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 2023

The Board of the Company is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	2023	2022
	RMB million	*RMB million*
Operating results		
Revenue	**41,249**	43,811
Gross profit	**19,653**	20,642
Operating profit	**1,100**	3,253
EBITDA	**7,720**	8,041
Profit before tax	**3,277**	4,581
Profit for the year attributable to owners of the parent	**2,399**	3,737
Profitability		
Gross margin	**47.64%**	47.12%
Net profit margin	**7.05%**	9.02%
Earnings per share (RMB Yuan)		
Earnings per share — basic	**0.90**	1.43
Earnings per share — diluted	**0.90**	1.43
Assets		
Total assets	**113,431**	107,113
Equity attributable to owners of the parent	**45,646**	44,532
Total liabilities	**56,853**	53,055

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
REVENUE	*3*	**41,248,505**	43,811,385
Cost of sales		**(21,595,309)**	(23,169,690)
Gross profit		**19,653,196**	20,641,695
Other income	*4*	**524,980**	447,326
Selling and distribution expenses		**(9,712,237)**	(9,171,176)
Administrative expenses		**(4,495,128)**	(3,915,740)
Impairment losses on financial assets		**(131,927)**	(65,369)
Research and development expenses		**(4,346,045)**	(4,302,093)
Other gains	*6*	**1,392,007**	2,756,877
Other expenses		**(831,601)**	(2,964,942)
Interest income		**363,645**	282,635
Finance costs	*7*	**(1,324,831)**	(963,807)
Share of profits and losses of:			
Joint ventures		**(202,030)**	(233,925)
Associates		**2,386,879**	2,069,071
PROFIT BEFORE TAX	*5*	**3,276,908**	4,580,552
Income tax expense	*8*	**(369,504)**	(626,918)
PROFIT FOR THE YEAR		**2,907,404**	3,953,634
Attributable to:			
Owners of the parent		**2,398,606**	3,736,975
Non-controlling interests		**508,798**	216,659
		2,907,404	3,953,634
Earnings per share attributable to ordinary equity holders of the parent:	*10*		
Basic		**RMB0.90**	RMB1.43
Diluted		**RMB0.90**	RMB1.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,907,404**	3,953,634
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**183,615**	208,227
Share of other comprehensive income/(loss) of joint ventures	**109**	(4,297)
Share of other comprehensive loss of associates	**(152,726)**	(83,592)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**30,998**	120,338
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income/(loss):		
Changes in fair value	**957**	(14,465)
Income tax effect	**(99)**	2,170
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**858**	(12,295)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**31,856**	108,043
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,939,260**	4,061,677
Attributable to:		
Owners of the parent	**2,363,164**	3,837,585
Non-controlling interests	**576,096**	224,092
	2,939,260	4,061,677

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**20,846,458**	15,718,789
Right-of-use assets		**4,248,080**	2,837,229
Goodwill		**10,851,999**	10,337,053
Other intangible assets		**15,301,788**	13,951,625
Investments in joint ventures		**78,910**	230,606
Investments in associates		**23,802,113**	22,863,449
Equity investments designated at fair value through other comprehensive income		**52,774**	15,451
Financial assets at fair value through profit or loss		**1,040,114**	2,388,829
Deferred tax assets		**624,471**	442,570
Trade receivables-non-current		**85,323**	91,663
Other non-current assets		**2,706,628**	2,956,749
Total non-current assets		**79,638,658**	71,834,013
CURRENT ASSETS			
Inventories		**7,537,768**	6,882,432
Trade and bills receivables	*11*	**7,668,229**	7,612,942
Contract assets		**145,887**	—
Prepayments, other receivables and other assets		**2,216,029**	2,635,453
Financial assets at fair value through profit or loss		**1,888,496**	928,532
Debt investments at fair value through other comprehensive income		**642,569**	558,927
Cash and bank balances		**13,693,591**	16,241,313
		33,792,569	34,859,599
Assets of a disposal group classified as held for sale		**—**	419,578
Total current assets		**33,792,569**	35,279,177
CURRENT LIABILITIES			
Trade and bills payables	*12*	**6,159,619**	6,284,041
Other payables and accruals		**6,748,494**	7,649,161
Interest-bearing bank and other borrowings		**19,068,818**	17,016,360
Lease liabilities		**329,525**	184,406
Contract liabilities		**1,200,496**	1,544,763
Tax payable		**250,629**	619,339
Total current liabilities		**33,757,581**	33,298,070
NET CURRENT ASSETS		**34,988**	1,981,107
TOTAL ASSETS LESS CURRENT LIABILITIES		**79,673,646**	73,815,120

	2023	2022
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**13,504,923**	12,099,868
Lease liabilities	**2,049,589**	744,992
Deferred tax liabilities	**3,445,191**	3,362,940
Contract liabilities	**319,785**	354,413
Deferred income	**639,399**	632,433
Other long-term liabilities	**3,136,874**	2,562,281
Total non-current liabilities	**23,095,761**	19,756,927
Net assets	**56,577,885**	54,058,193
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,672,399**	2,672,157
Treasury shares	**(41,928)**	(53,255)
Reserves	**43,015,915**	41,912,839
	45,646,386	44,531,741
Non-controlling interests	**10,931,499**	9,526,452
Total equity	**56,577,885**	54,058,193

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**"), 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 2023. 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the major entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted, the amendments did not have any significant impact to the Group. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income

taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*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*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 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 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 was removed by the HKICPA. 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 January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with earlier application 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 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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 R&D, production and sale of medicine;

