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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of the Company is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2022.

FINANCIAL HIGHLIGHTS

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June 2022 **RMB'000** **(Unaudited)**	2021 RMB'000 (Unaudited) (Restated)
REVENUE	*4*	**21,274,606**	16,877,537
Cost of sales		**(11,575,661)**	(8,256,422)
Gross profit		**9,698,945**	8,621,115
Other income	*5*	**183,645**	141,714
Selling and distribution expenses		**(4,166,397)**	(4,211,431)
Administrative expenses		**(1,715,275)**	(1,505,057)
Research and development expenses		**(1,818,335)**	(1,561,885)
Impairment losses on financial assets		**(22,860)**	(14,804)
Other gains	*6*	**651,104**	1,645,255
Other expenses		**(911,494)**	(338,367)
Interest income		**118,416**	116,605
Finance costs	*7*	**(438,187)**	(420,725)
Share of profits and losses of:			
Joint ventures		**(99,564)**	(93,817)
Associates		**898,583**	925,626
PROFIT BEFORE TAX	*8*	**2,378,581**	3,304,229
Income tax expense	*9*	**(509,086)**	(550,647)
PROFIT FOR THE PERIOD		**1,869,495**	2,753,582
Attributable to:			
Owners of the parent		**1,553,504**	2,482,373
Non-controlling interests		**315,991**	271,209
		1,869,495	2,753,582
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
— For profit for the period		**RMB0.60 Yuan**	RMB0.97 Yuan
Diluted			
— For profit for the period		**RMB0.60 Yuan**	RMB0.97 Yuan

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**1,869,495**	2,753,582
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**115,920**	(201,712)
Share of other comprehensive income/(loss) of joint ventures	**48**	(804)
Share of other comprehensive (loss)/income of associates	**(71,933)**	54,912
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**44,035**	(147,604)
Other comprehensive (loss)/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	**(8,121)**	5,200
Income tax effect	**1,218**	(780)
	(6,903)	4,420
Share of other comprehensive income of associates	**—**	10,725
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(6,903)**	15,145
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**37,132**	(132,459)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,906,627**	2,621,123
Attributable to:		
Owners of the parent	**1,622,372**	2,385,072
Non-controlling interests	**284,255**	236,051
	1,906,627	2,621,123

Interim Condensed Consolidated Statement of Financial Position
30 June 2022

	Note	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**13,890,670**	13,011,818
Right-of-use assets		**2,634,025**	2,569,796
Goodwill		**9,933,642**	9,399,987
Other intangible assets		**12,555,179**	11,610,712
Investments in joint ventures		**299,227**	282,837
Investments in associates		**22,835,121**	22,343,990
Equity investments designated at fair value through other comprehensive income		**21,795**	29,916
Financial assets at fair value through profit or loss		**1,634,964**	1,206,489
Deferred tax assets		**320,388**	265,589
Trade receivables-non-current		**77,469**	77,395
Other non-current assets		**2,414,451**	2,013,740
Total non-current assets		**66,616,931**	62,812,269
CURRENT ASSETS			
Inventories		**6,143,790**	5,472,315
Trade and bills receivables	*12*	**7,292,310**	6,045,460
Prepayments, other receivables and other assets		**3,038,152**	3,466,043
Financial assets at fair value through profit or loss		**2,386,620**	4,241,069
Debt investments at fair value through other comprehensive income		**554,168**	427,884
Cash and bank balances		**12,258,061**	10,308,157
		31,673,101	29,960,928
Assets of a disposal group classified as held for sale		**463,705**	463,705
Total current assets		**32,136,806**	30,424,633

	Note	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*13*	**5,707,081**	5,063,661
Other payables and accruals		**6,621,586**	7,020,048
Interest-bearing bank and other borrowings		**17,569,068**	15,460,243
Lease liabilities		**170,838**	141,496
Contract liabilities		**1,207,096**	1,150,274
Tax payable		**691,691**	474,223
Total current liabilities		**31,967,360**	29,309,945
NET CURRENT ASSETS		**169,446**	1,114,688
TOTAL ASSETS LESS CURRENT LIABILITIES		**66,786,377**	63,926,957
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**12,033,558**	9,049,069
Lease liabilities		**687,975**	648,360
Deferred tax liabilities		**3,273,451**	3,129,746
Contract liabilities		**176,007**	239,011
Deferred income		**520,014**	512,806
Other long term liabilities		**2,412,002**	2,029,287
Total non-current liabilities		**19,103,007**	15,608,279
Net assets		**47,683,370**	48,318,678
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,562,899**	2,562,899
Reserves		**35,585,198**	36,572,163
		38,148,097	39,135,062
Non-controlling interests		**9,535,273**	9,183,616
Total equity		**47,683,370**	48,318,678

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Example accompanying HKFRS 16, and HKAS 41*

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

(a) Amendments to HKFRS 3 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) 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 recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to *HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are 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. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- 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.

3. 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 dividend income from financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, 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.

Six months ended 30 June 2022 (unaudited)

	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	**14,270,930**	**4,034,954**	**2,916,662**	**—**	**52,060**	**—**	**21,274,606**
Intersegment sales	**140,363**	**214,035**	**43,313**	**—**	**9,334**	**(407,045)**	**—**
Total revenue	**14,411,293**	**4,248,989**	**2,959,975**	**—**	**61,394**	**(407,045)**	**21,274,606**
Segment results*	**1,889,837**	**439,669**	**(386,703)**	**—**	**41,388**	**(20,930)**	**1,963,261**
Other income	**103,862**	**11,334**	**15,396**	**—**	**11,013**	**—**	**141,605**
Other gains	**302,498**	**301,515**	**47,933**	**—**	**—**	**—**	**651,946**
Interest income	**83,261**	**7,596**	**12,901**	**—**	**110**	**(5,711)**	**98,157**
Finance costs	**(105,897)**	**(14,518)**	**(89,415)**	**—**	**(4,325)**	**49,853**	**(164,302)**
Other expenses	**(229,699)**	**(28,089)**	**(19,820)**	**—**	**14,642**	**305**	**(262,661)**
Share of profits and losses of:							
Joint ventures	**(96,979)**	**—**	**—**	**—**	**(2,585)**	**—**	**(99,564)**
Associates	**14,208**	**93,494**	**(16,446)**	**919,864**	**(112,537)**	**—**	**898,583**
Unallocated other income, interest income, other gains, finance cost, and expenses							**(848,444)**
Profit/(loss) before tax	**1,961,091**	**811,001**	**(436,154)**	**919,864**	**(52,294)**	**23,517**	**2,378,581**
Tax	**(382,366)**	**(111,764)**	**(5,670)**	**—**	**(23)**	**—**	**(499,823)**
Unallocated tax							**(9,263)**
Profit/(loss) for the period	**1,578,725**	**699,237**	**(441,824)**	**919,864**	**(52,317)**	**23,517**	**1,869,495**
Segment assets:	**51,748,370**	**10,007,104**	**11,108,724**	**16,774,252**	**5,021,141**	**(2,539,162)**	**92,120,429**
Including:							
Investments in joint ventures	**290,610**	**—**	**832**	**—**	**7,785**	**—**	**299,227**
Investments in associates	**1,318,013**	**1,250,089**	**893,241**	**16,774,252**	**2,599,526**	**—**	**22,835,121**
Unallocated assets							**6,633,308**
Total assets							**98,753,737**
Segment liabilities:	**22,453,057**	**3,539,092**	**5,408,677**	**—**	**1,497,902**	**(15,682,906)**	**17,215,822**
Unallocated liabilities							**33,854,545**
Total liabilities							**51,070,367**
Other segment information:							
Depreciation and amortisation	**722,087**	**115,279**	**206,588**	**—**	**20,372**	**—**	**1,064,326**
Impairment losses recognised in the statement of profit or loss, net	**65,473**	**20,319**	**11,628**	**—**	**—**	**—**	**97,420**
Capital expenditure**	**1,800,755**	**155,846**	**196,281**	**—**	**21,210**	**—**	**2,174,092**

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

** Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments included in right-of-use assets (excluding the addition from acquisition of subsidiaries).

Six months ended 30 June 2021 (unaudited)

	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	12,179,257	2,832,211	1,843,434	—	22,635	—	16,877,537
Intersegment sales	13,233	17,779	20,501	—	12,639	(64,152)	—
Total revenue	12,192,490	2,849,990	1,863,935	—	35,274	(64,152)	16,877,537
Segment results*	1,352,891	434,099	(19,393)	—	9,266	(23,352)	1,753,511
Other income	102,012	14,123	15,428	—	7,430	—	138,993
Other gains	201,990	2,283	87,416	—	262,270	(111,725)	442,234
Interest income	85,180	16,516	14,508	—	1,698	(14,636)	103,266
Finance costs	(80,436)	(13,698)	(25,545)	—	(5,312)	21,894	(103,097)
Other expenses	(35,582)	(34,764)	(12,181)	—	(258,830)	—	(341,357)
Share of profits and losses of:							
Joint ventures	(93,805)	—	—	—	(12)	—	(93,817)
Associates	35,707	90,143	(28,178)	896,991	(69,037)	—	925,626
Unallocated other income, interest income, other gains, finance cost, and expenses							478,870
Profit/(loss) before tax	1,567,957	508,702	32,055	896,991	(52,527)	(127,819)	3,304,229
Tax	(311,399)	(54,486)	(47,288)	—	(2)	—	(413,175)
Unallocated tax							(137,472)
Profit/(loss) for the period	1,256,558	454,216	(15,233)	896,991	(52,529)	(127,819)	2,753,582
Segment assets:	46,659,269	8,322,272	9,898,810	15,355,639	4,458,138	(2,668,056)	82,026,072
Including:							
Investments in joint ventures	342,929	—	—	—	6,148	—	349,077
Investments in associates	2,273,758	555,078	1,589,874	15,355,639	2,673,511	—	22,447,860
Unallocated assets							6,396,412
Total assets							88,422,484
Segment liabilities:	17,422,127	2,202,799	2,555,456	—	710,137	(10,426,621)	12,463,898
Unallocated liabilities							28,918,999
Total liabilities							41,382,897
Other segment information:							
Depreciation and amortisation	643,074	123,971	157,392	—	21,010	—	945,447
Impairment losses recognised in the statement of profit or loss, net	(1,288)	25,438	7,872	—	190,114	—	222,136
Capital expenditure**	1,323,129	137,508	477,910	—	102,565	—	2,041,112

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

** Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments included in right-of-use assets (excluding the addition from acquisition of subsidiaries).

4. REVENUE

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**21,258,760**	16,864,028
Revenue from other sources		
Gross rental income	**15,846**	13,509
	21,274,606	16,877,537

5. OTHER INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividend income from financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income	**36,451**	8,009
Government grants	**147,045**	132,660
Others	**149**	1,045
	183,645	141,714

6. OTHER GAINS

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on disposal of investments in associates	**186,594**	279,501
Fair value gain on financial assets at fair value through profit or loss, net	**—**	1,230,308
Gain on disposal of subsidiaries	**382,978**	78,995
Others	**81,532**	56,451
	651,104	1,645,255

7. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**444,244**	413,098
Interest on lease liabilities	**22,647**	14,841
Less: Interest capitalised	**(28,704)**	(7,214)
Interest expenses, net	**438,187**	420,725

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Cost of inventories sold	**9,672,149**	6,579,164
Cost of services provided	**1,903,512**	1,677,258
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**4,106,468**	3,070,335
Retirement benefits:		
Defined contribution fund	**261,459**	180,142
Accommodation benefits:		
Defined contribution fund	**153,680**	101,061
Share-based payment	**33,725**	39,619
	4,555,332	3,391,157
Research and development expenses:		
Current period expenditure excluding amortisation of other intangible assets	**1,722,222**	1,494,528
Less: Government grants for R&D projects*	**(50,780)**	(27,604)
Rental expenses from short term and low value assets	**29,708**	21,673
Depreciation of property, plant and equipment	**609,401**	564,429
Depreciation of right-of-use assets	**114,947**	101,351
Amortisation of other intangible assets	**339,978**	279,667
Provision for impairment of inventories and deferred development costs	**29,341**	16,953
Impairment of financial assets		
Impairment of trade receivables	**20,601**	15,022
Provision/(Reversal) of impairment of other receivables	**2,259**	(218)
Impairment of prepayments and other assets	**45,224**	—
Impairment of investments in associates	**—**	190,379
Fair value loss/(gain) on financial assets at fair value through profit or loss	**640,805**	(1,230,308)
Foreign exchange gain, net	**(72,842)**	(41,939)
Loss on disposals of items of property, plant and equipment and other intangible assets	**2,306**	10,166
Provision for the loss contract	**100,671**	—

* 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.

9. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 30 June 2021: 25%) of the taxable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and 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 period. The provision of current income tax of Alma Lasers Ltd., 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 income tax of Gland Pharma Limited ("**Gland Pharma**"), a subsidiary of the Company incorporated in India, is based on a statutory rate of 25.17%. The provision of current income 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 income 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%.

The major components of tax expenses for the six months ended 30 June 2022 and 2021 are as follows:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**603,241**	451,937
Deferred	**(94,155)**	98,710
Total tax charge for the period	**509,086**	550,647

10. DIVIDENDS

The Board of Directors did not recommend the payment of an interim dividend in respect of the six months period ended 30 June 2022 (for the six months period ended 30 June 2021: Nil).

The proposed final dividend of RMB0.56 (tax included) per ordinary share for the year ended 31 December 2021 was approved by the shareholders at the annual general meeting of the Company on 1 June 2022.

11. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,562,898,545 (for the six months period ended 30 June 2021: 2,562,898,545) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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 conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on:

	For the six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,553,504**	2,482,373
Profit attributable to ordinary equity holders of the parent used in the basic and dilued earnings per share calculation	**1,553,504**	2,482,373

	Number of shares	
	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,562,898,545**	2,562,898,545
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**2,562,898,545**	2,562,898,545

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022.

12. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**7,272,567**	6,029,233
Bills receivable	**19,743**	16,227
	7,292,310	6,045,460

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

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages :		
Within 1 year	**7,264,653**	6,050,772
1 to 2 years	**109,643**	129,356
2 to 3 years	**91,882**	55,349
Over 3 years	**125,877**	120,136
	7,592,055	6,355,613
Less: Provision for impairment	**(319,488)**	(326,380)
	7,272,567	6,029,233

13. TRADE AND BILLS PAYABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**4,862,147**	4,515,273
Bills payable	**844,934**	548,388
	5,707,081	5,063,661

Trade and bills payables are non-interest-bearing and should normally be settled within two months.

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages :		
Within 1 year	**4,758,515**	4,466,889
1–2 years	**79,408**	26,002
2–3 years	**13,503**	14,949
Over 3 years	**10,721**	7,433
	4,862,147	4,515,273

14. EVENTS AFTER THE REPORTING PERIOD

Non-public offering of A shares

In July 2022, the Company issued 106,756,666 A-shares to 10 subscribers in a non-public offering at an issue price of RMB42.00 per share, and the total amount of funds raised was RMB4,483,779,972.00. The share registration procedures for the newly issued A-shares were completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 27 July 2022. The newly issued A-shares are tradable shares with a lock-up period. The shares subscribed by the subscribers shall not be transferred within 6 months from the date of completion of the issuance and the tradeable period is expected to commence on the trading day immediately after the end of the lock-up period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the Reporting Period, the domestic epidemic spread in various provinces and cities, and the production, supply chain, logistics as well as the number of hospital offline diagnosis and treatment faced staged pressure. The Group responded to the local pandemic prevention and control policies and actively took countermeasures to ensure production and operation activities were conducted orderly. The Group secured the production and supply of key drugs such as Han Qu You, Han Li Kang and Yi Kai Da as well as anti-epidemic materials such as nucleic acid test kits and antigen test kits for COVID-19 during the pandemic through centralized closed-loop management of front-line production personnel, increased supply chain and logistics options and other means, comprehensively assisting the prevention and control of the pandemic by focusing on prevention, detection and treatment of COVID-19.

During the Reporting Period, the Group continued to adhere to the implementation of the "4IN" strategy (Innovation, Internationalization, Intelligentization and Integration). By virtue of the revenue contribution from innovative products such as Han Qu You and Han Si Zhuang, and anti-epidemic products such as Comirnaty and COVID-19 antigen test kits, as well as the effective control of marketing expenses, the Group's revenue and recurring income continued to grow steadily during the Reporting Period, with proportion of revenue from new products and sub-new products and proportion of revenue from regions outside Chinese Mainland and other countries continuing to increase, and revenue structure continuing to be optimized. During the Reporting Period, the revenue of the Group amounted to RMB21,275 million, representing a period-on-period increase of 26.05%. Net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB1,862 million, representing an increase of 18.57% period-on-period. Net cash flow from operating activities amounted to RMB1,820 million, representing a period-on-period increase of 6.66%. Affected by market fluctuation and other factors, the price of shares in BNTX held by the Group as of the end of the Reporting Period declined as compared with the end of 2021, and the net impact including fair value loss as a result of changes in the share price of BNTX was over RMB1 billion. During the Reporting Period, attributable to the losses from changes in fair value of financial assets held, the Group recorded extraordinary gain or loss of RMB–308 million, representing a period-on-period decrease of RMB1,220 million. Due to the period-on-period decrease in extraordinary gain or loss, the Group's net profit attributable to Shareholders of the listed company amounted to RMB1,554 million during the Reporting Period, representing a period-on-period decrease of 37.39%.

The Group continued to increase its effort in R&D. During the Reporting Period, the R&D expenditures amounted to RMB2,399 million, representing a period-on-period increase of 22.77%, among which the R&D expenses amounted to RMB1,818 million, representing a period-on-period increase of RMB256 million or 16.39%.

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

Unit: million Currency: RMB

	Revenue Jan–Jun 2022		Revenue Jan–Jun 2021		Period-on-period increase/ decrease
	Amount	**Percentage of revenue (%)**	Amount	Percentage of revenue (%)	(%)
By business segment					
Pharmaceutical manufacturing	**14,271**	**67.08**	12,179	72.16	17.18
Medical devices and medical diagnosis	**4,035**	**18.97**	2,832	16.78	42.48
Healthcare services	**2,917**	**13.71**	1,843	10.92	58.27
By geographical locations					
Chinese Mainland	**13,683**	**64.31**	11,680	69.20	17.15
Regions outside Chinese Mainland and other countries	**7,592**	**35.69**	5,198	30.80	46.06

Main Operational Progress of the Group during the Reporting Period

(1) The Group continuously promoted innovation transformation and the development and launch of innovative products. During the Reporting Period, Han Si Zhuang (serplulimab injection), the first self-developed biopharmaceutical innovative drug of the Group for the treatment of microsatellite instability-high (MSI-H) solid tumors, was approved for launch, and indication Rheumatoid Arthritis (RA) of Han Li Kang (rituximab injection) was approved for launch. FS-1502 (recombinant anti-HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection), MEK1/2 selective inhibitor FCN-159 and other innovative products have successively entered the key clinical/approval stage. Revenue from new products and sub-new products, including but not limited to Comirnaty, Han Li Kang, Han Qu You, Su Ke Xin and Han Si Zhuang, accounted for more than 25% of revenue from the pharmaceutical manufacturing segment.

As at the date of this announcement, the drug registration applications for the second indication (squamous non-small cell lung cancer (sqNSCLC)), the third indication (extensive-stage small cell lung cancer (ES-SCLC)) and the forth indication (esophageal squamous cell carcinoma (ESCC)) of Han Si Zhuang in Chinese Mainland have also been accepted successively. Han Si Zhuang for the treatment of small cell lung cancer (SCLC) has also been granted Orphan Drug Designation by the U.S. FDA. During the Reporting Period, FS-1502 for the treatment of non-small cell lung cancer (NSCLC) began Phase II clinical study in Chinese Mainland. FS-1502 combined with serplulimab and/or chemotherapy for the treatment of

patients with HER2-expressing advanced gastric cancer in Chinese Mainland has been approved for Phase II clinical trials. FCN-159 for the treatment of histiocytic tumors and arteriovenous malformations has been approved to begin Phase II clinical trials in Chinese Mainland, respectively. The joint venture Fosun Kite's second CAR-T cell therapy product, FKC889 (for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line and higher systemic therapy), was approved for clinical trials in Chinese Mainland. Pediatric formulation of Comirnaty (mRNA COVID-19 vaccine) was approved for vaccination for children aged 5 to 11 in Macau and Taiwan, China in April and May 2022 successively (vaccinations of infant dosage for young children aged 6 months to 4 was approved in August 2022 in Taiwan, China). In April 2022, the Group's self-developed COVID-19 antigen test kits were approved for launch in Chinese Mainland. In addition, in July 2022, our subsidiary Fosun Pharmaceutical Industrial and Genuine Biotech entered into an agreement in relation to the strategic cooperation on, among other things, the joint development and Fosun Pharmaceutical Industrial's exclusive commercialization of Azvudine. The scope of cooperation includes the treatment and prevention of COVID-19 and AIDS. The Azvudine tablets, independently developed by China, is the first small molecular oral medication for COVID-19 approved for launch.

During the Reporting Period, 2 innovative drugs (indications) and 10 generic drugs (indications) of the Group have been approved for launch in Chinese Mainland/the U.S.. 1 innovative drug (indication) and 18 generic drugs (indications) have been applied for launch (NDA) in Chinese Mainland. 14 innovative drugs (indications) and 9 generic drugs (indications) have been approved for clinical trials (IND) in Chinese Mainland.

For details of the R&D and launch of the Group's major innovative drugs (indications) during the Reporting Period, please refer to Table 1 to Table 3.

Table 1 — Innovative drugs approved for launch during the Reporting Period

No.	Name of drugs	Classification of registration	Indications	Remarks
1	Han Si Zhuang (serplulimab injection)	Therapeutic biological product	Microsatellite instability-high (MSI-H) solid tumor	Approved for conditional marketing
2	Han Li Kang (rituximab injection)	Therapeutic biological product	Rheumatoid Arthritis (RA)	/

Table 2 — Innovative drugs applied for launch during the Reporting Period

No.	Name of drugs	Classification of registration	Indications
1	Han Si Zhuang (serplulimab injection)	Therapeutic biological product	In combination with chemotherapy (carboplatin and etoposide) for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC)

Table 3 — Innovative drugs that obtained clinical approvals during the Reporting Period

No.	Name of drugs	Classification of registration	Indications
1	FCN-159	Chemical drug	Histiocytic tumors
2	FCN-159	Chemical drug	Arteriovenous malformations
3	ORIN1001	Chemical drug	Idiopathic pulmonary fibrosis (IPF)
4	HLX208	Chemical drug	Solid tumor
5	Pretomanid tablets	Chemical drug	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment
6	FS-1502 (recombinant anti-HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection) in combination with serplulimab and/or chemotherapy	Therapeutic biological product	HER2-expressing advanced gastric cancer
7	FKC889*Note*	Therapeutic biological product	Mantle cell lymphoma (r/r MCL)
8	HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Therapeutic biological product	Solid tumor
9	HLX53 (anti-TIGIT Fc fusion protein)	Therapeutic biological product	Solid tumor and lymphoma
10	HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Therapeutic biological product	Advanced tumor
11	Han Si Zhuang (serplulimab injection)	Therapeutic biological product	In combination with chemotherapy and concurrent radiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC)
12	Han Si Zhuang (serplulimab injection) + HLX07 (recombinant humanized anti-EGFR monoclonal antibody injection) + Han Bei Tai (bevacizumab injection)	Therapeutic biological product	Hepatocellular carcinoma (HCC)
13	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Therapeutic biological product	Solid tumor and lymphoma
14	SVN53–67/M57-KLH peptide vaccine (SurVaxM)	Therapeutic biological product	Primary diagnosis of glioblastoma

Note: Product of Fosun Kite, a joint venture.

