FOSUN PHARMA
复星医药

上海復星醫藥（集團）股份有限公司

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

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

(Stock Code: 02196)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of the Company is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

	2022 ***RMB million***	2021 *RMB million* (Restated)
Operating results		
Revenue	**43,811**	38,864
Gross profit	**20,642**	18,634
Operating profit	**3,253**	2,382
EBITDA	**8,041**	8,820
Profit before tax	**4,581**	6,043
Profit for the year attributable to owners of the parent	**3,737**	4,729
Profitability		
Gross margin	**47.12%**	47.95%
Net profit margin	**9.02%**	12.80%
Earnings per share (RMB)		
Earnings per share — basic	**1.43**	1.85
Earnings per share — diluted	**1.43**	1.85
Assets		
Total assets	**107,113**	93,249
Equity attributable to owners of the parent	**44,532**	39,139
Total liabilities	**53,055**	44,927

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (Restated)
REVENUE	*3*	**43,811,385**	38,864,174
Cost of sales		**(23,169,690)**	(20,229,785)
Gross profit		**20,641,695**	18,634,389
Other income	*4*	**447,326**	375,736
Selling and distribution expenses		**(9,171,176)**	(9,100,803)
Administrative expenses		**(3,915,740)**	(3,314,343)
Impairment losses on financial assets		**(65,369)**	(74,016)
Research and development expenses		**(4,302,093)**	(3,837,303)
Other gains	*6*	**2,756,877**	3,322,373
Other expenses		**(2,964,942)**	(1,163,745)
Interest income		**282,635**	233,785
Finance costs	*7*	**(963,807)**	(822,540)
Share of profits and losses of:			
Joint ventures		**(233,925)**	(247,388)
Associates		**2,069,071**	2,036,525
PROFIT BEFORE TAX	*5*	**4,580,552**	6,042,670
Income tax expense	*8*	**(626,918)**	(1,066,401)
PROFIT FOR THE YEAR		**3,953,634**	4,976,269
Attributable to:			
Owners of the parent		**3,736,975**	4,728,711
Non-controlling interests		**216,659**	247,558
		3,953,634	4,976,269
Earnings per share attributable to ordinary equity holders of the parent:	*10*		
Basic		**RMB1.43**	RMB1.85
Diluted		**RMB1.43**	RMB1.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
PROFIT FOR THE YEAR	**3,953,634**	4,976,269
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	**208,227**	(409,611)
Share of other comprehensive loss of joint ventures	**(4,297)**	(531)
Share of other comprehensive (loss)/income of associates	**(83,592)**	56,014
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**120,338**	(354,128)
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 loss:		
Changes in fair value	**(14,465)**	(978)
Income tax effect	**2,170**	147
Share of other comprehensive income of associates	**—**	10,778
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(12,295)**	9,947
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**108,043**	(344,181)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,061,677**	4,632,088
Attributable to:		
Owners of the parent	**3,837,585**	4,396,458
Non-controlling interests	**224,092**	235,630
	4,061,677	4,632,088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** ***RMB'000***	2021 *RMB'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**15,718,789**	13,012,075
Right-of-use assets		**2,837,229**	2,569,796
Goodwill		**10,337,053**	9,399,987
Other intangible assets		**13,951,625**	11,610,712
Investments in joint ventures		**230,606**	282,837
Investments in associates		**22,863,449**	22,343,990
Equity investments designated at fair value through other comprehensive income		**15,451**	29,916
Financial assets at fair value through profit or loss		**2,388,829**	1,206,489
Deferred tax assets		**442,570**	265,589
Trade receivables — non-current		**91,663**	77,395
Other non-current assets		**2,956,749**	2,013,742
Total non-current assets		**71,834,013**	62,812,528
CURRENT ASSETS			
Inventories		**6,882,432**	5,472,547
Trade and bills receivables	*11*	**7,612,942**	6,045,947
Prepayments, other receivables and other assets		**2,635,453**	3,468,530
Financial assets at fair value through profit or loss		**928,532**	4,241,069
Debt investments at fair value through other comprehensive income		**558,927**	427,884
Cash and bank balances		**16,241,313**	10,317,224
		34,859,599	29,973,201
Assets of a disposal group classified as held for sale		**419,578**	463,705
Total current assets		**35,279,177**	30,436,906
CURRENT LIABILITIES			
Trade and bills payables	*12*	**6,284,041**	5,063,693
Other payables and accruals		**7,649,161**	7,024,960
Interest-bearing bank and other borrowings		**17,016,360**	15,460,243
Lease liabilities		**184,406**	141,496
Contract liabilities		**1,544,763**	1,153,858
Tax payable		**619,339**	474,223
Total current liabilities		**33,298,070**	29,318,473
NET CURRENT ASSETS		**1,981,107**	1,118,433
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,815,120**	63,930,961

	2022	2021
	RMB'000	*RMB'000* (Restated)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**12,099,868**	9,049,069
Lease liabilities	**744,992**	648,360
Deferred tax liabilities	**3,362,940**	3,129,746
Contract liabilities	**354,413**	239,011
Deferred income	**632,433**	512,806
Other long-term liabilities	**2,562,281**	2,029,287
Total non-current liabilities	**19,756,927**	15,608,279
Net assets	**54,058,193**	48,322,682
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,672,157**	2,562,899
Reserves	**41,859,584**	36,575,773
	44,531,741	39,138,672
Non-controlling interests	**9,526,452**	9,184,010
Total equity	**54,058,193**	48,322,682

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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 Examples accompanying HKFRS 16, and HKAS 41

The nature and impact of the revised HKFRSs that are applicable to the Group 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* (the "Conceptual Framework") 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 year, 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 as determined by HKAS 2 Inventories, 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 prior to the property, plant and equipment being available for use, 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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

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

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

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

1.4 PRIOR YEAR RESTATEMENT

1.4.1 Restatement of prior years' financial statements as a result of business combinations for entities under common control

In March 2022, Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., the subsidiary of the Company acquired 87% equity interest in Shanghai Xingchuang Health Technology Co., Ltd. (''Shanghai Xingchuang'') held by Shanghai Fosun High Technology (Group) Co., Ltd. at a cash consideration of RMB4,000,000. Shanghai Xingchuang is mainly engaged in businesses including health technology, medical technology, business management consulting, business information consulting and so forth.

In September 2022, Shanghai Fosun Health Technology (Group) Co., Ltd., the subsidiary of the Company, and Ningbo Fuji Medical Technology Co., Ltd. (''Ningbo Fuji''), an indirectly owned subsidiary of the Company, acquired 56.66% equity interest in Shanghai Fuyun Health Technology Co., Ltd. (''Shanghai Fuyun'') held by Shanghai Fosun High Technology (Group) Co., Ltd through subscribing the registered capital at a consideration of RMB 17,000,000. Shanghai Fuyun is mainly engaged in businesses including health consulting services (excluding diagnosis treatment services), electronic product sales and so forth.

After the completion of the acquisition, these acquired companies were accounted for as subsidiaries of the Company. Since the Company and these acquired companies were under common control of Shanghai Fosun High Technology (Group) Co., Ltd. before and after the completion of the aforesaid acquisition, the business combination of these acquired companies have been accounted for by applying pooling of interest method.

Business combinations arising from transfers of interests in entities that are under the control of the ultimate shareholder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the earliest date presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the ultimate shareholder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

The opening balances as at 1 January 2021 and comparative information as at 31 December 2021 and for the year ended 31 December 2021 have been restated in the consolidated financial statements.

1.4.2 Quantitative impact on the consolidated financial statements

(i) Restated consolidated statement of comprehensive income for the year ended 31 December 2021:

	As previously reported *RMB'000*	Effect of prior year adjustments *RMB'000 (note 1.4.1)*	As restated *RMB'000*
Profit for the year	4,987,438	(11,169)	4,976,269
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(354,128)	—	(354,128)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	9,947	—	9,947
Total comprehensive income for the year	4,643,257	(11,169)	4,632,088
Attributable to:			
Owners of the parent	4,403,017	(6,559)	4,396,458
Non-controlling interests	240,240	(4,610)	235,630

Details of the restated consolidated statement of comprehensive income for the year ended 31 December 2021 includes the followings:

	As previously reported *RMB'000*	Effect of prior year adjustments *RMB'000*	As restated *RMB'000*
Revenue	38,858,085	6,089	38,864,174
Cost of sales	(20,228,269)	(1,516)	(20,229,785)
Other income	375,734	2	375,736
Interest income	233,727	58	233,785
Selling and distribution expenses	(9,098,892)	(1,911)	(9,100,803)
Administrative expenses	(3,303,290)	(11,053)	(3,314,343)
Research and development expenses	(3,834,483)	(2,820)	(3,837,303)
Other expenses	(1,163,734)	(11)	(1,163,745)
Finance costs	(822,534)	(6)	(822,540)
Income tax expense	(1,066,400)	(1)	(1,066,401)

(ii) Restated consolidated statement of financial position as at 31 December 2021:

	As previously reported *RMB'000*	Effect of prior year adjustments *RMB'000*	As restated *RMB'000*
Total non-current assets	62,812,269	259	62,812,528
Total current assets	30,424,633	12,273	30,436,906
Total current liabilities	29,309,945	8,528	29,318,473
Total non-current liabilities	15,608,279	—	15,608,279
Equity attributable to owners of the parent	39,135,062	3,610	39,138,672
Non-controlling interests	9,183,616	394	9,184,010
Total equity	48,318,678	4,004	48,322,682

Details of the restated consolidated statement of financial position as at 31 December 2021 includes the followings:

	As previously reported *RMB'000*	Effect of prior year adjustments *RMB'000*	As restated *RMB'000*
Total non-current assets			
Property, plant and equipment	13,011,818	257	13,012,075
Other non-current assets	2,013,740	2	2,013,742
		259	
Total current assets			
Inventories	5,472,315	232	5,472,547
Trade and bills receivables	6,045,460	487	6,045,947
Prepayments, deposits and other receivables	3,466,043	2,487	3,468,530
Cash and bank balances	10,308,157	9,067	10,317,224
		12,273	
Total current liabilities			
Trade and bills payables	5,063,661	32	5,063,693
Other payables and accruals	7,020,048	4,912	7,024,960
Contract liabilities	1,150,274	3,584	1,153,858
		8,528	

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Segment assets exclude financial assets at fair value through profit or loss, Equity investments designated at fair value through other comprehensive income and unallocated head office and investment management entities assets as these assets are managed on a group basis.

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

Year ended 31 December 2022

	Pharma-ceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharma-ceutical distribution and retail *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	**30,693,258**	**6,932,915**	**6,075,538**	**—**	**109,674**	**—**	**43,811,385**
Intersegment sales	**954,626**	**304,941**	**78,056**	**—**	**45,868**	**(1,383,491)**	**—**
Total revenue	**31,647,884**	**7,237,856**	**6,153,594**	**—**	**155,542**	**(1,383,491)**	**43,811,385**
Segment results*	**3,794,758**	**521,179**	**(621,692)**	**—**	**(26,780)**	**(220,272)**	**3,447,193**
Other income	**267,348**	**35,989**	**59,598**	**—**	**59,688**	**—**	**422,623**
Other gains	**431,145**	**248,503**	**52,034**	**—**	**108,516**	**166**	**840,364**
Interest income	**198,326**	**21,992**	**25,395**	**—**	**462**	**(14,275)**	**231,900**
Finance cost	**(178,992)**	**(29,728)**	**(196,929)**	**—**	**(18,722)**	**113,528**	**(310,843)**
Other expenses/Impairment losses on financial assets	**(442,881)**	**(92,453)**	**(49,762)**	**—**	**8,367**	**(2,251)**	**(578,980)**
Share of profits and losses of:							
Joint ventures	**(233,692)**	**—**	**2,153**	**—**	**(2,386)**	**—**	**(233,925)**
Associates	**41,275**	**170,200**	**(33,971)**	**2,114,127**	**(222,560)**	**—**	**2,069,071**
Unallocated other income, interest income, other gains, finance cost, and expenses							**(1,306,851)**
Profit/(loss) before tax	**3,877,287**	**875,682**	**(763,174)**	**2,114,127**	**(93,415)**	**(123,104)**	**4,580,552**
Tax	**(458,062)**	**(104,704)**	**(28,403)**	**—**	**(24,851)**	**—**	**(616,020)**
Unallocated tax							**(10,898)**
Profit/(loss) for the year	**3,419,225**	**770,978**	**(791,577)**	**2,114,127**	**(118,266)**	**(123,104)**	**3,953,634**
Segment assets	**57,395,126**	**10,724,490**	**11,681,978**	**17,365,180**	**5,493,057**	**(3,375,456)**	**99,284,375**
Including:							
Investments in joint ventures	**224,933**	**—**	**—**	**—**	**5,673**	**—**	**230,606**
Investments in associates	**887,888**	**1,366,687**	**677,140**	**17,365,180**	**2,566,554**	**—**	**22,863,449**
Unallocated assets							**7,828,815**
Total assets							**107,113,190**
Segment liabilities	**25,229,301**	**3,740,579**	**5,791,506**	**—**	**1,883,079**	**(17,390,381)**	**19,254,084**
Unallocated liabilities							**33,800,913**
Total liabilities							**53,054,997**
Other segment information:							
Depreciation and amortisation	**1,705,717**	**267,618**	**449,484**	**—**	**73,512**	**—**	**2,496,331**
Impairment losses recognised in the statement of profit or loss, net	**281,502**	**76,659**	**34,048**	**—**	**(10,000)**	**—**	**382,209**
Impairment losses recognised in the statement of profit or loss, net (unallocated)							**(44,352)**
Capital expenditure**	**4,633,126**	**507,330**	**530,989**	**—**	**128,957**	**—**	**5,800,402**

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

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

Year ended 31 December 2021 (Restated)

	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	28,771,650	5,926,560	4,114,652	—	51,312	—	38,864,174
Intersegment sales	308,140	35,311	70,915	—	29,991	(444,357)	—
Total revenue	29,079,790	5,961,871	4,185,567	—	81,303	(444,357)	38,864,174
Segment results*	2,963,741	825,648	(366,706)	—	32,913	(259,731)	3,195,865
Other income	293,101	26,947	44,991	—	52	—	365,091
Other gains	405,285	1,896,659	217,403	—	562,015	(113,095)	2,968,267
Interest income	172,410	28,007	26,696	—	560	(23,120)	204,553
Finance cost	(177,440)	(26,267)	(140,175)	—	(10,446)	118,060	(236,268)
Other expenses/Impairment losses on financial assets	(344,234)	(235,561)	(84,417)	—	(373,189)	—	(1,037,401)
Share of profits and losses of:							
Joint ventures	(247,973)	—	332	—	253	—	(247,388)
Associates	90,913	129,890	(87,083)	1,947,910	(45,105)	—	2,036,525
Unallocated other income, interest income, other gains, finance cost, and expenses							(1,206,574)
Profit/(loss) before tax	3,155,803	2,645,323	(388,959)	1,947,910	167,053	(277,886)	6,042,670
Tax	(526,030)	(645,719)	(43,624)	—	(52,450)	—	(1,267,823)
Unallocated tax							201,422
Profit/(loss) for the year	2,629,773	1,999,604	(432,583)	1,947,910	114,603	(277,886)	4,976,269
Segment assets	49,252,503	8,659,936	10,110,712	15,853,096	3,701,033	(2,408,016)	85,169,264
Including:							
Investments in joint ventures	272,802	—	832	—	9,203	—	282,837
Investments in associates	1,911,458	1,123,378	1,495,090	15,853,096	1,960,968	—	22,343,990
Unallocated assets							8,080,170
Total assets							93,249,434
Segment liabilities	21,492,287	2,677,604	4,855,573	—	1,261,910	(14,388,666)	15,898,708
Unallocated liabilities							29,028,044
Total liabilities							44,926,752
Other segment information:							
Depreciation and amortisation	1,301,381	270,636	343,167	—	33,264	—	1,948,448
Impairment losses recognised in the statement of profit or loss, net	260,808	212,124	57,882	—	373,075	—	903,889
Capital expenditure**	3,458,408	295,976	850,447	—	129,602	—	4,734,433

