of its marketing system and has established a marketing system by product lines to match existing products and products to be marketed so as to strengthen the strategic direction of professional, branding and digital development. As at the end of the Reporting Period, the pharmaceutical manufacturing segment of the Group had a commercialization team consisting of approximately 6,000 employees, and was organized into a number of divisions based on the major product lines, covering more than 2,000 Class III hospitals, 10,000 Class I and Class II hospitals and nearly 200,000 retail pharmacies. Especially in the past two years, in order to keep pace with the launch of innovative products and the process of internationalization, the Group focused on the establishment of the innovative drug commercialization team, the new retail team for OTC and online channels, the marketing team for Africa, Europe and the U.S., and also constructed and improved a comprehensive support system covering aspects such as clinical medical, market access, medical strategic alliance and brand promotion. In addition, by virtue of the cooperation and linkage with Sinopharm, the Group also fully utilized Sinopharm's strengths in distribution network and logistics to facilitate the expansion of sales channels of the Group's pharmaceutical products.

- *Innovative drug commercialization team*

  During the Reporting Period, in hematologic tumor, breast cancer, liver disease and other areas, with a focus on Han Li Kang, Han Qu You, Su Ke Xin, Han Da Yuan, Serplulimab and other drugs, the Group continued to expand and optimize its commercialized team to strengthen market access and hospital coverage. Currently, the Group has a divisional innovative drug commercialization team of 1,700 employees in total, of which 200 employees are under the newly formed dedicated marketing team for Serplulimab. Focusing on core departments such as hematology, lymphoma, hematological tumor, breast, medical oncology, hepatobiliary surgery and intervention, the innovative drug commercialization team made deployment in the core market, the county-level market and DTP channels with the Group's multi-channels successfully covering approximately 3,000 hospitals and nearly 1,000 DTP pharmacies. The Group opened up the matrix of its existing products, serving the launch of more innovative drugs and comprehensive treatment plans in the future.

- *New retail team*

  With the continuous deepening of the medical reform and the rapid development of the Internet healthcare industry, the Group also actively created a new retail marketing system with a team of approximately 600 employees, which fully covers the traditional retail pharmacies and other retail markets as well as online integrated medical service platform. In the retail market, through years of exploration and practice in the field of chronic diseases, the Group formed a close cooperative relationship with the top 200 chain pharmacies in China, involving more than 150,000 terminals. Meanwhile, the Group integrated its chronic disease management resources accumulated throughout the years by utilizing its online channels to

realize the empowerment of consumption terminals to the industry, and offered comprehensive services to consumers and patients with the empowerment of digital medical treatments, continuously improving its multi-channel and spatial marketing capabilities.

- *Overseas commercialization team*

  The Group continued to expand into the international market. As at the end of the Reporting Period, the pharmaceutical manufacturing segment had formed an overseas commercialization team of approximately 1,000 employees, which mainly covered markets including the United States and Africa. In African market, the Group had long-term business cooperation with several countries' national public drug procurement centers and international drug procurement agency groups, and its business covered 39 countries and regions in Africa, with a team having about 800 frontline sales personnel, and a one-stop service support system providing registration, circulation, academic promotion, post-launch safety alert and other services. In the U.S. market, the Group had launched 21 drugs under its own brands, including ziprasidone and 2 test kits for 2019-nCoV, cooperated with 5 major distributors and 16 group purchasing organizations (GPOs), covered the retail chain pharmacy through 9 channel providers, and entered over 10 cooperation agreements to cover 75% integrated network distribution system thereby forming a multichannel market coverage.

- *Domestic distribution channel cooperation*

  In addition, by virtue of the in-depth cooperation and linkage with Sinopharm, the Group also fully leveraged Sinopharm's strengths in distribution network and logistics and reached all levels of markets in China.

Integrated Production and Lean Operation

In order to further improve the competitiveness of the production system, strengthen operational efficiency and implement the internationalization strategy, the Group continued to streamline its competitive internal production capacity, deepened the integration of the production side, and strived to build internationally competitive production bases. The Group streamlined the competitive star production lines, sped up integration of internal production lines, and facilitated the realization of star production lines for its products. The Group expedited the construction of comprehensive production bases in Xuzhou (Wanbang Pharma) and Chongqing (Yao Pharma). The production capacity of freeze-dried powder for injection and oral preparations of Chongqing base reached a sizeable scale. The Group continued to accelerate the construction of Songjiang base of Shanghai Henlius to continuously expand biologics production capacity. In the overseas regions, Gland Pharma completed the construction and commissioning of the new freeze-dried line and hormone product line, laying a foundation for further increase in production capacity. At the same time, the Group expedited the deployment and construction of three API bases in Changde, Xinyi and Changshou, to provide security for raw materials for existing preparations and the development of innovative drugs.

During the Reporting Period, the Group continued to advance and implement Fosun Pharma Operation Excellence (FOPEX), and gradually perfected the FOPEX 2.0 system. Through analysis and study of each production stage, the Group proposed optimization measures to enhance quality and reduce cost, and enhanced product delivery capability. We continued to deepen investment in intelligent manufacturing, and guided enterprises to carry out information and intelligent transformation.

The Group placed great emphasis on quality and risk management throughout the life cycle of its products. Through gap analysis, special inspection, special training and other different forms, the Group promoted the majority-owned member enterprises to establish a quality system in line with the domestic and international requirements, and enhanced the quality risk awareness and quality management capabilities of all member enterprises. During the Reporting Period, all production lines of the domestic pharmaceutical members of the Group obtained domestic GMP certifications, and received over 60 official inspections as well as official sample tests on over 700 batches, all of which were passed smoothly.

Medical Devices and Medical Diagnosis

During the Reporting Period, the Group recorded revenue of RMB5,927 million from the medical devices and medical diagnosis segment; segment results amounted to RMB826 million; segment profit amounted to RMB2,000 million. After eliminating the one-off effects from the transfer of income from distribution rights of Da Vinci surgical robotic systems to Intuitive Fosun, an associated company and gains from the transfer of the equity interest in Yaneng Biotech, the revenue from the medical devices and medical diagnosis segment increased by 21.25% on the same basis, segment results increased by 12.60% on the same basis, and segment profit increased by 15.27% on the same basis. The increase in revenue and net profit of the segment on the same basis was mainly attributable to the strong business growth of Sisram Medical in the two major markets i.e. North America and Asia-Pacific, as well as the significant growth in the installation volume and surgical volume of "Da Vinci surgical robotic system" of Intuitive Fosun, an associated company. During the Reporting Period, 73 "Da Vinci surgical robotic systems" were installed, an increase of 18 as compared to last year.

The Group's medical device business has initially formed three major business divisions with medical cosmetology, respiratory health and professional medical care as the core.

In the field of medical cosmetology, during the Reporting Period, the revenue of Sisram Medical amounted to US$294 million and net profit amounted to US$33 million (based on the financial statements of Sisram Medical in its reporting currency), both recording significant year-on-year growth, the driving factors of which were the strong business growth in core regions such as North America and Asia-Pacific, expansion and synergy in multi-dimensional product lines and channels, upgrades of R&D capabilities and infrastructure, and active talent management strategies. During the Reporting Period, while actively expanding its existing energy-based medical aesthetics equipment business, Sisram Medical carried out business deployment and integration on strategic tracks such as aesthetic dentistry, injectables and personal care. In addition, Sisram Medical

officially launched its first equity incentive plan in November 2021 to motivate the management and core employees and promote the long-term development of the company. In July 2021, Sisram Medical completed the merger of Foshion's assets, aiming to create a brand new digital dental brand and expand to the field of dental surgical instrument manufacturing by leveraging its existing global channel and resource advantages. Sisram Medical and Fosun Pharmaceutical Industrial entered into a sublicensing agreement for the aesthetic indications of long-acting botulinum toxin (RT002) in Greater China, to further enrich its injectables business pipeline and to collect strategic products for future expansion into the C-end market, and the matter was subject to shareholders' approval at the general meeting of Sisram Medical. Sisram Medical acquired the remaining 40% equity in a subsidiary Nova Medical Israel ltd., which became a wholly-owned subsidiary of Sisram Medical. Nova Medical Israel ltd. was mainly engaged in the distribution of medical and cosmetic products in Israel. In January 2022, Sisram Medical invested in the Tianjin Xingsiyi Biotechnology Co., Ltd. (天津星絲奕生物科技有限公司), which would be mainly engaged in the R&D, technical services and production of silk fibroin sodium hyaluronate composite gel and facial thread embedding products.

In the field of respiratory health, Breas continued to increase its efforts to expand into the U.S. and Chinese markets while exploring in depth in the European market. It launched the Everyware digital solution in the U.S. market for the first time, and entered into a strategic cooperation agreement with Drägerwerk AG & Co. KGaA, a world-renowned ventilator company. At the same time, it also commenced the iteration, upgrade and localized production of imported products based on the market needs in China.

In the professional medical field, the "Da Vinci surgical robot" product series sold by Intuitive Fosun, an associated company still maintained a strong growth trend, with significant growth in both installation volume and surgical volume, and the installed capacity reached 73 units in 2021. In the professional medical field, its third-party product portfolio centering on the fields of tumor diagnosis and treatment, orthopedics and neurology continued to be enriched. For our new pre-hospital first-aid business, stroke ambulance, mobile nucleic acid test laboratories, vaccination vehicles, mobile intelligent cleaning and disinfection centers and other products became the special products of the industry, ranking the top in the domestic market in terms of market share and becoming the Group's new extension into the fields of pre-hospital first-aid and public health.

In addition, the medical devices segment has built a marketing network that combines global direct sales and distribution. In particular, the marketing network of Sisram Medical covers more than 90 countries and regions in the world. The proportion of direct sales revenue exceeded 60%. In recent years, Sisram Medical has strengthened its digital channels and further diversified its global marketing strategies and methods through product launch conferences, online seminars, online customer training and other activities, while continuously expanding the global direct selling market; the sales network of Breas mainly covers Europe, the U.S., China, Japan and Australia.

During the Reporting Period, the medical diagnosis segment of the Group actively promoted strategic upgrading and internal integration in accordance with the business focus and characteristics of each base and subsidiary. The Group specified the functions and positioning of

each of these bases and subsidiaries as R&D and manufacturing center, differentiated instrument R&D platform, inspection service business platform and reagent manufacturing base, acquired the controlling equity interest in Suzhou Abcarta during the Reporting Period through share transfer and capital injection and transferred part of equity interest in Yaneng Biotech which has been completed, which accelerated the integration and operation integration process of the diagnostic sector, and promoted its long-term sustainable development.

As at the end of the Reporting Period, centering on six major therapeutic areas (tumor, infection, digestion and metabolism, reproduction, cerebro-cardiovascular and central nervous system), the medical diagnosis business of the Group formed a cross-methodological product portfolio as well as a matrix R&D ideas that expanded to different disease fields under the same methodology. In our product lines, the biochemical product line deployment was complete and the reagent quality, which was in the first line camp in the domestic market, enjoyed a high market reputation. In addition, the Group created a number of special products, such as the MyCare series (monitoring kits for drug concentration in blood), NG-Test CARBA 5 (carbapenemase test kits), I-SPOT TB (Mycobacterium tuberculosis specific cellular immune response test kits), fully automatic fluorescent drug sensitivity test system, three-target nucleic acid test kits for 2019-nCoV, G-Test oligosaccharide chain "glycomics" early screening and testing for liver cancer, etc. Meanwhile, the Group actively promoted the R&D and market launch of its new products. During the Reporting Period, new products such as F-i3000 fully automated chemiluminescence instrument, F-C800 fully automated biochemical analyzer and microbial mass spectrometer (ASTA) were launched successively. The product pipeline included diagnostic products with high clinical value such as Glycotest HCC Panel (early liver cancer diagnosis and screening solution) and Molecular POCT respiratory testing.