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

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

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

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

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

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

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

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

Year ended 31 December 2023

	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	**30,080,246**	**4,386,495**	**6,667,137**	**—**	**114,627**	**—**	**41,248,505**
Intersegment sales	**470,731**	**54,063**	**42,866**	**—**	**35,726**	**(603,386)**	**—**
Total revenue	**30,550,977**	**4,440,558**	**6,710,003**	**—**	**150,353**	**(603,386)**	**41,248,505**
Segment results*	**2,133,620**	**(126,443)**	**(200,661)**	**—**	**(80,398)**	**(119,758)**	**1,606,360**
Other income	**342,065**	**56,167**	**49,453**	**—**	**49,415**	**—**	**497,100**
Other gains	**329,170**	**56**	**23,039**	**—**	**149,667**	**—**	**501,932**
Interest income	**235,169**	**30,611**	**24,260**	**—**	**2,615**	**(23,896)**	**268,759**
Finance cost	**(254,032)**	**(34,398)**	**(245,598)**	**—**	**(44,186)**	**133,272**	**(444,942)**
Other expenses/Impairment losses on financial assets	**(288,780)**	**(93,932)**	**(65,354)**	**—**	**(1,002)**	**1,173**	**(447,895)**
Share of profits and losses of:							
Joint ventures	**(209,238)**	**—**	**(1,376)**	**—**	**8,584**	**—**	**(202,030)**
Associates	**27,365**	**128,527**	**1,427**	**2,242,195**	**(12,635)**	**—**	**2,386,879**
Unallocated other income, interest income, other gains, finance cost, and expenses							**(889,255)**
Profit/(loss) before tax	**2,315,339**	**(39,412)**	**(414,810)**	**2,242,195**	**72,060**	**(9,209)**	**3,276,908**
Tax	**(341,571)**	**6,666**	**(25,005)**	**—**	**(6,189)**	**—**	**(366,099)**
Unallocated tax							**(3,405)**
Profit/(loss) for the year	**1,973,768**	**(32,746)**	**(439,815)**	**2,242,195**	**65,871**	**(9,209)**	**2,907,404**
Segment assets	**60,228,777**	**10,328,867**	**15,575,622**	**18,972,525**	**5,096,173**	**(2,997,488)**	**107,204,476**
Including:							
Investments in joint ventures	**67,249**	**—**	**—**	**—**	**11,661**	**—**	**78,910**
Investments in associates	**505,797**	**1,483,895**	**688,591**	**18,972,525**	**2,151,305**	**—**	**23,802,113**
Unallocated assets							**6,226,751**
Total assets							**113,431,227**
Segment liabilities	**24,081,873**	**2,672,929**	**7,609,566**	**—**	**2,077,696**	**(13,666,779)**	**22,775,285**
Unallocated liabilities							**34,078,057**
Total liabilities							**56,853,342**
Other segment information:							
Depreciation and amortisation	**2,186,643**	**369,461**	**532,164**	**—**	**114,485**	**—**	**3,202,753**
Impairment losses recognised in the statement of profit or loss, net	**224,224**	**82,804**	**53,055**	**—**	**—**	**—**	**360,083**
Impairment losses recognised in the statement of profit or loss, net (unallocated)							**(8,414)**
Capital expenditure**	**4,470,575**	**551,519**	**602,539**	**—**	**133,195**	**—**	**5,757,828**

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

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

Year ended 31 December 2022

	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	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 cost of sales, selling and distribution expenses, administrative expenses and research and development expenses.

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

Geographical information

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

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**30,877,890**	29,873,128
Overseas countries and regions	**10,370,615**	13,938,257
	41,248,505	43,811,385

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

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

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**63,249,069**	57,080,083
Overseas countries and regions	**14,390,165**	11,449,538
	77,639,234	68,529,621

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**41,185,904**	43,778,775
Revenue from other sources		
Gross rental income	**62,601**	32,610
	41,248,505	43,811,385

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

For the year ended 31 December 2023

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	**28,532,071**	**4,245,408**	**686,595**	**—**	**32,949**	**33,497,023**
Rendering of services and others	**1,517,980**	**127,270**	**5,976,603**	**—**	**33,450**	**7,655,303**
Sale of materials	**22,320**	**11,258**	**—**	**—**	**—**	**33,578**
Total revenue from contracts with customers	**30,072,371**	**4,383,936**	**6,663,198**	**—**	**66,399**	**41,185,904**
Geographical markets						
Mainland China	**22,629,786**	**1,466,935**	**6,654,040**	**—**	**64,528**	**30,815,289**
Overseas countries and regions	**7,442,585**	**2,917,001**	**9,158**	**—**	**1,871**	**10,370,615**
Total revenue from contracts with customers	**30,072,371**	**4,383,936**	**6,663,198**	**—**	**66,399**	**41,185,904**
Goods and materials transferred at a point in time	**28,554,391**	**4,256,666**	**686,595**	**—**	**32,949**	**33,530,601**
Services transferred at a point in time	**1,205,727**	**34,162**	**5,976,603**	**—**	**33,450**	**7,249,942**
Services transferred over time	**312,253**	**93,108**	**—**	**—**	**—**	**405,361**
Total revenue from contracts with customers	**30,072,371**	**4,383,936**	**6,663,198**	**—**	**66,399**	**41,185,904**

For the year ended 31 December 2022

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	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

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:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities as at the beginning of the reporting period		
Advances from customers	**1,493,312**	1,115,327
Warranty services	**51,450**	38,531
	1,544,762	1,153,858

(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:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**1,200,496**	1,544,763
After one year	**319,785**	354,413
	1,520,281	1,899,176

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

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Dividend income from financial assets at fair value through profit or loss	**61,239**	62,972
Dividend income from equity investments at fair value through other comprehensive income	**203**	200
Government grants	**463,538**	378,369
Others	**—**	5,785
	524,980	447,326

5. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**16,189,857**	18,400,615
Cost of services provided	**5,405,452**	4,769,075
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**9,322,174**	8,498,401
Retirement benefits:		
Defined contribution fund	**553,831**	538,402
Accommodation benefits:		
Defined contribution fund	**328,098**	319,781
Share-based payment expense	**35,898**	54,483
	10,240,001	9,411,067
Research and development costs:		
Current year expenditure excluding amortisation of other intangible assets	**3,877,623**	4,007,549
Less: Government grants for R&D projects*	**(56,687)**	(90,433)
	3,820,936	3,917,116
Auditors' remuneration	**4,660**	4,760
Depreciation of property, plant and equipment	**1,517,737**	1,251,033
Amortisation of other intangible assets	**1,282,683**	937,199
Provision for impairment of property, plant and equipment	**2,408**	4,093
Provision for impairment of inventories	**121,339**	86,325
Impairment losses on financial assets	**131,927**	65,369
Provision for impairment of goodwill	**—**	180,000
Provision for other intangible assets	**21,592**	2,070
Provision for impairment of investment in associates	**61,284**	—
Provision for other non-current assets	**13,119**	—
Depreciation of right-of-use assets	**318,258**	259,373
Lease payments not included in the measurement of lease liabilities	**113,749**	82,415
Gain on disposal of financial assets at fair value through profit or loss	**(558,489)**	(2,129,616)
Gain on fair value change of other financial liabilities at fair value through profit or loss, net	**(47,204)**	(47,761)
Loss on fair value change of financial assets at fair value through profit or loss, net	**452,384**	2,546,130
Gain on disposal of interests in associates and joint ventures	**(710,599)**	(4,238)
Foreign exchange gain, net	**(13,027)**	(62,360)
Loss/(gain) on disposal of subsidiaries	**1,046**	(351,840)
Gain on disposal of items of property, plant and equipment and other intangible assets	**(538)**	(111,284)
Donations	**45,909**	60,312