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

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

Geographical information

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Mainland China	**29,873,128**	25,265,165
Overseas countries and regions	**13,938,257**	13,599,009
	43,811,385	38,864,174

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

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Mainland China	**57,080,083**	50,321,163
Overseas countries and regions	**11,449,538**	10,763,767
	68,529,621	61,084,930

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

3. REVENUE

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Revenue from contracts with customers	**43,778,775**	38,827,067
Revenue from other sources		
Gross rental income	**32,610**	37,107
	43,811,385	38,864,174

(i) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Pharma-ceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharma-ceutical distribution and retail *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services						
Sale of industrial products	**29,500,816**	**6,677,320**	**900,558**	**—**	**14,402**	**37,093,096**
Rendering of services and others	**1,176,715**	**241,850**	**5,170,891**	**—**	**71,616**	**6,661,072**
Sale of materials	**11,782**	**12,825**	**—**	**—**	**—**	**24,607**
Total revenue from contracts with customers	**30,689,313**	**6,931,995**	**6,071,449**	**—**	**86,018**	**43,778,775**
Geographical markets						
Mainland China	**20,776,665**	**2,912,966**	**6,070,148**	**—**	**82,759**	**29,842,538**
Overseas countries and regions	**9,912,648**	**4,019,029**	**1,301**	**—**	**3,259**	**13,936,237**
Total revenue from contracts with customers	**30,689,313**	**6,931,995**	**6,071,449**	**—**	**86,018**	**43,778,775**
Goods and materials transferred at a point in time	**29,512,598**	**6,690,145**	**900,558**	**—**	**14,402**	**37,117,703**
Services transferred at a point in time	**914,314**	**115,752**	**5,170,891**	**—**	**71,616**	**6,272,573**
Services transferred over time	**262,401**	**126,098**	**—**	**—**	**—**	**388,499**
Total revenue from contracts with customers	**30,689,313**	**6,931,995**	**6,071,449**	**—**	**86,018**	**43,778,775**

For the year ended 31 December 2021 (Restated)

Segments	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services						
Sale of industrial products	27,787,940	5,760,396	183,029	—	6,089	33,737,454
Rendering of services and others	869,645	128,754	3,928,883	—	17,805	4,945,087
Sale of materials	111,035	32,722	769	—	—	144,526
Total revenue from contracts with customers	28,768,620	5,921,872	4,112,681	—	23,894	38,827,067
Geographical markets						
Mainland China	18,112,804	2,983,004	4,111,252	—	21,067	25,228,127
Overseas countries and regions	10,655,816	2,938,868	1,429	—	2,827	13,598,940
Total revenue from contracts with customers	28,768,620	5,921,872	4,112,681	—	23,894	38,827,067
Goods and materials transferred at a point in time	27,898,975	5,793,118	183,798	—	6,089	33,881,980
Services transferred at a point in time	620,861	23,002	3,928,883	—	17,805	4,590,551
Services transferred over time	248,784	105,752	—	—	—	354,536
Total revenue from contracts with customers	28,768,620	5,921,872	4,112,681	—	23,894	38,827,067

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

	2022 ***RMB'000***	2021 *RMB'000*
Revenue recognised that was included in contract liabilities as at the beginning of the reporting period:		
Advances from customers	**1,115,327**	987,844
Warranty services	**38,531**	32,465
	1,153,858	1,020,309

(ii) Performance obligations

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

Sale of goods

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

Rendering of services

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

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

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Amounts expected to be recognised as revenue:		
Within one year	**1,544,763**	1,153,858
After one year	**354,413**	239,011
	1,899,176	1,392,869

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

4. OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Dividend income from financial assets at fair value through profit or loss	**62,972**	47,894
Dividend income from equity investments at fair value through other comprehensive income	**200**	8
Government grants	**378,369**	323,277
Others	**5,785**	4,557
	447,326	375,736

5. PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000* (Restated)
Cost of inventories sold	**18,400,615**	16,618,199
Cost of services provided	**4,769,075**	3,611,586
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**8,498,401**	6,846,154
Retirement benefits:		
Defined contribution fund	**538,402**	439,064
Accommodation benefits:		
Defined contribution fund	**319,781**	257,397
Share-based payment expense	**54,483**	64,286
	9,411,067	7,606,901
Research and development costs:		
Current year expenditure excluding amortisation of other intangible assets	**4,007,549**	3,720,609
Less: Government grants for R&D projects*	**(90,433)**	(72,032)
	3,917,116	3,648,577
Auditors' remuneration	**4,760**	4,760
Depreciation of property, plant and equipment	**1,251,033**	1,183,584
Amortisation of other intangible assets	**937,199**	567,710
Provision for impairment of property, plant and equipment	**4,093**	—
Provision for impairment of inventories	**86,325**	64,611
Impairment losses on financial assets	**65,369**	74,016
Provision for impairment of goodwill	**180,000**	150,000
Provision for other intangible assets	**2,070**	152,775
Provision for impairment of investment in associates	**—**	462,488
Depreciation of right-of-use assets	**259,373**	197,154
Lease payments not included in the measurement of lease liabilities	**82,415**	56,780
Gain on disposal of financial assets at fair value through profit or loss	**(2,129,616)**	(86,432)
Gain on fair value change of other financial liabilities at fair value through profit or loss, net	**(47,761)**	—
Loss/(Gain) on fair value change of financial assets at fair value through profit or loss, net	**2,546,130**	(352,299)
Gain on disposal of interests in associates and joint ventures	**(4,238)**	(687,245)
Foreign exchange gain, net	**(62,360)**	(154,627)
Gain on disposal of subsidiaries	**(351,840)**	(2,013,109)
(Gain)/loss on disposal of items of property, plant and equipment and other intangible assets	**(111,284)**	33,656
Provision for the loss contract	**—**	191,271
Donations	**60,312**	36,063

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

6. OTHER GAINS

	2022	2021
	RMB'000	*RMB'000*
Gain on disposal of interests in associates and joint ventures	**4,238**	687,245
Gain on disposal of financial assets at fair value through profit or loss	**2,129,616**	86,432
Gain on fair value change of financial assets at fair value through profit or loss, net	**—**	352,299
Gain on fair value change of other financial liabilities at fair value through profit or loss, net	**47,761**	—
Foreign exchange gain, net	**62,360**	154,627
Gain on disposal of subsidiaries	**351,840**	2,013,109
Gain on disposal of items of property, plant and equipment and other intangible assets	**125,602**	—
Others	**35,460**	28,661
	2,756,877	3,322,373

7. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000* (Restated)
Interest on bank and other borrowings (excluding lease liabilities)	**965,112**	819,185
Interest on lease liabilities	**44,459**	27,836
	1,009,571	847,021
Less: Interest capitalised	**(45,764)**	(24,481)
Interest expenses, net	**963,807**	822,540

8. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 0% to 20%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated taxable profits arising in Hong Kong during the year. The provision of current income tax of Sisram Medical Limited ("**Sisram Medical**"), a subsidiary of the Company incorporated in Israel, is based on a preferential rate of 6%. The provision of current income tax of Nova Medical Israel Ltd. ("**Nova**"), a subsidiary of the Company incorporated in Israel, is based on a statutory rate of 23%. The provision of current tax of Gland Pharma Limited ("**Gland Pharma**"), a subsidiary of the Company incorporated in India, was based on a statutory rate of 25.17%. The provision of current tax of Breas

Medical Holdings AB ("**Breas**"), a subsidiary of the Company incorporated in Sweden, is based on a statutory rate of 20.6%. The provision of current tax of Tridem Pharma S.A.S ("**Tridem Pharma**"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 26.5%.

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Current	**815,416**	1,016,218
Deferred	**(188,498)**	50,183
Total tax charge for the year	**626,918**	1,066,401

9. DIVIDENDS

Cash dividend

	2022	2021
	RMB'000	*RMB'000*
Proposed final — RMB0.42 (2021: RMB0.56) per ordinary share	**1,122,306**	1,435,223

The Company proposed to distribute a cash dividend of RMB0.42 (inclusive of tax) for each ordinary share to all shareholders whose names are registered in the register of members and are entitled to participate in the distribution on the record date. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and the final dividend amount will be determined by the number of the ordinary shares on the dividend payment date.

The amount of the proposed final dividend of RMB1,122,306,000 is calculated based on the total number of ordinary shares of the Company of 2,672,156,611 shares on the record of 27 March 2023.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,607,380,489 (2021: 2,562,898,545) in issue during the year, as adjusted to reflect the rights issue during the year.

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

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	**3,736,975**	4,728,711

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,607,380,489**	2,562,898,545
Effect of dilution — weighted average number of ordinary shares: — Restricted share unit scheme	**4,490**	—
Adjusted weighted average number of ordinary shares in issue during the year	**2,607,384,979**	2,562,898,545

11. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**7,588,099**	6,029,720
Bills receivable	**24,843**	16,227
	7,612,942	6,045,947

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

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**7,519,069**	6,051,259
1 to 2 years	**198,235**	129,356
2 to 3 years	**29,153**	55,349
Over 3 years	**48,834**	120,136
	7,795,291	6,356,100
Impairment	**(207,192)**	(326,380)
	7,588,099	6,029,720

12. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Trade payables	**5,426,162**	4,515,305
Bills payable	**857,879**	548,388
	6,284,041	5,063,693

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

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

	2022	2021
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**5,267,809**	4,466,921
1 to 2 years	**119,022**	26,002
2 to 3 years	**19,691**	14,949
Over 3 years	**19,640**	7,433
	5,426,162	4,515,305

13. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

The Group directly operates businesses including pharmaceutical manufacturing, medical devices, medical diagnosis and healthcare services. The Group also expands its presence in pharmaceutical distribution and retail business through its investment in Sinopharm.

Pharmaceutical manufacturing segment is the core business of the Group, accounting for approximately 70% of the Group's total revenue during the Reporting Period. It consists of three businesses: the innovative medicines business, the established medicines manufacturing & supply business and the vaccines business. With a focus on core therapeutic areas such as oncology (solid tumors and hematological tumors), immunology, central nervous system, chronic disease (liver disease/metabolic disease/kidney disease), the innovative medicines business aims at strengthening core technology platforms such as small molecule, antibody/ADC, cell therapy and RNA, creating an open and globalized innovative R&D system, continuously enhancing the pipeline value, and facilitating the R&D and commercialization of more first-in-class (FIC) and best-in-class (BIC) products. The established medicines manufacturing & supply business has focused on the R&D of differentiated products with high technology barriers, and increased the proportion of first/first three generic drugs. At the same time, the cost reduction and efficiency enhancement of key products has been internally optimized to promote the achievement of integrated development. The vaccines business has established an independent R&D system centered on two technology platforms of bacterial vaccines and viral vaccines, and further broadened the pipeline of vaccine products through cooperative R&D to enhance the industrialization capacity of vaccines. The medical devices segment has formed three major business divisions, namely, medical cosmetology, respiratory health and professional medical care as its core. The medical diagnosis segment's business layout includes molecular diagnosis, immunodiagnosis, biochemical diagnosis, microbial diagnosis and POCT. The healthcare services segment has built a medical services platform that connects general and specialty hospitals and integrates online and offline scenarios, providing one-stop health management services.

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

By virtue of the revenue contribution from new products and sub-new products, as well as the effective control over marketing expenses, the Group's revenue and recurring income continued to grow steadily during the Reporting Period, realizing a revenue of RMB43,811 million, representing a year-on-year increase of 12.73%. The revenue from new products and sub-new products, including Han Li Kang, Han Qu You, Comirnaty, Jie Bei An, Su Ke Xin and Han Si Zhuang, accounted for over 30% of the revenue from the pharmaceutical manufacturing segment. The revenue structure continued to be optimized. Net profit after deducting extraordinary gain or loss attributable to shareholders of the listed company amounted to RMB3,879 million, representing a year-on-year increase of 18.37%. Net cash flow from operating activities amounted to RMB4,218 million, representing a year-on-year increase of 7.1%. During the Reporting Period, the recorded extraordinary gain or loss amounted to RMB–142 million, representing a year-on-year decrease of RMB1,593 million, which was mainly due to the changes in fair value of financial assets, such as the BNTX shares, held by the Group, among which, the net impact of fair value change and the share disposal of BNTX shares during the year amounting

to approximately RMB–1 billion. Due to the year-on-year decrease in extraordinary gain or loss, the Group's net profit attributable to shareholders of the listed company amounted to RMB3,737 million during the Reporting Period, representing a year-on-year decrease of 20.98%.

During the Reporting Period, the Group continued to increase its R&D expenditures, which amounted to RMB5,885 million for the year, representing a year-on-year increase of 18.22%, among which the R&D expenses amounted to RMB4,302 million, representing a year-on-year increase of RMB465 million or 12.12%.

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

Unit: million Currency: RMB

	2022 revenue		2021 revenue		Year-on-year increase/ decrease of revenue *(%)*
	Amount	**Percentage of revenue *(%)***	Amount	Percentage of revenue *(%)*	
By business segment					
Pharmaceutical manufacturing	**30,693**	**70.06**	28,772	74.03	6.68
Medical devices and medical diagnosis	**6,933**	**15.82**	5,927	15.25	16.97
Healthcare services	**6,076**	**13.87**	4,115	10.59	47.65
By geographical locations					
Chinese mainland	**29,873**	**68.19**	25,265	65.01	18.24
Regions outside Chinese mainland and other countries	**13,938**	**31.81**	13,599	34.99	2.49

I. MAIN OPERATIONAL PROGRESS OF THE GROUP DURING THE REPORTING PERIOD

1. Continued to promote the development and launch of innovative products

During the Reporting Period, 6 self-developed innovative drugs (indications), 4 license-in innovative drugs (indications) and 27 generic drugs (indications) of the Group were approved for launch in Chinese mainland/Hong Kong/U.S. 7 innovative drugs (indications) and 30 generic drugs (indications) had applied for launch (NDA) in Chinese mainland. 22 innovative drugs (indications) were approved for clinical trials (IND) in Chinese mainland.

As at the date of this announcement, a number of the Group's innovative products/indications have been approved for launch: Han Si Zhuang (serplulimab injection), the first self-developed biopharmaceutical innovative drug of the Group, has been successively approved for three indications, i.e. microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC). Comirnaty BNT162b2 and Comirnaty Bivalent Vaccine have been officially registered in Hong Kong and approved as a regular imported vaccine in Macau, while the related dosage forms for children and infants have been granted emergency use authorization (EUA) for the government vaccination programs in Hong Kong and Macau, respectively. The innovative indication Rheumatoid Arthritis (RA) of Han Li Kang (rituximab injection) has been approved for launch and included in the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (2022) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2022年)》) (the "**National Medical Insurance Drug Catalogue**"). The Azvudine tablets jointly developed by the Group and Genuine Biotech obtained the emergency conditional approval from the NMPA in July 2022 for use in treatment of adult patients suffering moderate COVID-19. Keverprazan Hydrochloride tablets (trade name: Bei Wen (倍穩)), the first potassium ion competitive acid blocker (P-CAB) independently developed in China, jointly developed by the Group and Carephar, and exclusively commercialized by the Group, was approved for launch in Chinese mainland in February 2023 for the treatment of duodenal ulcer (DU) and reflux esophagitis (RE). Han Qu You (trastuzumab injection), independently developed by the Group and licensed to Cipla, has been approved for launch in Australia, and its approved indications cover all approved indications of the branded drug in that country.