Healthcare services

After the COVID-19 pandemic, online consultations and online drug purchases have become a new trend in residents' online medical care. During the Reporting Period, the Group promoted medical internet transformation by actively exploring online and offline integrated service models. In 2021, the Group's medical service operation and management main body "Fosun Healthcare" was renamed as "Fosun Health". Taking "medical-grade, full-scenario and one-stop health ecosystem" as the vision and "making families healthier and life better" as the mission, after such strategic upgrade, Fosun Health provides users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course, and becomes a "leader of active family health management".

As at the end of the Reporting Period, 5 invested medical institutions (including associated hospitals) inclusive of Foshan Chancheng Hospital, and Yinchuan Fosun Internet Hospital Co., Ltd. obtained 6 internet hospital licenses in total, and Fosun Health is actively expanding the application and cooperation in other regions. Through the construction of its internet healthcare platform, Fosun Health built core online capabilities such as online diagnosis and treatment services, pharmaceutical equipment e-commerce services and health management services, and completed the users' health profile.

Regarding online medical service, the Group takes self-operated flagship hospitals as the starting point to explore integrated online and offline service processes with offline regional hospital networks, covering the pre-consultation, consultation and post-consultation segments. During the Reporting Period, family doctors, expert online consultation, doctor and patient livestream, post-consultation health management and other professional services were launched; the Group took advantageous specialized disease areas as the starting point and centered around users to formulate an internet medical platform, as well as a doctor and product ecosystem, which gradually achieved proactive management of specialized disease throughout the treatment course and closed-loop solutions for the medical process. As for pharmacy e-commerce services, empowered with professional service ability, the Group gradually covers the common drug purchasing scenario pipeline, including DTP pharmacy, offline pharmacy chain, online shop and others to improve the accessibility of products. As for health management service, the Group gradually realizes proactive health management though system reach and medical intervention based on a constantly improving health profile; at the same time, the Group cooperates with a wide range of offline vaccination points and testing institutions, actively exploring shifting from "medical treatment" to "preventative treatment", providing users with one-stop health services based on medical-level trust.

To effectively support the commencement of the above services, the Group places great importance on infrastructure development, including three aspects like doctor resources system, scientific innovation technology and featured supply chain. Doctor resources system comprises of internal medical teams, external partnered specialty physicians, doctor groups and others. With the professional and efficient operating mechanism, cooperation between doctors, the matches of doctors with products and services, proactive surveillance in service qualities as well as growth system have been formed. With scientific innovation technology, the Group focuses on resolving the critical pain points of B-end customers and C-end patients and creates a unique digitalized competitive advantage. The featured supply chain is designed to support the users' one-stop experience by sourcing specialty categories around the full lifecycle demands of users and matching them with efficient fulfillment and professional customer service capabilities.

During the Reporting Period, the revenue from healthcare services segment amounted to RMB4,115 million, representing a year-on-year increase of 29.81%. Affected by increased investment in digital team and online operation, the initial loss of newly opened hospitals and other factors, segment results during the Reporting Period amounted to RMB-367 million, representing a year-on-year decrease of RMB562 million. Segment profit amounted to RMB-433 million, representing a year-on-year decrease of RMB542 million.

During the Reporting Period, through continuous promotion of specialties layout at medical institutions, as well as internal integration and external expansion, the Group established a regional medical model and a health service industrial chain. The Group completed a strategic deployment of healthcare services in specialty and general hospitals focusing on regional focus such as the Greater Bay Area and Yangtze River Delta. During the Reporting Period, the Group entered into an agreement to acquire Guangzhou Xinshi Hospital and completed the equity transfer in January

2022. As at the end of February 2022, the medical service institutions controlled by the Group that had been put into operation mainly included Foshan Chancheng Hospital* (佛山禪醫), Shenzhen Hengsheng Hospital* (深圳恒生醫院), Guangzhou Xinshi Hospital, Suqian Zhongwu Hospital (Suqian Cancer Hospital), Anhui Jimin Cancer Hospital* (安微濟民腫瘤醫院), Wuhan Jihe Hospital, Chongqing Shinrong Plastic Surgery Hospital and Xuzhou Xingchen Women's and Children's Hospital, with a total of 5,532 authorized beds available for the public. With respect to operational management of healthcare services, the management systems of medical, nursing, technical and other medical professions and functions were continuously improved and optimized, thereby constantly strengthening the segment's asset management efficiency. The Group had also established a multi-level quality control and compliance system, covering medical quality control system, internet medical quality control system and drug supply chain quality control system.

The Group has been adhering to the guideline of "focusing on disciplined construction, creating quality medical services" throughout the years. By integrating the specialty resources of its hospitals, the Group has established 12 major specialty alliances, including obstetrics and gynecology, cardiology, rehabilitation and orthopedics, to promote the vertical connection between the specialties of member hospitals, and form various work mechanisms such as business discussion, entrusted department management and co-construction. At the same time, it actively explores the establishment of a doctor partner platform. Through the upgrade of the organisation structure of doctors group, the team of leading experts in various specialties has been introduced to improve the level of discipline, and to empower internal and external discipline construction. Currently, urology, orthopedics, nephrology, wound, rehabilitation and other specialist doctor groups have made significant progress. Several hospitals it controlled have completed the achievement of key specialties at a municipal level and provincial level in their regions, while the applications for projects from the National Natural Science Foundation of China by certain disciplines were completed. As at the end of February 2022, the groundwork for the business roadmap has been laid, which involves 8 Class II hospitals led and supported by 6 Class III hospitals in terms of business and discipline development, all playing an important role in the strategic planning of healthcare services in key regions such as the Pearl River Delta and the Yangtze River Delta, as well as the business expansion in developed coastal cities and regions. Meanwhile, the Group gradually connects specialist resources with the Internet medical platform, and provides high-quality medical services for more users through specialist centers.

Pharmaceutical Distribution and Retail

In 2021, Sinopharm recorded revenue of RMB521.051 billion, net profit of RMB13.065 billion and net profit attributable to shareholders of the parent of RMB7.759 billion, represented an increase of 14.16%, 8.00% and 7.95% as compared to last year, respectively.

In respect of the pharmaceutical distribution sector, Sinopharm firmly grasped the industry transformation trend brought about by the volume-based procurement and continued to lead the industry growth. By continuing to tap the scale advantage of its distribution network, Sinopharm has won the market share of products related to volume-based procurement and promoted the

transformation of pharmaceutical distribution to nationalized and intensive services. In 2021, Sinopharm recorded a revenue of RMB389.955 billion from pharmaceutical distribution business, representing a year-on-year growth of 11.96%.

In respect of medical devices, Sinopharm actively responded to industry changes and thus realized rapid business development while securing growth and preventing risks. In 2021, the revenue from medical device of Sinopharm was RMB108.129 billion, representing a year-on-year growth of 20.95%.

In respect of retail pharmacy, Sinopharm actively deployed on-line businesses and on-line hospitals by leveraging its strong network of wholesale and retail and variety advantages to actively explore business transformation, and to continuously promote the high growth of retail pharmacy segment. As at the end of the Report Period, the total number of retail stores of Sinopharm reached 10,259. In 2021, Sinopharm's revenue from retail pharmacy business totalled RMB29.059 billion, representing a year-on-year increase of 20.26%.

Financing

During the Reporting Period, the Group continued to optimize its debt structure and reasonably controlled the debt scale and comprehensive financing cost. In 2021, the Company successfully issued a tranche of corporate bonds and three tranches of super short-term commercial papers, and completed the first resale of RMB423 million corporate bonds. It actively deepened its good cooperation with domestic and foreign financial institutions, and obtained credit support of US$200 million from the International Finance Corporation (IFC) and US$200 million from Asian Infrastructure Investment Bank (AIIB), respectively. The Company took the variety of its financing channels to a higher level, and its corporate image in the domestic and foreign capital markets was enhanced.

Digital Transformation, Cost Reduction and Efficiency Enhancement

During the Reporting Period, the Group continued to optimize management measures, actively promoted the digital transformation and upgrade of the enterprise, utilized digital means to empower the substantial growth of enterprises, sped up the promotion of digital technology innovation and centralized procurement, continued to promote the improvement of operational efficiency, and further enhanced the core corporate competitiveness.

In respect of corporate digital transformation and upgrade as well as digital technology innovation, guided by the "4IN" strategy, the Group's digital transformation and development strategic plan has been upgraded in a rolling manner. The Group has proposed the goal to build a pharmaceutical intelligent enterprise with innovative R&D, intelligent manufacturing, smart marketing, and smart supply chain as the starting point. During the Reporting Period, in respect of innovative R&D, the Group built a R&D digital platform for collaborative innovation with drug R&D project management as the core, and further improved the efficiency of R&D management. In respect of intelligent manufacturing, the Group completed the smart factory standard guidelines and a star-rated factory evaluation system in order to provide digital construction guidance for production bases. In respect of smart marketing, the Group completed the construction of the middle-end

platform of smart marketing business, which solved the pain points of the pharmaceutical marketing business with the "result management" functional module, improved the effectiveness of pharmaceutical sales with "process management", and enhanced pharmaceutical operations and decision-making capability with "data insight". In respect of smart supply chain, an ERP system that fully complied with GSP standards was built, which had passed the on-site inspection by the NMPA. The Group continued to push forward the "Forest Plan" project, and enhanced the corporate resources plan and the ERP digital management system. During the Reporting Period, the Group built the groupwide big data middle-end center, realigned and improved the management BI report system of the Group, completed the digital and structured management system of multi-dimensional business data such as budget, contemporaneous, actual and forecast data, and realized the standardization and modeling of core KPI indicators such as finance, R&D, production and operation, quality, marketing, and human resources, and visualization of indicator results, so as to drive business operation management and intelligent decision-making with data, and contributed to the realization of a smart enterprise.

During the Reporting Period, the Group further improved its procurement management practices and procurement system and issued the "Code of Conduct for Suppliers" to strengthen the construction of a supply chain compliant ecology. In terms of organization building, the Group continued to bring in R&D procurement talents to further enhance the professionalism of its procurement lines. The Group also actively promoted infrastructure experts' participation in the evaluation in major infrastructure projects within the system and facilitated the exchange and integration of talents between organizations. The Group further expanded the coverage of centralized procurement categories by initiating cross-business segment and intra-segment centralized procurement projects, fully utilized the platform effect to reduce costs and increase efficiency, and promoted procurement standardization and supply channel optimization. In addition, during the Reporting Period, the Group also commenced the upgrade project of its digital procurement business platform (onelinkplus) and the construction of the procurement BI system to realize the closed loop, transparency, visibility, comparability and traceability of procurement business, enhance the collaboration and efficiency of procurement business, and support the implementation of cost reduction and efficiency enhancement.

Regarding procurement risk control, the Group has adhered to the concept of "transparent procurement". The Group monitored the key nodes of the tender process through further iterations of the risk control system, focusing on bid-rigging and other irregularities. The Group eliminated risks in advance through investigation, and adopted blacklist management for malicious bid-rigging units and made timely disclosure to optimise the Group's procurement environment.