(2) The Group continuously strengthened its construction of full capacity for global operation. During the Reporting Period, revenue from regions outside Chinese Mainland and other countries amounted to RMB7,592 million, accounting for 35.69% of the Group's total revenue, representing a period-on-period increase of 4.89 percentage points. Relying on years of domestic industry experience and global channel network, the Group has become the preferred domestic partner of world-renowned multinational pharmaceutical companies. The Group's industry-leading two-way licensing capability helps maximize the value of self-developed products and partnered innovative products. During the Reporting Period, the Group and Amgen's subsidiary entered into a licensing agreement regarding the exclusive commercialization of its 2 innovative drugs, namely Otezla (apemilast tablets) and Parsabiv (etelcalcetide), in Chinese Mainland (excluding Hong Kong, Macau and Taiwan regions) to further enrich the Group's innovative product layout in the non-oncology field. Shanghai Henlius, a subsidiary, has successively granted various product licenses to Organon, Eurofarma, Getz Pharma and other companies, in order to cover incremental markets with the help of leading international partners.

The Group continued to enhance its global operation capability, and made great progress in market access and commercialization team building in the United States, Africa, Hong Kong and Macau. As at the end of the Reporting Period, the overseas commercial team of the Group comprised more than 1,400 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 have covered major regions such as China, the United States and Europe, and Fosun Diagnosis' COVID-19 nucleic acid test kits and COVID-19 antigen test kits have been sold in more than ten countries.

(3) The Group sped up strategic upgrading and internal integration. During the Reporting Period, the Group continuously strengthened internal business rationalization and promoted focus by product lines. At the beginning of 2022, the pharmaceutical manufacturing segment was upgraded and divided into the innovative medicines division, established medicines manufacturing & supply division and vaccines division to accelerate the focus on sublines. The Group accelerated the construction of competitive production bases, strengthened supply chain management and promoted the integration of the production side. During the Reporting Period, the Group actively promoted the construction of two major comprehensive preparation manufacturing centers in Xuzhou, Jiangsu and Chongqing, as well as three major API production bases in Changde, Hunan, Xinyi, Jiangsu and Changshou, Chongqing, to create an integrated production system for raw materials and preparations, and to establish a cost-end advantage. Songjiang Base Phase I of Shanghai Henlius, a subsidiary, obtained GMP certification and the commercial production capacity of Shanghai Henlius increased from 24,000L to 48,000L. In addition, in August 2022, the medical robot manufacturing and R&D center of an associate Intuitive Fosun officially started construction in Shanghai, and the localization process is progressing in an orderly manner.

During the Reporting Period, the Group's medical devices and medical diagnosis business continuously strengthened independent operation capability. The medical device segment basically formed three major core businesses, namely, medical cosmetology, respiratory health and professional medical care. Sisram Medical, the core platform for medical cosmetology, continued to deepen its global channel capability and further strengthened its global direct sales layout. During the Reporting Period, the proportion of direct sales revenue further increased to approximately 65%. The medical diagnosis segment comprehensively promoted operational integration, continuously improved the R&D and manufacturing capabilities of diagnostic instruments, and expanded six core disease areas including tumor, digestion and metabolism, cerebro-cardiovascular, reproductive, central nervous system and infection, and was committed to becoming a technological innovator in vitro diagnosis solutions. During the Reporting Period, nucleic acid extractor, clinical chemistry and immunoassay integrated analyzer and other diagnostic instruments were launched successively.

(4) The Group continuously promoted the digitalization and intelligent transformation and upgrading. During the Reporting Period, the Group continued to optimize management measures, actively promote the construction of smart enterprises, empower high corporate growth through digitalization, upgrade digital technology to innovate the management system for the talent and support the centralized procurement of the Group by data-assisted decision-making, so as to promote the improvement of operational efficiency.

During the Reporting Period, the Group deepened the application and iteratively updated the digital platform INNOX2.0 which centered on drug R&D project management. It opened up the entire R&D value chain process, innovated and explored AI technology to empower R&D business applications, and continuously improved R&D management efficiency.

Segment Performance Overview

Pharmaceutical manufacturing

Performance summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB14,271 million, representing a period-on-period increase of 17.18%. The segment results amounted to RMB1,890 million, representing a period-on-period increase of 39.69%. The segment profit amounted to RMB1,579 million, representing a period-on-period increase of 25.62% (excluding the losses from changes in the fair value of the shares in BNTX and gains from the sales of certain shares). During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of the Group amounted to RMB2,062 million, representing a period-on-period increase of 16.04%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 14.39% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,491 million, accounting for 10.41% of the revenue from the pharmaceutical manufacturing segment.

Despite the pressure of spreading domestic epidemic, during the Reporting Period, the revenue of the pharmaceutical manufacturing segment maintained continuous growth, with product structure continued to be optimized. The growth was mainly due to: 1) revenue contribution from new products and sub-new products: Comirnaty (mRNA COVID-19 vaccine) continued to be supplied to Hong Kong, Macau and Taiwan. During the Reporting Period, more than 8 million doses were sold in Hong Kong, Macau and Taiwan (more than 30 million doses have been sold since the launch of the vaccine). The pediatric formulation was approved for vaccination for children aged 5 to 11 in Macau and Taiwan region, China in April and May 2022 successively. Han Qu You (trastuzumab for injection) achieved capacity upgrade in May 2022, with a cumulative revenue of RMB813 million in the first half of the year, representing a period-on-period increase of 150.15%. Han Li Kang (rituximab injection) achieved revenue of RMB819 million in the first half of the year. New indication Rheumatoid arthritis (RA) was approved for launch in February 2022. Su Ke Xin (avatrombopag maleate tablets) achieved revenue of RMB360 million in the first half of the year; 2) upon being approved for launch in March 2022, Han Si Zhuang (serplulimab injection) accelerated its market access and quickly gained market recognition; 3) with the normalization of centralized procurement and the continuous control of selling expenses by the Group, the revenue and profit of the Group's generic drugs tended to be stable.

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	**Jan–Jun 2022**	Jan–Jun 2021*	Period-on-period increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Notes 1, 7)*	**2,550**	1,705	49.56
Major products of anti-infection *(Notes 2, 7)*	**3,629**	2,656	36.63
Major products of metabolism and alimentary system *(Notes 3, 7)*	**1,383**	1,419	–2.54
Major products of cardiovascular system *(Notes 4, 7)*	**1,095**	1,019	7.46
Major products of central nervous system *(Notes 5, 7)*	**422**	616	–31.49
Major products of APIs and intermediate products *(Notes 6, 7)*	**633**	577	9.71

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a period-on-period increase of 49.56%, mainly due to the revenue growth of Han Qu You (trastuzumab injection), Han Li Kang (rituximab injection) and Su Ke Xin (avatrombopag maleate tablets), and the revenue contribution from the new product Han Si Zhuang (serplulimab injection) and Akynzeo (Netupitant and Palonosetron Hydrochloride Capsules).

Note 2: The revenue from major products of anti-infection recorded a period-on-period increase of 36.63%, mainly due to the revenue growth from Comirnaty (mRNA COVID-19 vaccine) and antimalarial series such as artesunate during the Reporting Period.

Note 3: The revenue from major products of metabolism and alimentary system recorded a period-on-period decrease of 2.54%, mainly due to the decline in both sales volume and unit selling price of Atomolan injection (glutathione for injection) and Fan Ke Jia (thioctic acid injection) after the execution of centralized procurement.

Note 4: The revenue from major products of cardiovascular system recorded a period-on-period increase of 7.46%, which was mainly due to the revenue growth of heparin series preparations.

Note 5: The revenue from major products of central nervous system recorded a period-on-period decrease of 31.49%, mainly due to the decline in sales volume of Ao De Jin (deproteinised calf blood serum injection).

Note 6: The revenue from major products of APIs and intermediate products recorded a period-on-period increase of 9.71%, mainly due to the sales revenue growth of amino acid series.

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

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 Rui Sai Ni (clindamycin hydrochloride capsules).

Major products of metabolism and alimentary system comprise: Atomolan tablets (glutathione tablets), Atomolan injection (glutathione for injection), Yi Bao (recombinant human erythropoietin for injection (CHO cells)), You Li Tong (febuxostat tablets), Bei Yi (potassium chloride granules), Ke Yi (new compound aloe capsules), Li Qing (alfacalcidol tablets), Wan Bang Lin R (Human Insulin Injection), animal insulin and its preparations, Fan Ke Jia (thioctic acid injection), Wan Su Ping (glimepiride tablets) and Wan Su Jing (empagliflozin 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 (amlodipine besilate tablets) and Su Ka Xin (indapamide tablets).

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

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

* The data from January to June 2021 was restated according to the basis of January to June 2022, that is, the data from January to June 2021 included sales revenue of Wan Su Jing (empagliflozin tablets) which became a new major product, and excluded sales revenue of Shi Li Da (amlodipine besilate tablets) of Huanghe Pharma which was disposed during the Reporting Period.

Important events

- Progress of PD-1 inhibitor Han Si Zhuang (serplulimab injection)

  In March 2022, the first indication (for the treatment of microsatellite instability-high (MSI-H) solid tumors) of the innovative PD-1 inhibitor Han Si Zhuang (serplulimab injection) independently developed by the Group was approved by the NMPA for conditional marketing. The indication was screened based on specific MSI-H tumor markers, covering a wide range of patient groups. As at 26 August 2022, Han Si Zhuang (serplulimab injection) completed online bidding in 18 provinces in China.

  As at the date of this announcement, the NDAs for the second indication (squamous non-small cell lung cancer (sqNSCLC)), the third indication (extensive-stage small cell lung cancer (ES-SCLC)) and the forth indication (esophageal squamous cell carcinoma (ESCC)) of Han Si Zhuang (serplulimab injection) in Chinese Mainland were accepted successively, and Han Si Zhuang (serplulimab injection) for the treatment of small cell lung cancer (SCLC) was also granted Orphan Drug Designation by the U.S. FDA. In particular, in the interim analysis of the randomized, double-blind, international multi-center phase III clinical study of the third indication (extensive-stage small cell lung cancer (ES-SCLC)), the combination therapy has met the primary endpoint of overall survival (OS), as assessed by the Independent Data Monitoring Committee (IDMC). The median OS in the total population of the serplulimab group and the placebo group was 15.4 months and 10.9 months, respectively, and the 24-month overall survival rates were 43.1% and 7.9%, respectively.

  As at the date of this announcement, Han Si Zhuang (serplulimab injection) in combination with HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection) and Han Bei Tai (bevacizumab injection) for the first-line treatment of unresectable or metastatic hepatocellular carcinoma (HCC) received approval for phase II clinical trials in Chinese Mainland. The phase III clinical study of Han Si Zhuang (serplulimab injection) in combination with chemotherapy (cisplatin + 5-FU) for the first-line treatment of patients with locally advanced or metastatic esophageal squamous cell carcinoma (ESCC) has met the co-primary endpoints of progression-free survival (PFS) and overall survival (OS) in an interim analysis, as assessed by the Independent Data Monitoring Committee (IDMC).

  Based on the differentiated development strategy of "Combo+Global" (combination therapy + globalization), Han Si Zhuang (serplulimab injection) has been approved for clinical trials in China, the U.S., the EU and other countries/regions. As at the date of this announcement, 11 combination therapies centered on Han Si Zhuang (serplulimab injection) are undergoing clinical trials in various countries and regions around the world.

- Progress of CAR-T cell therapy products

  Yi Kai Da (ejilunsai injection) is the first product of the joint venture Fosun Kite 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. Yi Kai Da was approved for launch in Chinese Mainland in June 2021, becoming the first CAR-T cell therapy product approved for domestic launch. It is used for the treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r DLBCL) after prior second-line or higher systemic therapy. As of the end of July 2022, Yi Kai Da has been included in the urban customized commercial health insurance of 44 provinces and municipalities and over 50 commercial insurances, while the number of treatment centers on file had reached nearly 100.

  The second indication of Yi Kai Da (for the treatment of adult patients with relapsed or refractory inert non-Hodgkin's lymphoma (r/r iNHL) containing follicular lymphoma and marginal zone lymphoma) received approval for clinical trials in Chinese Mainland and was also included in the breakthrough therapy drug program in 2021. As at the end of the Reporting Period, the indication has entered the clinical trial stage in Chinese Mainland.