As at the date of this announcement, a number of products independently developed, co-developed and licensed-in by the Group have successively entered the critical clinical/approval stage: Han Si Zhuang (serplulimab injection) for the treatment of small cell lung cancer (SCLC) was successively granted Orphan Drug Designation by the U.S. FDA and the European Commission (EC) in 2022, and a head-to-head bridging trial comparing to first-line standard of care with Atezolizumab for extensive-stage small cell lung cancer (ES-SCLC) has been initiated in the United States. The third indication of Yi Kai Da (ejilunsai injection) (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), for which the NDA in Chinese mainland was accepted in October 2022, and has been included in the list of priority review products. The phase III clinical study of 13-valent pneumococcal conjugate vaccine (multivalent combinations) has been initiated 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 (indications) approved for launch during the Reporting Period

No.	Name of drugs	Classification of registration	Indications
1	Han Si Zhuang (serplulimab injection) *(Note 1)*	Therapeutic biological product	Microsatellite instability-high (MSI-H) solid tumor *(Note 2)*
2			Squamous non-small cell lung cancer (sqNSCLC)
3	Han Li Kang (rituximab injection)	Therapeutic biological product	Rheumatoid Arthritis (RA)
4	Han Bei Tai (bevacizumab injection)	Therapeutic biological product	Recurrent glioblastoma
5			Cervical cancer
6			Epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer
7	Jie Bei An (Azvudine tablets)	Chemical drug	Moderate COVID-19
8	Comirnaty BNT162b2 (mRNA COVID-19 vaccine BNT162b2)	*(Note 3)*	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection
9	Comirnaty Bivalent Vaccine (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine)	*(Note 3)*	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection
10	Pretomanid tablets	*(Note 3)*	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment

Note 1: In January 2023, the NDA for Han Si Zhuang (serplulimab injection) in combination with chemotherapy (carboplatin and etoposide) for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) was approved by the NMPA.

Note 2: Approved for conditional marketing.

Note 3: Comirnaty BNT162b2 and Comirnaty Bivalent Vaccine have been officially registered as drugs/products in Hong Kong, and approved as regular imported vaccines in Macau. Pretomanid tablet has been officially registered as a drug/product in Hong Kong.

Note 4: Jie Bei An (Azvudine tablets), Comirnaty BNT162b2, Comirnaty Bivalent Vaccine and Pretomanid tablets are innovative drugs (vaccine) licensed-in by the Group.

Table 2 — Innovative drugs (indications) 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)
2			In combination with chemotherapy (cisplatin and fluorouracil) for the first-line treatment of locally advanced/ recurrent or metastatic esophageal squamous cell carcinoma (ESCC)
3	Yi Kai Da (ejilunsai injection) *(Note)*	Therapeutic biological product	Large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy in adults
4	Han Bei Tai (bevacizumab injection)	Therapeutic biological product	Recurrent glioblastoma
5			Cervical cancer
6			Epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer
7	Su Ke Xin (avatrombopag maleate tablets)	Chemical drug	Chronic immune thrombocytopenia (ITP)

Note: Product of Fosun Kite, a joint venture.

Table 3 — Innovative drugs (indications) obtained clinical approvals during the Reporting Period

No.	Name of drugs	Classification of registration	Indications
1	FCN-159	Chemical drug	Histiocytic tumors
2		Chemical drug	Arteriovenous malformations
3	ORIN1001	Chemical drug	Idiopathic pulmonary fibrosis (IPF)
4	Pretomanid tablets	Chemical drug	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment
5	HLX208	Chemical drug	Solid tumor
6	HLX208 (BRAF V600E inhibitor) + Han Si Zhuang (serplulimab injection)	Chemical drug and therapeutic biological product	BRAF V600E or BRAF V600 mutation-positive advanced solid tumor
7	FS-1502 (recombinant 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
8	Yi Kai Da (ejilunsai injection) *(Note 1)*	Therapeutic biological product	Large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy in adults
9	FKC889 *(Note 1)*	Therapeutic biological product	Mantle cell lymphoma (r/r MCL)
10			Relapsed or refractory adult precursor B-cell acute lymphoblastic leukaemia (adult r/r ALL)
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	HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Therapeutic biological product	Solid tumor
14	HLX53 (anti-TIGIT Fc fusion protein)	Therapeutic biological product	Solid tumor and lymphoma
15	HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Therapeutic biological product	Advanced tumor
16	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Therapeutic biological product	Solid tumor and lymphoma
17	HLX60 (recombinant humanized anti-GARP monoclonal antibody injection)	Therapeutic biological product	Solid tumor and lymphoma
18	HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)+standard therapy (trastuzumab in combination with chemotherapy)	Therapeutic biological product	Gastric cancer (GC)
19	SVN53-67/M57-KLH peptide vaccine (SurVaxM)	Therapeutic biological product	Primary diagnosis of glioblastoma
20	GC101	Therapeutic biological product	Recessive dystrophic epidermolysis bullosa (RDEB)
21	HLX60 (recombinant humanized anti-GARP monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	*(Note 2)*	Advanced/metastatic solid tumor
22	HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	US 505(b) *(Note 3)*	Locally advanced or metastatic cutaneous squamous cell carcinoma (CSCC)

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

Note 2: Approved for clinical trial in Australia.

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

2. Continued to enhance global operation/commercialization capabilities

During the Reporting Period, the Group initiated the preparatory work for the commercialization of Han Si Zhuang (serplulimab injection) in the United States, established its own U.S. innovative drug team covering medical affairs, market access, sales and other functions, and reached an in-depth cooperation with Syneos Health to provide comprehensive support for the commercialization of Han Si Zhuang in the United States. Sisram Medical and Breas continued to enhance their global channel capabilities. Sisram Medical added direct sales team in the United Kingdom and Dubai and strengthened its operational capabilities in Chinese mainland, where LMNT, a home energy source medical beauty product, was launched to start the To C business, with its direct sales revenue increased to 66% of its total revenue in 2022. Breas accelerated its pace to build direct sales teams in China and the United States, and obtained a production license for the localized version of the To C product Z1 ventilator, which would be mass-produced in Hainan.

Relying on years of industrial experience, extensive investment in innovative R&D and global channel network construction, the Group has the industry-leading global two-way licensing capability to maximize the value of self-developed products and collaborative innovative products. During the Reporting Period, the Group and Amgen's subsidiary entered into license agreements 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, China). The Group reached collaborations on a number of overseas innovative products such as the immune inhibitor Grafalon (anti-human T lymphocyte rabbit immunoglobulin injection) and a bifunctional HER2-sialidase fusion protein. Shanghai Henlius, a subsidiary, successively granted various product licenses to Organon, Eurofarma, Abbott, Getz Pharma and other companies, in order to cover incremental markets with the help of leading international partners. In addition, Gland Pharma, a subsidiary, proposed to acquire Cenexi, a European CDMO company, with a maximum total amount payable of up to EUR210 million, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe.

3. Continued to promote strategic upgrading and internal integration

During the Reporting Period, the Group further sorted its internal business and promoted the improvement of operational efficiency.

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 strengthen the business focus on sublines. During the Reporting Period, the innovative medicines division relied on the global R&D center to coordinate and manage the innovative drug R&D team and innovation product pipeline, integrated internal and external R&D resources and talents, improved talent team construction, continued to enhance the early R&D and CMC R&D capabilities, optimized pipeline management with dynamic adjustments, continued to optimize and improve the R&D

efficiency, and accelerated clinical advancement and product launch progress. The established medicines manufacturing & supply division continued to build regional production centers to gather production capacity and achieve the integration of APIs and preparations, further improved production and operation efficiency, and expanded production cost advantages. Meanwhile, it coordinated the R&D of generic drugs within the system at the division level with a focus on the R&D of first generic drugs, first three generic drugs, and difficult and complex preparations. The vaccines division fully integrated the technology platforms of bacterial vaccines and viral vaccines, and combining the strengths and complementary points of both platforms to improve the overall operational efficiency in terms of R&D team integration, sales channels, production base coordination and other aspects.

During the Reporting Period, the Group's healthcare services segment actively explored the online and offline integrated service model, connecting online and offline services both inside and outside the hospital to provide users with a one-stop healthcare service based on medical-level trust and a full-cycle closed-loop solution.

4. Digitally empowered business continued to grow

During the Reporting Period, the Group continued to optimize its digital technologies and means, focusing on building a digital business middle-end platform, management middle-end platform and data middle-end platform. In terms of the digital business middle-end platform, the Group promoted the digitalization of drug R&D, iteratively developed the full life cycle management platform of INNOX R&D projects, established a digital system for the whole R&D process and an R&D data analysis platform, and innovated and explored AI technology to empower R&D business applications, thereby improving R&D management efficiency. The Group deepened intelligent manufacturing, set intelligent manufacturing standards through top-level design and established a super digital factory. The development of the supply chain system was improved, and a supply chain management and traceability system was established, thus realizing intelligent decision-making from sales forecasting to production planning. A unified management platform for digital and intelligent marketing was built to achieve precise online marketing. In terms of the digital management middle-end platform, the Group improved the human resources management system and built an eHR platform for digital human resources management. The Group facilitated the integration of business and finance, developed an integrated platform for enterprise digital management system, and facilitated the launch of system by several domestic and overseas subsidiaries. In terms of the digital data middle-end platform, the Group established a group database, connected human resources, finance, quality, operations, procurement, EHS and other data to the data platform for modeling and prepared visual analysis reports to provide guidance on corporate budget management and empower business growth strategies.

II. SEGMENT PERFORMANCE OVERVIEW

1. Pharmaceutical manufacturing

Performance summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB30,693 million, representing a year-on-year increase of 6.68%, of which: 1) new products and sub-new products maintained rapid growth, representing a year-on-year increase of over 20%; the revenue of new products and sub-new products accounted for more than 30% of the revenue of the pharmaceutical manufacturing segment, mainly due to the revenue contribution from newly launched products, Han Si Zhuang and Jie Bei An, and the growth contribution of the sub-new products, Han Qu You and Su Ke Xin; 2) the year-on-year decrease of 6% in revenue of Gland Pharma (based on the financial statements of Gland Pharma in its reporting currency) was due to factors including the suspension of production for upgrading two insulin production lines, and the capacity of production and the capacity to undertake orders being affected by the supply shortage of injection packaging materials; 3) the sales volume of Comirnaty (mRNA COVID-19 vaccine) decreased year-on-year by 30%. Due to the increase in the proportion of revenue from new products and sub-new products and the optimization of product structure, the gross profit margin of the pharmaceutical manufacturing segment increased year-on-year, and the sales expense ratio decreased year-on-year, the segment results amounted to RMB3,795 million, representing a year-on-year increase of 28.04%. The segment profit amounted to RMB3,419 million, representing a year-on-year increase of 30% (excluding the gain or loss from the sales of BNTX shares held).

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of the Group amounted to RMB5,097 million, representing a year-on-year increase of 13.62%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 16.54% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,552 million, accounting for 11.53% of the revenue from the pharmaceutical manufacturing segment.

Revenue from major products in the major therapeutic areas of the Group's pharmaceutical manufacturing segment during the Reporting Period is set out in the following table:

Unit: million Currency: RMB

Major therapeutic area	**2022**	2021	Year-on-year increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Notes 1, 7)*	**5,522**	3,960	39.44
Major products of metabolism and alimentary system *(Notes 2, 7)*	**2,883**	2,890	–0.24
Major products of anti-infection *(Notes 3, 7)*	**8,582**	8,621	–0.45
Major products of central nervous system *(Notes 4, 7)*	**1,003**	1,137	–11.79
Major products of cardiovascular system *(Notes 5, 7)*	**2,115**	1,993	6.12
Major products of APIs and intermediate products *(Notes 6, 7)*	**1,248**	1,135	9.96

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a year-on-year increase of 39.44%, mainly due to the sales growth of Han Qu You (trastuzumab injection), Su Ke Xin (avatrombopag maleate tablets) and Han Da Yuan (adalimumab injection), and the revenue contribution from the new products Han Si Zhuang (serplulimab injection) and Akynzeo (netupitant and palonosetron hydrochloride capsules).

Note 2: The revenue from major products of metabolism and alimentary system recorded a year-on-year decrease of 0.24%, mainly due to the impact of the execution of centralized procurement for Fan Ke Jia (thioctic acid injection) and Atomolan injection (glutathione for injection).

Note 3: The revenue from major products of anti-infection recorded a year-on-year decrease of 0.45%, mainly due to the combined effect of the decrease in the sales volume of Comirnaty (mRNA COVID-19 vaccine) and Micafungin, the revenue contribution from new products Jie Bei An (Azvudine tablets), Cravit (levofloxacin tablets and levofloxacin injection).

Note 4: The revenue from major products of central nervous system recorded a year-on-year decrease of 11.79%, mainly due to the decline in sales volume of Ao De Jin (deproteinised calf blood serum injection).

Note 5: The revenue from major products of cardiovascular system recorded a year-on-year increase of 6.12%, mainly due to the increase in the sales volume of heparin series preparations.

Note 6: The revenue from major products of APIs and intermediate products recorded a year-on-year increase of 9.96%, mainly due to the increase in the sales volume 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), Han Da Yuan (adalimumab injection), Kai Lai Zhi (epinastine hydrochloride capsules), Zhao Hui Xian (bicalutamide), Yi Luo Ze/Tu Mei Si (pemetrexed disodium for injection), Akynzeo (netupitant and palonosetron hydrochloride capsules), Di Kai Mei (sorafenib tosylate tablets), ondansetron, paclitaxel and oxaliplatin.

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

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

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

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

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

* The data of January to December 2021 was restated according to the basis of January to December 2022.

In 2022, there were 47 products or series of products in the pharmaceutical manufacturing segment of the Group that each recorded sales of over RMB100 million, a net increase of 3 items compared to 2021, and details are as follows:

Currency: RMB

Sales during the Reporting Period	Number	Formulation items or series
Over 1 billion	5	Comirnaty (mRNA COVID-19 vaccine) Han Qu You (trastuzumab injection) Han Li Kang (rituximab injection) Jie Bei An (Azvudine tablets) heparin series preparations
500 million to 1 billion	3	Su Ke Xin (avatrombopag maleate tablets) antimalarial series such as artesunate You Li Tong (febuxostat tablets)
300 million to 500 million	8	8 products including Han Si Zhuang (serplulimab injection), Atomolan (glutathione tablets), rabies vaccine (VERO cell) for human use (non-freeze dried), Qi Wei (quetiapine fumarate tablets), Ke Yi (new compound aloe capsules)
100 million to 300 million	31	31 products including Han Da Yuan (adalimumab injection), Qi Cheng (escitalopram oxalate tablets), Li Qing (alfacalcidol tablets), Bang Zhi (pitavastatin calcium tablets)

Important events

- *PD-1 inhibitor Han Si Zhuang (serplulimab injection)*

  As at the date of this announcement, the innovative PD-1 inhibitor Han Si Zhuang (serplulimab injection) independently developed by the Group had been successively approved for three indications, i.e. microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC). In particular, the approval for the indication of extensive-stage small cell lung cancer (ES-SCLC) indicated that Han Si Zhuang has become the world's first monoclonal antibody drug targeting PD-1 approved for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), and its marketing authorization application (MAA) in the EU has also been accepted. The NDA for the fourth indication (esophageal squamous cell carcinoma (ESCC)) in Chinese mainland has been accepted.

Based on the differentiated development strategy of "Combo+Global" (combination therapy + globalization), Han Si Zhuang has been approved for clinical trials in China, the U.S., the EU and other countries and regions. As at the date of this announcement, 11 combination therapies centered on Han Si Zhuang are undergoing clinical trials around the world, covering a wide range of indications such as lung cancer, esophageal cancer, head and neck squamous cell carcinoma and gastric cancer. In particular, international multi-center clinical trials for the three indications of squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and limited-stage small cell lung cancer (LS-SCLC) have been carried out, and a head-to-head bridging trial comparing to first-line standard of care with Atezolizumab for extensive-stage small cell lung cancer (ES-SCLC) has been initiated in the United States. The first patient dosing in the phase III of the international multi-center clinical study of limited-stage small cell lung cancer (LS-SCLC) has also been completed in Chinese mainland and the United States, and clinical approvals have been obtained in Australia and Spain. In addition, Han Si Zhuang for the treatment of small cell lung cancer (SCLC) was successively granted Orphan Drug Designation by the U.S. FDA and the European Commission (EC) in 2022.