2. CORE COMPETENCE ANALYSIS

During the Reporting Period, the core competitiveness of the Group was reflected in its open-style R&D ecology, forward-looking international layout, systematic commercialization team and other aspects:

1. Advantages in R&D and innovation. The Group connected with teams with outstanding scientific talents, leading technologies and high-value products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, license-in projects and deep incubation, and promoted the development and practice of innovative technologies and products through the integrated management of the innovative R&D projects by the global R&D center. As at the end of the Reporting Period, the Group had more than 2,800 R&D personnel, of which nearly 1,500 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB4,975 million, accounting for 12.75% of the Group's revenue.

2. Advantages in international development. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, license-in projects, production, operation and commercialization. The Group had cultivated a global BD team for deployment in frontier areas through R&D cooperation and license-in projects, while drug clinical and registration teams in the U.S., Africa, Europe and India continued to strengthen overseas drug registration and application capabilities. The Group also accelerated the international quality system certification of domestic production lines, and deepened its international marketing capabilities so as to further expand the international market.

3. Advantages in commercialization. The Group continuously enhanced the construction and integration of marketing system, and had formed a branch marketing system that supported existing products and products to be launched to the market, in order to consolidate the strategic direction of professionalism, branding and digitalization. As at the end of the Reporting Period, the Group had a commercialization team of over 6,900 employees, including about 1,700 employees in the innovative drug commercialization team, nearly 600 employees in the new retail team for OTC drugs and online channels, and over 1,200 in the overseas professional marketing team for Africa, Europe and the U.S., and had built up and perfected a comprehensive support system in medical affairs, market access, medical strategic alliance, brand promotion, etc.

3. MAJOR OPERATIONS IN THE REPORTING PERIOD

A. Analysis on Principal Operations

I. *Analysis of Changes in Relevant Items of Income Statement and Statement of Cash Flows*

Unit: million Currency: RMB

Items	Amount for the year	Amount for last year	Year-on-year change (%)	Reasons
Cost of sales	20,228	13,734	47.28	*Note 1, Note 9*
R&D expenses	3,834	2,795	37.17	*Note 2*
Finance costs	823	881	–6.58	*Note 3*
Other gains	3,322	1,278	159.94	*Note 4*
Other expenses	1,164	252	361.90	*Note 5*
Tax	1,066	738	44.44	*Note 6*
Net cash flow generated from operating activities	3,949	2,580	53.07	*Note 7*
Net cash flow generated from financing activities	–831	1,467	–156.65	*Note 8*

Note 1: Mainly due to the increase in revenue and changes in product structure during the Reporting Period.

Note 2: Mainly due to the increase in the R&D expenditures in biopharmaceutical drugs and small molecular innovative drugs, and the increase in R&D expenditures in innovation incubation platform during the Reporting Period.

Note 3: Mainly due to the decrease in financing costs during the Reporting Period.

Note 4: Mainly due to the combined effect of the followings: (1) the gain from the transfer of 29.02% equity interest in Yaneng Biotech and the investment income generated from the remaining equity interest measured at fair value; (2) the share price of BNTX held by the Company increased while the share price of BFLY decreased during the Reporting Period and other multiple factors.

Note 5: Mainly due to the provision for long-term equity investment and impairment of goodwill during the Reporting Period.

Note 6: Mainly due to the increase in taxable profits during the Reporting Period.

Note 7: Mainly due to (1) the cash flow contribution from the growth of revenue and recurring income; (2) the impact of the difference in settlement time of Comirnaty (mRNA COVID-19 vaccine) during the Reporting Period.

Note 8: Mainly due to the increase in the net outflow from financing activities for the acquisition of minority equity interests in subsidiaries such as Chemo Biopharma during the Reporting Period.

Note 9: Cost of sales for 2020 has been adjusted based on the restated figures.

II. *Analysis of Revenue and Cost of Sales*

(1) *Principal Operations by Segments, Products, Geographical Locations*

Unit: million Currency: RMB

Principal Operations by Segments

By segments	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year change in revenue (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross margin
Pharmaceutical manufacturing *(Note 1)*	28,772	13,840	51.90	32.30	59.70	decrease of 8.25 percentage points
Medical devices and medical diagnosis *(Note 2)*	5,927	3,042	48.68	13.81	20.62	decrease of 2.89 percentage points
Healthcare services	4,115	3,333	19.00	29.81	32.21	decrease of 1.47 percentage points

Principal Operations by Products

By products	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year change in revenue *(Note 9)* (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross margin
Major products of anti-tumor and immune modulation *(Note 3)*	3,936	828	78.96	145.23	152.44	decrease of 0.60 percentage point
Major products of metabolism and alimentary system *(Note 4)*	2,865	595	79.23	–19.79	12.05	decrease of 5.90 percentage points
Major products of anti-infection *(Note 5)*	8,597	4,936	42.58	119.54	242.07	decrease of 20.57 percentage points
Major products of central nervous system	1,039	88	91.53	–24.82	–36.69	increase of 1.59 percentage points
Major products of cardiovascular system *(Note 6)*	2,002	1,256	37.26	–19.50	15.55	decrease of 19.03 percentage points
Major products of APIs and intermediate products *(Note 7)*	1,135	844	25.64	9.56	11.64	decrease of 1.39 percentage points

	Principal Operations by Geographical Locations					
By Geographical Locations	**Revenue**	**Cost of sales**	**Gross profit margin** *(%)*	**Year-on-year change in revenue** *(%)*	**Year-on-year change in cost of sales** *(%)*	**Year-on-year change in gross margin**
Chinese Mainland	25,259	11,894	52.91	14.94	28.63	decrease of 5.01 percentage points
Regions outside Chinese Mainland and other countries *(Note 8)*	13,599	8,334	38.72	66.08	85.74	decrease of 6.48 percentage points

Note 1: The decline in the gross profit margin of the pharmaceutical manufacturing business was mainly due to: (1) The gross profit margin of existing products such as You Li Tong (febuxostat tablets) and Bang Zhi (pitavastatin calcium tablets) decreased after being selected for centralized procurement; (2) The effect of Comirnaty (mRNA COVID-19 vaccine); the cost of sales of Comirnaty (mRNA COVID-19 vaccine) includes ① procurement costs; ② share of gross profit payable to BioNTech according to the License Contract; ③ the corresponding sales milestone. Given the above factors, the gross profit margin of Comirnaty (mRNA COVID-19 vaccine) was lower than the overall gross profit margin of other products during the Reporting Period; (3) Some core products were affected by the increase in prices of main raw and auxiliary materials, and thus the unit costs rose and the gross profit margin fell.

Note 2: Since 2021, the income from distribution rights of "Da Vinci surgical robotic systems" had been transferred to Intuitive Fosun, an associated company. Excluding the effects of such business, the gross profit margin decreased by 0.20 percentage points.

Note 3: The decrease in gross profit margin of the major products of anti-tumor and immune modulation as compared with the same period last year was mainly due to the decreased unit selling price of Su Ke Xin (Avatrombopag Maleate Tablet) after the National Reimbursement Drug List negotiation.

Note 4: The decrease in gross profit margin of the major products of metabolism and alimentary system as compared with the same period last year was mainly due to the decreased unit selling price of You Li Tong (febuxostat tablets) after the centralized procurement.

Note 5: The decrease in gross profit margin of the major products of anti-infection as compared with the same period last year was mainly due to the impact of Comirnaty (mRNA COVID-19 vaccine).

Note 6: The decrease in gross profit margin of the major products of cardiovascular system as compared with the same period last year was mainly due to the increase in the price of major raw materials of some products, and thus the cost of sales rose and the gross profit margin fell.

Note 7: The decrease in gross profit margin of the major products of APIs and intermediate products as compared with the same period last year was mainly due to the changes of product structure in such therapeutic area.

Note 8: The increase in revenue and cost in regions and countries outside Chinese Mainland was mainly due to the revenue contribution from Comirnaty (mRNA COVID-19 vaccine) in Hong Kong, Macau and Taiwan and the significant sales growth of subsidiaries overseas, namely Gland Pharma and Sisram Medical.

Note 9: For the reasons for the changes in revenue by product, please refer to the aforementioned table of revenue from major products of the Group in the major therapeutic areas.

Note 10: Cost of sales in 2020 has been adjusted based on the restatement.

(2) *Analysis of Production and sales volume*

Major products	**Unit**	**Production volume**	**Sales volume**	**Inventory**	**Year-on-year change in production volume** *(%)*	**Year-on-year change in sales volume** *(%)*	**Year-on-year change in inventory** *(%)*
Comirnaty (mRNA COVID-19 vaccine) (0.3mg/dose)	'0,000 doses	N/A	2,206	0	N/A	N/A	N/A
Han Li Kang (rituximab Injection) (converted as 100mg/vial)	'0,000 vials	148	143	24	78	120	26
Han Qu You (trastuzumab Injection) (converted as 150mg/vial)	'0,000 vials	85	75	14	332	397	216

Note: The top five products are: Comirnaty (mRNA COVID-19 vaccine), Han Li Kang (rituximab Injection), heparin series preparations, Han Qu You (trastuzumab Injection) and antimalarial series such as artesunate. In particular, the sales of Comirnaty (mRNA COVID-19 vaccine) commenced in 2021, so the year-on-year change comparisons are not applicable. In addition, heparin series preparations and antimalarial series such as artesunate involve products in multiple dosage forms, and it is impossible to convert products of different dosage forms into corresponding production and sales volume according to the same standard.

(3) *Analysis of Cost*

Unit: million Currency: RMB

		By Segments				
By Segments	**Cost**	**Amount for the period**	**Percentage of the total cost for the period** *(%)*	**Amount for the corresponding period of last year**	**Percentage of the total cost for the corresponding period of last year** *(%)*	**Ratio of change for the period as compared with the corresponding period of last year** *(%)*
Pharmaceutical manufacturing *(Note 1)*	Cost of products	13,840	68.42	8,666	63.10	59.70
Medical devices and medical diagnosis	Cost of products and goods	3,042	15.04	2,522	18.36	20.62
Healthcare services *(Note 2)*	Cost of services	3,333	16.48	2,521	18.36	32.21

Unit: million Currency: RMB

By Products

By Products	Cost	Amount for the period	Percentage of the total cost for the period (%)	Amount for the corresponding period of last year[(Note 6)]	Percentage of the total cost for the corresponding period of last year (%)	Ratio of change for the period as compared with the corresponding period of last year (%)
Major products of anti-tumor and immune modulation *(Note 3)*	Cost of products	828	5.98	328	3.78	152.44
Major products of metabolism and alimentary system	Cost of products	595	4.30	531	6.13	12.05
Major products of anti-infection *(Note 4)*	Cost of products	4,936	35.66	1,443	16.65	242.07
Major products of central nervous system *(Note 5)*	Cost of products	88	0.64	139	1.60	–36.69
Major products of cardiovascular system	Cost of products	1,256	9.08	1,087	12.54	15.55
Major products of APIs and intermediate products	Cost of products	844	6.10	756	8.72	11.64

Note 1: The increase in the costs of the pharmaceutical manufacturing segment was mainly due to the increased sales and changes in product structure during the Reporting Period.

Note 2: The increase in the costs of the healthcare services segment was mainly due to the increase in revenue from healthcare services during the Reporting Period.

Note 3: The increase in the cost of major products of anti-tumor and immune modulation was mainly due to the substantial increase in the sales of Han Li Kang (rituximab Injection) and the contribution from the continuously increasing sales quantities of Han Qu You (trastuzumab Injection) and Su Ke Xin (avatrombopag maleate tablets), the newly launched major products in 2020.

Note 4: The increase in the cost of major products of anti-infection was mainly due to the sales contribution of Comirnaty (mRNA COVID-19 vaccine).