  The third indication of Yi Kai Da (for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy) received approval for clinical trials in Chinese Mainland in August 2022. In April 2022, Yescarta received approval for launch from the U.S. FDA for the abovementioned indication, becoming the first CAR-T drug in the world to receive U.S. FDA approval as a second-line therapy for LBCL. The long-term follow-up results of Yescarta's ZUMA-1 study show that the 5-year overall survival (OS) rate of relapsed/refractory LBCL patients treated with Yescarta reaches 42.6%, and the 5-year overall survival rate of CR patients reaches 64.4%. 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, Fosun Kite's second CAR-T cell therapy product FKC889 received approval for clinical trials in Chinese Mainland in March 2022 for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line or higher systemic therapy. As at the end of the Reporting Period, the indication has entered the clinical trial stage in Chinese Mainland.

- Cooperation on the joint development and exclusive commercialization of Azvudine

  In July 2022, our subsidiary Fosun Pharmaceutical Industrial and Genuine Biotech entered into an agreement in relation to the strategic cooperation on, among other things, the joint development and Fosun Pharmaceutical Industrial's exclusive commercialization of Azvudine. The cooperation scope includes the treatment and prevention of Novel Coronavirus (2019-nCoV) and AIDS. The Azvudine tablets, independently developed by China, is the first small molecular oral medication for COVID-19 approved for launch. On 25 July 2022, the drug obtained the emergency conditional approval from the NMPA for use in treatment of adult patients suffering moderate COVID-19. Previously, Azvudine tablets obtained the conditional approval from the NMPA for use in combination with other reverse transcriptase inhibitors in the treatment of adult HIV-1 infected patients (i.e. AIDS patients) with high viral load.

  On 9 August 2022, Azvudine tablets were included in the Diagnosis and Treatment Guideline for COVID-19 (9th Edition) (《新型冠狀病毒肺炎診療方案(第九版)》). As at the date of the announcement, Azvudine tablets have been included in procurement platform of medical insurance system in Gansu, Henan, Hainan, Jilin, Heilongjiang and Guangdong and other provinces and cities. Fosun Pharmaceutical Industrial has entered into a strategic cooperation agreement with Sinopharm, a leading pharmaceutical distribution enterprise in China, to enhance the terminal accessibility of Azvudine tablets, and accelerate the national channel network coverage. As at the date of the announcement, Azvudine tablets have been successively shipped to Xinjiang, Hainan, Henan and other provinces and cities, contributing to the COVID-19 prevention and control.

- Other license-in and license-out projects

  Relying on the open R&D ecology and internationalization system, a rich global network with channels such as overseas subsidiaries/overseas venture capital funds, and the industrial capability accumulated in the domestic pharmaceutical industry for more than 20 years, the Group has partnered with Kite Pharma, BioNTech, Amgen and many other world-renowned multinational pharmaceutical companies for dozens of international projects, so as to reach emerging fields and leading technologies with agility and efficiency, empower collaborative products and help create value for both parties. A complete clinical registration and commercialization system, extensive experience in international collaboration, broad partner recognition, and accumulation of in-house capabilities in finance and legal affairs, have become the Group's unique advantages in global collaboration.

  Leveraging the Group's commercial capabilities in China, as well as its strengths in autoimmune diseases and chronic kidney disease layout, during the Reporting Period, the Group and Amgen's subsidiary formed collaboration on the exclusive commercialization and licensing of two innovative drugs, namely Otezla (apremilast tablets) and Parsabiv (etelcalcetide), in Chinese Mainland, further enriching its innovative product portfolio in the non-oncology field. Otezla (apremilast tablets) was approved by the NMPA in August 2021, and is the first and only orally-administered phosphodiesterase-4 (PDE4) inhibitor approved

for the treatment of plaque psoriasis in China. The strategic collaboration with Amgen was another classic example of the Group's collaboration with world-renowned multinational pharmaceutical companies. The Group will continue to actively explore collaboration opportunities with leading global pharmaceutical companies to enhance product accessibility and affordability around the unmet clinical needs of patients worldwide.

While improving product layout, the Group has also been actively seeking cooperations with leading global pharmaceutical companies to promote our self-develop products to cover incremental markets, thereby achieving value maximization. During the Reporting Period, Shanghai Henlius, a subsidiary, entered into licensing agreements for various products with a number of global partners. In February 2022, Shanghai Henlius granted Getz Pharma the exclusive commercialization rights to sell Han Da Yuan (adalimumab injection) in 11 emerging markets in Asia, Africa and Europe. In May 2022, Shanghai Henlius granted a license to Eurofarma, a leading local pharmaceutical company in Brazil, allowing it to, among others, commercialize three products, namely Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection) and Han Bei Tai (bevacizumab injection), in 16 Latin American countries, and actively expanding the market of the three products in Latin America. In June 2022, Shanghai Henlius granted Organon a license to exclusively commercialize pertuzumab biosimilar HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection) and Denosumab biosimilar HLX14 (recombinant anti-RANKL human monoclonal antibody injection) worldwide except for China, pursuant to which Organon shall pay a total of up to USD538 million in upfront payments, milestone payments for development and registration application, and commercial sales milestones payments (the upfront fee of which amounted to USD70 million), covering major markets such as the U.S., the EU and numerous emerging markets.

- Deepening of global operation

  Through a forward-looking global layout, the Group has preliminary formed a global operation system surrounding R&D, production and commercialization. At the same time, the Group will continue to strengthen the construction of global multi-talent ladder, and to introduce high potential talents with global vision. As at the end of the Reporting Period, the total number of overseas employees reached 6,099, accounting for 16.7% of the Group's total number of employees.

  In the U.S. market, the Group strengthened organizational and talent team construction for the second headquarters in the United States, and continued to actively seek strategic cooperation across therapeutic areas and methods. As at the end of the Reporting Period, the Group had launched 22 drugs under its own brands, including ziprasidone, and 2 test kits for 2019-nCoV in the United States, cooperated with 5 major distributors and 16 group purchasing organizations (GPO), covered the retail chain pharmacy through 21 channel providers, and entered into a total of nearly 20 cooperation agreements to cover 85% of the integrated network distribution system (IDNs), thereby forming a multi-channel market coverage.

In emerging markets such as Africa, the Group has set up 5 regional distribution centers, with a team of about 800 frontline sales personnel, established and developed core digital management capabilities, user operation capabilities and B2B2C service capabilities, and provided a one-stop service of registration, circulation, academic promotion and post-launch safety alert and other services, which laid a solid foundation for the Group's product access and marketing. During the Reporting Period, the distribution center in Cote d'Ivoire, West Africa commenced operation, which is currently the largest local distribution center in the French-speaking region of West Africa. The distribution center in Kenya passed the on-site inspection of the International Red Cross (ICRC) and became its qualified supplier. The Group has been assisting in the anti-malarial work globally over the years. During the Reporting Period, Artemether-lumefantrine tablets (compound artemether tablets) have obtained WHO-PQ certification. In July 2022, the construction of phase III of the Group's intelligent production base for antimalarial drugs commenced, expanding the production capacity of Artemisia powder injection to build an international smart manufacturing capacity with high quality, low cost and fast delivery.

Relying on the Group's international production standards and quality system certifications, together with overseas product access and marketing capabilities, in January and March 2022, our subsidiary 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.

R&D innovation

Leveraging the global R&D center, the Group coordinated project establishment management as well as project management, prioritized the promotion of strategic products R&D, strengthened global clinical and registration capabilities, and improved 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 technologies, such as RNA, gene therapy, ADC and Protac, to enhance its core R&D capabilities.

As at the end of the Reporting Period, there were over 260 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 4). During the Reporting Period, a total of 51 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 6 U.S. patent applications, 6 PCT applications, with 26 licensed invention patents obtained.

Table 4 — Major pipeline drug projects

Type	Number (calculated according to indications)	Remarks
Innovative drugs	70	/
Including: Small molecular innovative drugs under independent development	22	For details of the major items under clinical study and application for sales, please refer to Table 5. Comprising 3 items under phase III clinical trial.
Biopharmaceutical innovative drugs under independent development	32	For details of the major items under clinical study and application for sales, please refer to Table 6. Comprising 2 items under application for sales and 8 items under phase III clinical trial.
License-in innovative drugs	16	For details, please refer to Table 7. Comprising 1 item under application for sales and 6 items under phase III clinical trial.
Biosimilars under independent development	13	For details, please refer to Table 8. Comprising 2 items approved for launch, 1 item under application for sales and 4 items under phase III clinical trial.
Generic drugs	130	/
Including: Imported generic drugs	14	/
Consistency evaluation items	23	/

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

Note 2: This table does not include the CD19-targeted autologous CAR-T cell therapy product FKC889 of Fosun Kite, a joint venture, which is used for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line or higher systemic therapy, and has been approved to conduct clinical trials in Chinese Mainland. As at the end of the Reporting Period, such indication has entered the clinical trial stage in Chinese Mainland.

Table 5 — 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 I	Phase II clinical trial (international multi-center)	
5			Low-grade gliomas	Approved for clinical trial	—
6			Histiocytic tumors	Phase II clinical trial	—
7		ORIN1001	Solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S.)
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		FCN-437c	Breast cancer 1L	Phase III clinical trial	Phase I clinical trial (in the U.S.)
11			Breast cancer 2L	Phase III clinical trial	
12		YP01001	Advanced solid tumor	Phase I clinical trial	—
13		FH-2001	Advanced malignant solid tumor	Phase I clinical trial	—
14	Metabolism and alimentary system	FCN-342	Gout	Phase I clinical trial	—
15	Others	ORIN1001	Idiopathic pulmonary fibrosis (IPF)	Approved for clinical trial	Phase I clinical trial (in the U.S.)
16		ET-26	Anesthesia	Phase II clinical trial	—
17		FCN-159	Arteriovenous malformations	Approved for clinical trial	—

Table 6 — Biopharmaceutical 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	Han Si Zhuang (serplulimab injection)	Microsatellite instability-high (MSI-H) solid tumor	Approved for launch	Approved for clinical trial *(note 1)*
2		Han Si Zhuang (serplulimab injection) + chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	Under application for sales	Phase III clinical trial (international multi-center)
3			Extensive-stage small cell lung cancer (ES-SCLC)	Under application for sales	Phase III clinical trial (international multi-center)
4			Esophageal squamous cell carcinoma (ESCC)	Phase III clinical trial *(note 2)*	—
5			Neo-/adjuvant treatment of GC	Phase III clinical trial	—
6		Han Si Zhuang (serplulimab injection) + chemotherapy + radiotherapy	Limited-stage small cell lung cancer (LS-SCLC)	Phase III clinical trial (international multi-center)	
7		Han Si Zhuang (serplulimab injection) + Han Bei Tai (bevacizumab injection)	Non-squamous non-small cell lung cancer (nsNSCLC)	Phase III clinical trial	—
8			Hepatocellular carcinoma (HCC)	Phase II clinical trial	—
9			Metastatic colorectal cancer (mCRC)	Phase II/III clinical trial	—
10		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Recurrent or metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	—
11			Squamous non-small cell lung cancer (sqNSCLC)	Phase II clinical trial	—
12		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection) + Han Bei Tai (bevacizumab injection)	Hepatocellular carcinoma (HCC)	Approved for clinical trial	—
13		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumor and lymphoma	Approved for clinical trial	—
14		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qu You (trastuzumab injection)	Gastric cancer (GC)	Phase II clinical trial	—
15		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Solid tumor (non-small cell lung cancer, esophageal cancer and others)	Phase Ib/II clinical trial *(note 3)*	Approved for clinical trial (in the U.S.)
16		HLX20 (recombinant anti-PD-L1 fully human monoclonal antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
17		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
18		HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Solid tumor	Phase I clinical trial	Phase I clinical trial (in Australia)
19		HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
20		HLX23 (recombinant anti-CD73 fully humanized monoclonal antibody injection)	Solid tumor	—	Approved for clinical trial (in the U.S.)
21		HLX53 (anti-TIGIT Fc fusion protein)	Solid tumor and lymphoma	Approved for clinical trial	—
22		HLX60 (recombinant humanized anti-GARP monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Advanced/metastatic solid tumors	—	*Note 4*
23	Blood system	Recombinant Human Erythropoietin-HyFc Fusion Protein Injection	Anemia	Phase Ib/II clinical trial	—
24	Others	HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection)	Wet age-related macular degeneration (wAMD)	Phase III clinical trial	Phase III clinical trial (international multi-center)

Note 1: Han Si Zhuang (serplulimab injection) received the IND approval in the United States, the EU and other countries and regions.