With the successive approval for various indications of Han Si Zhuang in China and the smooth progress of overseas clinical trials, the Group will continue to promote the global commercialization of this product and enhancing the accessibility of the drug. As at the end of 2022, Han Si Zhuang had completed online bidding in 27 provinces across Chinese mainland. It was included in the customized commercial insurance catalogue in five cities, including Ningbo and Jinhua and benefitted more than 10,000 Chinese patients. In terms of overseas commercialization, the Group reached collaboration with KG Bio in 2019, granting it the exclusive right to develop and commercialize the first monotherapy and two combination therapies of Han Si Zhuang in ten countries in Southeast Asia. In addition, the Group has initiated the preparatory work for the commercialization of Han Si Zhuang in the market of the United States, established its own U.S. innovative drug team covering medical affairs, market access, sales and other functions, and reached an in-depth cooperation with Syneos Health to provide comprehensive support for the commercialization of Han Si Zhuang in the United States.

- *CAR-T cell therapy products*

Yi Kai Da (ejilunsai injection), the product of the joint venture Fosun Kite is authorized to carry out the product's localized production in China following the technology transfer of Yescarta, a CAR-T cell therapy product, from Kite Pharma. It is the first CAR-T cell therapy product approved for domestic launch 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 at the end of 2022, Yi Kai Da has been included in the urban customized commercial health insurance of 70 provinces and municipalities and over 60

commercial insurances, while the number of treatment centers on record exceeded 130. As at the end of January 2023, nearly 300 patients with relapsed or refractory large B-cell lymphoma had been treated with Yi Kai Da.

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 was undergoing a bridging clinical trial in Chinese mainland. The NDA for Yi Kai Da's third indication (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) has been reviewed and accepted by the NMPA, and has been included in the list of priority review products. 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 B-cell lymphoma (LBCL).

As for Fosun Kite's second CAR-T cell therapy product FKC889, its first indication (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 second indication (relapsed or refractory adult precursor B-cell acute lymphoblastic leukaemia (adult r/r ALL)) received approval for clinical trials in Chinese mainland in March 2022 and December 2022, respectively. As at the date of this announcement, the first indication is undergoing a bridging clinical trial in Chinese mainland.

- *Progress of products for the prevention, testing and treatment of COVID-19*

  During the Reporting Period, the Group continued to promote the vaccination and coverage of Comirnaty (mRNA COVID-19 vaccine) in Hong Kong, Macau and Taiwan, China. As at the date of this announcement, Comirnaty BNT162b2 (i.e. mRNA COVID-19 vaccine BNT162b2) and Comirnaty Bivalent Vaccine (i.e. mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine) have been officially registered as drugs/products in Hong Kong and approved as regular imported vaccines in Macau, fully covering the public and private markets. The related dosage forms for children (for vaccination of children aged 5 to 11) and infants (for vaccination of infants of 6 months to 4 years old) have been authorized for emergency use (EUA) for the government vaccination programs in Hong Kong and Macau, respectively. Comirnaty Bivalent Vaccine has been approved for emergency use in Taiwan, China, while the Comirnaty

BNT162b2 dosage forms for children and infants have also been successively approved for vaccination in Taiwan, China. During the Reporting Period, over 15 million doses of Comirnaty (mRNA COVID-19 vaccine) were sold in Hong Kong, Macau and Taiwan, China. Since its launch to the end of February 2023, more than 31 million doses had been administered in Hong Kong, Macau and Taiwan, China.

In July 2022, the Group entered into a strategic cooperation with Genuine Biotech to jointly develop Azvudine, which will be exclusively commercialized by the Group. The scope of cooperation includes the treatment and prevention of COVID-19 and AIDS. In July 2022, Azivudine tablets obtained the emergency conditional approval from the NMPA for use in treatment of adult patients suffering moderate COVID-19, after then the drug was successively included in the ninth and tenth editions of the Diagnosis and Treatment Guideline for COVID-19 (《新型冠狀病毒肺炎診療方案》), included in temporary payment scope of medical insurance in August 2022, and officially included in the 2022 National Medical Insurance Drug Catalogue in January 2023. As at the date of this announcement, Azvudine tablets have been included in procurement platform of medical insurance system in 31 provinces, autonomous regions and municipalities across China, and covered nearly 50,000 medical institutions across the country.

- *Other license-in and license-out projects*

  Relying on an open R&D ecology, a forward-looking international deployment, a rich global network of channels, and the industrial capability accumulated in the domestic pharmaceutical industry for years, the Group has formed a world-leading two-way licensing capability to reach more emerging fields, leading technologies and regional market with agility and efficiency.

  During the Reporting Period, the Group and Amgen formed collaboration on the exclusive licensing to commercialize two innovative drugs, namely Otezla (apremilast tablets) and Parsabiv (etelcalcetide), in Chinese mainland (excluding Hong Kong, Macau and Taiwan, China), further enriching its innovative product portfolio in the non-oncology field. In particular, Otezla (apremilast tablets) was approved for launch by the NMPA in August 2021. It is the world's first and the only domestically approved orally-administered phosphodiesterase-4 (PDE4) inhibitor for the treatment of plaque psoriasis, and was included in the National Medical Insurance Drug Catalogue in January 2023. In addition, during the Reporting Period, the Group also reached collaborations on a number of innovative products such as Keverprazan Hydrochloride tablets and a bifunctional HER2-sialidase fusion protein. Keverprazan Hydrochloride tablets (trade name: Bei Wen (倍穩)) was approved for launch in Chinese mainland in February 2023 for the treatment of duodenal ulcer (DU) and reflux esophagitis (RE).

  While improving product layout, the Group has also been actively seeking cooperation 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 products license agreements with a number of global partners. In February 2022, Shanghai Henlius granted Getz Pharma the exclusive commercialization rights to commercialize 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 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 the upfront fee of US$70 million, and a total of up to US$468 million in development and registration application milestones, and commercial sales milestones payments (the upfront fee included), covering major markets such as the U.S., the EU and numerous emerging markets.

- *Progress of the 2022 National Medical Insurance Drug Catalogue*

  In January 2023, a number of the Group's self-developed and license-in innovative drugs and new indications were included in the National Medical Insurance Drug Catalogue, which will further enhance the accessibility and affordability of innovative drugs and benefit more patients in China. In particular, drugs included in the new edition of the National Medical Insurance Drug Catalogue for the first time through negotiations included (1) Ji Bei An (Azivudine tablets), which are exclusively commercialized by the Group; (2) Akynzeo (Netupitant and Palonosetron Hydrochloride Capsules), the world's first and only dual-channel fixed-dose combination oral compound preparation that simultaneously blocks both NK-1 receptors and 5-HT3 receptors; and (3) Otezla (apremilast tablets), the world's first and the only domestically approved orally-administered targeted small molecular drugs for the treatment of psoriasis. In addition, several products included in the National Medical Insurance Drug Catalogue have successfully added new indications or renewed their inclusions, including (1) the inclusion of new indication rheumatoid arthritis (RA) of Han Li Kang (rituximab injection), approved in 2022, into the National Medical Insurance Drug Catalogue, further expanding the scope of reimbursement; and (2) the completion of renewal of Su Ke Xin (avatrombopag maleate tablets), the world's first oral thrombopoietin receptor agonist (TPO-RA) approved by the U.S. FDA for CLD-related thrombocytopenia, for its inclusion in the National Medical Insurance Drug Catalogue.

- *Production lines consolidation and R&D of first/first three generic drugs/difficult and complex preparations for established medicines*

  During the Reporting Period, the established medicines manufacturing & supply business continued to consolidate production lines to further strengthen the advantage of production costs, and accelerated the independent R&D of first generic drugs, first three generic drugs, and difficult and complex preparations for established medicines.

  On the manufacture side, the Group continued to consolidate production lines and build regional production centers to gather production capacity and achieve the integration of APIs and preparations, further improved production and operation efficiency, and expanded production cost advantages. During the Reporting Period, the Group built a regional production center in Xuzhou to connect the Xingnuo APIs base and the Xuzhou preparation base and vertically integrate the APIs and preparation industry chains, realizing intensive mass production capacity and covering various dosage forms and disease areas. In addition, the Group continued to promote the certification of international production quality standards to consolidate the foundation for the overseas export of preparations. During the Reporting Period, the production line of heparin sodium injection of Wanbang Pharma, a subsidiary, passed the on-site inspection of the U.S. FDA and is qualified to supply to the U.S. market. As at the end of the Reporting Period, the Group had more than 9 production lines that had passed GMP certification in major regulatory markets such as the U.S. FDA and the EU.

  On the product side, the Group continued to optimize the life cycle management of established medicines, focused on the independent R&D of first generic drugs, first three generic drugs and difficult and complex preparations for established medicines, grasped highly fit expansion opportunities, enriched pipelines, improved the energy efficiency of the system, and actively promoted the overseas commercialization of preparations. During the Reporting Period, the Group completed the acquisition of Daiichi Sankyo (Beijing) and obtained the right to manufacture and sell Cravit (levofloxacin tablets and levofloxacin injection) in Chinese mainland (excluding Hong Kong, Macau and Taiwan, China). As the date of this announcement, Gland Pharma, a subsidiary, has signed a securities purchase agreement to acquire Cenexi, a European CDMO company, with a maximum total amount payable of EUR210 million, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe. During the Reporting Period, sodium phenylacetate and sodium benzoate (SPSB) compound liquid preparations, a difficult and complex preparation product of the Group, were launched in the United States, while the NDA for aripiprazole orally disintegrating tablets in Chinese mainland was accepted. As at the end of the Reporting Period, the Group had 118 pipeline projects on generic drugs and 21 consistency evaluation items.

- *Bacterial vaccine platforms and viral vaccine platforms*

  The Group has established technology platforms for bacterial vaccines and viral vaccines, and possessed a unique patented technology of polysaccharide-protein multivalent binding. As at the end of the Reporting Period, its major pipeline products include 13-valent pneumococcal conjugate vaccines (multivalent combinations), 24-valent pneumococcal conjugate vaccines (multivalent combinations), quadrivalent influenza virus lysate vaccines, etc. with independent intellectual property rights. The Group also actively made deployment in the R&D of products such as meningococcal vaccine series, and recombinant influenza vaccines.

  At the same time, the Group continued to promote the industrialization of vaccines in its pipeline. In November 2022, a phase III clinical study on the 13-valent pneumococcal conjugate vaccine in Chinese mainland (excluding Hong Kong, Macau and Taiwan, China) had been initiated. The vaccine is a preventive biological product independently developed by the Group and is intended to be used for active immunization of people over 2 months old against pneumococcal diseases caused by types 1, 3, 4, 5, 6A, 6B, 7F, 9V, 14, 18C, 19A, 19F, and 23F strains of infection. The enrollment rate of the phase III clinical progress exceeds 90% as at the date of this announcement. In January 2023, Fosun Antejin received the Drug Manufacturing Certificate (《藥品生產許可證》) issued by the Sichuan Medical Products Administration, laying a foundation for its subsequent commercial production of pipeline vaccine products.

  During the Reporting Period, the NDAs of rabies vaccine (Vero cell) for human use (freeze dried) and quadrivalent influenza virus lysate vaccine, both independently developed by the Group, were respectively accepted in Chinese mainland, and the GMP compliance 2-in-1 on-site inspection and clinical trial on-site inspection for the registration and production of rabies vaccine (Vero cell) for human use (freeze dried) were completed in March 2023.

- *R&D innovation pipeline*

  During the Reporting Period, the Group built the top-level structure of the innovative medicines division, introduced a number of senior scientists and C-level talents, comprehensively upgraded domestic and overseas capabilities in early R&D, CMC, clinical medicine and clinical operations. At the same time, the Group reorganized its innovative drug project establishment, management and decision-making mechanisms at major nodes by streamlining R&D projects and leveraging the INNOX digital management system, and dynamically evaluated its pipeline value and competitiveness, thereby improving the quality and effectiveness of R&D.

  Through independent R&D, cooperative development, license introduction and in-depth incubation, the Group focused on core therapeutic areas such as oncology (solid tumors and hematological tumors), immunology, central nervous system, chronic disease (liver

disease/metabolic disease/kidney disease) and mainly strengthened core technology platforms such as small molecule, antibody/ADC, cell therapy and RNA, creating an open and global innovative R&D system. It also actively explored technologies such as RNA, Protac and AI-assisted therapy to continuously enhance its core R&D capabilities and pipeline value, and facilitate the R&D and commercialization of more FIC and BIC products.

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 249 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 16 U.S. patent applications, 17 PCT applications, with 48 licensed invention patents obtained.

Table 4 — Major pipeline drug projects

Type	Number (calculated according to indications)	Remarks
Innovative drugs	63	/
Including: Small molecular innovative drugs under independent development	17	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	27	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 7 items under phase III clinical trial.
License-in innovative drugs	19	For details, please refer to Table 7. Comprising 2 items under application for sales and 5 items under phase III clinical trial.
Biosimilars under independent development	14	For details, please refer to Table 8. Comprising 6 items approved for launch, 2 items under application for sales and 3 items under phase III clinical trial.
Generic drugs	118	/
Including: Imported generic drugs	14	/
Consistency evaluation items	21	/

Note: This table does not include the pipeline drug projects of Fosun Kite, a joint venture, and the pipeline drug projects of Gland Pharma, a subsidiary.

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	Phase I 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	Phase II 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	Phase II 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)*
2		Han Si Zhuang (serplulimab injection) + chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	Approved for launch	Phase III clinical trial (international multi-center)
3			Extensive-stage small cell lung cancer (ES-SCLC)	NDA	Bridging trial (in the U.S.)
4			Esophageal squamous cell carcinoma (ESCC)	NDA	—
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	Anti-tumor	HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumor	Phase I 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	Phase Ib/II clinical trial	Approved for clinical trial (in the U.S.)
16			Locally advanced or metastatic cutaneous squamous cell carcinoma (CSCC)	Phase II clinical trial	Approved for clinical trial (in the U.S.)
17		HLX20 (recombinant anti-PD-L1 fully human monoclonal antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
18		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection) + standard therapy (trastuzumab combination therapy)	Gastric cancer (GC)	Approved for clinical trial	—
19		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
20		HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Solid tumor	Phase I clinical trial	Phase I clinical trial (in Australia)
21		HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Solid tumor	Phase I clinical trial	Phase I clinical trial (in Australia)
22	Anti-tumor	HLX53 (anti-TIGIT Fc fusion protein)	Solid tumor and lymphoma	Phase I clinical trial	—
23		HLX60 (recombinant humanized anti-GARP monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
24		HLX60 (recombinant humanized anti-GARP monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumors	—	Phase I clinical trial (in Australia)
25	Blood system	Recombinant human erythropoietin-HyFc fusion protein injection	Anemia	Phase Ib/II clinical trial	—
26	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)
27		GC101	Recessive dystrophic epidermolysis bullosa (RDEB)	Approved for clinical trial	—

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

Table 7 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in the licensed territory as at the end of the Reporting Period
1	Anti-tumor	FS-1502 (recombinant anti-HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	Non-small cell lung cancer (NSCLC)	Phase II clinical trial
2			HER2-positive locally advanced or metastatic breast cancer	Phase I clinical trial
3			HER2-expressing advanced malignant solid tumors	Phase II clinical trial
4		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	Phase II clinical trial
5		HLX208	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Phase II clinical trial
6		HLX208 (BRAF V600E inhibitor) + Han Si Zhuang (serplulimab injection)	BRAF V600E or BRAF V600 mutation-positive advanced solid tumor	Approved for clinical trial
7		SVN53-67/M57-KLH peptide vaccine (SurVaxM)	Primary diagnosis of glioblastoma	Approved for clinical trial
8	Metabolism and alimentary system	Keverprazan Hydrochloride tablets (trade name: Bei Wen (倍穩))	Duodenal ulcer (DU)	*(Note 1)*
9			Reflux esophagitis (RE)	*(Note 1)*
10		Tenapanor tablets	Irritable bowel syndrome with constipation (IBS-C)	Chinese mainland: Phase I clinical trial Hong Kong and Macau: Application for sales
11		Ferric pyrophosphate citrate solution	Iron substitutes for dialysis patients	Phase III clinical trial
12	Anti-infection	Comirnaty BNT162b2 (mRNA vaccine BNT162b2), Comirnaty Bivalent Vaccine (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine)	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Chinese mainland: Phase II clinical trial completed Hong Kong: Officially registered *(Note 2)* Macau: Approved as a regular imported vaccine *(Note 3)* Taiwan, China: Obtained special approval for emergency use
13		Pretomanid tablets	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment	Chinese mainland: Phase I clinical trial Hong Kong: Approved for launch
14	Central nervous system	Opicapone capsules	Parkinson syndrome	NDA
15	Blood system	Avatrombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	NDA
16		Tenapanor tablets	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Phase III clinical trial
17	Others	RT002 (DaxibotulinumtoxinA for injection)	Moderate to severe glabellar lines in adults (GL)	Phase III clinical trial
18			Isolated cervical dystonia (CD)	Phase III clinical trial
19		Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Phase III clinical trial

Note 1: The NDA of Bei Wen (Keverprazan Hydrochloride tablets) for the treatment of duodenal ulcer (DU) and reflux esophagitis (RE) was approved by the NMPA in February 2023. It is in the phase I clinical trial in the United States.