Note 5: The decrease in the cost of major products of central nervous system was mainly due to the combined effect of the decreased sales of Ao De Jin (deproteinized calf blood injection), the decreased sales of Qi Wei (quetiapine fumarate tablets) after the execution of centralized procurement, and the growth in sales of Qi Cheng (escitalopram tablets) and Chang Tuo Ning (penehyclidine hydrochloride injection).

Note 6: Cost of sales in 2020 has been adjusted based on the restatement.

(4) *Major Customers and Suppliers*

Sales to the top 5 customers of the Group amounted to RMB8,591 million, representing 22.11% of the total sales for the year.

Purchases from the top 5 suppliers of the Group amounted to RMB2,819 million, representing 16.08% of the total purchases for the year.

III. *Expenses*

During the Reporting Period, the sales expense of the Group amounted to RMB9,099 million and the sales expense ratio was 23.42%, representing a year-on-year decrease of 3.64 percentage points. The main reasons for the year-on-year change in the sales expense ratio were: 1. the sales expense ratio of centralized procurement products decreased year-on-year; 2. the Group continued to strengthen the control of sales expenses; 3. investment in the sales team and market development of new products and new products to be launched. Those investments increased the sales expense ratio.

During the Reporting Period, the R&D expenses of the Group amounted to RMB3,834 million, representing a year-on-year increase of 37.17%. The change in R&D expenses was mainly due to the increase in the R&D expenditures in biopharmaceutical drugs and small molecular innovative drugs, and the increase in R&D expenditures in innovation incubation platform during the Reporting Period.

During the Reporting Period, the finance expenses of the Group amounted to RMB823 million, representing a year-on-year decrease of 6.58%. The change in finance expenses was mainly due to the decrease in financing costs during the Reporting Period.

IV. *R&D Expenditures*

Accounting treatment of R&D expenditures

The Group divides expenses for internal R&D projects into expenses in the research phase and expenses in the development phase. Expenses in the research phase are recognized in profit or loss for the period as incurred. Expenses in the development phase may only be capitalized if the following conditions are satisfied simultaneously: the completion of such intangible assets for use or sale is technically feasible; the Company has the intention to use or sell the intangible assets upon completion; the way in which

the intangible assets bring economic benefits shows that there exists a consumption market for the products with use of these intangible assets or the intangible assets themselves, or that they are useful in case of internal utilization; the Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them available for use or sale; and the expenses attributable to such intangible assets can be measured reliably at the development stage. Development expenses not satisfying all of the above conditions are recognized in profit or loss of the period as incurred.

Combining the characteristics of the R&D process of the pharmaceutical industry and of the Group itself, the Group's expenses for its R&D projects may only be accounted for as capitalized R&D expenses if they are incurred after relevant approvals or certificates (Approval for Clinical Trial and Pharmaceutical Product Registration Approval Document based on Measures on the Registration Administration of Medicines (藥品註冊管理辦法) issued by NMPA or approval from international drug regulatory authority on the regulatory market) are obtained, and if the present value of the Company's future cash flow or realizable value resulting from the evaluated project results are higher than the book value. The remainder of the R&D expenses would be expensed.

R&D Expenditures

Unit: million Currency: RMB

R&D expenditures expensed for the year	3,834
R&D expenditures capitalized for the year	1,141
Total R&D expenditures	4,975
Total R&D expenditures as a percentage of revenue (%)	12.75
R&D expenditures in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	15.52
The number of R&D staff in the Group	2,849
The number of R&D staff as a percentage of the total number of staff in the Group (%)	7.85
Percentage of R&D expenditures capitalized (%)	22.93

Descriptions

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB4,486 million, representing a year-on-year increase of 22.23%, accounting for 15.52% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,359 million, representing a year-on-year increase of RMB891 million or 36.10%, accounting for 11.62% of the revenue from the pharmaceutical manufacturing segment. The R&D expenditures increased mainly due to

the increase in the R&D expenditures in biopharmaceutical drugs and small molecular innovative drugs, and increase in R&D expenditures in innovation incubation platform during the Reporting Period.

V. *Cash Flows*

Unit: million Currency: RMB

Items	Amount for the period	Amount for the corresponding period of last year	Ratio of Change (%)	Reasons
Net cash flow generated from operating activities	3,949	2,580	53.07	Due to 1) the cash flow contribution from the growth of revenue and recurring income; 2) the impact of the difference in settlement time of Comirnaty (mRNA COVID-19 vaccine) during the Reporting Period
Net cash flow generated from investment activities	–3,857	–4,706	18.04	Due to the combined effect of investment expenses such as the acquisition of Antejin and the recovery of investments such as the disposal of part of the equity interests in Yaneng Biotech and WeDoctor during the Reporting Period
Net cash flow generated from financing activities	–831	1,467	156.65	Due to the increase in the net outflow from financing activities for the acquisition of minority equity interests in subsidiaries such as Chemo Biopharma during the Reporting Period

B. Assets and liabilities analysis

As at 31 December 2021, the gearing ratio, calculated as total interest-bearing bank and other borrowings over total assets, was 27.13%, as compared with 28.39% as at 31 December 2020.

Assets and liabilities

Unit: million Currency: RMB

Items	Amount as at the end of the period	Percentage of the amount as at the end of the period to the total asset *(%)*	Amount as at the end of last period	Percentage of the amount as at the end of last period to the total assets *(%)*	Ratio of change for the amount as at the end of the period as compared with the amount as at the end of last period *(%)*	Reasons
Equity investments designated at fair value through other comprehensive income	30	0.03	1	—	2,900	Mainly due to the investment in financial assets during the Reporting Period
Trade and bills receivables — non-current	77	0.08	—	—	N/A	Mainly due to installment sales receivables from subsidiaries
Other non-current assets	2,014	2.16	1,084	1.30	85.79	Mainly due to the increase in the project payments for the inpatient building and nursing home of Foshan Chancheng Hospital and the increase in prepayments for equity acquisition and purchase of long-term assets during the Reporting Period
Prepayments, other receivables and other assets	3,466	3.72	2,554	3.05	35.71	Mainly due to the increase in receivables for equity transfer during the Reporting Period
Financial assets at fair value through profit or loss — current	4,241	4.55	1,970	2.36	115.28	Mainly due to factors such as the price rise of the shares of BNTX held during the Reporting Period
Debt investments at fair value through other comprehensive income	428	0.46	629	0.75	–31.96	Mainly due to the decrease in bills received during the Reporting Period

Items	Amount as at the end of the period	Percentage of the amount as at the end of the period to the total asset *(%)*	Amount as at the end of last period	Percentage of the amount as at the end of last period to the total assets *(%)*	Ratio of change for the amount as at the end of the period as compared with the amount as at the end of last period *(%)*	Reasons
Assets of a disposal group classified as held for sale	464	0.50	—	—	N/A	Mainly due to the reclassification of certain equity interests in Tianjin Pharmaceutical Group Co., Ltd. to assets held for sale during the Reporting Period
Trade and bills payables	5,064	5.43	3,289	3.93	53.97	Mainly due to the increase in the procurement cost payable during the Reporting Period
Tax payable	474	0.51	325	0.39	45.85	Mainly due to the increase in taxable profits during the Reporting Period
Contract liabilities — non-current	239	0.26	122	0.15	95.90	Mainly due to the increase in the amount of contract advances received during the Reporting Period, and the corresponding revenue recognition points expected to exceed one year
Other long-term liabilities	2,029	2.18	269	0.32	654.28	Mainly due to the share redemption option granted to the non-controlling shareholder of subsidiaries during the Reporting Period

C. Analysis on investments

Major Subsidiaries and Investees

(1) *Operation and Results of Subsidiaries*

① Operation and Results of Major Subsidiaries

Unit: million Currency: RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical R&D and manufacturing	197	6,785	4,735	5,698	874	809
Wanbang Pharma	Pharmaceutical R&D and manufacturing	452	5,557	2,994	7,002	563	501
Gland Pharma	Pharmaceutical R&D and manufacturing	N/A	8,447	7,412	3,658	1,174	879
Fosun Industrial *(Note 1)*	Investment and products sales	N/A	28,297	16,258	13,515	N/A	2,947

Note 1: The data for Fosun Industrial is prepared in accordance with HKFRS, and the scope of consolidation includes Gland Pharma and Sisram Medical.

Note 2: The above data included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

② Status of Other Major Subsidiaries

Unit: million Currency: RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Net profit
Shanghai Henlius *(Note 1)*	Pharmaceutical R&D and manufacturing	543	7,173	2,297	1,682	–984
Guilin Pharma	Pharmaceutical R&D and manufacturing	285	1,580	1,066	1,044	304
Foshan Chancheng Hospital *(Note 2)*	Healthcare services	50	3,151	1,953	2,008	158
Sisram Medical *(Note 3)*	Medical devices R&D and manufacturing	N/A	3,380	2,573	1,899	210

Note 1: The data for Shanghai Henlius is prepared in accordance with International Financial Reporting Standards.

Note 2: The data for Foshan Chancheng Hospital include appreciation of asset evaluation and amortization of appreciation of asset evaluation.

Note 3: The data for Sisram Medical is prepared in accordance with International Financial Reporting Standards.

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

Unit: million Currency: RMB

Name of the company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial Investment Co., Ltd.	Pharmaceutical investment	100	335,355	99,970	521,051	16,891	13,059

(3) *Acquisition and Disposal of Subsidiaries for the Year (including the Purposes, Methods and Effects of the Acquisitions and Disposals and the Effects on the Group's Overall Operation and Results)*

① *Acquisition of Subsidiaries in 2021*

The acquisitions of the subsidiaries in 2021 have had the following effect on the Group's production and results:

Unit: million Currency: RMB

Name of subsidiary	Acquired through	Net assets (as at 31 December 2021)	Net profit (from date of acquisition/ merger up to 31 December 2021)	Date of acquisition/merger
Shenzhen Xinsheng	Equity transfer	3	—	29 March 2021
Xingyuanda	Equity transfer	31	1	15 April 2021
Suzhou Abcarta	Equity transfer	238	–6	10 November 2021
Antejin	Equity transfer	4,122	–16	28 October 2021

Note: The above data included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

② Disposal of Subsidiaries in 2021:

The disposal of the subsidiaries in 2021 have had the following effect on the Group's production and results:

Unit: million Currency: RMB

Name of subsidiary	Disposed through	Net assets as at date of disposal	Net profit from beginning of Reporting Period to date of disposal	Date of disposal
Research Institute Pharmaceutical	Deregistration	—	—	1 February 2021
Kelin Huodai	Deregistration	—	—	26 March 2021
Fareast Casings	Equity transfer	7	1	26 April 2021
Shanghai Lilin	Deregistration	—	—	26 April 2021
Shanghai Boyiya	Deregistration	—	—	27 April 2021
Foshan Chanxi	Equity transfer	97	–1	31 May 2021
Taizhou Zhedong Medical Care	Equity transfer	703	1	30 June 2021
Pharmaceutical Institute Research	Deregistration	—	4	22 October 2021
Yaneng Biotech	Equity transfer	468	269	23 December 2021

Note: The data for Fareast Casings and Yaneng Biotech included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

D. Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had a total of 36,279 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.