Note 2: In May 2022, phase III clinical study of Han Si Zhuang (serplulimab injection) in combination with chemotherapy for the treatment of locally advanced or metastatic esophageal squamous cell carcinoma met the primary study endpoint. In August 2022, the NDA in Chinese Mainland was accepted by the NMPA.

Note 3: Among the Phase Ib/II clinical trials conducted in Chinese Mainland, the Phase Ia clinical trials conducted in Taiwan region, China have been completed.

Note 4: In August 2022, HLX60 (recombinant humanized anti-GARP monoclonal antibody injection) in combination with Han Si Zhuang (serplulimab injection) for the treatment of advanced/metastatic solid tumors was approved for phase I clinical trial in Australia.

Table 7 — 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 (SurVaxM)	Primary diagnosis of glioblastoma	Approved for clinical trial
2		HLX208	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Phase II clinical trial
3		FS-1502 (recombinant anti-HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	Non-small cell lung cancer (NSCLC)	Phase II clinical trial
4			HER2-positive locally advanced or metastatic breast cancer	Phase I clinical trial
5			HER2 expressing advanced malignant solid tumors	Phase II clinical trial
6		FS-1502 (recombinant anti-HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection) in combination with serplulimab and/or chemotherapy	HER2-expressing advanced gastric cancer	Approved for clinical trial
7	Metabolism and alimentary system	Tenapanor tablets	Irritable bowel syndrome with constipation (IBS-C)	Phase I clinical trial
8		Ferric pyrophosphate citrate solution	Iron substitutes for dialysis patients	Phase III clinical trial
9	Anti-infection	mRNA vaccine BNT162b2	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Chinese Mainland: Phase II clinical trial completed Hong Kong, China: Authorized for emergency use Macau, China: Obtained advance permission as an imported vaccine Taiwan region, China: Obtained special approval for emergency use
10		Pretomanid tablets	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment	Phase I clinical trial
11	Central nervous system	Opicapone capsules	Parkinson syndrome	NDA
12	Blood system	Avatrombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	Phase III clinical trial
13		Tenapanor tablets	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Phase III clinical trial
14	Others	Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Phase III clinical trial
15		RT002 (DaxibotulinumtoxinA for injection)	Moderate to severe glabellar lines in adults (GL)	Phase III clinical trial
16			Isolated cervical dystonia (CD)	Phase III clinical trial

Table 8 — 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	HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection)	Neoadjuvant treatment of BC	Phase III clinical trial
2		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
3		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
4		HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	Melanoma, renal cell carcinoma (RCC) and metastatic colorectal cancer (mCRC)	Approved for clinical trial
5		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Approved for clinical trial
6		Han Bei Tai (bevacizumab injection)	Recurrent glioblastoma	*(Note 1)*
7			Hepatocellular carcinoma	*(Note 2)*
8	Metabolism and alimentary system	Insulin glargine injection	Diabetes	NDA
9		Recombinant insulin lispro injection	Diabetes	Approved for launch
10		Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	Phase III clinical trial *(Note 3)*
11		Liraglutide injection	Diabetes	Phase III clinical trial
12	Others	HLX14 (Recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase III clinical trial (international multi-center)
13		Han Li Kang (rituximab injection)	Rheumatoid Arthritis (RA)	Approved for launch

Note 1: The supplemental new drug application (sNDA) of Han Bei Tai (bevacizumab injection) for the new indication of recurrent glioblastoma has been accepted by the NMPA in July 2022.

Note 2: The sNDA of Han Bei Tai (bevacizumab injection) for the new indication of hepatocellular carcinoma has been accepted by the NMPA in August 2022.

Note 3: The NDA of mixed protamine zinc recombinant insulin lispro injection (50R) has been accepted by the NMPA in July 2022.

As at the end of the Reporting Period, a total of 25 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in seven batches of centralized drug procurement bidding (for details, please refer to Table 9 — Products won tenders for centralized procurement). 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 9 — 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
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

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit	Selected price *(RMB)*
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
22	The seventh round	Cefmetazole Sodium for injection	Among staphylococcus aureus, escherichia coli, pneumococcus, proteus (indole positive and negative) bacteroides, peptococcus and peptostreptococcus, the following infections caused by susceptible bacteria to this product: sepsis; bronchitis, bronchitis dilated infection, pneumonia, secondary infection of chronic respiratory disease, pulmonary suppuration (lung abscess), empyema; cholangitis, cholecystitis; peritonitis; pyelonephritis, cystitis; bartholinitis, intrauterine infection, uterine adnexitis, parametritis; cellulitis around the jaw, jaw inflammation.	1g*10 bottles/box	Box	239.8
23		Cefminox Sodium for injection	1. Respiratory system infection: tonsillitis, peritonsillar abscess, bronchitis, bronchiolitis, bronchiectasis (in the case of infection), secondary infection of chronic respiratory disease, pneumonia, pulmonary suppuration; 2. Urinary system infection: pyelonephritis, cystitis; 3. Abdominal infection: cholecystitis, cholangitis, peritonitis; 4. Pelvic infection: pelvic peritonitis, uterine adnexitis, intrauterine infection, pelvic dead space inflammation, parametritis; 5. Sepsis.	0.25g*10 bottles/ box	Box	18.51
24		Lidocaine Hydrochloride Injection	This product is a local anesthetic and an antiarrhythmic drug. Mainly used for infiltration anesthesia, epidural anesthesia, topical anesthesia (including mucosal anesthesia during thoracoscopy or abdominal surgery) and nerve conduction block. This product can be used for ventricular premature beats and ventricular tachycardia after acute myocardial infarction, and can also be used for ventricular arrhythmia caused by digitalis poisoning, cardiac surgery and cardiac catheterization. This product is usually ineffective for supraventricular arrhythmias.	5ml:0.1g*5 vials/ box	Box	12.6
25		Roxithromycin Tablets	For the treatment of infections caused by roxithromycin-sensitive pathogens	150mg*6 tablets/ strip/box	Box	3.87

Commercialization system

The Group continuously enhanced the construction and integration of its marketing system and has formed a marketing system by product lines featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched to the market. 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. 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 commercialization team for Africa, Europe and the U.S., and also constructed a comprehensive support system covering aspects such as medical affairs, 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.

During the Reporting Period, with a focus on innovative drugs such as Han Li Kang, Han Qu You, Han Si Zhuang, Su Ke Xin, Han Da Yuan and Akynzeo, the Group continued to expand and optimize the innovative drug commercialization team. Along with the launch of new products and the increasing supply of sub-new products, the team building has become more mature. Currently, the Group has a divisional innovative drug commercialization team of approximately 2,000 employees in total. 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. The Group has established multi-channels covering approximately 3,000 hospitals and nearly 1,000 DTP pharmacies, opening up the matrix of its existing products and serving the launch of more innovative drugs and comprehensive treatment in the future. In addition, 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 U.S. and Africa. In emerging markets such as Africa, the Group has set up 5 regional distribution centers, established and developed core digital management capabilities, user operation capabilities and B2B2C model service capabilities, and provided a one-stop service of registration, circulation, academic promotion and post-launch safety alert and other services, which laid a solid foundation for the Group's product access and marketing.

Medical Devices and Medical Diagnosis

During the Reporting Period, the Group recorded revenue of RMB4,035 million from the medical devices and medical diagnosis segment, representing a period-on-period increase of 42.48%. After eliminating the effects from the transfer of the equity interest in Yaneng Biotech during 2021 and others, the revenue from the medical devices and medical diagnosis segment increased by 66.25% on the same basis, segment results amounted to RMB440 million, which increased by 52.25% on the same basis, and segment profit amounted to RMB699 million, which increased by 19.97% on the same basis. The growth in medical devices and medical diagnosis segment was mainly attributable to: 1) the strong business growth of Sisram Medical in major markets, such as North America and Europe; 2) revenue contribution from newly launched products such as COVID-19 antigen test kits; and 3) contribution from sales of anti-epidemic materials.

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$175 million and net profit amounted to US$20.53 million (based on the financial statements of Sisram Medical in its reporting currency), both recording significant period-on-period growth, the driving factors of which were the strong business growth in core regions such as North America and Europe, 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 January 2022, Sisram Medical invested in Tianjin Xingsiyi, 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 March 2022, the first light-based home-use personal care brand, namely LMNT, and its first product, LMNT one, were launched and simultaneously marketed in China and Italy. In the same month, Sisram Medical launched Alma TED™ and CBD+ Professional Skincare Solution™ in the U.S. market to further optimize the portfolio of energy-based medical cosmetic 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 the European market. During the Reporting Period, the expansion of the Chinese market for Breas has made certain achievements. The localized version of the Z1 ventilator has obtained a manufacturing license and is mass-produced in Hainan, thus further promoting the localized production of Vivo45 and Vivo3 ventilators. During the Reporting Period, Breas has increased investment in R&D, and started the research and development of the next generation of portable ventilator Z3.

In the field of professional medical care, the third-party product portfolio centering on the three major fields of tumor diagnosis and treatment, orthopedics and neurology continued to be enriched. The installation volume in China of "Da Vinci Surgical Robot" of Intuitive Fosun, an associated company, was 24 in the first half of 2022, making continuous progress in the localization.

In addition, the medical devices segment has formed a global marketing network that combines direct sales and distribution. During the Reporting Period, Sisram Medical has strengthened its digital channels, further diversified its global marketing strategies and methods, and continuously expanded the global direct sales market. As at the end of the Reporting Period, the marketing network of Sisram Medical covers more than 90 countries and regions across the world. In the first half of 2022, the proportion of direct sales revenue further increased to approximately 65%. As at the end of the Reporting Period, 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, which accelerated the integration and operation integration process of the diagnostic sector, in order to promote the long-term sustainable development of the medical diagnosis segment.

During the Reporting Period, a variety of unique products from medical diagnosis segment were approved for launch, including COVID-19 antigen test kits, integrated four-hypers meter for chronic disease management, etc. Meanwhile, the Group actively promoted the R&D and market launch of its new instruments. During the Reporting Period, new products such as F-i3000 fully automated chemiluminescence instrument, F-C800p fully automated biochemical analyzer, nucleic acid extractor, and clinical chemistry and immunoassay integrated analyzer were launched successively with improvement in the instrument capabilities. R&D of diagnostic reagents with high clinical value in the product pipeline such as Glycotest HCC Panel (early liver cancer diagnosis and screening solution) and Molecular POCT respiratory testing are in progress.

Healthcare services

During the Reporting Period, the revenue from healthcare services segment amounted to RMB2,917 million, representing a period-on-period increase of 58.27%. Excluding the effect of the factors such as the newly acquired Xinshi Hospital during the Reporting Period, the segment revenue achieved an increase of 38.42% on the same basis. The revenue growth was mainly benefited from the growth of the online business and the revenue recovery of the hospitals. However, due to the increase in expenses as a result of higher investment in the technology development of the online business and hospitals being affected by the pandemic, segment results during the Reporting Period amounted to RMB–387 million, representing a period-on-period decrease of RMB368 million. Segment profit amounted to RMB–442 million, representing a period-on-period decrease of RMB427 million.

Under the COVID-19 pandemic, online consultations and online drug purchases have become a new trend in medical care for residents. The Group promoted medical digital transformation by actively exploring online and offline integrated service models. During the Reporting Period, taking "medical-grade, full-scenario and one-stop health ecosystem" as the vision and "making a healthier family and a better life" as the mission, Fosun Health, the Group's healthcare service platform, provided users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course, striving to become a "leader of active family health management".