Note 2: Comirnaty BNT162b2 (mRNA COVID-19 vaccine original strain) and Comirnaty Bivalent Vaccine (Original/Omicron BA.4/BA.5-adapted bivalent vaccine) were officially registered as drugs/products in Hong Kong in December 2022.

Note 3: Comirnaty Bivalent Vaccine was approved as a regular imported vaccine in Macau in January 2023.

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 (international multi-center)
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		HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	Melanoma, renal cell carcinoma (RCC) and metastatic colorectal cancer (mCRC)	Approved for clinical trial
4		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Approved for clinical trial
5		Han Bei Tai (bevacizumab injection)	Recurrent glioblastoma	Supplemental application approved for launch
6			Cervical cancer	Supplemental application approved for launch
7			Epithelial ovarian cancer, fallopian tube cancer or primary peritoneal cancer	Supplemental application approved for launch
8	Metabolism and alimentary system	Insulin glargine injection	Diabetes	Approved for launch
9		Recombinant insulin lispro injection	Diabetes	Approved for launch
10		Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	NDA
11		Mixed protamine zinc recombinant insulin lispro injection (25R)	Diabetes	NDA
12		Liraglutide injection	Diabetes	Phase III clinical trial
13	Others	HLX14 (recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase III clinical trial (international multi-center)
14		Han Li Kang (rituximab injection)	Rheumatoid Arthritis (RA)	Approved for launch

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 national 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 lean 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 smoothen 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
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

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit	Selected price *(RMB)*
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

Through continuous enhancement of the construction and integration of the marketing system, the Group has formed a marketing system by product lines featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched in 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, covering more than 2,000 Class III hospitals, 10,000 Class I and Class II hospitals and nearly 200,000 retail pharmacies.

In recent 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 oncology and non-oncology innovative drug teams, the OBM broad market team, the new retail team for OTC and online channels, the commercialization team for Africa 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.

With the successive launch of innovative products such as Han Li Kang, Han Qu You, Han Si Zhuang, etc., the Group's oncology innovative drug team continued to expand and optimize. As at the end of the Reporting Period, the team had approximately 2,100 members. Focusing on core departments such as hematology, lymphoma, hematological tumor, breast, medical oncology, hepatobiliary surgery and intervention, the team made deployment in the core market, the county-level market and DTP channels. The Group has established multi-channels covering nearly 4,000 hospitals and nearly 1,000 DTP pharmacies. In the future, the oncology innovative drug team will further open up the matrix of its existing products and serve the launch of more innovative drugs and comprehensive treatment.

The Group's non-oncology innovative drug team has profound market experience in the field of chronic diseases, and has created a number of market-leading brands such as You Li Tong and Bang Zhi, while gaining high recognition from external partners. With the continuous advancement of centralized drug procurement, the team continued to transform and upgrade. It had set up auto-immunity, digestion and metabolism, kidney disease and comprehensive specialty lines. A marketing and promotion team of about 1,300 personnel was established to extensively reach patients by pipeline with a focus on core departments such as rheumatology, dermatology, nephrology, dialysis and gastroenterology. In addition, during the Reporting Period, the Group also established an anti-virus team of around hundred members and rapidly engaged in promoting the commercialization of Azvudine tablets. The non-oncology innovative drug team will continue to strengthen the full life cycle management and services for patients on core tracks and establish a differentiated and competitive non-oncology team 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 the U.S. market, the Group has initiated the preparatory work for the commercialization of Han Si Zhuang (serplulimab injection), and established its own innovative drug commercialization team covering medical affairs, market access, sales and other functions. 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.

Integrated production and lean operation

In order to further improve the competitiveness of the production system, enhance operational efficiency and implement the internationalization strategy, the Group continued to streamline and discover its competitive internal production capacity, deepened the integration of the production side, and realized the rapid commercialization of products through the construction of API and preparation bases and engineering technology centers. By building internationally competitive star production lines and production bases, the Group established a CMO/MAH management system, promoted the integration of its product line resources, and facilitated the realization of star production lines and professional production bases for its products.

During the Reporting Period, the Group continued to promote the construction of comprehensive production bases, such as Xuzhou Comprehensive Base, Xingnuo Pharmaceutical API Base, Chongqing Changshou API Base, and Changde Dongting API Base, to increase the production capacity of APIs and preparations; expedited the construction of Shanghai Henlius's Songjiang Base to continuously expand the production capacity of biopharmaceutical drugs. As at the end of the Reporting Period, the construction of the main structure of the first phase of Chongqing Changshou Base and Changde Dongting Base had been completed, while the transfer and inspection of the first batch of products from Xingnuo Pharmaceutical API Base and Xuzhou Industrial Park Preparation Base had been completed, and new products will be continuously introduced with increased production capacity in the subsequent stage.

At the same time, during the Reporting Period, the Group continued to advance and implement Fosun Pharma Operation Excellence, and further upgraded to the FES management system based on FOPEX. Through in-depth analysis and study of each production stage of key products, the Group implemented optimization measures to improve processes, enhance quality and reduce cost, and enhanced product delivery capability. Focusing on revenue growth and R&D efficiency improvement, the Group worked on operation quality and continued to deepen informatization and intelligent transformation.

The Group placed great emphasis on quality and risk management throughout the life cycle of its products. Through different means including gap analysis, special inspection, special training, etc., the Group promoted its subsidiaries to establish a quality system in line with the domestic and international requirements, and enhanced the quality risk awareness and quality management capabilities of all member enterprises. During the Reporting Period, all production lines of the domestic pharmaceutical subsidiaries of the Group obtained domestic GMP certifications, and received over 60 official inspections as well as official sample tests on over 600 batches, all of which were passed smoothly.

2. Medical Devices and Medical Diagnosis

During the Reporting Period, the Group recorded revenue of RMB6,933 million from the medical devices and medical diagnosis segment, representing a year-on-year increase of 16.97%. Segment results amounted to RMB521 million after eliminating the effects from the transfer of the equity interest in Yaneng Biotech during 2021 and others, which increased by 11.87% on the same basis, and segment profit amounted to RMB771 million, which increased by 2.33% 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 benefitted from launch of new products and expansion of channels; and 2) revenue contribution from newly launched products such as COVID-19 antigen test kits.

The Group's medical device business has initially formed three major business divisions focusing on medical cosmetology, respiratory health and professional medical care.

In the field of medical cosmetology, during the Reporting Period, the revenue of Sisram Medical, a subsidiary, amounted to US$354 million and net profit amounted to US$40.08 million (based on the financial statements of Sisram Medical in its reporting currency), recording a year-on-year increase of 20.5% and 23.2%, respectively, the driving factors of which were the strong business growth in core regions such as North America and Asia Pacific, expansion and synergy in multi-dimensional product lines and channels, upgrades of R&D capabilities and infrastructure, and active talent management strategies. During the Reporting Period, while actively expanding its existing energy-based medical aesthetics equipment business, Sisram Medical carried out business deployment and integration on strategic tracks such as aesthetic dentistry, injectables and personal care. During the Reporting Period, Sisram Medical launched its first light-based home-use personal care brand, namely LMNT, and its first product, LMNT one, which were simultaneously marketed in China and Italy, and 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 addition, Sisram Medical also participated in investing 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 the field of respiratory health, the Group continued to increase its efforts to expand into the U.S. and Chinese markets while exploring the European market in depth. During the Reporting Period, the localized version of Breas's To C product Z1 ventilator has obtained the manufacturing license and achieved mass-production in Hainan; the localized production of Vivo45 and Vivo3 ventilators continued to progress. At the same time, investment in R&D has been increased, and the R&D of the next generation of portable ventilator Z3 has been initiated.

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 55 in 2022. Continuous progress in the localization was also made. During the Reporting Period, a medical robot manufacturing and R&D center integrating R&D, production and service has officially commenced construction in Shanghai.

In addition, the medical devices segment has formed a global marketing network that combines direct sales and distribution. During the Reporting Period, Sisram Medical, through strengthening its digital channels, 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 2022, the proportion of direct sales revenue further increased to approximately 66%. As at the end of the Reporting Period, the respiratory health sales network of the Group mainly covers Europe, the U.S., China, Japan, India 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, various 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-i1000 fully automated luminescence analyzer, F-i3000 fully automated chemiluminescence analyzer, F-C800p fully automated biochemical analyzer, nucleic acid extractor, and clinical chemistry and immunoassay integrated analyzer were launched successively with improvement in the instrument R&D capabilities. Among the chemiluminescence products, several reagent products for cardiac muscle, hormone, and thyroid function had entered the stage of mass production and commercialization; R&D of diagnostic reagents with high clinical value in the product pipeline such as high-speed biochemical testing instruments, complete assembly line equipment, fully automated molecular workstations, Glycotest HCC Panel (early liver cancer diagnosis and screening solution), several panels on Molecular POCT respiratory testing and infectious pathogen detection panels on the immunofluorescence chromatography platform were in progress.

3. Healthcare services

During the Reporting Period, the revenue from healthcare services segment amounted to RMB6,076 million, representing a year-on-year increase of 47.65%. Excluding the effect of the factors such as the newly acquired Guangzhou Xinshi Hospital during the Reporting Period, the segment revenue achieved an increase of 33.56% on the same basis. The revenue growth was mainly benefited from the growth of the online business and the revenue recovery of the hospitals. Due to the relatively large investment in the online business, the periodic decrease in diagnosis and treatment volume of hospitals and the initial loss of newly opened hospitals and other factors, segment results during the Reporting Period amounted to RMB–622 million, representing a year-on-year decrease of RMB255 million. Segment profit amounted to RMB–792 million, representing a year-on-year decrease of RMB359 million.

Currently, online consultations and online drug purchases have become a new trend in medical care for residents. Therefore, the Group expedited to promote medical digital transformation by actively exploring online and offline integrated service models. During the Reporting Period, taking "becoming a health management technology group worthy of global family trust" 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, gradually building an active health management model (FHMO) that integrates medicine and healthcare.

The Group continuously integrated online and offline scenarios both inside and outside the hospital, and provided services such as medical centers and regional medical institution alliance, specialized medical care and insurance empowerment based on its professional medical capabilities. As at the end of the Reporting Period, the Group obtained 10 internet hospital licenses in total, and the hospitals controlled by the Group had a total of 6,333 authorized beds.

During the Reporting Period, the women's and children's medical center of Foshan Fosun Chancheng Hospital and Shanghai Xingchen Children's Hospital were officially put into operation, further developing into the field of gynecology and pediatrics. At the same time, six medical institutions, including Foshan Fosun Chancheng Hospital and the medical associations within its radius, fully launched "Cloud HIS" (a new generation of smart medical cloud platform), while the online-offline integration of regional medical associations in the Greater Bay Area began to be piloted. The Group integrated internal and external high-quality medical resources to build a disciplinary engine and continuously improved the whole-course management services of specialties; and promoted the integrated development of professional and consumer medical services to provide one-stop health management services.

Regarding medical centers and regional medical institution alliance, 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. During the Reporting Period, the Group took self-operated flagship hospitals as the starting point to collaborate with regional medical institutions to integrate prevention, diagnosis, treatment and rehabilitation service, thereby meeting the diversified medical needs of the users. Meanwhile, the Group continued to improve disciplines and set up key specialty committees. Some of the medical institutions 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 Fosun 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. In addition, it continued to strengthen its group integrated operation, enhanced asset management efficiency and quality control compliance, and reduced costs significantly through the centralized procurement of drugs and devices.

Regarding specialized medical services, focusing on key specialized disease areas and centering on the needs of patients, the Group cultivated digital and intelligent capabilities and doctor resources system and established special supply chains, which gradually achieved management of specialized disease throughout the treatment course. The Group constructed a digital specialty center for 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 around 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. In addition, the Group created a medical service platform for COVID-19 prevention and treatment and an appointment platform for Comirnaty mRNA bivalent vaccination to provide one-stop specialty medical services. 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 insurance empowerment, the Group provided insurance and health management services to users, focused on the two major businesses of regional medical care and specialized medical care, and assisted in the building up of FHMO ecological closed loop. Leveraging on the specialty departments and cutting-edge medical technologies of medical centers and regional medical associations, the Group created customized innovative insurance payment solutions, allowing more patients to enjoy specialized medical services while promoting the in-depth integration of insurance and medical services. Based on the extensive cooperation with retail pharmacies, insurance companies and pharmaceutical companies, the Group have created innovative payment plans for various diseases such as breast cancer, cervical cancer, tumors and liver disease to reduce the pressure on patients to purchase drugs, and simultaneously provided specialized disease management services to enhance the value conversion of patients. At the same time, the Group gradually consolidated its platform operation and medical service capabilities by utilizing private doctor resources, so as to provide insurance customers with differentiated services of online medical care, health management and drug purchase and lay an FHMO foundation for the integration of medicine and healthcare.

4. Pharmaceutical Distribution and Retail

In 2022, Sinopharm recorded revenue of RMB552.148 billion, net profit of RMB14.345 billion and net profit attributable to shareholders of the parent of RMB8.526 billion, representing an increase of 5.97%, 9.80% and 9.89% as compared to last year, respectively.

In respect of the pharmaceutical distribution, Sinopharm actively complied with the industry transformation trend, strengthened its service capability of distribution network, and ensured the steady growth of key regions and markets while continuously improving the coverage and penetration ratio of business network. Sinopharm accelerated to promote the innovation of supply chain model and service transformation to expand new growth points, and gradually improved a service ecology of "medical, medicine, patient, insurance" and "wholesale-retail integration" by deepening the cooperation with manufacturers. In 2022, Sinopharm recorded a revenue of RMB406.604 billion from pharmaceutical distribution business, representing a year-on-year increase of 4.27%.

In respect of medical devices, relying on its network coverage and service advantages, Sinopharm actively focused on the transformation of the B-end market operation mode, accelerated the expansion of its comprehensive service advantages, and consolidated its barriers to competition. In 2022, Sinopharm recorded a revenue of RMB120.851 billion from medical device business, representing a year-on-year increase of 11.77%.

In respect of retail pharmacy, Sinopharm continued to strengthen the network layout and regional coverage of retail pharmacy segment, focusing on improving the coverage of cities in China without operating business and hospital-oriented businesses. As at the end of the

Reporting Period, there were 494 new stores in the retail pharmacy segment. In 2022, Sinopharm recorded a revenue of RMB32.979 billion from retail pharmacy business, representing a year-on-year increase of 13.49%.