4. THE BOARD'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE GROUP

A. Industry Landscape and Trends

In 2022, the pharmaceutical and medical industry in China remains at an important stage of development and transformation, and the COVID-19 outbreak persisted, presenting both tough challenges and opportunities for innovation and internationalization. In terms of market demand and payment, in view of the accelerated population aging and increased burden caused by disease, as well as the growing awareness in health among residents, the government emphasizes health sector and further increases investment in public health and medical health so as to encourage innovative R&D and development of new treatment technologies from a policy level. The pharmaceutical and medical industry in China will continue to maintain growth outpacing GDP growth. With the population aging and the development of treatment technology, the spectrum of disease also changes. The prevalence and diagnosis rate of tumors and immune system diseases continue to rise. The population of patients with chronic diseases continues to expand, and there are still an enormous amount of clinical treatment needs to be met. These drivers will encourage local companies to firmly follow the path of innovation and transformation, and provide patients with new treatments with higher efficacy and affordability. In terms of industry policies, enterprises are led and encouraged by the State to undergo upgrade and structural optimization in terms of strategic emerging industries, in order to achieve the overall transformation of the local pharmaceutical industry while aiming at high-value innovations and promoting high quality development. In terms of payment policies, the "National Medical Insurance Drug Catalogue (國家醫保藥品目錄)" is further enhanced to include new products into the catalogue at a faster pace, which reflects the policy orientation of innovation accessibility and affordability. Normalized and institutionalized implementation of centralized procurement of drugs in quantity is undertaken and the scope of centralized procurement of high-value medical supplies in quantity is continuously expanded, which further makes scope for medical insurance payment and accelerates the medical insurance coverage of innovative products. The policies continue to support the long-term healthy development of innovative, large-scale domestic pharmaceutical enterprises with international presence. In addition, during the pandemic, the internet healthcare has played an important role in alleviating the pressure of offline medical treatment and reducing cross-infection. Internet healthcare has received unprecedented attention and development, and the industry will embrace a new era of rapid development of digitalization.

The industry has become more regulated, standardized and professional, with a further rise in level of centralization of the industry. The continuous upgrade of the industry presents pressure and challenges in terms of operations in the transformation process to local enterprises in the short term. Nevertheless, such circumstance will benefit the rapid development of leading enterprises and innovative individual business in the long term. On the other hand, as relatively greater uncertainties lurk within the global economy and

international political environment, the international expansion of domestic enterprises will be subject to various challenges. However, as domestic market demand continues to grow at a steady pace, it will be difficult for the trend of transnational information, technology, talents and capital flows to reverse in the long run, which presents the scope of international development for enterprises with independent innovation capabilities. While facing favorable capital market conditions and opportunities in the product market, the international expansion of pharmaceutical enterprises is also consistent with the policy directions of the government's industry plans.

The Board of the Company is of the opinion that the Group, as a pharmaceutical enterprise which took an initiative to develop internationally, will continue to accelerate innovation and transformation, and strongly expand the international market. At the same time, the Group will proactively roll out plans for products and technologies in therapeutic areas with greater unmet needs, so as to explore investment and mergers and acquisitions opportunities while maintaining organic growth. As for the healthcare service sector, by means of lean operation, the Group will continue to strengthen the construction of medical institutions in advantageous areas and create advantageous specialities, and continue to improve its brand building and high-quality operational ability, so as to allow more consumers to understand and enjoy high-quality medical services.

B. Corporate Development Strategies

The Group will continue to commit to its mission of improving human health, adhere to its corporate philosophy of "Innovation for Good Health", and endeavor to capture the momentum presented by the broad pharmaceutical market in China as well as the rapid growth in mainstream markets such as Europe and the U.S. and certain emerging markets. The Group adheres to the development strategies of innovation and transformation, integrated operation and steady development. While continuously enhancing its R&D capability, the Group will continue to achieve the transformation and practice of global innovative advanced technology by adopting license-in projects, "deep incubation" and other models to access the global innovative advanced technology so as to facilitate the innovation and transformation and propel the international expansion of the Group. With respect to production and operation, the Group will strengthen the upgrading and optimization of production and manufacturing systems, continue to improve supply chain management, promote the mutual commissioned production and the realization of star production lines for products within the Group. By taking smart factories as standard, the Group will build new manufacturing bases for preparations and active pharmaceutical ingredients, so as to secure production capacity for newly launched products and key products. At the same time, the Group will continue to promote the transformation and upgrading of the digitalization and the intellectualization of enterprises. In addition, the Group will focus on the construction of an operation system as a healthcare service group to further strengthen its management in the healthcare services segment. The Group will further enhance its establishment of core competence to improve its

operating results. At the same time, the Group will continue to actively explore financing channels domestically and internationally and create favorable capital foundation for the continuous development of the Group.

C. Operation Plan

In 2022, the development of the entire pharmaceutical industry will be presented with both challenges and opportunities. The Group will endeavor to optimize its product structure and strengthen R&D efficiency. In addition, the Group will continue to optimize operational efficiency in the healthcare service industry, expand the construction of competitive disciplines and enhance quality management, accelerate the Internet transformation of healthcare industry and further promote breakthroughs in the field of consumer medical care so as to expand the operating scale in the segment and improve its capabilities in operation, management and internationalization. The Group will continue to pay attention to merger and acquisition opportunities of excellent enterprises abroad and at home, so as to support and facilitate the consolidation of pharmaceutical and medical devices distribution industries of Sinopharm.

In addition, the Group will continue to pay attention to the situation of COVID-19 and adopt relevant preventive measures to ensure the orderly and smooth operation activities.

In order to achieve the above operating objectives, the Group will continue to optimize its control throughout operation and enhance the efficiency of asset operations. Specific strategies and actions include:

Pharmaceutical Manufacturing

In 2022, the Group will continue to focus on innovation and international development, strengthen global construction, enhance capabilities in innovative R&D, market access and marketing, and strive to develop strategic products. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, and establishing and promoting integration and synergy in the product lines and supply chains, the Group seeks to achieve continuous growth of its revenue and profit.

With patients constantly at the center and clinical needs as the direction, the Group will focus on therapeutic fields including metabolism and alimentary system, anti-tumor and immune modulation, anti-infection, central nervous system and cardiovascular system, strengthen the establishment of its systems in terms of specialization, branding, digitization, compliance and marketing, and strengthen the establishment of its commercialization teams for innovative drugs and new retail, so as to consolidate the market position and the growth in sales in the existing key areas and products of the Group. At the same time, the Group will emphasize on promoting the approval of new products/new indications and the sales volume of key products. The Group will continuously promote the consolidation and enhancement of the production capacity within the Group, and the optimization of the raw materials. Moreover,

the Group will orderly promote the production and commercialization of MPP licensed varieties, promote the import and registration of Gland Pharma's products in China, as well as the sales and expansion of certain products in the U.S. market. The Group will continue to strengthen efforts in the marketing of products with WHO-PQ certification and adopt effective product lifecycle management strategies to maintain and improve the leading position of each product in market segments.

In 2022, the Group will continuously speed up the clinical trials for products and the progress in registration. The Group plans to commence more than 10 overseas clinical projects, including a number of projects which have entered or will enter international multi-center clinical trials.

In addition, the Group will also further expand and intensify its cooperation with leading pharmaceutical companies in the world in order to give full play to the advantages of connecting momentum in China to global resources, making innovations in the cooperation model and searching for new momentum.

Medical Devices and Medical Diagnosis

In 2022, with respect to medical devices business, the Group will focus on professional integration and concentration towards independent brand R&D to make more breakthroughs. Through diversified means including continuous increase in R&D expenditure, license-in and cooperation, the professional and platform development of the medical devices business will be further promoted. With respect to medical beauty devices, the Group will continue to enhance the R&D of diversified product portfolios, accelerate the investment and the integration regarding the digitalization, deepen investment and deployment in direct sales channels and consumer terminals, and actively promote its resource collaboration and business model innovation. With respect to respiratory health, the Group will keep launching new products and comprehensive solutions for lung diseases and respiratory and sleep problems, accelerate the launch of customized products addressing the needs of the Chinese market, and optimize services to end customers through digital means. With respect to professional healthcare, the Group will continue to increase R&D expenditure, and add diversity into clinical solutions in the specialty fields through in-house R&D and license-in projects and deploy high-quality R&D and production capacity through industrial chain extension. The Group will also actively promote the increase of installation volume and surgical volume as well as the clinical academic development of Da Vinci surgical robotic system.

In 2022, with respect to medical diagnosis, the Group will continue to deepen the product layout and to optimize the product line portfolios, so as to promote the development, introduction and localization of strategic products and emerging technologies. The Group will foster a closed-loop model in application in order to enhance the competitiveness of the products. The Group will improve the accuracy and effectiveness of domestic diagnosis in terms of performance in infection, tumor, chronic disease and other fields, and provide customers with comprehensive solutions. The Group will improve its R&D capabilities and

production self-sufficiency capabilities of core product technologies and key raw materials, actively seek interdisciplinary and cross-field R&D cooperation, and make constant innovations. The Group will rapidly gain access to key strategic markets through its global license-in capabilities and channels, and reinforce the strategic mergers and acquisitions of leading companies or key technologies in sub-sectors. In the field of medical devices, the Group will comprehensively structure a cascading R&D plan, aiming to cover the mainstream market needs for medical devices, and to realize automation and intelligence of future central laboratory as well as compactization of devices giving immediate results in A&E units of primary medical institutions. Regarding diagnostic reagents, the Group will quickly expand the R&D team and actively search for external collaboration opportunities. By leveraging both internal R&D and external collaborations, the Group can offer diverse healthcare services and products to create a closed loop in product applications and value. In addition, the Group will actively deploy the field of precision medicine, maintain a forward-looking capability of the industry, continually produce exclusive products and signature products, increase differentiated competitiveness and shape the brand image.

In addition, the Group will continue to strengthen the domestic sales network and professional sales team of medical devices and medical diagnosis business, improve the clinical value-oriented market technical team and optimize the layout of after-sales service team. The Group will actively build the support capabilities of middle and back offices, improve smart manufacturing capabilities, optimize supply chains, realize smart production process management and centralize product production capacity. Furthermore, the Group will improve brand capacity building, intensify integration to improve its integrated operation capabilities and efficiency, so as to achieve economies of scale, reduce costs and continue to enhance corporate value.

The Group will continue to leverage its strengths in international operations, and with its existing overseas companies as platforms, vigorously explore business cooperation and seek investment opportunities with overseas companies on the basis of proactive integration. It will also continuously enhance the competitiveness of comprehensive clinical solutions by introducing cutting-edge technologies and innovative products, so as to achieve growth in the scale of its medical devices and medical diagnosis business.

Healthcare Services

In 2022, leveraging the advantages of existing medical resources and internet platform, the Group will accelerate user growth, construction of a comprehensive service landscape and creation of a differentiated product system. The Group will explore targeted user resources of medical specialities and efficiently expand the coverage of pan-healthy populations through ecological cooperation. Leveraging the offline medical network, the online platform services and the online and offline integration model, the Group will be exposed to a diverse range of customers effectively. The Group will launch a one-stop product portfolio, including internet medical services, specialized medical services, pharmaceutical devices and e-commerce services, and health management services, that centers around user lifecycle from medical

treatment to preventative treatment. To this end, the Group will continue to strengthen core capacity-building, including the consolidation of online and offline integrated platforms, the improvement of medical capabilities of platforms and supply chains, the enhancement of innovation and application capabilities, and the improvement of quality control and compliance systems.

At the same time, the Group will continue to leverage its advantages as a hospital management group, promote the three-way driving model comprising of the hospital group, doctor group and internet medical platform, consolidate the construction of key specialist group, build a multi-talent ladder, expand external opportunities and gradually build up its scale through internal cooperation. The Group will also enhance the capability of lean operation, accelerate business development as well as full implementation of performance appraisal mechanisms of DRGs, RBRVS and big data diagnosis-intervention packet (DIP), improve operational modules such as quality and safety, care and services, and performance and evaluation. The Group will improve the establishment of key subjects, push forward the promotion and implementation of centralized procurement, infrastructure construction and information technology development and integrate internal resources to realize cost reduction and efficiency improvement. Furthermore, the Group will expand international vision, increase overseas academic exchange, establish a talent introduction and training system, procure overseas cooperation and introduce top-end technology and support international development. Meanwhile, the Group will also promote the reconstruction and expansion of the newly-built and existing hospitals, and seek new opportunities for mergers and acquisitions of healthcare services.