* 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

	2023	2022
	RMB'000	*RMB'000*
Gain on disposal of interests in associates and joint ventures	**710,599**	4,238
Gain on disposal of financial assets at fair value through profit or loss	**558,489**	2,129,616
Gain on fair value change of other financial liabilities at fair value through profit or loss, net	**47,204**	47,761
Foreign exchange gain, net	**13,027**	62,360
Gain on disposal of subsidiaries	**—**	351,840
Gain on disposal of items of property, plant and equipment and other intangible assets	**5,564**	125,602
Others	**57,124**	35,460
	1,392,007	2,756,877

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other borrowings (excluding lease liabilities)	**1,323,035**	965,112
Interest on lease liabilities	**50,920**	44,459
	1,373,955	1,009,571
Less: Interest capitalised	**(49,124)**	(45,764)
Interest expenses, net	**1,324,831**	963,807

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 Ltd ("**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 25.83%. The provision of current income tax of Phixen SAS ("**Phixen**"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 25.83%.

	2023	2022
	RMB'000	*RMB'000*
Current	**529,206**	815,416
Deferred	**(159,702)**	(188,498)
Total tax charge for the year	**369,504**	626,918

9. DIVIDENDS

Cash dividend

	2023	2022
	RMB'000	*RMB'000*
Proposed final — RMB0.27 (2022: RMB0.42) per ordinary share	**721,548**	1,122,306

The Company proposed to distribute a cash dividend of RMB0.27 (before 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 available for distribution on the corresponding date of share registration for the dividend payment.

The amount of the proposed final dividend of RMB721,548 thousand is calculated based on the total number of ordinary shares of the Company of 2,672,398,711 shares on the record of 26 March 2024.

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, adjusted to reflect the cash dividends distributed to the Restricted A Share Incentive Scheme, and the weighted average number of ordinary shares of 2,669,655,211 (2022: 2,607,380,489) in issue during the period.

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

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

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**2,398,606**	3,736,975
Less: Cash dividends distributed to the Restricted A Share Incentive Scheme	**(1,050)**	—
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**2,397,556**	3,736,975
Cash dividends distributed to the Restricted A Share Incentive Scheme	**1,050**	—
Adjusted profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**2,398,606**	3,736,975

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,669,655,211**	2,607,380,489
Effect of dilution — weighted average number of ordinary shares: — the Restricted A Share Incentive Scheme	**253,150**	4,490
	2,669,908,361*	2,607,384,979

* Because the diluted earnings per share amount increased when taking the Restricted A Share Incentive Scheme into account, the Restricted A Share Incentive Scheme had an anti-dilutive effect on the basic earnings per share for 2023 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is the same as the basic earnings per share for 2023.

11. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**7,643,737**	7,588,099
Bills receivable	**24,492**	24,843
	7,668,229	7,612,942

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**7,436,979**	7,519,069
1 to 2 years	**333,408**	198,235
2 to 3 years	**77,594**	29,153
Over 3 years	**64,952**	48,834
	7,912,933	7,795,291
Impairment	**(269,196)**	(207,192)
	7,643,737	7,588,099

12. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**5,507,366**	5,426,162
Bills payable	**652,253**	857,879
	6,159,619	6,284,041

Trade and bills payables are non-interest-bearing. Trade payables are normally settled on a two-month term, and bills payable are normally settled on 90 to 180-day terms.

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**5,191,820**	5,267,809
1 to 2 years	**223,314**	119,022
2 to 3 years	**57,124**	19,691
Over 3 years	**35,108**	19,640
	5,507,366	5,426,162

13. EVENTS AFTER THE REPORTING PERIOD

On March 12, 2024, Shenzhen Fuxin Shenyao Investment Partnership (Limited Partnership) (referred to as "Fuxin Shenyao"), Fosun Pharmaceutical Industry Development (Shenzhen) Co., Ltd. (referred to as "Fosun Pharmaceutical (Shenzhen)"), and Shanghai Rehabilitation Equity Investment Fund Management Co.,Ltd. (referred to as "Rehabilitation Fund Management Company"), which were the subsidiaries of the Company signed several partnership agreements with seven other investors to jointly establish Shenzhen Pengfu Biopharmaceutical Industry Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (referred to as "Shenzhen Fund") and plan to raise RMB5 billion; among them, Fuxin Shenyao (as General partner), Fosun Pharmaceuticals (Shenzhen) and Rehabilitation Fund Management Company (as Limited partners) plan to make contributions of RMB20 million, RMB1.43 billion, and RMB50 million in cash respectively to subscribe for Shenzhen Fund's asset portion. After the completion of this transaction, the Group (through its subsidiaries Fuxin Shenyao, Fosun Pharmaceutical (Shenzhen), and Rehabilitation Fund Management Company) will collectively hold 30% of the Shenzhen Fund's asset portion.

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

During the Reporting Period, the revenue of the Group amounted to RMB41,249 million, representing a decrease of 5.85% as compared to the same period of last year. The year-on-year change was mainly due to the significant year-on-year decline in revenue from COVID-related products, including Comirnaty (mRNA COVID-19 vaccine), Jie Bei An (azvudine tablets), COVID-19 antigen and nucleic acid test kits, as the COVID-19 no longer constituted a "Public Health Emergency of International Concern".

Excluding COVID-related products, the revenue of the Group during the Reporting Period recorded a year-on-year increase of approximately 12.43%. In particular: in respect of the pharmaceutical manufacturing segment, the revenue from key products such as Han Si Zhuang (serplulimab injection), trastuzumab injection (trade name in Chinese mainland: Han Qu You) and Su Ke Xin (avatrombopag maleate tablets) maintained rapid growth. Upon being approved for launch in March 2022, Han Si Zhuang achieved revenue of RMB1,120 million during the Reporting Period, representing a year-on-year growth of 230.20%; trastuzumab injection achieved revenue of RMB2,749 million, representing a year-on-year growth of 58.19%[1]; Su Ke Xin achieved revenue of RMB922 million, representing a year-on-year growth of 19.67%; Otezla (apremilast tablets), Akynzeo (netupitant and palonosetron hydrochloride capsules) and other drugs were included in the National Medical Insurance Drugs Catalogue (officially executed in March 2023). In respect of the medical devices segment, the market demand of non-invasive ventilators for medical and home use (including Clearway 2 and others) in Europe and America recorded recovery growth.