5. Financing

During the Reporting Period, the Group continued to optimize its debt structure, reasonably controlled the debt scale and comprehensive financing cost, and through diversified financing channels, effectively seized the opportunities in the industry so as to ensure the long-term sustainable development.

In 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 APIs and preparations, as well as replenishment of working capital. The Non-public 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.

In 2022, the Company actively deepened its good cooperation with domestic and foreign financial institutions. It completed the registration of RMB6.0 billion super short-term commercial paper and RMB4.0 billion medium-term notes in the inter-bank market, obtained sustainability-linked syndicated loan of US$400 million and issued RMB0.5 billion medium-term notes, thus further improving its diversified financing channels.

III. CORE COMPETENCE ANALYSIS

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

1. Advantages in R&D and innovation. The Group connected with teams with outstanding scientific talents, leading technologies and high-value products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, license-in projects and deep incubation. 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 3,600 R&D personnel, of which over 1,900 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB5,885 million, accounting for 13.39% 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 7,100 employees. The Group had also built up a comprehensive support system in medical affairs, market access, medical strategic alliance, brand promotion, etc.

IV. MAJOR OPERATIONS IN THE REPORTING PERIOD

(I) Analysis on Principal Operations

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

Unit: million Currency: RMB

Items	Amount for the year	Amount for last year	Year-on-year change (%)	*Reasons*
Revenue	43,811	38,864	12.73	*Note 1*
Cost of sales	23,170	20,230	14.53	*Note 2*
Selling and distribution expenses	9,171	9,101	0.77	*Note 3*
Finance costs	964	823	17.13	*Note 4*
Other expenses	2,965	1,164	154.73	*Note 5*
Tax	627	1,066	–41.21	*Note 6*
Net cash flow generated from financing activities	4,428	–819	640.66	*Note 7*

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

Note 2: The year-on-year increase in cost of sales was slightly higher than the year-on-year increase in revenue, which was mainly due to the impact of low gross profit margin businesses such as overseas sales of non-proprietary public health protection supplies, as well as the increase in the unit costs of some products as affected by factors including the increase in labor costs and the increase in the prices of raw and auxiliary materials during the Reporting Period.

Note 3: Mainly due to: (1) the Group continued to strengthen the control of sales expenses and achieved remarkable effects; (2) the year-on-year decrease in the sales 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 during the Reporting Period.

Note 4: Mainly due to the increase in interest expenses as a result of the increase in interest-bearing liabilities.

Note 5: Mainly due to: (1) the cumulative profits or losses from changes in fair value transferred to the investment income for the disposal of BNTX shares; and (2) the losses from changes in the fair value of investment in debt instruments held by subsidiaries during the Reporting Period.

Note 6: Mainly due to the decrease in taxable profits and R&D expenses being affected by factors including the phased preferential tax policies during the Reporting Period.

Note 7: Mainly due to the cash inflows arising from the issuance of new shares during the Reporting Period.

2. *Analysis of Revenue and Cost of Sales*

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

Unit: million Currency: RMB

Principal Operations by Segments

By segments	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year change in revenue (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross margin
Pharmaceutical manufacturing(Note 1)	30,693	13,840	54.91	6.78	—	increase of 3.01 percentage points
Medical devices and medical diagnosis(Note 2)	6,933	4,289	38.14	16.97	40.99	decrease of 10.59 percentage points
Healthcare services	6,076	4,945	18.61	47.65	48.36	decrease of 0.39 percentage point

Principal Operations by Products

By products	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year change in revenue (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross margin
Major products of anti-tumor and immune modulation(Note 3)	5,522	1,074	80.55	39.44	29.55	increase of 1.48 percentage points
Major products of metabolism and alimentary system	2,883	614	78.70	–0.24	1.82	decrease of 0.43 percentage point
Major products of anti-infection(Note 4)	8,582	4,007	53.31	–0.45	–19.08	increase of 10.75 percentage points
Major products of central nervous system(Note 5)	1,003	101	89.93	–11.79	3.06	decrease of 1.45 percentage points
Major products of cardiovascular system(Note 6)	2,115	1,364	35.51	6.12	8.77	decrease of 1.57 percentage points
Major products of APIs and intermediate products	1,248	921	26.20	9.96	9.12	increase of 0.56 percentage point

	Principal Operations by Geographical Locations					
By Geographical Locations	**Revenue**	**Cost of sales**	**Gross profit margin (%)**	**Year-on-year change in revenue (%)**	**Year-on-year change in cost of sales (%)**	**Year-on-year change in gross margin**
Chinese mainland*(Note 7)*	29,873	14,484	51.51	18.27	21.78	decrease of 1.40 percentage points
Regions outside Chinese mainland and other countries*(Note 8)*	13,938	8,686	37.68	2.49	4.22	decrease of 1.04 percentage points

Note 1: The increase in gross profit margin of the pharmaceutical manufacturing segment as compared with the same period last year was mainly due to the continuous optimized product structure, and the increasing proportion of new products and sub-new products with higher gross profit margin in total revenue.

Note 2: The increase in revenue and cost of sales of 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) the contribution from the revenue of COVID-19 antigen test kits; and (3) the contribution of overseas sales of non-proprietary public health protection supplies.

The decrease in gross profit margin of the medical devices and medical diagnosis segment 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 public health protection supplies. Excluding the effects of equity transfer of Yaneng Biotech, the gross profit margin of the medical devices and medical diagnosis segment decreased by 4.86 percentage points on the same basis.

Note 3: The increase in gross profit margin of major products of anti-tumor and immune modulation as compared with the same period last year was mainly due to the revenue growth and gross profit of new products such as Han Qu You and Han Si Zhuang.

Note 4: The increase in gross profit margin of the major products of anti-infection as compared with the same period last year was mainly due to the effect of Comirnaty (mRNA COVID-19 vaccine).

Note 5: 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 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 impact of the increase in the price of front-end raw materials on heparin sodium series preparations and other varieties, and thus the cost of sales rose and the gross profit margin fell.

Note 7: 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 labor cost and increase in the prices of main raw and auxiliary materials.

Note 8: The increase in revenue and cost of sales in other regions outside Chinese mainland and other countries was mainly due to the contribution from the increase in sales income of Sisram Medical and overseas sales of public health protection supplies; 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 public health protection supplies (non-proprietary products).

(2) *Analysis of Production and sales volume*

Major products	**Unit**	**Production volume**	**Sales volume**	**Inventory**	**Year-on-year change in production volume** *(%)*	**Year-on-year change in sales volume** *(%)*	**Year-on-year change in inventory** *(%)*
Comirnaty (mRNA COVID-19 vaccine)	'0,000 doses	N/A	1,554	7	N/A	–30	100
Han Qu You (trastuzumab injection) (converted as 150mg/vial)	'0,000 vials	143	128	29	69	71	105
Han Li Kang (rituximab injection) (converted as 100mg/vial)	'0,000 vials	171	150	45	15	5	87
Jie Bei An (Azvudine tablets) (converted as 1mg/tablet*35 tablets/bottle)	'0,000 bottles	N/A	647	23	N/A	N/A	N/A

Note: During the Reporting Period, the top five products are: Comirnaty (mRNA COVID-19 vaccine), Han Qu You (trastuzumab injection), Han Li Kang (rituximab injection), Jie Bei An (Azvudine tablets), and heparin series preparations. In particular, the sales of Jie Bei An (Azvudine tablets) commenced in the second half of 2022, so the year-on-year change comparisons are not applicable. Heparin series preparations involve products in multiple dosage forms, and it is impossible to convert products of different dosage forms into corresponding production and sales volume according to the same standard.

(3) *Analysis of Cost*

Unit: million Currency: RMB

By Segments

By Segments	Cost	Amount for the period	Percentage of the total cost for the period (%)	Amount for the corresponding period of last year	Percentage of the total cost for the corresponding period of last year (%)	Ratio of change for the period as compared with the corresponding period of last year (%)
Pharmaceutical manufacturing	Cost of products	13,840	59.73	13,840	68.42	—
Medical devices and medical diagnosis(Note 1)	Cost of products and goods	4,289	18.51	3,042	15.04	40.99
Healthcare services(Note 2)	Cost of services	4,945	21.34	3,333	16.48	48.36

Unit: million Currency: RMB

By Products

By Products	Cost	Amount for the period	Percentage of the total cost for the period (%)	Amount for the corresponding period of last year	Percentage of the total cost for the corresponding period of last year (%)	Ratio of change for the period as compared with the corresponding period of last year (%)
Major products of anti-tumor and immune modulation(Note 3)	Cost of products	1,074	7.76	829	5.99	29.55
Major products of metabolism and alimentary system	Cost of products	614	4.44	603	4.36	1.82
Major products of anti-infection(Note 4)	Cost of products	4,007	28.95	4,952	35.78	–19.08
Major products of central nervous system	Cost of products	101	0.73	98	0.71	3.06
Major products of cardiovascular system	Cost of products	1,364	9.86	1,254	9.06	8.77
Major products of APIs and intermediate products	Cost of products	921	6.65	844	6.10	9.12

Note 1: Mainly due to the revenue growth of the medical devices and medical diagnosis business during the Reporting Period.

Note 2: Mainly due to the growth of the online business and the revenue growth of the offline healthcare services during the Reporting Period.

Note 3: Mainly due to the contribution from the continuously increasing sales of new products and sub-new products such as Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets)

Note 4: Mainly due to the year-on-year decrease of the sales of Comirnaty (mRNA COVID-19 vaccine).

(4) *Major Customers and Suppliers*

Sales to the top 5 customers of the Group amounted to RMB11,078 million, representing 25.20% of the total sales for the year.

Purchases from the top 5 suppliers of the Group amounted to RMB3,201 million, representing 15.60% of the total purchases for the year.

3. *Expenses*

During the Reporting Period, the sales expense of the Group amounted to RMB9,171 million and the sales expense ratio was 20.93%, representing a decrease of 2.48 percentage points as compared to last year. The main reasons for the year-on-year decrease are as follows: (1) the Group continued to strengthen the control of sales expenses which was effective; (2) the year-on-year decrease in the sales 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.

During the Reporting Period, the general and administrative expenses of the Group amounted to RMB3,916 million, representing a year-on-year increase of 18.17%. The main reasons for the year-on-year increase in the general and administrative expense are as follows: (1) effect as a result of the newly acquired companies; and (2) in 2022, the production, supply chain, logistics as well as the number of hospital offline diagnosis and treatment faced temporary pressure, and the related general and administrative expenses increased accordingly.

During the Reporting Period, the R&D expenses of the Group amounted to RMB4,302 million, representing a year-on-year increase of 12.12%. The change in R&D expenses was mainly due to the increase in the R&D expenditures in biopharmaceutical drugs and small molecular innovative drugs, and the increase in R&D expenditures in the innovation incubation platform during the Reporting Period.

During the Reporting Period, the finance expenses of the Group amounted to RMB964 million, representing a year-on-year increase of 17.13%. The change in finance expenses was mainly due to the increase in interest expenses caused by the increase in interest-bearing liabilities during the Reporting Period.

4. *R&D Expenditures*

Accounting treatment of R&D expenditures

The Group divides expenses for internal R&D projects into expenses in the research phase and expenses in the development phase. Expenses in the research phase are recognized in profit or loss for the period as incurred. Expenses in the development phase may only be capitalized if the following conditions are satisfied simultaneously: the completion of such intangible assets for use or sale is technically feasible; the Company has the intention to use or sell the intangible assets upon completion; the way in which the intangible assets bring economic benefits shows that there exists a consumption market for the products with use of these intangible assets or the intangible assets themselves, or that they are useful in case of internal utilization; the Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them available for use or sale; and the expenses attributable to such intangible assets can be measured reliably at the development stage. Development expenses not satisfying all of the above conditions are recognized in profit or loss of the period as incurred. Combining the characteristics of the R&D process of the pharmaceutical industry and of the Group itself, the Group's expenses for its R&D projects may only be accounted for as capitalized R&D expenses if they are incurred after relevant approvals or certificates (Approval for Clinical Trial and Pharmaceutical Product Registration Approval Document based on Measures on the Registration Administration of Medicines (藥品註冊管理辦法) issued by NMPA or approval from international drug regulatory authority on the regulatory market) are obtained, and if the present value of the Company's future cash flow or realizable value resulting from the evaluated project results are higher than the book value. The remainder of the R&D expenses would be expensed.

R&D Expenditures

Unit: million Currency: RMB

R&D expenditures expensed for the year	4,302
R&D expenditures capitalized for the year	1,583
Total R&D expenditures	5,885
Total R&D expenditures as a percentage of revenue (%)	13.39
R&D expenditures in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	16.54
The number of R&D staff in the Group	3,646
The number of R&D staff as a percentage of the total number of staff in the Group (%)	9.50
Percentage of R&D expenditures capitalized (%)	26.90

Descriptions

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB5,097 million, representing a year-on-year increase of 13.62%, accounting for 16.54% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,552 million, representing a year-on-year increase of RMB193 million or 5.75%, accounting for 11.53% of the revenue from the pharmaceutical manufacturing segment. The increase in R&D expenditures was mainly due to the increase in the R&D expenditures in biopharmaceutical drugs and small molecular innovative drugs, and increase in R&D expenditures in the innovation incubation platform during the Reporting Period.

5. ***Cash Flows***

Unit: million Currency: RMB

Items	Amount for the period	Amount for the corresponding period of last year	Ratio of Change *(%)*	Reasons
Net cash flow generated from operating activities	4,218	3,938	7.10	Due to the cash flow contribution from the growth of revenue and recurring income during the Reporting Period
Net cash flow generated from investment activities	–4,064	–3,857	–5.37	Due to the combined effect of investment expenses such as the acquisition of Guangzhou Xinshi Hospital and Daiichi Sankyo (Beijing), as well as the investment income from the disposal of BNTX shares during the Reporting Period
Net cash flow generated from financing activities	4,428	–819	640.66	Due to the increase in net inflows from financing activities of the non-public issuance of A Shares during the Reporting Period

(II) Assets and liabilities analysis

As at 31 December 2022, the gearing ratio, calculated as total interest-bearing bank and other borrowings over total assets, was 27.18%, as compared with 26.28% as at 31 December 2021.

Assets and liabilities

Unit: million Currency: RMB

Items	Amount as at the end of the period	Percentage of the amount as at the end of the period to the total asset *(%)*	Amount as at the end of last period	Percentage of the amount as at the end of last period to the total assets *(%)*	Ratio of change for the amount as at the end of the period as compared with the amount as at the end of last period *(%)*	Reasons
Equity investments designated at fair value through other comprehensive income	15	0.01	30	0.03	–50.00	Mainly due to the changes in the fair value of financial assets during the Reporting Period
Financial assets at fair value through profit or loss — non-current	2,389	2.23	1,206	1.29	98.09	Mainly due to the increase in investment in financial assets during the Reporting Period
Deferred tax assets	443	0.41	266	0.29	66.54	Mainly due to the newly added deferred tax assets of subsidiaries
Other non-current assets	2,957	2.76	2,014	2.16	46.82	Mainly due to the additional royalty payment of subsidiaries
Financial assets at fair value through profit or loss — current	929	0.87	4,241	4.55	–78.09	Mainly due to factors such as the disposal of BNTX shares and the changes in debt instrument investments held by subsidiaries during the Reporting Period
Debt investments at fair value through other comprehensive income	559	0.52	428	0.46	30.61	Mainly due to the increase in discounted bills during the Reporting Period

Items	Amount as at the end of the period	Percentage of the amount as at the end of the period to the total asset *(%)*	Amount as at the end of last period	Percentage of the amount as at the end of last period to the total assets *(%)*	Ratio of change for the amount as at the end of the period as compared with the amount as at the end of last period *(%)*	Reasons
Cash and bank balances	16,241	15.16	10,317	11.06	57.42	Mainly due to the non-public issuance of A shares of the Company during the Reporting Period
Contract liabilities — current	1,545	1.44	1,154	1.24	33.88	Mainly due to the increase in advances from customers during the Reporting Period
Tax payable	619	0.58	474	0.51	30.59	Mainly due to the increase in income tax payable during the Reporting Period
Lease liabilities — current	184	0.17	141	0.15	30.50	Mainly due to the increase in operating lease assets due within one year
Interest-bearing bank borrowings and other borrowings — non-current	12,100	11.30	9,049	9.70	33.71	Mainly due to the increase in long-term bank borrowings
Contract liabilities — non-current	354	0.33	239	0.26	48.12	Mainly due to the increase in advances from customers during the Reporting Period

(III) Analysis on investments

Major Subsidiaries and Investees

(1) *Operation and Results of Subsidiaries*

① Operation and Results of Major Subsidiaries

Unit: million Currency: RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical R&D and manufacturing	197	7,364	5,420	5,022	909	805
Wanbang Pharma	Pharmaceutical R&D and manufacturing	492	6,592	3,634	7,941	828	737
Gland Pharma*(Note 1)*	Pharmaceutical R&D and manufacturing	N/A	9,274	7,985	3,371	923	689

Note 1: The data for Gland Pharma is prepared in accordance with Indian Generally Accepted Accounting Principles.