By adopting the above business plan, the Group will achieve the goal of providing users with a one-stop healthcare service based on medical-level trust and a full-cycle closed-loop solution as early as possible, and become the "leader of active family health management".

Pharmaceutical Distribution and Retail

In 2022, the Group will continue to support and facilitate consolidation and rapid development of Sinopharm in its pharmaceutical and medical devices distribution business and the continued expansion of the competitive advantages of Sinopharm in the pharmaceutical and medical devices distribution sectors.

Financing

In 2022, the Group will continue to explore the financing channels domestically and internationally, continuously 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.

With the organic growth of the Group and the steady growth in the industry consolidation, the Group expects to invest approximately RMB3 billion for production capacity expansion, plant relocation, the development of GMP and reconstruction and expansion of hospitals in 2022. Primary sources of funding will include, among others, the Group's own capital, cash flow from operating activities, and proceeds from debt and equity financing.

D. Potential Risks

I. *Risks in relation to industry policies and system reforms*

The pharmaceutical industry is one of the industries most affected by national policies in the PRC, involving various government departments, ministries and commissions and institutions such as national medical insurance, health, drug supervision and administration, industrialization and informatization, technology and intellectual property rights. With the intensified efforts in the reform of drug production and manufacturing, medical health and medical protection, as well as the uncertainties due to COVID-19, the pharmaceutical market environment continues changing significantly, and innovative transformation, industry consolidation and transformation in business models are inevitable. As the connection between the elements in "Three Medical Linkages" grow stronger, the promotion and implementation of policies on national and regional centralized procurement in quantity for drugs, rational use of drugs, restriction on adjuvant drugs and new policies including medical expense growth control, price and payment method adjustments for medical insurance payments, National Essential Medicine List adjustments, tendency to innovative medicine with high cost efficiency in the Medical Insurance Catalogue, and biosafety and environmental protection affect the production costs and profitability of the entire pharmaceutical industry, and have brought about a new competitive structure to the industry.

In the area of medical devices and medical diagnosis, the newly amended and implemented Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) recognizes the system of the registrant as the core system. It encourages the integration of companies' resources and advantage complementation, and putting innovation as the development focus, which leads to an increase of innovative content and intensifies the support for the innovation of high-end devices, and thus the technology levels of clinical products are continually improved. The centralized procurement in quantity for medical consumables bring about a drastic change in the supply side. The demand for remotely intelligent, internet-based medical equipment and service mode is significant. The equipment installation of primary hospitals is much more funded and the needs for improving the public health system and establishing a contingency mechanism obviously drive the development of the industry.

In the field of medical services, it requires more strategic and diversified thinking on how socially-organized medical institutions can achieve closer cooperation, differentiated development and collaborative expansion with the mainstay of healthcare services to

explore new areas of healthcare services. Internet healthcare-related policies have been quickly improved and standardized, which advances the new stage of healthcare service industry development from the mode of solely offline services into an integrated business of both online and offline services.

In this regard, the Group will closely monitor and conduct research on the policy trends of related industries, keep abreast of the development trends of the industry, continuously improve business management, and aim to fully reduce the business risks caused by policy changes.

II. ***Market risks***

With the deepening reform of the medical system, the State introduced centralized bidding, zero mark-up and differential pricing as price management systems as well as provisional measures for management of the circulation links of drugs that are mainly guided by price reduction. Comprehensive adjustments have been made to the drug prices included in the scope of government pricing.

In the field of generic drugs, with the gradually tighter control on medical insurance payments, the advancement of consistency evaluation of generic drugs, and the implementation of centralized procurement of drugs in quantity, the existing situation in the generic drug industry with an excessive number of pharmaceutical manufacturing companies, a fragmented market and low market concentration will change. More and more international pharmaceutical companies are competing through low prices, leading to tougher competitions. It is expected that there will be further concentration in the industry. With the progressing supply-side reforms, the market share and profit margins of generic pharmaceutical products will be subject to further pressure. In the field of innovative drugs, since the market size of generic drugs has been drastically shrunk, numerous generic drugs companies seek transformation. In addition, with China's entry into the ICH (i.e. The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) and the domestic drug review and approval system being gradually brought into line with international standards, more and more innovative drugs are being marketed at a faster pace. The internal competition among local innovative pharmaceutical companies has been increasingly fierce, and at the same time, they are also facing competition from international pharmaceutical companies. The drug negotiation catalogue, which mainly targets innovative drugs, tends to be quick in adding newly marketed products, which also posed further restrictions on the pricing of innovative drug products.

In addition, in the Group's overseas markets dominated by the United States, the competition for generic drugs has been increasingly fierce with further price pressure. Meanwhile, drug regulatory agencies implemented increasingly stringent requirements on production quality. These factors constituted unavoidable risks during the deepening of

internationalization. In emerging markets such as Africa, more and more Indian generic drug companies have joined the competition, resulting in intensified price pressure on government tenders, as well as increasing risk of competition.

In this regard, the Group will keep abreast of the development trend of the industry, strengthen innovation R&D investment, enrich product lines, optimize product structure, and enhance the R&D efficiency of products under research. At the same time, the Group will enhance the benefits from economies of scale, and actively reduce costs and increase productivity for production. With respect to marketing, the Group will increase efforts in market development and enhance products coverage, so as to expand market coverage.

III. ***Business and operating risks***

(1) *R&D risk of drugs*

Drugs must undergo processes ranging from preclinical research, clinical trials, application for registration and approval for production during the R&D stage to marketing stage, and drug R&D is characterized by large investment, many links, long cycles, and high risks. Drug R&D is also susceptible to unpredictable factors. In addition, if the R&D progress and direction of the drugs do not match future market demand, or if the sales of the new drugs are not sufficient due to intensified competition and other factors, the recovery of the initial investment and the realization of economic benefits may be affected, which will in turn adversely affect on the profitability and development of the Group.

In this regard, the Group will continue to strictly implement the assessment process for approval, R&D and clinical study and coupled with effective reward and punishment mechanisms to continuously improve R&D efficiency, and strengthen the development of drug registration teams. While supporting innovation, the Group will actively promote the approval of existing products under research and introduced products by way of licensing. In addition, the Group will continue to accelerate its efforts to link its R&D with market conditions so that demand and supply will be better matched.

(2) *Control risk of product/service quality*

Pharmaceutical products, medical devices and diagnostic products are special commodities, and society pays a great deal of attention to their quality. The Group has been increasing its management efforts and investment in technological transformation in terms of quality management. The technology and equipment standards of subsidiaries have been significantly improved. However, due to the multistage production for pharmaceutical products, quality issues may arise due to raw materials, production, transportation, storage, inventory, use and other matters. Meanwhile, the Group has always adhered to the principle of operating in

compliance with laws and regulations, and the Group has formulated corresponding management measures and established management agencies to ensure the procurement, inventory, preparation, and sales of pharmaceuticals, medical devices, and diagnostic products in accordance with GMP and other requirements in order to ensure all subsidiaries to be operated in accordance with the laws. However, notwithstanding this, there may still be the possibility that the relevant operating entities be punished for failing to strictly abide by relevant national laws and regulations due to various reasons such as poor management in the actual course of operation.

The healthcare services segment may be subject to risks of medical malpractice claims or disputes, including complaints and disputes between doctors and patients arising from surgical errors, medical misdiagnosis and incidents relating to defects of treatment and diagnostic devices. In the event of serious medical malpractice, relevant compensation and loss may be incurred by the Group, which may in turn affect the operation results, brand and market reputation of the Group's healthcare services segment.

In this regard, the Group will continue to focus on quality and risk management throughout the life cycle of its products, and implemented quality and safety control mechanisms and pharmacovigilance mechanism. Meanwhile, taking lean operations as a means, and on the basis of developing medical service segment, the Group focuses on the construction of disciplines and improving the quality of operations.

(3) *Safety and environmental risks*

Manufacturing companies are exposed to safety and environmental risks during the production process. In the process of production of drugs, medical devices and diagnostic products, because of the dangerous chemical substances involved in the bulk drug, improper operation or inadequate maintenance measures during loading, unloading, handling, storage and use may cause production safety incident. Residue, waste gas, waste liquid and other pollutant produced during the production of drugs or provision of healthcare services will be harmful to the nearby environment if they are not treated properly, which in turn affect the normal production and operation of the Group. Despite the strict compliance by the Group of the relevant environmental protection laws, regulations and standards for its waste treatment and emission of residue, waste gas and waste liquid, the environmental protection costs incurred by the Group may increase in light of the enhanced social awareness on environmental protection over time, and the potential implementation of more stringent environmental protection laws and regulations by central and local government.

In this regard, the Group strengthens production safety management, focuses on staff training, implements relevant safety production measures, and reasonably controls risks. Meanwhile, the Company will continuously attach importance to fulfilling its

social responsibility for environmental protection, adhere to the principle that sustainable development is implemented on the basis of green development, increase investment in environmental protection, ensure the normal operation of environmental protection facilities, and ensure that the target of emissions is met.

IV. *Management risks*

(1) *Internationalized risks*

The Group may face various problems during the implementation of its internationalization strategy, including unfamiliarity with the overseas markets, difference in the demands between overseas and domestic customers, and implementation of trade protection policies in certain countries. At the same time, with the further expansion of the Group's global sales network, the scale of sales and the scope of business scope, there are higher requirements on the operating and management ability of the Group. If the Group's capability regarding production, marketing, quality control, risk management, compliance with integrity and talent training does not align with the development pace of the internationalization of the Group or the requirement for the expansion of the Group, the Group will be exposed to operating and management risks.

(2) *Risks arising from acquisitions and reorganizations*

The Group facilitates acquisitions and business consolidations so as to achieve economies of scale. However, there might be legal, policy and operating risk exposures during the process of acquisitions and business consolidations. Upon successful acquisitions, the requirements on the operation and management of the Group will become higher. If acquisitions cannot bring about a synergistic impact, the operating results of the Group may be adversely affected.

V. *Foreign exchange risk*

With the promotion and implementation of its internationalization strategy, the Group further expended its operating coverage, and the proportion of purchases, sales, and mergers and acquisitions denominated in foreign currencies has continued to increase. Changes in exchange rates will affect the value of assets and liabilities denominated in foreign currencies and the value of overseas investment entities, thereby indirectly causing changes in the Group's income or cash flow over a period of time. With the continuous deepening of the reform of exchange rate marketization, the exchange rate between the RMB and other convertible currencies fluctuates in a greater range during the exchange rate settlement process and therefore brings the risk of greater exchange rate fluctuations.

VI. *Force majeure risks*

Severe natural disasters and the sudden outbreak public health incidents may harm the properties and personnel of the Group, and may adversely affect the normal production and operation of the Group.