During the Reporting Period, the Group's net profit attributable to shareholders of the listed company amounted to RMB2,399 million, representing a year-on-year decrease of 35.80%. In particular, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB2,011 million, representing a year-on-year decrease of 48.08%, which was mainly due to the following factors:

(1) Impacts of COVID-related products: ① COVID-related products and assets with indications of impairment were disposed, and impairment provisions were made, totaling approximately RMB683 million; ② with a significant decline in revenue from COVID-related products, profits decreased accordingly; ③ there were still expenses arising from the team, medical and market activities for COVID-related operations during the Reporting Period.

(2) Finance costs increased by RMB361 million year-on-year as a result of US$ interest hikes, US$ appreciation and other factors, as well as the changes in interest-bearing liabilities scale.

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[1] Revenue from trastuzumab injection included sales revenue from preparations in Chinese mainland (trade name in Chinese mainland: Han Qu You) and sales revenue from drug substance in overseas markets.

(3) As a result of the increasing human resources cost, consultation fees and other expenses, the administrative expenses recorded a year-on-year increase of RMB579 million; excluding the effects from newly acquired companies, the administrative expenses increased by RMB296 million on the same basis.

(4) As a result of the impacts of the costs and amortisation of the acquisition of Cenexi by Gland Pharma, and operating losses of Cenexi, net profits recorded a year-on-year decrease.

During the Reporting Period, the Group recorded extraordinary gain or loss of RMB388 million, which mainly included the gains from the disposal of non-core assets such as Tianjin Pharma and the gains from changes in fair value of financial assets such as YSB, representing a year-on-year increase of RMB524 million.

During the Reporting Period, the total R&D expenditure of the Group amounted to RMB5,937 million, representing a year-on-year increase of 0.88%. In particular, R&D expenses amounted to RMB4,346 million, representing a year-on-year increase of 1.02%.

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

Unit: million Currency: RMB

	2023 revenue		2022 revenue		Year-on-year increase/ decrease of revenue
	Amount	**Percentage of revenue (%)**	Amount	Percentage of revenue (%)	(%)
By business segment					
Pharmaceutical manufacturing[Note 1]	**30,080**	**72.92**	30,693	70.06	–2.00
Medical devices and medical diagnosis[Note 2]	**4,386**	**10.63**	6,933	15.82	–36.74
Healthcare services	**6,667**	**16.16**	6,076	13.87	9.73
By geographical locations					
Chinese mainland	**30,878**	**74.86**	29,873	68.19	3.36
Regions outside Chinese mainland and other countries	**10,371**	**25.14**	13,938	31.81	–25.59[Note 3]

Note 1: Mainly due to the year-on-year decrease in the revenue of Comirnaty (mRNA COVID-19 vaccine). Excluding COVID-related products, the revenue of the pharmaceutical manufacturing segment increased by 13.47% year-on-year.

Note 2: Mainly due to the year-on-year decrease in the revenue of COVID-19 antigen, nucleic acid test kits and non-proprietary COVID-19 products sold overseas. Excluding COVID-related products, the revenue of the medical devices and medical diagnosis segment increased by 4.25% year-on-year.

Note 3: Mainly due to factors including the significant year-on-year decrease in revenue of Comirnaty (mRNA COVID-19 vaccine) in Hong Kong, Macau and Taiwan region and non-proprietary COVID-19 products sold overseas.

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

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

During the Reporting Period, a total of 6 innovative drugs with a total of 8 indications of the Group were approved for launch. During the Reporting Period, Han Si Zhuang (serplulimab injection), the first self-developed biopharmaceutical innovative drug of the Group, had been approved for two new indications for extensive-stage small cell lung cancer (ES-SCLC) and esophageal squamous cell carcinoma (ESCC) in Chinese mainland and became 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). In addition, serplulimab injection (PD-1 inhibitor) had been approved for treatment of extensive-stage small cell lung cancer (ES-SCLC) by the Indonesian Food and Drugs Authority (BPOM). It was the first time for this product approved for launch in overseas market, making it the first Chinese PD-1 monoclonal antibody drug approved for launch in Southeast Asia. The new second-line indication of Yi Kai Da (ejilunsai injection), a product of the joint venture Fosun Kite, for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy was approved in Chinese mainland, which would benefit more patients with tumor that was refractory to first-line immunochemotherapy or relapsed. For details on the updates on major R&D pipelines of the Group during the Reporting Period, please refer to table 1.

During the Reporting Period, 4 products exclusively commercialized by the Group including Bei Wen (倍穩) (keverprazan hydrochloride tablets), the first potassium ion competitive acid blocker (P-CAB) independently developed in China, Pei Jin (珮金) (telpegfilgrastim injection), a long-lasting recombinant human granulocyte colony-stimulating factor product, Pang Bi Fu (旁必福) (etelcalcetide hydrochloride injection), the new generation of calcimimetic, and Yi Xin Tan (一心坦) (sacubitril valsartan sodium tablets), the drug for the treatment of heart failure and hypertension in an innovative crystalline form, were approved for launch in Chinese mainland, respectively. Over the years, the Group has actively participated in negotiation in respect of the National Medical Insurance, enhanced the accessibility of drugs for relevant diseases within Chinese mainland and practically reduced the burdens of drugs on patients, aiming to improve the living and life quality of patients through regulated therapies. In particular, Bei Wen (keverprazan hydrochloride tablets) and Pei Jin (telpegfilgrastim injection) were included in the National Medical Insurance Drugs Catalogue in December 2023, which was officially implemented in January 2024.

During the Reporting Period, Fosun Antejin, a vaccine R&D and manufacturing company of the Group, successively received the Drug Manufacturing Certificate (《藥品生產許可證》) and the Drug Operating Certificate (《藥品經營許可證》), laying a foundation for its subsequent commercial production of pipeline vaccine products. As at the date of this announcement, the rabies vaccine (Vero cell) for human use (freeze dried), which is independently developed by the Group, has been approved in Chinese mainland.

For details of major marketed innovative products and description of core categories of the Group as at the end of the Reporting Period, please refer to table 2.