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

② Status of Other Major Subsidiaries

Unit: million Currency: RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Net profit
Foshan Fosun Chancheng Hospital*(Note 1)*	Healthcare services	50	3,605	2,028	2,143	111
Sisram Medical*(Note 2)*	Medical devices R&D and manufacturing	N/A	3,870	3,010	2,385	270
Shanghai Henlius*(Note 3)*	Pharmaceutical R&D and manufacturing	543	8,924	1,636	3,215	–695

Note 1: The data for Foshan Fosun Chancheng Hospital included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

Note 2: The data for Sisram Medical is prepared in accordance with International Financial Reporting Standards.

Note 3: The data for Shanghai Henlius is prepared in accordance with International Financial Reporting Standards. Shanghai Henlius published an announcement on the Hong Kong Stock Exchange on 27 March 2023 to disclose its 2022 financial data, the audit work for which had not been completed. After the communication between the management of the Company and the management of Shanghai Henlius, and the communication between the annual audit accountants of the Company and the annual audit accountants of Shanghai Henlius, the following assessment was made: in view of the fact that the amount of the items in Shanghai Henlius's 2022 financial statements in respect of which Shanghai Henlius's annual audit accounts had not yet completed the audit work did not have a significant impact on the Group's 2022 consolidated financial statements; accordingly, the financial data relating to Shanghai Henlius included in the Group's 2022 audited consolidated financial statements were adopted from the 2022 financial data in the aforesaid announcement of Shanghai Henlius.

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

Unit: million Currency: RMB

Name of the company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial	Pharmaceutical investment	100	364,719	110,382	552,148	18,470	14,333

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

① *Acquisition of Subsidiaries during the Reporting Period*

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

Unit: million Currency: RMB

Name of subsidiary	Acquired through	Net assets (as at the end of the Reporting Period)	Net profit (from date of acquisition/ merger up to the end of the Reporting Period)	Date of acquisition/merger
Guangzhou Xinshi Hospital	Equity transfer	632	–22	20 January 2022
Shanghai Xingchuang Health	Equity transfer	3	–2	10 March 2022
Xingmai Technology	Equity transfer	423	–43	8 August 2022
Beijing Jiluohua	Equity transfer	346	34	25 August 2022
Fuyun Health	Equity transfer	–39	–27	30 September 2022

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

② Disposal of Subsidiaries during the Reporting Period:

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

Unit: million Currency: RMB

Name of subsidiary	Disposed through	Net assets as at date of disposal	Net profit from beginning of Reporting Period to date of disposal	Date of disposal
Huanghe Pharma	Equity transfer	30	—	3 January 2022
Xuzhou Fengyouhui	Deregistration	—	—	21 February 2022
Shanghai Transfusion	Equity transfer	58	5	28 February 2022
Xingxiao Medical	Deregistration	—	—	8 October 2022
Shanghai Fosun Biological	Deregistration	—	1	30 November 2022

(IV) Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had a total of 38,399 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.

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

I. Industry Landscape and Trends

In 2023, the pharmaceutical and medical industry in China will still be in an important stage of development and transformation and both tough challenges and opportunities for innovation and internationalization will be presented. In terms of market demand and payment, in view of the accelerated population aging and increased burden caused by disease, as well as the growing awareness in health among residents, the government emphasizes health sector and further increases investment in public health and medical health so as to encourage innovative R&D and development of new treatment technologies from a policy level. The pharmaceutical industry in China will continue to maintain growth outpacing GDP growth. With the population aging and the development of treatment technology, the spectrum of disease also changes. The prevalence and diagnosis rate of tumors and immune system diseases continue to rise. The population of patients with chronic diseases continues to expand, and there are still an enormous amount of clinical treatment needs to be met. These drivers will encourage local companies to firmly follow the path of innovation and transformation, and provide patients with new treatments with higher efficacy and affordability. In terms of industry policies, enterprises are led and encouraged by the State to undergo upgrade and structural optimization in terms of strategic emerging industries, in order to achieve the overall transformation of the local pharmaceutical industry while aiming at high-value innovations and promoting high quality development. In terms of payment policies, the National Medical Insurance Drug Catalogue is further enhanced to include new products into the catalogue at a faster pace, which reflects the policy orientation of innovation accessibility and affordability. Normalized and institutionalized implementation of centralized procurement of drugs in quantity is undertaken and the scope of centralized procurement of high-value medical supplies in quantity is continuously expanded, which further makes scope for medical insurance payment and accelerates the medical insurance coverage of innovative products. The policies continue to support the long-term healthy development of innovative, large-scale domestic pharmaceutical enterprises with international presence. Internet healthcare has received unprecedented attention and development, and the industry will embrace a new era of rapid development of digitalization.

The industry has become more regulated, standardized and professional, with a further rise in level of centralization of the industry. The continuous upgrade of the industry presents pressure and challenges in terms of operations in the transformation process to local enterprises in the short term. Nevertheless, such circumstance will benefit the rapid development of leading enterprises and innovative individual business in the long term. On the other hand, as relatively greater uncertainties lurk within the global economy and international political environment, the international expansion of domestic enterprises will be subject to various challenges. However, as domestic market demand continues to grow at a steady pace, it will be difficult for the trend of transnational information, technology, talents and capital flows to reverse in the long run, which presents the scope of international development for enterprises with independent innovation

capabilities. While facing favorable capital market conditions and opportunities in the product market, the international expansion of pharmaceutical enterprises is also consistent with the policy directions of the government's industry plans.

II. Corporate Development Strategies

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

III. Operation Plan

In 2023, the Group will continue to accelerate innovation and vigorously expand into the international market. It will also actively deploy products and technologies in therapeutic areas with greater unmet needs. The Group will strengthen R&D efficiency and optimize its product structure. The Group will enhance its operational efficiency in the healthcare service industry, expand the construction of competitive disciplines, and continue to implement online and offline integration. Meanwhile, the Group will continue to promote lean operations to reduce costs and increase efficiency, and optimize its financial structure.

In order to achieve the above operating objectives, specific strategies and actions include:

Pharmaceutical Manufacturing

In terms of innovative drug business, the Group will continue to optimize its R&D strategy, focus on its competitive resources to ensure the smooth advancement of key projects, and increase international BD cooperation to expand its pipelines and consolidate its dominant position in hematological tumors, solid tumors and other fields. At the same time, the Group will actively promote the overseas export of quality products and promote global simultaneous development. Through innovative global marketing, the Group will strengthen product life cycle management, maximize the commercial value of innovative products, and strive to create a matrix of billion-dollar blockbuster products.

Under the influence of factors such as the normalization of centralized procurement and the restructuring of the global supply chain, in terms of the established medicines manufacturing & supply business, the Group will continue to focus on R&D, industrial collaboration and efficiency improvement. In terms of R&D, the Group will establish R&D projects for first/first three generic drugs, difficult generic drugs and differentiated products, efficiently promote the development of pipeline products, and make deployment in high-end technology platforms such as transdermal patches, orally soluble films, mini-tablets and liposomes. The Group will further deepen the industrial layout, strengthen the integration of APIs and preparations, comprehensively improve operational efficiency, and continuously reduce costs and increase efficiency. In terms of marketing, the Group will actively respond to centralized procurement and accelerate the transformation of the marketing model. Focusing on markets such as the United States, Europe, Africa, the Middle East, India, Southeast Asia, and Latin America, the Group will comprehensively advance its global layout. The Group will also strengthen the development of its talent team, promote the implementation of strategies and create an internationally competitive generic drug industry chain.

In terms of the vaccines business, the Group will continue to enrich the product portfolio of bacterial vaccines, viral vaccines and emerging vaccine technology platforms. The Group will actively promote the phase III clinical trials of 13-valent pneumococcal conjugate vaccine (multivalent combinations), accelerate the marketing progress of rabies vaccine (Vero cell) for human use (freeze dried) and quadrivalent influenza virus lysate vaccine, and orderly advance the R&D of strategic vaccine products in the pipeline. At the same time, the Group will strengthen independent R&D and open cooperation, reinforce the core competitiveness of the vaccine technology platform, and continue to promote the improvement of the production capacity and quality system of the vaccine industry.

Medical Devices and Medical Diagnosis

In terms of the medical devices business, the Group will continue to focus on professional integration and concentration towards independent R&D to make more breakthroughs. Through diversified means including continuous increase in R&D expenditure, license-in and cooperation,

and setting up funds, the Group will enrich its business and product layout and further promote the professional and platform development of the medical devices business. In terms of the medical diagnosis business, the Group will continue to deepen the product line portfolios in the construction of product matrix, 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 focus on infection, tumor, cerebro-cardiovascular, reproductive, digestion and metabolism, central nervous system and other fields, enrich its product and service mix, and provide customers with comprehensive solutions.

The Group will continue to leverage its strengths in international operations, strategically make active deployment in the field of precision medicine and cutting-edge technology platforms in life sciences, rapidly gain market access through its global license-in capabilities and channels, and reinforce the strategic mergers and acquisitions of leading companies or key technologies in sub-sectors. The Group will continue to create special products to enhance differentiated competitiveness, maintain industry foresight and strengthen brand building. It will also continue to enhance the competitiveness of overall clinical solutions to achieve the business growth of the medical devices and medical diagnosis segment.

Healthcare Services

Based on its existing digital platforms and medical resources, in terms of the healthcare services business, the Group will continue to deepen its business deployment in the fields of medical centers and regional medical institution alliance, specialized medical care and insurance empowerment. It will continue to integrate online and offline services, improve specialized service capabilities and a full life cycle management system based on patients' disease process, and accelerate the implementation of the active health management model (FHMO) that integrates medicine and healthcare. The Group will continue to strengthen its core capabilities, consolidate its doctor resource system, optimize its special supply chain, and enhance the operational efficiency of its platforms, with a view to achieving the goal of providing users with a one-stop healthcare service based on medical-grade trust and a full-cycle closed-loop solution as early as possible.

Pharmaceutical Distribution and Retail

In 2023, the Group will continue to support and facilitate consolidation and rapid development of Sinopharm in its pharmaceutical and medical devices distribution business and the continued expansion of the competitive advantages of Sinopharm in the pharmaceutical and medical devices distribution sectors.

Financing

In 2023, the Group will continue to explore the financing channels domestically and internationally, optimize its financial structure, and put the liability size and comprehensive financing costs under control.

With the organic growth of the Group and the steady growth in the industry consolidation, the Group expects to invest approximately RMB3 billion for production capacity expansion, plant relocation, the development of GMP and reconstruction and expansion of hospitals in 2023. Primary sources of funding will include, among others, the Group's own capital, cash flow from operating activities, and proceeds from debt financing and equity financing.

IV. 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, the pharmaceutical market environment continues changing significantly, and innovative transformation, industry consolidation and transformation in business models are inevitable. As the connection between the elements in "Three Medical Linkages" grow stronger, the promotion and implementation of policies on national and regional centralized procurement in quantity for drugs, rational use of drugs, restriction on adjuvant drugs and new policies including medical expense growth control, price and payment method adjustments for medical insurance payments, National Essential Medicine List adjustments, tendency to innovative medicine with high cost efficiency in the Medical Insurance Catalogue and biosafety and environmental protection affect the production costs and profitability of the entire pharmaceutical industry and have brought about a renovated competitive structure to the industry.

With respect to medical devices and medical diagnosis, the policies encourages the integration of the company's resources and advantage complementation, and putting innovation as the development focus, which 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 brings 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 advances the new stage of healthcare service industry development from the mode of solely offline services into an integrated business of both online and offline services.

In this regard, the Group will closely monitor and conduct research on the policy trends of related industries, keep abreast of the development trends of the industry, continuously improve business management, and 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 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 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 drugs 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 addition, the competition for generic drugs in the overseas markets, mainly in the U.S., is fierce, and drug regulatory agencies implemented increasingly stringent requirements on production quality. These factors constitute unavoidable risks during the deepening of internationalization. In emerging markets such as Africa, more and more Indian generic drugs 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 R&D efficiency. At the same time, the Group will enhance the benefits from economies of scale, and actively reduce costs and increase productivity for production. In terms of marketing, the Group will increase efforts in market development and enhance the marketability of products, 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, etc. 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 launch of innovative products,; at the same time 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 subsidiaries 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, use and other matters. Meanwhile, 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 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 manufacturing of products 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 will continuously strengthen production safety management, reinforce staff training and implement relevant safety production measures to reasonably control risks. Meanwhile, the Company will attach importance and fulfill its social responsibility for environmental protection, 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 regulatory environment and 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 may be confronted with legal, policy and operating risk exposures during the process of mergers, acquisitions and business consolidations. Upon completion of 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.

OTHER EVENTS

I. 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 10 subscribers (including equity investment fund management companies, securities companies, asset management companies, qualified foreign institutional investors and other qualified investors which meet the requirements of the CSRC) of the Non-public Issuance entered into the share subscription agreement in relation to the Non-public Issuance. The issuance price of the Non-public Issuance was RMB42.00 per share (while the A Share closing price of the trading day (i.e. 12 July 2022) prior to the price determination date was RMB46.82), 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. After deducting the issuance expenses,

the net proceeds amounted to 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 share registration of the newly issued 106,756,666 A Shares of the Non-public Issuance was completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The Non-public Issuance will facilitate the Group to promote the R&D of new drugs, to consolidate production capacity and to continuously optimize the Group's financial structure.

II. Existing Corporate Bonds

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 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 remaining principal of RMB1,091.95 million and the interest for the last tranche 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.

In November 2022, the payment of the remaining principal of RMB240 million and the interest for the last tranche of the Public Issuance of the Second Tranche of Corporate Bonds (Type 1) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in 2018 (18 Fosun Pharma 02) (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)(品種一)(18復藥02)) was completed and the related bonds were delisted.

III. Issuance of 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.

IV. Approval for Registration of Inter-bank Market Debt Financing Instruments

In July 2022 and August 2022, the NAFMII issued the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2022] No. SCP230) (《接受註冊通知書》(中市協註[2022]SCP230號)) and the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2022] No. MTN716) (《接受註冊通知書》(中市協註[2022]MTN716號)), respectively, for acceptance of the registration of the super short-term commercial paper and medium-term notes of the Company. The registered amount for the super short-term commercial paper and medium-term notes is RMB6 billion and RMB4 billion, respectively. Such registered amount shall be effective for 2 years commencing from 14 July 2022 and 12 August 2022, respectively, and may be issued in tranches within the effective registration period.

As at the end of the Reporting Period, no super short-term commercial paper or medium-term notes have been issued by the Company under the above-mentioned registered amount.