As at the end of the Reporting Period, the Group obtained 8 internet hospital licenses in total. Through the construction of its internet healthcare platform, the Group integrated online and offline scenarios to provide medical centers and regional medical institution alliance services, specialized medical services and health management services.

Regarding medical centers and regional medical institution alliance services, the Group takes self-operated flagship hospitals as the starting point to collaborate with regional medical institutions to integrate prevention, diagnosis, treatment and rehabilitation services, and to provide professional services including family doctors, testing and diagnosis, in-hospital treatment, follow-up consultation and drug purchase and health management to meet the diversified medical needs of the users. During the Reporting Period, through continuous promotion of the integration of online and offline medical institutions, the expansion of primary medical services, the establishment of high-level medical disciplines and the facilitation of the integrated operation, the Group cultivated regional healthcare model to form a regional healthcare services network surrounding key regions such as the Greater Bay Area and the Yangtze River Delta, and actively explored the international market expansion. As at the end of the Reporting Period, the hospitals controlled by the Group had a total of 5,732 authorized beds. The Group established a standardized system in respect of quality and safety, discipline construction, institutional management and healthcare services, and constantly improved the efficiency of asset management and quality control compliance. Costs have been significantly reduced through the centralized procurement of drugs and devices. The Group kept on focusing on improving medical disciplines. Some of the hospitals controlled by the Group have set up key specialties at a municipal level and provincial level in their regions, and the application for projects from the National Natural Science Foundation of China in respect of certain disciplines were completed, among which, Foshan Chancheng Hospital was awarded the "14th Five-Year Plan" high-level specialized hospital in Foshan City, and Anhui Jimin Cancer Hospital achieved in-depth specialty alliance cooperation with the First Affiliated Hospital of Anhui Medical University.

Regarding specialized medical services, focusing on key specialized disease areas and centering on users, the Group cultivated digital and intelligent capabilities, established a system for doctor resources and special drugs and devices, which gradually achieved proactive management of specialized disease throughout the treatment course. The Group constructed a digital medical platform around key specialized diseases and efficiently integrated healthcare ecosystem resources, and formed digital business cooperation with thousands of hospitals as at the end of the Reporting Period, with over 60,000 certified doctors registered in aggregate on the platform for such cooperation. Breakthroughs in innovative models have been achieved in specialized disease areas including oncology and chronic kidney diseases, forming a closed loop connecting online and offline services both inside and outside the hospital. At the same time, the Group made steady development in discipline construction. By integrating the specialty resources of its hospitals and based on the empowerment by the digital platform, 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. Through the establishment of doctor groups, 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. During the Reporting Period, the leading experts in urology and neurosurgery were introduced, and the doctor group model has been implemented and operated in the medical institutions controlled by the Group.

Regarding health management, the Group provided users with health products and services based on its specialized capabilities and the course of disease. Through the cooperation with medical institutions, pharmacies, insurance companies and enterprises, the Group precisely reached the users. In addition, the Group has built an extensive fulfillment network with different medical institutions, health service providers, pharmacies and online platforms so as to provide the users with one-stop healthcare services based on medical-grade trust. As at the end of the Reporting Period, prescription services covered over 40,000 partnered pharmacies. In cooperation with Guoda Pharmacy and Sinopharm Health Online, the Group created innovative online payment solutions, and the ''healthcare medicine insurance'' model was initially launched.

Pharmaceutical Distribution and Retail

During the Reporting Period, Sinopharm recorded revenue of RMB261,472 million, net profit of RMB6,229 million and net profit attributable to shareholders of the parent of RMB3,694 million, representing an increase of 4.96%, 3.32% and 3.10% as compared with the same period last year, respectively.

In respect of the pharmaceutical distribution sector, in the first half of 2022, Sinopharm actively followed the trend of industry transformation, vigorously promoted the operational innovation and technology upgrading of pharmaceutical distribution services, explored the resource synergy and integration transformation and strove to enhance the scalable, professional and tailoring services advantages of pharmaceutical distribution. During the Reporting Period, Sinopharm recorded a revenue of RMB196,524 million from pharmaceutical distribution business, representing a period-on-period growth of 3.19%.

In respect of medical devices, in the first half of 2022, Sinopharm fully utilized its national leading network service capability and resource allocation advantages of medical device industry to provide all-round distribution services for various governments authorities and corporate customers while adapting to new demands and situations. During the Reporting Period, Sinopharm recorded a revenue of RMB53,684 million from medical device business, representing a period-on-period growth of 12.36%.

In respect of retail pharmacy, in the first half of 2022, Sinopharm further improved the business governance mode, made efforts to speed up the acquisition of qualifications and the introduction of varieties, continuously improved the operation efficiency and strengthened the comprehensive service capability for C-end patients and consumers. As at the end of the Report Period, the total number of retail stores of Sinopharm reached 10,569, representing an increase of 310 compared with the end of 2021. During the Reporting Period, Sinopharm recorded a revenue of RMB15,274 million from retail pharmacy business, representing a period-on-period increase of 11.31%.

Financing

In the process of deepening reform of the medical system, the Group has effectively seized the opportunities in the industry through diversified financing channels, and actively promoted the innovation and transformation, so as to ensure the long-term sustainable development.

During the Reporting Period, the Group continued to optimize its debt structure and reasonably controlled the debt scale and comprehensive financing cost. In the first half of 2022, the Company successfully issued RMB500 million medium-term notes. The Company also actively deepened its good cooperation with domestic and foreign financial institutions, and obtained sustainability-linked term loan of US$400 million.

In July 2022, the Company completed the non-public issuance of A Shares and newly issued 106,756,666 shares of A Shares, raising gross proceeds of RMB4,484 million. The net proceeds after deducting issuance expenses and others will be used for innovative drug clinical, license in and relevant marketing preparation, intensive comprehensive base for active pharmaceutical ingredients and preparations, as well as replenishment of working capital. The issuance will facilitate the Group to promote the R&D of new drugs, to consolidate production capacity and to further optimize the Group's financial structure.

2. Core Competitiveness 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. In addition, the Group enriched its innovative product pipelines, enhanced the research and clinical development capabilities of FIC and BIC new drugs, 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 over 1,500 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB2,399 million, accounting for 11.24% 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 and operation as well as 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 marketing system by product lines featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched to the market. As at the end of the Reporting Period, the Group had a commercialization team of over 6,900 employees, including about 2,000 employees in the innovative drug commercialization team, and over 1,400 employees in the overseas professional marketing team for Africa, Europe, the U.S. and other overseas areas. The Group had also built up 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*

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

Unit: million Currency: RMB

Items	Amount for the period	Amount for the corresponding period of last year	Period-on-period change *(%)*
Revenue *(Note 1)*	21,275	16,878	26.05
Cost of sales *(Notes 2, 7)*	11,576	8,256	40.21
Selling and distribution expenses *(Note 3)*	4,166	4,211	–1.07
Administrative expenses	1,715	1,505	13.95
R&D expenses	1,818	1,562	16.39
Finance costs	438	421	4.04
Other gains *(Note 4)*	651	1,645	–60.43
Other expenses *(Note 5)*	911	338	169.53
Net cash flow generated from operating activities	1,820	1,707	6.66
Net cash flow generated from investment activities	–2,485	–2,450	–1.43
Net cash flow generated from financing activities *(Note 6)*	2,420	770	214.29

Note 1: For the reasons for the change in revenue, please refer to "Segment Performance Overview" in "Management Discussion and Analysis".

Note 2: The increase in cost of sales as compared with the same period last year, and the larger increase as compared with the increase in revenue was mainly due to: (1) increase in the unit costs of some products as affected by factors including increase in labour cost and increase in the prices of main raw and auxiliary materials under the impact of the pandemic; (2) the lower gross profit margin of overseas sales of non-proprietary anti-epidemic products of the Group during the pandemic; and (3) the impact of centralized procurement products. As a result of the above factors, the gross profit margin of the Group during the Reporting Period was 45.59%, representing a period-on-period decrease of 5.49 percentage points.

Note 3: Selling and distribution expenses decreased by RMB45 million period-on-period, representing a decrease of 1.07% as compared to the same period last year. During the Reporting Period, the selling expense ratio was 19.58%, representing a decrease of 5.37 percentage points as compared with the same period last year. The main reasons for the period-on-period decline in the selling

expense ratio are as follows: (1) the Group continued to strengthen the control of selling expenses and achieved remarkable effects; (2) the period-on-period decrease in the selling expense ratio of centralized procurement products; and (3) the investment in market development as well as sales team for newly launched products including Han Si Zhuang.

Considering the above factors, the gross profit margin less selling expense ratio of the Group remained basically stable during the Reporting Period.

Note 4: The gains for the same period in 2021 was mainly due to the gains from changes in fair value of financial assets held such as BNTX, which was included in other gains.

Note 5: Mainly due to the combined effect of the losses from changes in fair value resulting from the decline in share prices of stocks held such as BNTX and the investment income on the partial disposal of BNTX's shares during the Reporting Period, which is included in other expenses.

Note 6: Mainly due to the increase in the amount of interest-bearing liabilities during the Reporting Period.

Note 7: Cost of sales for the same period in 2021 has been adjusted on the restated basis (In accordance with the Q&A on the Implementation of Accounting Standards for Business Enterprises (《關於企業會計準則相關實施問答》) issued by the Ministry of Finance of the PRC on 2 November 2021, the income statement from January to June 2021 was restated and the transportation expenses originally listed as selling and distribution expenses were reclassified as cost of sales).

(2) *R&D expenditure*

① R&D expenditure

Unit: million Currency: RMB

R&D expenditure expensed for the period	1,818
R&D expenditure capitalized for the period	581
Total R&D expenditure	2,399
Total R&D expenditure as a percentage of revenue (%)	11.24
R&D expenditure in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	14.39
Percentage of R&D expenditure capitalized (%)	24.22

② Descriptions

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB2,062 million, representing a period-on-period increase of RMB285 million or 16.04%, accounting for 14.39% of the revenue from the pharmaceutical manufacturing segment. In particular, the R&D expenses amounted to RMB1,491 million, representing a period-on-period increase of RMB106 million or 7.65%, accounting for 10.41% of the revenue from the

pharmaceutical manufacturing segment. The increase in R&D expenditure during the Reporting Period was mainly due to the increase in R&D expenditure in biopharmaceutical drugs and small molecular innovative drugs, and the increase in investment in innovation incubation platform.

B. *Segment and Regional Operations*

(1) *Principal Operations by Segments, Products and Regions*

Unit: million Currency: RMB

Principal operations by segments

By segments	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross margin
Pharmaceutical manufacturing *(Note 1)*	14,271	6,509	54.39	17.18	24.84	decrease of 2.80 percentage points
Medical devices and medical diagnosis *(Note 2)*	4,035	2,650	34.32	42.48	74.69	decrease of 12.11 percentage points
Healthcare services *(Note 3)*	2,917	2,402	17.66	58.27	58.86	decrease of 0.30 percentage point

Principal operations by products

By products	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross margin
Major products of anti-tumor and immune modulation *(Note 4)*	2,550	493	80.67	49.56	27.06	increase of 3.43 percentage points
Major products of anti-infection *(Note 5)*	3,629	1,701	53.13	36.63	43.67	decrease of 2.29 percentage points
Major products of metabolism and alimentary system	1,383	289	79.10	–2.54	—	decrease of 0.53 percentage point
Major products of cardiovascular system *(Note 6)*	1,095	706	35.53	7.46	16.50	decrease of 5.00 percentage points
Major products of central nervous system *(Note 7)*	422	41	90.28	–31.49	–6.82	decrease of 2.58 percentage points
Major products of APIs and intermediate products	633	476	24.80	9.71	8.43	increase of 0.88 percentage point

Principal operations by geographical locations

By geographical locations	Revenue	Cost of sales	Gross profit margin *(%)*	Period-on-period change in revenue *(%)*	Period-on-period change in cost of sales *(%)*	Period-on-period change in gross margin
Chinese Mainland *(Note 8)*	13,683	6,860	49.86	17.15	27.08	decrease of 3.92 percentage points
Regions outside Chinese Mainland and other countries *(Note 9)*	7,592	4,716	37.88	46.06	65.01	decrease of 7.14 percentage points

Note 1: The decrease in gross profit margin of the pharmaceutical manufacturing segment as compared with the same period last year was mainly due to: (1) increase in the unit costs of some products as affected by factors including increase in labour cost and increase in the prices of main raw and auxiliary materials under the impact of the pandemic; and (2) the impact of centralized procurement products. Benefitting from factors such as the Group's effective control over selling expense ratios, the period-on-period decrease in the selling expense ratio of centralized procurement products and other factors, the selling expense ratio of the pharmaceutical manufacturing segment realized a period-on-period decrease. Considering the above factors, the gross profit margin less selling expense ratios remained basically stable.