At the same time, the Group accelerated the development of pipelines under development. During the Reporting Period, 5 products with a total of 7 indications[2] independently developed, co-developed and license-in by the Group, had entered the pre-launch approval stage. During the Reporting Period, the marketing authorization application (MAA) of serplulimab injection (PD-1 inhibitor), a self-developed biopharmaceutical innovative drug of the Group, in the EU had been accepted, and the NDA of its new indication in combination with pemetrexed and carboplatin for the first-line treatment of patients with epidermal growth factor receptor (EGFR) sensitivity mutation-negative and anaplastic lymphoma kinase (ALK) gene rearrangement-negative locally advanced or metastatic non-squamous non-small cell lung cancer (NSCLC) was accepted by the NMPA in December 2023; the biologics license application of trastuzumab injection (trade name in Chinese mainland: Han Qu You), the biosimilar self-developed by the Group, had been accepted by the U.S. FDA, which is expected to become the first domestic biosimilar approved in China, the EU and the United States, thus further covering the mainstream biopharmaceutical markets in Europe and the United States. The NDA of FCN-437c, an innovative small molecule CDK4/6 inhibitor for which the Group owns its proprietary intellectual property rights, was accepted by the NMPA in November 2023. In addition, the NDAs of aesthetic indication (temporary improvement on moderate to severe glabellar lines in adults caused by corrugator supercilii and/or procerus muscle activity) and medical indication (treatment for cervical dystonia in adults) of DaxibotulinumtoxinA botulinum toxin (project code: RT002), a license-in drug of the Group, were accepted by the NMPA in April and July 2023, respectively; the NDA of tenapanor hydrochloride tablets (project code: Tenapanor) proposed for controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD) was accepted by the NMPA in July 2023; the NDA of Profhilo (sodium hyaluronate solution for injection), with the Group being as its sole agency in Chinese mainland, was also accepted by the NMPA.

In addition, during the Reporting Period, a total of 20 innovative drugs/biosimilars (calculated by indications) of the Group were approved for clinical trials (IND).

[2] Including the biologics license application (BLA) for trastuzumab injection, which is independently developed by the Group, in the U.S. submitted by Accord BioPharma Inc., a partner of the Group.

2. Continued to enhance global operation capabilities

During the Reporting Period, the Group continued to implement its internationalization strategy in multiple dimensions including innovative R&D, license-in projects, production and operation as well as commercialization. The Group enhanced its operational efficiency and expanded global market layout, primarily covering the U.S., Europe, Africa, India, Southeast Asia and other overseas markets.

In matured regulatory markets, the Group continued to enhance its global operation capabilities. It has set up multi-point R&D centers to realize global innovation, and gradually improved the commercialization system in different regulated markets through self-establishment, cooperation and other means. In the U.S. market, the Group has established a growing self-operated generic drug team, and cooperated with 5 major distributors and 16 group purchasing organizations to facilitate sales of preparations products. The Group also established an innovative drug team in the United States, and initiated the preparation works on the commercialization of serplulimab injection (PD-1 inhibitor). In the European market, during the Reporting Period, Gland Pharma, a subsidiary, completed the acquisition of Cenexi, a European CDMO company, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe, thus further expand its customer base. During the Reporting Period, Sisram Medical, a subsidiary, completed the acquisition of the direct sales channels in China, thus achieving a direct sales layout in the Chinese market for the medical aesthetics business. As at the end of the Reporting Period, its marketing network covered more than 100 countries and regions across the world, and the proportion of direct sales revenue further increased to 78%. The marketing network of Breas, a subsidiary, covers Europe, the U.S., China, Japan, India and Australia, and has continued to deepen local manufacturing based on the market demand in China. The construction of Intuitive Fosun Medical Robot Manufacturing and R&D Center in Shanghai of Intuitive Fosun, an associate, has been progressing rapidly. Upon completion of the construction, the center will be the second global R&D and manufacturing base of Da Vinci Surgical Robot in addition to the base in Silicon Valley, the U.S., thus facilitating the domestic manufacturing of Da Vinci Surgical Robot in Chinese mainland.

As for emerging markets, in Africa, the Group primarily conducts medical product export and distribution in the English-speaking and French-speaking regions in Sub-Saharan Africa, with sales network covering over 40 countries and regions. The Group is constructing a park integrating drug R&D, manufacturing, logistics and delivery in Cote d'Ivoire, aiming to realize local drug manufacturing and supply in Africa.

- ***Internationalization progress of innovative products***

  The Group has steadily facilitated the internationalization of relevant products in regulatory markets such as the U.S. and the EU. During the Reporting Period, in respect of pharmaceutical manufacturing segment, the BLA of Han Qu You (trastuzumab injection) for treatment of breast cancer was accepted by the U.S. FDA; the marketing

authorization application of Han Si Zhuang (serplulimab injection) for treatment of small cell lung cancer (SCLC) was accepted by the European Medicine Agency (EMA); in December 2023, serplulimab injection (PD-1 inhibitor) was approved for launch in overseas market for the first time. It has been approved for treatment of extensive-stage small cell lung cancer (ES-SCLC) by the Indonesian Food and Drugs Authority (BPOM), and completed the first round of overseas distribution in January 2024; HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection) for treatment of wet age-related macular degeneration (wAMD), HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection) for neoadjuvant treatment of breast cancer and HLX14 (recombinant anti-RANKL fully human monoclonal antibody injection) for treatment of osteoporosis were at the phase III of the international multi-center clinical trial. In respect of medical device segment, during the Reporting Period, Sisram Medical, a subsidiary, introduced Alma Veil™, an advanced dual-wavelength vascular laser device, in the North American market; two classical products, namely Soprano Titanium and Opus, were introduced in new markets; two newly added supplementary parts of BeautiFill, a laser-aided fat removal and skin firming device, obtained regulatory licenses from the U.S. FDA.

- ***Localization progress of innovative products in China***

  The Group proactively introduces international leading technologies and products into Chinese market, so as to benefit more patients and customers. In December 2023, Chindex, a subsidiary, officially entered into cooperation agreements with Insightec, pursuant to which both parties will establish a joint venture in Chinese mainland, focusing on the commercialization, clinical application and research of magnetic resonance image guided focused ultrasound brain therapy system (i.e. MRgFUS brain therapy system) in Chinese mainland, Hong Kong and Macau, thus helping patients with Parkinson's disease and idiopathic tremor to regain quality of life. Guided by magnetic resonance image, MRgFUS brain therapy system can achieve non-invasive treatment for various neurodegenerative diseases in brain. With accuracy up to millimeter level, it is one of the global cutting-edge non-invasive transcranial therapy technological products at the moment. During the Reporting Period, the installation volume of "Da Vinci Surgical Robot" was 55 in Chinese mainland and Hong Kong. In June 2023, the domestic medical device registration of "thoracic and abdominal endoscopy surgical control system" (the fourth generation of Da Vinci Surgical System, which can be applied in endoscopic surgeries in urology, general surgery, obstetrics and gynecology, thoracic surgery etc.) was approved by NMPA. In December 2023, the first domestically-manufactured Da Vinci Surgical Robot was officially applied in Cancer Center Gansu Hospital of Sun Yat-sen University, thus facilitating the establishment of regional medical center in China and providing patients with more efficient, more accurate and safer surgery treatment. This also marked the commercialization milestone of domestically-manufactured Da Vinci Surgical Robot. During the Reporting Period, various ventilators of Breas, a subsidiary, were subsequently approved for launch in Chinese mainland, and the progress of