Other Events

A. *Shareholding Increase Plan of the Controlling Shareholder*

2020 Shareholding Increase Plan of the Controlling Shareholder

As notified and confirmed by Fosun High Tech, the controlling shareholder of the Company, in writing on 1 December 2020, Fosun High Tech (and/or through parties acting in concert with it) intended to increase its shareholding in the Company (including A Shares and/or H Shares of the Company) by way of, including but not limited to, centralized price bidding or block trade at the stock exchanges, transfer by agreement during the period from 1 December 2020 to 30 November 2021 (both dates inclusive), the cumulative total consideration therefor shall not be less than RMB100 million and the total increased shareholding percentage shall not exceed 2% of the total number of issued shares of the Company as at 1 December 2020 (i.e. 2,562,898,545 shares, same as below) and the aggregated number of shares in the Company acquired in the 12-month period shall not exceed 2% of the total number of issued shares in the Company. The period of the above shareholding increase plan was lapsed on 30 November 2021 (after trading hours). From 1 December 2020 to 30 November 2021 (both dates inclusive), Fosun High Tech and Fosun International (its controlling shareholder) have acquired a total number of 27,930,500 H Shares of the Company (representing approximately 1.09% of the total number of issued shares of the Company as at 1 December 2020) for an aggregate amount of approximately RMB967.00 million. The aggregated number of shares in the Company acquired in the 12-month period did not exceed 2% of the total number of issued shares in the Company.

B. *Shareholding Decrease Plan of Directors*

As notified and confirmed by Mr. Yao Fang, an executive Director of the Company at that time (currently a non-executive Director of the Company), in writing on 29 September 2020, he intended to reduce its shareholding in the Company by no more than 341,680 A Shares of the Company through centralized price bidding during the period from 2 November 2020 to 30 April 2021 (both dates inclusive), representing approximately 0.013% of the total number of issued shares of the Company as at 29 September 2020 (i.e. 2,562,898,545 shares, same as below). The shareholding decrease price shall be determined based on the market price at the time of implementing the shareholding decrease. As at 18 January 2021, Mr. Yao Fang ceased to have interest in a total of 322,700 A Shares (of which 152,700 A Shares were taken place in 2021) representing 0.013% of the total number of issued shares as at 29 September 2020 for an aggregate amount of approximately RMB17.44 million (the proceeds of which in the amount of 7.70 million

were incurred in 2021). As the number of shares actually ceased to be held by Mr. Yao Fang in 2021 (152,700 shares) has reached the statutory limit of number of shares available for shareholding decrease in that year, implementation of such decrease plan has been completed.

C. ***The public Issuance of Corporate Bonds to Qualified Investors***

The Company completed the public issuance of corporate bonds (first tranche) in 2021 on February 2021, with the aggregate principal amount of RMB1.6 billion and a final coupon rate of 3.98%. The bonds had a term of four years (with the Company's option to adjust the coupon rate and the investors' option to sell back the corporate bonds at the end of the second year).

D. ***Issuance of inter-bank market debt financing instruments***

In February 2021, the Company completed the issuance of the first tranche of super short-term commercial paper of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. for 2021* (上海復星醫藥(集團)股份有限公司2021年度第一期超短期融資券). The aggregate principal amount was RMB1.5 billion, with a final coupon rate of 3.10% and for a term of 90 days.

In May 2021, the Company completed the issuance of the second tranche of super short-term commercial paper of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. for 2021* (上海復星醫藥(集團)股份有限公司2021年度第二期超短期融資券). The aggregate principal amount was RMB1.5 billion, with a final coupon rate of 2.90% and for a term of 120 days.

In September 2021, the Company completed the issuance of the third tranche of super short-term commercial paper of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. for 2021* (上海復星醫藥(集團)股份有限公司2021年度第三期超短期融資券). The aggregate principal amount was RMB1.2 billion, with a final coupon rate of 2.60% and for a term of 210 days.

E. ***Proposed non-public issuance of A Shares***

On 29 December 2020, the non-public issuance of A Shares, among others, was approved upon consideration and approval by the shareholders of the Company at the 2020 third extraordinary general meeting. On 15 January 2021, the Company received the Acceptance Form of Application for Administrative License of China Securities Regulatory Commission* (《中國證監會行政許可申請受理單》) issued by the CSRC (Acceptance No.: 210079), of which the CSRC accepted the application for administrative license for non-public issuance of A Shares submitted by the Company in accordance with the law.

On 6 April 2021, the Company made the adjustment to the proceeds and the issuance plan in the plan of the non-public issuance of A Shares. The total proceeds were adjusted to no more than RMB4,483.78 million (inclusive) from no more than RMB4,982.83 million (inclusive).

On 27 July 2021, the CSRC issued the "Approval in relation to the Non-public Issuance of Shares by Shanghai Fosun Pharmaceutical (Group) Co., Ltd." (Zheng Jian Xu Ke [2021] No. 2501)* (《關於核准上海復星醫藥(集團)股份有限公司非公開發行股票的批覆》(證監許可[2021]2501號))

to approve the Company to undertake the non-public issuance of no more than 128,144,927 new shares (A Shares). The approval shall be valid for a period of 12 months from the date of the approval (i.e. 27 July 2021).

F. ***2021 Restricted Share Incentive Scheme***

The relevant resolutions in relation to the 2021 restricted share incentive scheme and the proposed grant were proposed to the Shareholders at the general meeting to be considered, and if thought fit, approved by way of special resolutions. Such resolutions were duly passed by the holders of more than two-thirds of total shares with valid rights of voting at the annual general meeting and the A shareholders' class meeting of the Company convened on 11 June 2021. However, as such resolutions were not passed by the holders of more than two-thirds of total H shares with valid rights of voting at the H Shareholders' class meeting convened on the same day, the underlying matters of such resolutions were deemed considered but not approved. Therefore, the 2021 restricted share incentive scheme did not proceed.

G. ***Gland Pharma Share Option Incentive Scheme***

The Shareholders approved, among other matters, the Gland Pharma Share Option Incentive Scheme on 25 June 2019. The purpose of the Gland Pharma Share Option Incentive Scheme is to (i) reward the employees for their past as well as future performance, (ii) align the interests of the employees with those of shareholders of Gland Pharma, (iii) foster the sense of ownership of the employees, and (iv) reward the employees for their loyalty.

Subject to the provisions of the Gland Pharma Share Option Incentive Scheme, after the share subdivision of Gland Pharma on 17 March 2020, the maximum number of shares of Gland Pharma that may be issued pursuant to exercise of options granted to the participants under the Gland Pharma Share Option Incentive Scheme shall not exceed 1,704,440 Gland Pharma shares, representing 1% of the total number of issued Gland Pharma shares as at the date of this announcement. Subject to the limitations prescribed under the Gland Pharma Share Option Incentive Scheme, Gland Pharma reserves the right to increase or reduce such number of Gland Pharma shares as it deems fit.

On 27 June 2019, a total of 154,950 options were granted to 103 participants under the Gland Pharma Share Option Incentive Scheme with an exercise price of INR5,420 per Gland Pharma share, of which 102 participants accepted options underlying a total number of 154,650 Gland Pharma shares. The number of Gland Pharma shares may be issued upon the exercise of the granted options represents approximately 1% of the total issued shares of Gland Pharma on the date of adoption of the Gland Pharma Share Option Incentive Scheme.

On 17 March 2020, Gland Pharma completed the share subdivision on the basis that every one (1) outstanding Gland Pharma Share be subdivided into ten (10) Gland Pharma Shares. According to the provisions of the Gland Pharma Share Option Incentive Scheme, upon the completion of the share subdivision of Gland Pharma, adjustments shall be made to the exercise price of the

outstanding options and the number of Gland Pharma Shares to be allotted and issued upon exercise of all the outstanding options in accordance with the terms of the Gland Pharma Share Option Incentive Scheme.

During the Reporting Period, the details of the changes in the outstanding options under the Gland Pharma Share Option Incentive Scheme are set out below:

Participant	Date of Grant (dd-mm-yyyy)	Vesting Period (dd-mm-yyyy)[1]	Option share[1]	Exercise period[1] (dd-mm-yyyy)	Outstanding options as at 1 January 2021	Exercise price per share	Granted during the Reporting Period	Exercised during the Reporting Period[2]	Forfeited or lapsed during the Reporting Period[3]	Outstanding options as at 31 December 2021
		27-6-2019 to 19-11-2020	40%	20-11-2020 to 26-6-2029						
Employees of Gland Pharma	27-6-2019	27-6-2019 to 30-3-2021	30%	31-3-2021 to 26-6-2029	1,480,500	INR542	0	1,019,900	5,100	455,500
		27-6-2019 to 30-3-2022	30%	31-3-2022 to 26-6-2029						

Notes:

(1) The vesting of the options granted shall be subject to the requirement for a minimum period of one year between the date of grant and vesting of the options and the relevant performance targets under the Gland Pharma Share Option Incentive Scheme.

(2) The weighted average closing price of the Gland Pharma shares immediately before the dates on which options were exercised during the Reporting Period was INR2,889.45.

(3) During the Reporting Period, as two participants ceased to be employees of Gland Pharma, the share options granted to them underlying 5,100 shares of Gland Pharma in aggregate were lapsed and forfeited.

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

Sell back of "18 Fosun 01"*(「18復藥01」) Corporate Bonds

The total initial offering size of "18 Fosun 01"*(「18復藥01」) corporate bonds was RMB1.3 billion. According to the right of adjustment to the coupon rate of the issuer and investors' sell back option as provided in the "Offering Memorandum for the Public Issuance of Corporate Bonds (First Tranche) to Qualified Investors in 2018 by Shanghai Fosun Pharmaceutical (Group) Co, Ltd.*" (《上海復星醫藥(集團)股份有限公司2018年公開發行公司債券(面向合格投資者)(第一期)募集説明書》), certain bondholders exercised their sell back option at the end of the third interest-bearing year during the term of such corporate bonds. The sell back amounts of such bond were RMB974.999 million, of which RMB420.00 million has been resold during the resold period (i.e. from 13 August 2021 to 9 September 2021) and the remaining RMB554.999 million were cancelled. Therefore, as at the end of the Reporting Period, the balance of the outstanding principal amount of such corporate bonds was reduced to RMB745.001 million.

Sell back of "18 Fosun 03"*（「18復藥03」）Corporate Bonds

The total initial offering size of "18 Fosun 03"*（「18復藥03」）corporate bonds was RMB1 billion. Certain bondholders exercised their sell back option at the end of the third interest-bearing year during the term of such corporate bonds according to the right of adjustment to the coupon rate of the issuer and investors' sell back option as provided in the "Offering Memorandum for the Public Issuance of Corporate Bonds (Third Tranche) to Qualified Investors in 2018 by Shanghai Fosun Pharmaceutical (Group) Co, Ltd.*" (《上海復星醫藥(集團)股份有限公司2018年公開發行公司債券(第三期)(面向合格投資者)募集説明書》). The balance of the outstanding principal amount of such corporate bonds was reduced to RMB8.95 million. As at 16 February 2022，according to the resolution of the 2022 1st bondholders' meeting, such corporate bonds were delisted as the Company redeemed the remaining principal amount of such corporate bonds in advance and paid the corresponding interest during 30 November 2021 to 15 February 2022 (both dates inclusive).

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

COMPLIANCE WITH THE CG CODE

As a company whose shares listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has strictly complied with its Articles of Association, relevant laws and regulations, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and 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 continuously 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 CG Code in Appendix 14 to the Hong Kong Listing Rules. The Company 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 as set out in Appendix 10 to the Hong Kong Listing Rules and formulated its 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 ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Group's annual results for the year ended 31 December 2021 have been reviewed by the audit committee of the Company.

FINAL DIVIDEND

The Board proposed a final dividend for the year ended 31 December 2021 (the "**2021 Final Dividend**"), before tax, amounted to RMB0.56 per share, which is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**AGM**"). Subject to the approval of the Shareholders at the AGM, the 2021 Final Dividend is expected to be paid to the eligible Shareholders by no later than 31 August 2022.