Note 2: The increase in revenue and cost of sales of the medical devices and medical diagnosis segment as compared with the same period last year was mainly due to: (1) the strong business growth of Sisram Medical in major markets, such as North America and Europe; (2) revenue contribution from newly launched products such as COVID-19 antigen test kits; and (3) contribution from sales of anti-epidemic products.

The decrease in gross profit margin as compared with the same period last year was mainly due to: (1) changes in product structure as a result of equity transfer of Yaneng Biotech at the end of 2021; and (2) the lower gross profit margin of overseas sales of non-proprietary anti-epidemic products. Excluding the effects of equity transfer of Yaneng Biotech and sales of non-proprietary anti-epidemic products, the gross profit margin of the medical devices and medical diagnosis segment increased by 0.2 percentage point on the same basis.

Note 3: The increase in revenue and cost of sales from healthcare services segment as compared with the same period last year was mainly due to the growth of online business and the recovery of revenue from hospitals.

Note 4: The increase 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 growth of revenue and gross profit contribution of products such as Han Qu You.

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 increase in the proportion of revenue of Comirnaty (mRNA COVID-19 vaccine) in such therapeutic area.

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 central nervous system as compared with the same period last year was mainly due to the decrease in gross profit margin as a result of the sales decline of Ao De Jin (deproteinized calf blood injection) and the relative rigidity of fixed cost.

Note 8: The decrease in gross profit margin in Chinese Mainland as compared with the same period last year was mainly due to the increase in unit costs of some products as affected by factors including increase in labour cost and increase in the prices of main raw and auxiliary materials.

Note 9: The increase in revenue and cost of sales in other regions outside Chinese Mainland and other countries was mainly due to the revenue contribution of Comirnaty (mRNA COVID-19 vaccine) from Hong Kong, Macau and Taiwan, significant increase in sales income of Sisram Medical from energy-based medical aesthetics equipment and overseas sales of anti-epidemic supplies during the pandemic; the decrease in gross profit margin as compared with the same period last year was mainly due to the lower gross profit margin of sales of anti-epidemic supplies (non-proprietary products).

Note 10: 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 11: Cost of sales for the same period in 2021 has been adjusted on the restated basis.

C. *Subsidiaries and Investees*

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

① Operation and Results of Major Subsidiaries

Unit: million Currency: RMB

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical R&D and manufacturing	197	7,053	5,037	2,542	474	410
Wanbang Pharma	Pharmaceutical R&D and manufacturing	452	6,115	3,292	3,818	405	359
Gland Pharma	Pharmaceutical R&D and manufacturing	N/A	8,976	7,725	1,667	481	360
Fosun Industrial *(Note 1)*	Investment and products sales	N/A	30,644	16,874	8,064	N/A	679

Note 1: The data for Fosun Industrial is prepared in accordance with Hong Kong Financial Reporting Standards.

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

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Net profit
Shanghai Henlius *(Note 1)*	Pharmaceutical R&D and manufacturing	543	8,184	2,078	1,289	–252
Guilin Pharma	Pharmaceutical R&D and manufacturing	285	1,842	1,049	591	164
Foshan Chancheng Hospital *(Note 2)*	Healthcare services	50	3,334	1,926	1,033	23
Sisram Medical *(Note 3)*	Medical devices R&D and manufacturing	N/A	3,648	2,757	1,132	133

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 Net Profit and Investment Income Contributing More Than 10% of the Group's Net Profit*

Unit: million Currency: RMB

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial	Pharmaceutical investment	100	370,124	104,237	261,472	7,988	6,221

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

① Acquisition of Subsidiaries during the Reporting Period

The acquisition of subsidiaries during the Reporting Period had the following effect on the Group's production and results:

Unit: million Currency: RMB

Company name	Acquired through	Net assets (as at the end of Reporting Period)	Net profit (from date of merger/ acquisition up to the end of Reporting Period)	Date of acquisition/merger
Xinshi Hospital	Equity transfer	646	–8	20 January 2022

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

② Disposal of Subsidiaries during the Reporting Period

The disposal of subsidiaries during the Reporting Period had the following effect on the Group's production and results:

Unit: million Currency: RMB

Company name	Disposed through	Net assets as at date of disposal	Net profit from beginning of Reporting Period to date of disposal	Date of disposal
Huanghe Pharma	Equity transfer	30	—	3 January 2022
Xuzhou Fengyouhui	Deregistration	—	—	21 February 2022
Shanghai Transfusion	Equity transfer	58	5	28 February 2022

D. ***Employees and Remuneration Policies***

As at the end of the Reporting Period, the Group had a total of 36,604 employees. The employee's remuneration policies of the Group are formulated on the basis of the performance, work experience and salary level prevailing in the market.

E. ***Assets and Liabilities Analysis***

As at the end of the Reporting Period, the Group's gearing ratio, calculated as total interest-bearing bank and other borrowings over total assets, was 30.85%, as compared with 27.13% as at 31 December 2021.

As at the end of the Reporting Period, the Group's net current assets amounted to RMB169 million, as compared with RMB1,115 million as at 31 December 2021. The period-on-period decrease in net current assets was mainly due to a decrease in current assets caused by declined price of shares in BNTX held by the Group as of the end of the Reporting Period as compared with the end of 2021.

4. Outlook for Operations in the Second Half of 2022

In the second half of 2022, the Group will continue to promote the focuses of business lines of various divisions and continue to advance its internationalization strategy. The Group will endeavor to optimize its product structure and improve R&D efficiency, continue to optimize operational efficiency in the healthcare service industry, expand the construction of competitive disciplines and enhance quality management, expedite the internet transformation of healthcare industry and further promote breakthroughs in the field of consumer medical care, expand the operating scale and improve its capabilities in operation management and internationalization. In addition, the Group will continue to pay attention to merger and acquisition opportunities of excellent enterprises abroad and at home. At the same time, the Group will continue to expand domestic and external financing channels to optimize its financial structure, and continue to promote lean operations to reduce costs and improve efficiency. 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 manufacture and 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 the second half of 2022, the Group will continue to implement the 4IN strategy, enhance capabilities in innovative R&D, strive to develop strategic products and expand global market opportunities. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, the Group seeks to achieve steady 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 anti-tumor and immune modulation, metabolism and alimentary system, central nervous system, anti-infection and cardiovascular system, and establish a marketing system characterized as specialization, branding, digitization and compliance, so as to enhance the market position and the growth in sales in the key areas and core products of the Group. The Group will accelerate the deepening of the market layout by focusing on the portfolio of anti-epidemic products such as Azvudine tablets. Meanwhile, the Group will concentrate on promoting the approval and marketing of pipeline products, the introduction and cooperation of new products, as well as the exploration of market opportunities for core products, continuously optimizing organizational capabilities, R&D efficiency and operational efficiency. Taking the United States market as the main breakthrough, the innovative medicines division will strengthen localized talent recruitment and innovation investment, and speed up the progress of global multi-center clinical trials and launch of products. The established medicines manufacturing & supply division will enhance efforts to develop special dosage forms, adapt to centralized procurement and transform the marketing model of generic drugs, advance the transformation of Gland Pharma towards biopharmaceutical CDMOs, complex preparations and difficult injections, as well as the registration process of products in China. The Group established the vaccine division at the beginning of 2022, which will continue to enrich the product portfolio of bacterial vaccines, viral vaccines and emerging vaccine technology platforms through the industrial investment + in-depth operation mode. In the second half of 2022, the Group will focus on advancing the enrollment of subjects for the phase III clinical trial of the 13-valent pneumonia conjugate vaccine.

Medical Devices and Medical Diagnosis

In the second half of 2022, with respect to medical devices business, the Group will continue to focus on professional integration and concentration and 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 cosmetology, 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 collaborative exploration and business model innovation. With respect to respiratory health, the Group will expand household product

line, keep launching new products and comprehensive solutions for lung diseases, snoring problems and respiratory care, accelerate the launch of customized products addressing the needs of the Chinese market, and optimize services to customer end 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 the second half of 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, cerebro-cardiovascular, reproductive, digestion and metabolism, central nervous system 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 diagnostic 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.

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 the second half of 2022, leveraging the advantages of existing digital platform and medical resources, the Group will continue to accelerate the business layout in the fields of regional medical services, specialized medical services and health management services, focus on facilitating the integration of online and offline services and build specialized capabilities and a full life cycle management system based on patients' disease process. To this end, the Group will continue to strengthen core capacity-building, including the consolidation of the system for doctor resources, the enrichment of special drugs and devices, the enhancement of driving ability of scientific and technological innovation, the deepening of the empowerment of insurance, and the improvement in the quality control and compliance system.

Regarding services of medical centers and regional medical associations, firstly, the Group will continue to foster regional development in reliance on online and offline integration and community grassroots extension through important initiatives, including promoting the online application of the digital cloud HIS platform, connecting the closed loop of online and offline medical services, strengthening the management of patients with key diseases and improving the management sclae of family doctors, as well as linking grassroots institutions to realize mutual transfer of patients and pushing forward the construction of regional medical associations. Secondly, the Group will continue to promote the high-level development of disciplines, including advancing the construction of specialist alliances in the hospital group, accelerating the implementation of cooperation with doctor groups, building a multi-talent ladder, expanding external opportunities and gradually building up its scale through internal cooperation. Furthermore, centering on its integrated operations, the Group will continue to deepen the centralized procurement of medicines and medical equipment and integrate internal resources to realize cost reduction and efficiency improvement, enhance the capability of lean operation, vigorously promote the construction of the EHS management system, and improve operational modules such as quality and safety, care and services, and performance and evaluation. At the same time, 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. 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.

Regarding specialized medical services, the Group will continue to deepen the construction of digital and intelligent capabilities, and a system for doctor resources as well as special drugs and devices, which would gradually achieve management of specialized disease throughout the treatment course and provide closed-loop solutions revolving around the treatment course of disease. Focusing on key special disease areas, the Group will continue to speed up the construction of the digital medical platform for special diseases, expand cooperation for medical ecological resources, and achieve efficient replication and fission through the SaaS department and the internet hospital model. Combining the special construction of physical hospitals and doctor groups, and integrating and operating internal and external doctor resources, the Group will build a

nationally influential diagnosis and treatment service system for special diseases, and radiate to member hospitals and external cooperative hospitals. The Group will accelerate the construction of characteristic supply chain networks, promote the development of DTP pharmacies, expedite the introduction of new internal and external products, and create customized products and services based on patient attributes, thereby providing patients with full course management.

Regarding health management, the Group will extend its health products and services for users based on its specialized capabilities and the course of disease, gradually realizing one-stop proactive health management. The Group will accelerate the improvement of the service journey of core users, establish a systematic product map, enrich service products including consultation, family doctor, MDT, patient management, and improve the depth of our platform services. At the same time, the Group will continue to deepen the innovative "healthcare medicine insurance" model and gradually realize a closed-loop business model through the mutual empowerment of vertical scenario-based insurance, health products and medical services, as well as the opening up of industrial-side cooperation. In addition, the Group will actively explore the service extension at the prevention stage, and improve the full life cycle management capabilities for users based on services such as physical examination and early screening of special diseases.

By adopting the above business plan, the Group expects to 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 the second half of 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.

5. 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 other biosafety and environmental policies affect the production costs and profitability of the entire pharmaceutical industry and have brought about a renovated competitive structure to the industry.