localization continued to proceed; the new second-line indication of Yi Kai Da (ejilunsai injection), the first CAR-T product approved for domestic launch of joint venture Kite Pharma, was approved in June 2023, benefiting more patients with disease that is refractory to first-line immunochemotherapy or relapses; as at the end of the Reporting Period, Yi Kai Da benefitted over 600 patients with lymphoma.

- ***Progress of global two-way license cooperation***

  The Group has continued to enhance global two-way license cooperation, and actively implemented its internationalization strategy. In respect of license-in, in January 2024, Shanghai Henlius, a subsidiary, had entered into strategic cooperation and exclusive license agreements with Sermonix, aiming to develop, manufacture and commercialize at least two indications for ER+/HER2- breast cancer of lasofoxifene in Chinese mainland, Hong Kong, Macau and Taiwan region; in the same month, Sisram Medical, a subsidiary, established a strategic partnership with Prollenium, and obtained the exclusive distribution rights of the Revanesse dermal filler collection, which applies advanced hyaluronic acid technology, in several major markets including Germany, Austria, Switzerland, Australia and New Zealand. In respect of license-out, Shanghai Henlius, a subsidiary, had entered into a license and supply agreement with Boston Oncology in April 2023, granting Boston Oncology the exclusive license to develop and commercialize rituximab injection in 16 emerging markets in Asia and Africa, so as to further improve the accessibility of such product in Asia and Africa. In August 2023, Shanghai Henlius reached agreements with KGbio with regard to the cooperation for the commercialization of serplulimab injection (PD-1 inhibitor) in overseas markets, enabling the cooperation scope of both parties to further expand to 12 countries in regions of the Middle East and North Africa from the original 10 countries in Southeast Asia; in October 2023, Shanghai Henlius had entered into a license agreement with Intas, granting Intas the rights to exclusively commercialize serplulimab injection (PD-1 inhibitor) in agreed European zone and India and other rights, so as to improve the accessibility and recognition of the product in the global market.

- ***Progress of building production system with international quality standard***

  The Group continued to promote the building of production system with international quality standard, thus laying a solid foundation for the overseas distribution of preparations. In August 2023, Songjiang Base (phase I) of Shanghai Henlius, a subsidiary, accepted the pre-license inspection in respect of trastuzumab injection by the U.S. FDA; in October 2023, Xuhui Base subsequently passed the pre-launch GMP on-site inspection in respect of serplulimab injection (PD-1 inhibitor) by the Indonesian Food and Drugs Authority (BPOM) and the pre-launch GMP inspection in respect of serplulimab injection (PD-1 inhibitor) and trastuzumab injection in Brazil by the Brazilian Health Regulatory Agency (ANVISA), and passed the GMP inspection in respect of rituximab injection drug substance (DS) and drug preparations (DP) by National Institute for the Monitoring of Medicine and Food of Colombia (INVIMA) in

November 2023; in December 2023, Xuhui Base and part of Songjiang Base (phase I) passed the pre-launch GMP on-site inspection in respect of serplulimab injection (PD-1 inhibitor) in the EU by Health and Youth Care Inspectorate, the health regulatory institution of Holland. In particular, relevant production facilities of serplulimab injection (PD-1 inhibitor) passed EU Country GMP certificate for the first time (based on the GMP mutual recognition between EU countries, the certificate indicates that these production facilities are in compliance with EU GMP standards). In October 2023, Guilin Pharma, a subsidiary, passed the pre-approval inspection and surveillance inspection by the U.S. FDA in respect of sertraline hydrochloride tablets, compound sulfamethoxazole tablets and API (Bumetanide).

3. Continued to strengthen business focus by product lines and enhance efficiency through integration

During the Reporting Period, the Group continued to facilitate lean R&D and focus on core therapeutic areas. Through sorting internal businesses, strengthening business focus by product lines and implementing lean management, the Group further enhanced its R&D and operational efficiency. The innovative medicines division relied on the global R&D center to coordinate and manage the innovative drug R&D team and product pipelines, integrated internal and external R&D resources, improved talent team construction, and continued to enhance the early R&D and CMC R&D capabilities. Under the effective decision-making by the science administrative committee, the innovative medicines division selected high-value pipelines with dynamic adjustments, continued to improve R&D efficiency, and gathered competitive resources to facilitate the clinical progress of core key pipelines and launch of products. The established medicines manufacturing & supply division coordinated the R&D of generic drugs within the system with a focus on the first generic drugs, difficult and complex preparations, and improved new drugs. It also established regional production centers to gather production capacity and achieve the integration of APIs and preparations, improved production and operation efficiency, and expanded advantages on the production cost. The vaccines division fully integrated the technology platforms of bacterial vaccines and viral vaccines, thereby achieving advantage complementation and technology synergy.

In order to enhance cost competitiveness of products, the Group actively sorted internal competitive production capacity, and promoted the integration of production systems. It has established two comprehensive preparation production centers and three API production bases. Based on internationally competitive star production lines and production bases, the Group established a CMO/MAH management system, promoted the integration of its products and pipeline resources, and facilitated the concentration of star production lines and professional production bases for its products. Meanwhile, during the Reporting Period, the Group continued to advance the implementation of "Excellence Operation and Management", 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 improvement, and continued to deepen informatization and intelligent transformation.

In addition, during the Reporting Period, the Group continued to divest and integrate non-strategic and non-core assets, and gathered resources on core businesses so as to optimize asset structure and improve asset efficiency. Meanwhile, the Group continued to strengthen the budget management and supply chain management, so as to achieve expenditure control and cost reduction, and ensure healthy, stable free cash flows. On the basis of the promotion of quality and efficiency improvement and lean management during 2023, the Group will continue to promote lean management in 2024, and facilitate Excellence Operation and Management (FOPEX) at subsidiaries, which is expected to cover various aspects including quality enhancement, cost control, efficiency improvement, cyclical management and innovative R&D etc., so as to facilitate comprehensive improvement in operational efficiency and build up the foundation for long-term sustainable development.