A circular containing, among other things, further information in respect of the AGM and the proposed distribution of the 2021 Final Dividend will be dispatched to the Shareholders as soon as practicable.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Company will arrange the time for convening the forthcoming AGM as soon as practicable, and the notice of the AGM will be published and dispatched to the Shareholders in a timely manner in accordance with the requirements of the Hong Kong Listing Rules and the Articles of Association of the Company. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in a separate announcement and in the notice of the AGM.

THE WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND OF PERSONAL INCOME TAX FOR INDIVIDUAL SHAREHOLDERS

According to the requirements of the PRC Enterprise Income Tax Law effective from 1 January 2008 and the implementation rules thereof and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)) issued by the State Administration of Taxation on 6 November 2008, the 2021 Final Dividend payable to the non-resident enterprise shareholders whose names appear on the registers of members of H shares of the Company is subject to a withholding tax at a rate of 10%.

Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees and other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax at the rate of 10%.

According to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)* (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)) issued by the State Administration of Taxation on 28 June 2011 and the Letter on the Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Hong Kong Stock Exchange on 4 July 2011, when domestic companies other than foreign-invested enterprises which issue shares in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be

subject to a withholding of individual income tax at a rate of 10%. When the Company distributes the 2021 Final Dividend to the individual holders of H shares, such dividend will be subject to the withholding of individual income tax at a rate of 10%. However, if otherwise provided by tax laws, relevant tax treaties or notices, the tax will be withheld in accordance with the relevant requirements and tax levy and administration requirements.

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares listed on the Hong Kong Stock Exchange (the "**Southbound Trading**"), the cash dividends for investors of H shares of Southbound Trading will be paid in RMB. The relevant taxation policies are as follows:

Shanghai-Hong Kong Stock Connect: the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the investors of H shares for Shanghai-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Shanghai-Hong Kong Stock Connect through its depositary and clearing system. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81)* (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividends received by mainland investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the relevant tax themselves.

Shenzhen-Hong Kong Stock Connect: the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the investors of H shares for Shenzhen- Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Shenzhen-Hong Kong Stock Connect through its depositary and clearing system. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127)* (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by mainland investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the relevant tax themselves.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 2021 annual report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Hong Kong Stock Exchange as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below.

"%"	per cent
"A Share(s)"	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
"Aleph"	Dalian Aleph Biomedical Co., Ltd.* (大連雅立峰生物製藥有限公司), a subsidiary of the Company
"Antejin"	Fosun Antejin (Chengdu) Biomedical Co., Ltd.* (復星安特金(成都)生物製藥有限公司) (formerly known as Chengdu Antejin Biotech Co., Ltd.* (成都安特金生物技術有限公司)), a subsidiary of the Company as at the end of the Reporting Period
"Articles of Association"	the articles of association of the Company
"Avanc Pharma"	Jinzhou Avanc Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司), a subsidiary of the Company
"BFLY"	Butterfly Network, Inc., a company registered in United States, which is listed on the New York Stock Exchange (Stock Code: BFLY)
"Australia"	Commonwealth of Australia
"BI"	Business Intelligence
"BioNTech" or "BNTX"	BioNTech SE, a company registered in Germany, which is listed on the National Association of Securities Dealers Automated Quotations (Stock Code: BNTX)
"Board"	the board of Directors
"Breas"	Breas Medical Holdings AB, a company registered in Sweden, and a subsidiary of the Company

"Chemo Biopharma"	Shanghai Chemo Biopharma Co., Ltd.* (上海凱茂生物醫藥有限公司), a subsidiary of the Company
"CG Code"	the Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules
"Chongqing Shinrong Plastic Surgery Hospital"	Chongqing Shinrong Plastic Surgery Hospital Co., Ltd.* (重慶星榮整形外科醫院有限責任公司), a subsidiary of the Company
"Company"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"controlling shareholder(s)"	has the meaning given to it under the Hong Kong Listing Rules and in the context of our Company, means Messrs. Guo Guangchang, Wang Qunbin, Fosun International Holdings Ltd., Fosun Holdings Limited, Fosun International and Fosun High Tech
"CSRC"	China Securities Regulatory Commission* (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities market
"Director(s)"	director(s) of our Company
"DRG"	Diagnosis Related Groups
"DTP"	Direct to Patient
"EU"	European Union
"Fareast Casings"	Far-Eastern Casing Co., Ltd.* (遠東腸衣食品有限公司)
"Foshan Chancheng Hospital"	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), formerly known as Foshan Chancheng Central Hospital Company Limited* (佛山市禪城區中心醫院有限公司), a for-profit medical institution established with the approval of the Population, Health and Drug Administration of Chancheng District, Foshan (佛山市禪城區人口和衛生藥品監督管理局), a subsidiary of the Company

"Foshan Chanxi"	Foshan Chanxi Real Estate Development Co., Ltd.* (佛山禪曦房地產開發有限公司)
"Foshion"	Shanghai Foshion Medical Devices Co., Ltd.* (上海復技醫療器械有限公司), a subsidiary of the Company
"Fosun Diagnosis"	Fosun Diagnosis Technology (Shanghai) Co., Ltd.* (復星診斷科技(上海)有限公司), a subsidiary of the Company
"Fosun Healthcare" or "Fosun Health"	Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司), formerly known as Shanghai Fosun Healthcare (Group) Co., Ltd.* (上海復星醫療(集團)有限公司), a subsidiary of the Company
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司), a direct wholly-owned subsidiary of Fosun International and a controlling shareholder of the Company. Fosun High Tech is a connected person under Rule 14A.07(1) of the Hong Kong Listing Rules
"Fosun Industrial"	Fosun Industrial Co., Ltd., a subsidiary of the Company
"Fosun International"	Fosun International Limited (復星國際有限公司), an indirect subsidiary of Fosun International Holdings Ltd. and a controlling shareholder of the Company, which is listed on the Hong Kong Stock Exchange (Stock Code: 00656)
"Fosun Kite"	Fosun Kite Biological Technology Co., Ltd.* (復星凱特生物科技有限公司), a joint venture of the Company
"Fosun Pharmaceutical Industrial"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a subsidiary of the Company
"Getz Pharma"	Getz Pharma (Private) Limited and its subsidiary Getz Pharma International FZ-LLC
"Gland Pharma Share Option Incentive Scheme"	the share option incentive scheme adopted by Gland Pharma, the adoption of which was approved by the Shareholders at the annual general meeting of the Company held on 25 June 2019 and the shareholders of Fosun International at its annual general meeting held on 5 June 2019

"Gland Pharma"	Gland Pharma Limited, a company registered in India and a subsidiary of the Company, which is listed on the BSE Limited and The National Stock Exchange of India Limited (Stock Code: Gland)
"GMP"	Good Manufacture Practices
"Group", "we" or "us"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"Guangzhou Xinshi Hospital"	Guangzhou Xinshi Hospital Co., Ltd.* (廣州新市醫院有限公司) (the Third Affiliated Hospital of Guangdong Pharmaceutical University* (廣東藥科大學附屬第三醫院)), a subsidiary of the Company as at the date of this announcement
"Guilin Pharma"	Guilin Pharmaceutical Co., Ltd.* (桂林南藥股份有限公司), a subsidiary of the Company
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Shares
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"INR"	Rupees, the lawful currency of India
"Intuitive Fosun HK"	Intuitive Surgical-Fosun (Hongkong) Co., Limited, a company registered in Hong Kong and an associated company of the Company
"Intuitive Fosun Shanghai"	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associated company of the Company
"Intuitive Fosun"	Intuitive Fosun HK and Intuitive Fosun Shanghai
"Kelin Huodai"	Shanghai Kelin International Freight Forwarding Co., Ltd.* (上海科麟國際貨運代理有限公司), deregistered in March 2021

"Kite Pharma"	KP EU C.V., a company registered in the Netherlands
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"MPP"	Medicines Patent Pool, a non-profit public health organization supported by the United Nations
"NDA"	new drug application
"NMPA"	National Medical Products Administration* (中華人民共和國國家藥品監督管理局), the PRC governmental authority responsible for the regulation of drugs
"Pharmaceutical Institute Research"	Chongqing Pharmaceutical Institute Research Co., Ltd.* (重慶醫工院藥物研究有限責任公司), deregistered in October 2021
"POCT"	Point-Of-Care Testing
"PRC" or "China"	The People's Republic of China
"RBRVS"	Resource-based relative value scale
"R&D"	research and development
"Reporting Period"	the 12-month period from 1 January 2021 to 31 December 2021
"Research Institute Pharmaceutical"	Chongqing Research Institute Pharmaceutical Co., Ltd.* (重慶醫工院製藥有限責任公司), deregistered in February 2021
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Boyiya"	Shanghai Boyiya Medical Equipment Co., Ltd.* (上海博億雅醫療器械有限責任公司), deregistered in April 2021
"Shanghai Henlius"	Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司), a company listed on the Hong Kong Stock Exchange (Stock code: 02696) and a subsidiary of the Company
"Shanghai Lilin"	Shanghai Lilin Medical Management Partnership (Limited Partnership)* (上海礪麟醫療管理合夥企業(有限合夥)), deregistered in April 2021
"Shareholder(s)"	holder(s) of Shares

"Shares"	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shenzhen Xinsheng"	Shenzhen Xinsheng Pharmaceutical Co., Ltd.* (深圳信生藥業有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 01099) and a subsidiary of Sinopharm Industrial Investment Co., Ltd* (國藥產業投資有限公司), an associated company of the Company
"Sisram Medical"	Sisram Medical Ltd, a company listed on the Hong Kong Stock Exchange (Stock code: 01696) and a subsidiary of the Company
"Suqian Zhongwu Hospital (Suqian Cancer Hospital)"	Suqian Zhongwu Hospital Co., Ltd.* (宿遷市鐘吾醫院有限責任公司)/ Suqian Cancer Hospital* (宿遷市腫瘤醫院), a subsidiary of the Company
"Suzhou Abcarta"	Suzhou Abcarta Medical Technology Co., Ltd.* (蘇州百道醫療科技有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Taizhou Zhedong Medical Care"	Taizhou Zhedong Medical Care Investment Management Co., Ltd.* (台州浙東醫養投資管理有限公司)
"U.S." or "United States"	United States of America, its territories and possessions, any State of the United States and the District of Columbia
"U.S. FDA"	U.S. Food and Drug Administration
"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"Wanbang Pharma"	Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiary of the Company
"WeDoctor"	We Doctor Holdings Limited, a company incorporated in Caymen Islands
"WHO-PQ"	World Health Organization-Prequalification
"Written Code"	Written Code for Securities Transactions by Directors/Relevant Employees of the Company* (《董事／有關僱員進行證券交易的書面守則》)
"Wuhan Jihe Hospital"	Wuhan Jihe Hospital Co., Ltd.* (武漢濟和醫院有限公司), a subsidiary of the Company

"Xingyuanda"	Xingyuanda Medical Technology Huai'an Co. Ltd.* (星苑達醫療科技淮安有限公司), formerly known as Shanghai Xingyuanda Medical Technology Co., Ltd.* (上海星苑達醫療科技有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Xuzhou Xingchen Women's and Children's Hospital"	Xuzhou Xingchen Women's and Children's Hospital Co., Ltd.* (徐州星晨婦兒醫院有限公司), a subsidiary of the Company
"Yaneng Biotech"	Yaneng Biotechnology (Shenzhen) Co., Ltd.* (亞能生物技術(深圳)有限公司)
"Yao Pharma"	Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司), a subsidiary of the Company

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

Shanghai, the PRC
22 March 2022

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

* *for identification purposes only*