With respect to medical devices and diagnosis, the 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 the Company's 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 R&D and innovation of high-end devices, and thus the technology levels of clinical products are continually improved. The centralized procurement in quantity for high-value consumables bring about a drastic change in the supply side. The demand for remote intelligence, internet-based medical equipment and service mode is significant. The equipment installation of primary hospitals is much more funded and the needs for the enhancement of the public health system and establishment of 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 accelerated 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 aims 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 price 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 policy 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. There will be further

concentration in the industry. With the progressing supply-side reforms, the market shares 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. 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.

In addition, the competition for generic drugs in the overseas markets, mainly in the U.S., was fierce, and 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 change in development trend of the industry, strengthen innovation R&D investment, enrich product lines, optimize product structure, and enhance the efficiency R&D. At the same time, the Group enhances the benefits from economies of scale, and actively reduces costs and increases productivity for production. For marketing, the Group increases efforts in market development and enhances 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, long cycles, and high risks. Drug R&D is also susceptible to unpredictable factors. In addition, if the R&D of drugs does 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 the profitability and development of the Group.

In this regard, the Group will continue to strengthen its project and early research capabilities, establish a lean R&D process and concept, and improve R&D efficiency and output with an effective reward and punishment mechanism. In addition, the Group will further strengthen the construction of BD and clinical registration teams, introduce and develop product pipelines with high clinical value and strong innovative attributes, and

accelerate the approval for market launch of innovative products, and actively explore the application of new technologies and FIC targets through various modes, including self-incubation, to expand the technology platform layout.

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

Pharmaceutical products, medical devices and diagnostic products are special commodities, and the society pays a great deal of attention to their quality. The Group has been continuously increasing its management efforts and investment in technological transformation in terms of quality management. The technology and equipment standards of each subsidiary have been significantly improved. However, due to the many production stages 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 that the procurement, inventory, preparation, and sales of pharmaceuticals, medical devices, and diagnostic products comply with GMP and relevant requirements and all subsidiaries operate in accordance with the laws. However, there may still be the possibility that the relevant operating entities will 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 implement 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 will focus on the construction of disciplines and improving the quality of operations.

(3) *Safety and environmental risks*

Manufacturing companies are also 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 pollutants 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 will 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 meeting environmental standards, 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 green development is fundamental to sustainable development, increase investment in environmental protection and ensure the normal operation of environmental protection facilities and that the target of emissions is met.

IV. *Management risks*

(1) *Risks of internationalization*

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, there will be 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, data protection 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 mergers, acquisitions and restructuring*

The Group facilitates mergers, 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 mergers, acquisitions and business consolidations. Upon successful acquisitions, the requirements on the operation and management of the Group will become higher. If mergers and acquisitions cannot bring about a synergistic impact, the operating results of the Group may be adversely affected.

V. *Foreign exchange risk*

With the implementation of internationalization strategies, the Group continued to expand its operation scale, 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 abrupt public health incidents may harm the properties and personnel of the Group, and may affect the ordinary production and operation of the Group.

6. Other Events

A. *Non-public issuance of A Shares*

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) to approve the Company to undertake the non-public issuance of not 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).

On 20 July 2022, the Company and the subscribers of the non-public issuance entered into the share subscription agreement in relation to the issuance. The issuance price of the issuance was RMB42.00 per share, and the total number of newly issued A Shares of the Company was 106,756,666 shares, raising gross proceeds of RMB4,483,779,972.00 from the issuance. After deducting the issuance expenses, the net amount of the above-mentioned gross proceeds was RMB4,456,198,748.52, which was verified and confirmed by the Capital Verification Report (Ernst & Young Hua Ming (2022) Yan Zi No. 60469139_B01) issued by Ernst & Young Hua Ming LLP (Special General Partnership) on 22 July 2022.

On 27 July 2022, the registration of the newly issued 106,756,666 A shares was completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

B. ***Inter-bank Market Debt Financing Instruments***

The Mandate to Issue Inter-bank Market Debt Financing Instruments

In March 2022, the Company completed the issuance of the first tranche of the medium-term notes for 2022. The actual total issuance size was RMB0.5 billion at a final coupon rate of 3.50% and with a term of 2+2 years.

In April 2022, the Company completed the issuance of the first tranche of the super short-term commercial paper for 2022. The actual total issuance size was RMB0.6 billion at a final coupon rate of 2.65% and with a term of 120 days.

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

In February 2022, according to the resolution at the 2022 first bondholders' meeting of the public issuance of the second tranche of corporate bonds (Type 2) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* in 2018 (18 Fosun Pharma 03) (上海復星醫藥(集團)股份有限公司2018年公開發行公司債券(第二期)(品種二)(18復藥03), such corporate bonds were delisted as the Company completed the payment of all of the remaining principal of RMB8.95 million of such corporate bonds and paid the corresponding interest during the period from 30 November 2021 to 15 February 2022 (both dates inclusive).

In March 2022, the payment of the principal of RMB1,091.95 million and the last tranche of interest of the Public Issuance of Corporate Bonds (First Tranche) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* to Qualified Investors in 2017 (17 Fosun Pharma 01) (上海復星醫藥(集團)股份有限公司2017年公開發行公司債券(面向合格投資者)(第一期)(17復藥01) was completed and the related bonds were delisted.

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

Shareholders of the Company approved, among others, 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 and 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 Gland Pharma's share subdivision on 17 March 2020, the maximum number of Gland Pharma shares 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. 102 participants accepted the grant of options underlying a total 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.

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

Participant	Date of Grant (dd-mm-yyyy)	Vesting Period (dd-mm- yyyy)[1]	Option share[1]	Exercise period (dd-mm-yyyy)[1]	Outstanding options as at 1 January 2022	Exercise price per share	Granted during the Reporting Period	Exercised during the Reporting Period[2]	Forfeited or lapsed during the Reporting Period	Outstanding options as at 30 June 2022
Employees of Gland Pharma	27-6-2019	27-6-2019 to 19-11-2020	40%	20-11-2020 to 26-6-2029	455,500	INR542	0	353,200	0	102,300
		27-6-2019 to 30-3-2021	30%	31-3-2021 to 26-6-2029						
		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 INR3,219.12 per share.

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

Neither the Company nor any of its subsidiaries repurchased, 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 remained in strict compliance with the 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 continuously improving its corporate governance structure, and optimizing its internal management and control and its business operation in order to improve the corporate governance of the Company.

The corporate governance practices adopted by the Company are based on the principles and code provisions of the CG Code. Except for the deviation as disclosed below, the Company has complied with all code provisions contained in the CG Code during the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and not be performed by the same individual. From the beginning of the Reporting Period to 1 June 2022, executive Director Mr. Wu Yifang served as the chairman of the Board and the chief executive officer of the Company. Mr. Wu Yifang joined the Group in April 2004 and has been successively serving in key positions in management and operation of subsidiaries of the Company and the Company. Although Mr. Wu Yifang serving as both the chairman of the Board and chief executive officer deviates from code provision C.2.1, his familiarity with business operation of the Group and the role of chairman of the Board and chief executive officer vested in him can facilitate the implementation of business strategies of the Group. Meanwhile, during the Reporting Period, the Board (comprises three executive Directors, four non-executive Directors and four independent non-executive Directors and thus the total number of non-executive Directors (including non-executive Directors and independent non-executive Directors) is greater than that of executive Directors) is appropriately structured with a balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole. Accordingly, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

Since 1 June 2022, Mr. Wu Yifang ceased to serve as the chief executive officer of the Company but still remains the executive Director and chairman of the Board. From 1 June 2022 to the end of the Reporting Period, the Company has complied with all code provisions contained in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS AND 2022 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.fosunpharma.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2022 Interim 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
"ADC"	Antibody-drug Conjugate
"Alma"	Alma Lasers Ltd., a company registered in Israel and a subsidiary of the Company
"Amgen"	Amgen Inc., a company registered in the United States, which is listed on the NASDAQ (Stock Code: AMGN)
"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
"Articles of Association"	the articles of association of the Company
"associates"	has the meaning given to it under the Hong Kong Listing Rules
"Australia"	Commonwealth of Australia
"BIC"	Best-in-class
"BioNTech" or "BNTX"	BioNTech SE, a company registered in Germany, which is listed on the NASDAQ (Stock Code: BNTX)
"Board"	the board of Directors

"Breas"	Breas Medical Holdings AB, a company registered in Sweden, and a subsidiary of the Company
"BSE"	BSE Limited
"CDMO"	Contract Development and Manufacturing Organization
"centralized procurement"	centralized drug procurement
"CG Code"	the Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules
"Code Provision"	code provisions under the CG Code
"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 the Company, means Guo Guangchang, Wang Qunbin, Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech
"CSRC"	China Securities Regulatory Commission* (中國證券監督管理委員會)
"Director(s)"	director(s) of the Company
"DTP"	Direct to Patient
"EU"	European Union
"Eurofarma"	Eurofarma Laboratorios S.A., a company registered in Brazil
"FIC"	First-in-class
"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 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 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 Holdings"	Fosun Holdings Limited, a direct wholly-owned subsidiary of Fosun International Holdings and a controlling shareholder of the Company
"Fosun Industrial"	Fosun Industrial Co., Ltd., a subsidiary of the Company
"Fosun International"	Fosun International Limited, an indirect subsidiary of Fosun International Holdings and the controlling shareholder of the Company, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 00656)
"Fosun International Holdings"	Fosun International Holdings Limited, which was held as to 85.29% and 14.71% by Guo Guangchang and Wang Qunbin, respectively, as at the end of the Reporting Period, and a controlling shareholder of the Company
"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
"Genuine Biotech"	Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司), a company established in the PRC with limited liability
"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 incorporated in India and a subsidiary of the Company, the shares of which are listed on the BSE and NSE (Stock Code: Gland)
"GMP"	Good Manufacture Practices
"Group"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"Guoda Pharmacy"	Sinopharm Holding Guoda Pharmacy Co., Ltd.* (國藥控股國大藥房有限公司)
"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
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"Huanghe Pharma"	Jiangsu Huanghe Pharmaceutical Co., Ltd.* (江蘇黃河藥業股份有限公司), disposed through equity transfer in January 2022
"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
"Kite Pharma"	KP EU C.V., a company registered in the Netherlands

"Macau"	the Macau Special Administrative Region of the PRC
"Merck"	MERCK SHARP & DOHME CORP., a company registered in the United States
"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
"NASDAQ"	National Association of Securities Dealers Automated Quotation
"NDA"	new drug application
"NMPA"	National Medical Products Administration* (中國國家藥品監督管理局)
"NSE"	The National Stock Exchange of India Limited
"Organon"	Organon LLC, a company registered in the United States, and a subsidiary of Organon & Co.
"Pfizer"	Pfizer,Inc., a company registered in the United States, the shares of which are listed on the New York Stock Exchange (Stock Code: PFE)
"POCT"	Point-Of-Care Testing
"PRC" or "China"	The People's Republic of China
"R&D"	research and development
"Reporting Period"	the 6-month period from 1 January 2022 to 30 June 2022
"RMB"	Renminbi, the lawful currency of the PRC
"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 Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shanghai Transfusion"	Shanghai Transfusion Technology Co., Ltd.* (上海輸血技術有限公司), disposed through equity transfer in February 2022
"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
"Sinopharm Health Online"	Sinopharm Health Online Co., Ltd.* (國藥健康在線有限公司)
"Sinopharm Industrial"	Sinopharm Industrial Investment Co., Ltd.* (國藥產業投資有限公司), an associate of the Company
"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company whose H shares are listed on the Hong Kong Stock Exchange (stock code: 01099) and a subsidiary of Sinopharm Industrial
"Sisram Medical"	Sisram Medical Ltd, a subsidiary of the Company, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 01696)
"Supervisors"	the members of the Supervisory Committee
"Tianjin Xingsiyi"	Tianjin Xingsiyi Biotechnology Co., Ltd.* (天津星絲奕生物科技有限公司)
"U.S. FDA"	U.S. Food and Drug Administration
"U.S." or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD" 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
"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》)
"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 end of the Reporting Period
"Xuzhou Fengyouhui"	Xuzhou Fengyouhui Pharmaceutical Retail Co., Ltd. (徐州風友匯藥品零售有限公司), deregistered in February 2022
"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
29 August 2022

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

* *For identification purposes only*