4. Matured commercialization system

The Group continued to improve its commercialization system. As at the end of the Reporting Period, the pharmaceutical manufacturing segment had a commercialization team consisting of nearly 5,000 employees in Chinese mainland, covering hospitals, retail channels and DTP clinics etc. In terms of core departments such as hematology, lymphoma, breast, medical oncology, endocrinology, cardiology, rheumatology and nephrology, through the systematic market access team and special product team, the Group explored the innovative product market in core therapeutic areas, and covered county-level and certain prefecture-level markets in Chinese mainland through the broad market team. In addition, the Group expanded the sales channels of its pharmaceutical products by virtue of the cooperation and linkage with its associate Sinopharm.

In terms of commercialization in overseas markets, as at the end of the Reporting Period, the overseas commercialization team has approximately 1,000 employees, which mainly covered markets including the U.S. and Africa. In the U.S. market, the Group has established the U.S. innovative drug team, and initiated the commercialization preparations before the launch of serplulimab injection (PD-1 inhibitor) and the preliminary preparations for the license-in projects of innovative drugs. In emerging markets such as Africa, the Group has set up 5 regional distribution centers, and established and developed digital management capabilities, user operation capabilities and B2B2C model service capabilities, and was capable to provide a one-stop service of registration, circulation, academic promotion and post-launch safety alert and other services for customers. During the Reporting Period, clinical data of several innovative drugs of the Group was published at domestic and overseas pharmaceutical industry academic conferences such as the conferences of the American Society of Clinical Oncology (ASCO), Chinese Society of Clinical Oncology (CSCO), European Hematology Association (EHA) and European Society for Medical Oncology (ESMO).

Meanwhile, the Group continued to optimize its marketing compliance management system, and has formulated review and supervision procedures covering interactions and collaboration among different functional departments, so as to ensure compliance of marketing activities, marketing methods, marketing contents and marketing materials, etc. The Group continued to enhance the internal audit for responsible marketing, and conducted audit works on regulated management over execution of responsible marketing policies, sales procedures, signing of sales contracts and other matters of subsidiaries. In terms of internal compliance supervision, the Group further enhanced the openness and transparency of its management systems. During the Reporting Period, several internal systems, such as the Regulations on Anti-Corruption and the Regulations on the Management of Integrity in Practice, were published on the website of the Company. These systems further elaborate the red line mechanism, and impose stricter compliance requirements and supervision on various operational procedures, so as to maintain a fair and clean business environment and culture. In terms of internal staff training, the Group regularly provides responsible marketing special training to all employees in marketing-related positions, covering laws and regulations, internal rules and regulations and product knowledge, etc. The training adopts a combination of online and offline methods to help marketing personnel understand the marketing-related regulations of the Group to ensure a reasonable and compliant marketing process. In addition, during the Reporting Period, the Group has commenced the ESG Culture Month campaign, which covers different themes such as marketing compliance and anticorruption, aiming to increase employees' understanding and recognition of compliance and enhance their awareness on risk control.

5. Digitally empowered business continued to grow

During the Reporting Period, the Group continued to optimize its digital technologies and means, improved the establishment of the digital system in the supply chain and marketing, and enhanced its capability in the digitalization of drug R&D.

During the Reporting Period, the Group launched the new SRM (Supplier Relationship Management) system, which integrated supplier management, sourcing management, contract management and other modules with existing management system, and linked up individual procurement procedures of existing offline operations, thus realizing close-looped management of R2P (Request to Pay). Through the sharing of suppliers' information, the Group increased the transparency of sourcing and procurement procedures and data visualization, and realized the informatization and networking of procurement operations, which will benefit the Group for its continuous enhancement in procurement management and decision-making efficiency. Subsequently, the Group will further deepen SRM application. Through comprehensive analysis on procurement data, the Group will better manage its procurement and make decisions, and continue to build up lean supply chain management system.

During the Reporting Period, in terms of the establishment of digital system in the marketing, the Group established the marketing customer management system with independent intellectual property rights, and completed the iteration of domestic production and independent development. Meanwhile, under the premise of protecting data security, the

Group enhanced the whole-process compliance management of marketing activities for key business segments through digitalization solutions, including further improvement in the responsible zone, position and end customer management under Customer Relationship Management (CRM). Through behavior management system, the Group refined the management of marketing personnel behavior, regulated marketing procedures, and promoted the sustainable, healthy development of businesses. In terms of digital marketing, the Group built up sales data screen for key business segments, and conducted comprehensive analysis on various aspects from products, management organization, administrative division, and end customer etc., aiming to digitalize and visualize marketing operations, so as to provide solid data support for the market layout of relevant products.

During the Reporting Period, the Group continued to enhance its capability in the digitalization of drug R&D, and fully optimized the management procedures for R&D projects. It has completed the building up of visual screen for R&D management procedures, realizing data analysis and real-time monitoring on R&D process, thereby improving R&D management efficiency. In addition, the Company, together with "Shuimu Molecular" incubated by Institute of AI Industry Research of Tsinghua University, actively promoted the deployment of large-scale models in therapeutic sectors. Combining drug R&D experiences with the latest AIGC (AI Generated Content) artificial intelligence large language model technology, the first AI drug R&D quantitative decision evaluation system in the world was established. Leveraging AIGC with AI-Agent technology, this system can conduct quantitative decision evaluation, which can improve the efficiency and accuracy of drug R&D decision-making, thus realizing independent control over large-scale model of biopharmaceutical sector. Meanwhile, ChatGPT LLM model was integrated with INNOX, the management platform for self-developed drug R&D projects, providing users with R&D NLP Q&A service, thus improving the efficiency of R&D personnel in terms of information collection and problem solving. Moreover, the Group continued to deepen the establishment of intelligent manufacturing system, set intelligent manufacturing standards through top-level design and established a digital lighthouse factory, thereby improving the manufacturing efficiency and quality stability, and realizing more reliable, effective drug manufacturing services.