V. Shareholding Reduction of the Controlling Shareholder

On 2 September 2022, the Company received a written notification by Fosun High Tech, the controlling shareholder of the Company that Fosun High Tech proposed to reduce its shareholding of A Shares not exceeding 3% of the Company's total share capital, of which: it proposed to reduce its shareholding of A Shares not exceeding 1% of the Company's total share capital during the period from 27 September 2022 to 26 March 2023 (both dates inclusive) through centralized price bidding, and to reduce its shareholding of A Shares not exceeding 2% of the Company's total share capital during the period from 8 September 2022 to 7 March 2023 (both dates inclusive) through block trade.

On 24 October 2022, the Company received a written notification from Fosun High Tech that from 14 September 2022 to 30 September 2022 (both dates inclusive), Fosun High Tech, under the shareholding reduction plan, reduced its shareholding of a total of 39,106,635 A Shares (among which, a total of 26,696,535 A Shares, representing approximately 1.00% of the total share capital of the Company as at 24 October 2022 (i.e. 2,669,655,211 Shares, same as below) were reduced through centralized price bidding; a total of 12,410,100 A Shares, representing approximately 0.46% of the total share capital of the Company as at 24 October 2022 were reduced through block trade). Apart from the shareholding reduction plan, from 30 September 2022 to 11 October 2022 (both dates inclusive), Fosun High Tech, through centralized price bidding, reduced its shareholding of a total of 13,392,700 A Shares (representing approximately 0.50% of the total share capital of the Company as at 24 October 2022). In addition, Fosun High Tech decided to terminate the shareholding reduction plan ahead of schedule on 24 October 2022, and undertook not to reduce its shareholding in the Company within one year from 24 October 2022.

As at 24 October 2022, Fosun High Tech directly held a total of 957,129,455 Shares of the Company, including 885,595,955 A Shares and 71,533,500 H Shares.

VI. Voluntary Increase in Shareholding by Directors and Senior Management of the Company

On 6 September 2022, the Company received a written notification from executive Directors and some senior management of the Company, totaling 18 persons (the "**Shareholding Increase Participants**"). The Shareholding Increase Participants would voluntarily increase their shareholding of not less than 460,000 Shares of the Company (including A Shares and/or H Shares) with their own funds during the 15 trading days from 7 September 2022 (inclusive) through ways permitted by the trading system of the Shanghai Stock Exchange (including Hong Kong Stock Connect) and the trading system of the Hong Kong Stock Exchange.

As at 28 September 2022, the period of the above Share increase plan was lapsed. The Shareholding Increase Participants increased their shareholding of a total of 475,300 Shares of the Company, representing approximately 0.0178% of the total share capital of the Company as at 28 September 2022 (i.e. 2,669,655,211 Shares).

VII. 2022 Restricted A Share Incentive Scheme

The 2022 Restricted A Share Incentive Scheme was approved by the Shareholders of the Company at each of the extraordinary general meeting, the A Shareholders class meeting and the H Shareholders meeting ("**General Meetings**") held on 29 November 2022, respectively. Pursuant to the 2022 Restricted A Share Incentive Scheme, the Company proposed to grant up to 3,434,300 restricted Shares to the participants. Among which, up to 2,747,500 restricted A Shares were proposed to be granted to 143 participants at the price of RMB21.29 per share under the first grant, and up to 686,800 restricted Shares were reserved for further grant.

On 1 December 2022, as 5 proposed participants ceased to be employed by the Group and no longer fell within the scope of the participants, the Board resolved, under the authorization of the above-mentioned General Meetings, to adjust the list of participants and the number of restricted A Shares involved in the first grant of the 2022 Restricted A Share Incentive Scheme. The Board also resolved to grant a total of 2,706,400 restricted A Shares to 138 proposed participants under the first grant on 1 December 2022, as the grant date, at the grant price of RMB21.29 per share.

As disclosed in the announcement of the Company dated 14 December 2022, except for 12 participants (who were granted a total of 205,000 restricted A Shares) who voluntarily decided not to participate in the first grant, 126 participants had accepted and subscribed for a total of 2,501,400 restricted A Shares granted to them under the first grant. The share registration of those newly issued Shares have been completed on 13 December 2022 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

VIII. 2022 H Share Employee Share Ownership Scheme

The 2022 H Share Employee Share Ownership Scheme was approved by the Shareholders of the Company at the extraordinary general meeting held on 29 November 2022. On 13 December 2022, the first holders meeting was held, where a resolution on the establishment of the management committee of the 2022 H Share Employee Share Ownership Scheme, a resolution on the election of

members of the management committee, a resolution on the authorization to the management committee to handle matters relating to the 2022 H Share Employee Share Ownership Scheme, and the Management Measures for Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2022 H Share Employee Share Ownership Scheme were considered and approved.

The upper limit of the size of funds under the 2022 H Share Employee Share Ownership Scheme is RMB73,462,500, the source of which is the Company's funds designated for incentive purposes. The 2022 H Share Employee Share Ownership Scheme is denominated in "unit", each being RMB1 in value, i.e. the maximum number of units under the Scheme is 73,462,500 units. The Company appointed Changjiang Pension, through the Changjiang Pension Employee Share Ownership Product, to complete the acquisition of the H Shares under the 2022 H Share Employee Share Ownership Scheme in the secondary market through the Shanghai-Hong Kong Stock Connect.

Based on the actual grant results of the 2022 H Share Employee Share Ownership Scheme, the size of funds of the first grant is RMB53,500,000 and the upper limit of the size of funds under the reserved grant (not yet granted as at the end of the Reporting Period) remains at RMB14,692,500. As at 29 December 2022, the acquisition of relevant H Shares under the 2022 H Share Employee Share Ownership Scheme was completed, in aggregate involving 2,837,000 H Shares of the Company, representing 0.11% of the total share capital of the Company (i.e. 2,672,156,611 Shares) and 0.51% of the total share capital of H Shares (i.e. 551,940,500 Shares) as at 29 December 2022, respectively. The total trading amount was approximately HK$74.87 million (excluding trading fees) and the average trading price was HK$26.39 per share. The remaining capital of the Changjiang Pension Employee Share Ownership Product will be used for liquidity management. Those H Shares were locked up in accordance with the rules with a 12-month lock-up period, from 29 December 2022 to 28 December 2023.

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

Non-public issuance of A Shares

Pursuant to 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) issued by the CSRC on 27 July 2021, the Company entered into the share subscription agreement with the non-public issuance subscribers on 20 July 2022 to issue an aggregate of 106,756,666 new A Shares. The gross proceeds raised from the Non-public Issuance were RMB4,483,779,972.00, and the net proceeds amounted to RMB4,456,198,748.52 after deducting the issuance expenses. The share registration of the newly issued 106,756,666 A Shares of the Non-public Issuance were completed with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 27 July 2022, and were listed and traded on 23 January 2023.

2022 Restricted A Share Incentive Scheme

The 2022 Restricted A Share Incentive Scheme was approved by the Shareholders of the Company at each of the extraordinary general meeting, the A Shareholders class meeting and the H Shareholders class meeting held on 29 November 2022, respectively. On 1 December 2022, the Board resolved to grant a total of 2,706,400 restricted A Shares to 138 proposed participants under the first grant on 1 December 2022, as the grant date, at the grant price of RMB21.29 per share. As disclosed in the announcement of the Company dated 14 December 2022, except for 12 participants (who were granted a total of 205,000 restricted A Shares) who voluntarily decided not to participate in the first grant, 126 participants had accepted and subscribed for a total of 2,501,400 restricted A Shares granted to them under the first grant. The share registration of those newly issued Shares have been completed on 13 December 2022 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Sell back of "21 Fosun 01" Corporate Bonds

The total initial offering size of "21 Fosun 01" ("21復藥01") corporate bonds was RMB1.6 billion. The bondholders exercised their put option at the end of the second interest-bearing year during the term of such corporate bonds according to the right of adjustment to the coupon rate of the issuer and investors' put option as provided in the "Offering Memorandum for the Public Issuance of Corporate Bonds (First Tranche) to Qualified Investors in 2021 by Shanghai Fosun Pharmaceutical (Group) Co., Ltd." 《上海復星醫藥(集團)股份有限公司2021年公開發行公司債券(第一期)募集説明書(面向專業投資者)》. Such sell back amounted to RMB1.6 billion. As at 1 March 2023, the full amount of such bonds was registered for selling back and has not been resold. Such bonds was cancelled in full amount and delisted on 13 March 2023.

Save as disclosed above, 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 are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, the Company has strictly complied with its Articles of Association, relevant regulations, the Hong Kong Listing Rules and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. 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. Save as those disclosed below, the Company has complied with all the applicable code provisions contained in the CG Code during the Reporting Period.

Under the Code Provision C.2.1, the roles of chairman and chief executive officer should be separate and not performed by the same individual. Since the beginning of the Reporting Period and up to 1 June 2022, executive Director Mr. Wu Yifang has been serving 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 the business operation of the Group and the role of the chairman of the Board and chief executive officer vested in him can facilitate the implementation of business strategies of the Group. Meanwhile, since the beginning of the Reporting Period to 1 June 2022, the Board (comprising three executive Directors[Note], 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 the Code Provision C.2.1 is appropriate in such circumstances.

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

Note: An executive Director has been appointed on 10 August 2022; the Board comprises four executive Directors as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and formulated the Written Code as its codes of conduct regarding securities transactions.

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

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Group's annual results for the year ended 31 December 2022 have been reviewed by the audit committee of the Company.

FINAL DIVIDEND

The Board proposed a final dividend for the year ended 31 December 2022 (the "**2022 Final Dividend**"), before tax, amounted to RMB0.42 per share, which is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**AGM**"). Subject to the approval of the Shareholders at the AGM, the 2022 Final Dividend is expected to be paid to the eligible Shareholders by no later than 31 August 2023.

A circular containing, among other things, further information in respect of the AGM and the proposed distribution of the 2022 Final Dividend will be dispatched to the Shareholders as soon as practicable.

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

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

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

According to the requirements of the PRC Enterprise Income Tax Law effective from 1 January 2008 and the implementation rules thereof, the Decision of the Standing Committee of the National People's Congress on Amending the Enterprise Income Tax Law of the PRC (《全國人民代表大會常務委員會關於修改〈中華人民共和國企業所得税法〉的決定》) effective from 24 February 2017 and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders which are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)) issued by the State Taxation Administration on 6 November 2008, the 2022 Final Dividend payable to the non-resident enterprise shareholders whose names appear on the registers of members of H shares of the Company is subject to a withholding tax at a rate of 10%.

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

According to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)) issued by the State Taxation Administration on 28 June 2011 and the Letter on the Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies issued by the Hong Kong Stock Exchange on 4 July 2011, when domestic companies other than foreign- invested enterprises which issue shares in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding of individual income tax at a rate of 10%. When the Company distributes the 2022 Final Dividend to the individual holders of H shares, such dividend will be subject to the withholding of individual income tax at a rate of 10%. However, if otherwise provided by tax laws, relevant tax treaties or notices, the tax will be withheld in accordance with the relevant requirements and tax levy and administration requirements.

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

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (http://www.fosunpharma.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2022 annual report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Hong Kong Stock Exchange as and when appropriate.

DEFINITIONS

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

"2022 Restricted A Share Incentive Scheme"	the 2022 Restricted A Share Incentive Scheme of the Company, the adoption of which was approved by the Shareholders at the extraordinary general meeting, A Shareholders class meeting and H Shareholders class meeting of the Company held on 29 November 2022, respectively
"2022 H Share Employee Share Ownership Scheme"	the 2022 H Share Employee Share Ownership Scheme of the Company, the adoption of which was approved by the Shareholders at the extraordinary general meeting of the Company held on 29 November 2022
"Abbott"	Abbott Operations Uruguay S.R.L., a company registered in Uruguay
"ADC"	Antibody-drug Conjugate
"Amgen"	Amgen Inc., a company registered in the United States, the shares of which are listed on the NASDAQ (Stock Code: AMGN)
"API"	Active Pharmaceutical Ingredient
"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
"Beijing Jiluohua" or "Daiichi Sankyo (Beijing)"	Beijing Jiluohua Pharmaceutical Co., Ltd.* (北京吉洛華製藥有限公司), formerly known as Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.* (第一三共製藥(北京)有限公司), a subsidiary of the Company as at the end of the Reporting Period
"BIC"	Best-in-class
"BNTX"	BioNTech SE, a company registered in Germany, the shares of which are 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

"Carephar"	Jiangsu Carephar Pharmaceutical Co., Ltd.* (江蘇柯菲平醫藥股份有限公司)
"CDMO"	Contract Development and Manufacturing Organization
"Cenexi"	Phixen, société par actions simplifiée, a company registered in France
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules
"Changjiang Pension"	Changjiang Pension Insurance Co., Ltd.* (長江養老保險股份有限公司), the management agency for the 2022 H Share Employee Share Ownership Scheme of the Company
"Changjiang Pension Employee Share Ownership Product"	Changjiang Pension Enterprise Employee Share Ownership Special Collective Group Pension Security Management Product (長江養老企業員工持股專項集合型團體養老保障管理產品)
"Cipla"	Cipla Limited, a company registered in India
"CMC"	Chemical Manufacturing and Control
"CMO"	Contract Manufacture Organization
"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
"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 Fosun Chancheng Hospital"	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), a subsidiary of the Company
"Fosun Antejin"	Fosun Antejin (Chengdu) Biomedical Co., Ltd.* (復星安特金(成都)生物製藥有限公司), 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), 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 International"	Fosun International Limited, an indirect subsidiary of Fosun International Holdings and a 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 Mr. Guo Guangchang and Mr. 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
"Fuyun Health"	Shanghai Fuyun Health Technology Co., Ltd.* (上海復雲健康科技有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Genuine Biotech"	Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司)
"Getz Pharma"	Getz Pharma (Private) Limited and its subsidiary Getz Pharma International FZ-LLC
"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 Limited and The National Stock Exchange of India Limited (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)
"Guangzhou Xinshi Hospital"	Guangzhou Xinshi Hospital Co., Ltd.* (廣州新市醫院有限公司), a subsidiary of the Company as at the end of the Reporting Period
"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"or "HK$"	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
"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
"KG Bio"	PT Kalbe Genexine Biologics, a company registered in Indonesia
"Macau"	the Macau Special Administrative Region of the PRC
"MAH"	Marketing Authorization Holder
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules

"NAFMII"	The National Association of Financial Market Institutional Investors
"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)
"Non-public Issuance"	the Company issued an aggregate of 106,756,666 new A Shares to subscribers in the non-public issuance of shares at the issue price of RMB42.00 per share in July 2022
"OBM"	Original Brand Manufacturer
"Organon"	Organon LLC, a company registered in in United States, and a subsidiary of Organon & Co.
"POCT"	Point-Of-Care Testing
"PRC" or "China"	The People's Republic of China
"R&D"	research and development
"Reporting Period"	the 12-month period from 1 January 2022 to 31 December 2022
"restricted A Share(s)"	the A Share(s) granted by the Company to a participant according to the conditions and price stipulated under the 2022 Restricted A Share Incentive Scheme which are subject to the restriction period and can only be unlocked and transferred after the unlocking conditions are satisfied
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Fosun Biological"	Shanghai Fosun Biological Technology Co., Ltd.* (上海星佰生物技術有限公司), deregistered in November 2022
"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

"Shanghai Xingchuang Health"	Shanghai Xingchuang Health Technology Co., Ltd.* (上海星創健康科技有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Shanghai Xingchen Children's Hospital"	Shanghai Xingchen Children's Hospital Co., Ltd.* (上海星晨兒童醫院有限公司), a subsidiary of the Company as at the end of the Reporting Period
"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 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)
"Syneos Health"	Syneos Health, Inc., a company registered in United States
"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
"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
"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》)
"Xingmai Technology"	Shanghai Xingmai Information Technology Co., Ltd.* (上海杏脈信息科技有限公司)，a subsidiary of the Company as at the end of the Reporting Period

"Xingxiao Medical"	Shanghai Xingxiao Medical Investment Management Co., Ltd.* (上海星孝醫療投資管理有限公司), deregistered in October 2022
"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
"%"	per cent

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

Shanghai, the PRC
27 March 2023

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*