Table 1: Updates on major R&D pipelines during the Reporting Period

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug Category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
Approved for launch	Serplulimab injection (trade name in Chinese Mainland: Han Si Zhuang, trade name in Indonesia: Zerpidio)	PD-1	Therapeutic biological product	Treatment of extensive-stage small cell lung cancer (ES-SCLC) (Chinese mainland and Indonesia)						In combination with carboplatin and etoposide
				First-line treatment of patients with PD-L1 positive unresectable locally advanced/recurrent or metastatic esophageal squamous cell carcinoma (ESCC)						In combination with drugs containing fluorouracil and platinum
	Yi Kai Da (ejilunsai injection)	CD19	Therapeutic biological product	Treatment of adult patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy						*Note 1*
	Bei Wen (keverprazan hydrochloride tablets)	P-CAB	Chemical drug	Duodenal ulcer (DU)						—
				Reflux esophagitis (RE)						—
	Tenapanor hydrochloride tablets (Tenapanor)	NHE3	Chemical drug	Irritable bowel syndrome with constipation (Hong Kong)						—
	Comirnaty Bivalent Vaccine (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine)	S protein	Biological product	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection (Macau)						—
	Comirnaty XBB1.5 (Omicron-adapted XBB1.5)	S protein	Biological product	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection (Hong Kong and Macau)						—
NDA accepted	Serplulimab injection (trade name in Chinese Mainland: Han Si Zhuang)	PD-1	Therapeutic biological product	First-line treatment of patients with epidermal growth factor receptor (EGFR) sensitivity mutation-negative and anaplastic lymphoma kinase (ALK) gene rearrangement-negative locally advanced or metastatic non-squamous non-small cell lung cancer (NSCLC)						In combination with pemetrexed and carboplatin
				First-line treatment of extensive-stage small cell lung cancer (ES-SCLC) (Europe)						In combination with carboplatin and etoposide
	FCN-437c	CDK4/6	Chemical drug	Locally advanced or metastatic breast cancer patients with hormone receptor (HR) positive and human epidermal growth factor receptor 2 (HER2) negative disease progression following previous endocrine therapy						In combination with fulvestrant
	DaxibotulinumtoxinA botulinum toxin (RT002)	/	Therapeutic biological product	Temporary improvement on moderate to severe glabellar lines in adults caused by corrugator supercilii and/or procerus muscle activity						—
				Treatment of cervical dystonia in adults						—
	Tenapanor hydrochloride tablets (Tenapanor)	NHE3	Chemical drug	Controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD)						—

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug Category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
	Trastuzumab injection (trade name in Chinese mainland: Han Qu You)	HER2	Biological product	(1) Adjuvant therapy for HER2-expressing breast cancer; (2) Therapy for HER2-expressing metastatic breast cancer; (3) Therapy for HER2-expressing metastatic gastric adenocarcinoma or gastroesophageal junctional adenocarcinoma (U.S.)						—
Under phase III clinical study	FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	HER2	Therapeutic biological product	HER2-positive locally advanced or metastatic breast cancer						—
	FCN-159	MEK1/2	Chemical drug	Neurofibromatosis type I in adults						—
	ET-26 (methoxyetomidate hydrochloride for injection)	GABA receptor	Chemical drug	Induction of general anesthesia in adults						
Under phase II clinical study	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	LAG-3	Therapeutic biological product	Metastatic colorectal cancer (mCRC)						In combination with serplulimab injection and chemotherapy
	FCN-338#	BCL-2	Chemical drug	Treatment of myeloid malignancies						In combination with azacitidine or chemotherapy
	FCN-159#	MEK1/2	Chemical drug	Langerhans cell histiocytosis in children						—
	HLX208 (BRAF V600E inhibitor)	BRAF V600E	Therapeutic biological product	Non-small cell lung cancer (NSCLC)						In combination with serplulimab injection
Under phase I clinical study	HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	CD38	Therapeutic biological product	Multiple myeloma (MM)						—
	HLX13# (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	CTLA-4	Therapeutic biological product	Melanoma, Renal Cell Carcinoma, Colorectal Cancer, Hepatocellular Carcinoma, Non-Small Cell Lung Cancer, Malignant Pleural Mesothelioma and Esophageal Squamous Cell Cancer						—
	SZEY-2108 for injection#	/	Chemical drug	Carbapenem resistant Enterobacteriaceae (CRE) infection						—

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug Category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
	XH-S003#	/	Chemical drug	Treatment of IgA nephropathy and other glomerular diseases with abnormal complement activation (Australia)						Note 2
	HLX43# (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor)	PD-L1 ADC	Therapeutic biological product	Advanced/metastatic solid tumors						Note 3
	XS-03#	/	Chemical drug	RAS-mutated advanced solid tumor						—
	OP0595# (Nacubactam for injection)	β -lactamase inhibitor	Chemical drug	Treatment of adults infected by aerobic gram-negative bacteria with limited options						Note 4
	XH-S002#	/	Chemical drug	Secondary prevention of ischemic stroke and transient ischemic attack						—
IND approved	HLX51 (recombinant anti-OX40 humanized monoclonal antibody for injection))	OX40	Therapeutic biological product	Advanced/ metastatic solid tumor and lymphoma						—
	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	LAG-3	Therapeutic biological product	First-line treatment of advanced non-small cell lung cancer (NSCLC)						In combination with serplulimab injection and chemotherapy
	HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	CTLA-4	Therapeutic biological product	Liver cancer						—
	FCN-016	ROCK	Chemical drug	Glaucoma or ocular hypertension						—
	Anti-human T-lymphocyte rabbit immunoglobulin (trademark in Chinese mainland: Fu Ke Shu, trade name: Grafalon)	/	Therapeutic biological product	Prevention of graft-versus-host disease (GvHD) after hematopoietic stem cell transplantation						—

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug Category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
	HLX42 (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor)	EGFR ADC	Therapeutic biological product	Advanced/ metastatic solid tumor (Chinese mainland and U.S.)						*Note 5*
	VT-101 injection	/	Therapeutic biological product	Advanced head and neck squamous carcinoma, melanoma and breast cancer and other solid tumors (Chinese mainland and U.S.)						—

Innovative drugs/biosimilars (products) approved for clinical trial and had commenced respective clinical study during the Reporting Period.

Note 1: Yi Kai Da (ejilunsai injection) is a product of Fosun Kite, a joint venture. In June 2023, Yi Kai Da (ejilunsai injection) for the treatment of adult 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 was conditionally approved by the NMPA. As at the date of this announcement, 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), was at the bridging clinical trial stage in Chinese mainland.

Note 2: In addition, the clinical trial application of such indication was also approved by the NMPA in July 2023.

Note 3: In addition, the clinical trial application of such indication was also approved by the U.S. FDA in November 2023.

Note 4: In July 2023, the phase I and phase III clinical trial application of the combination dosing of OP0595 and cefepime or aztreonam for the treatment of adults infected by aerobic gram-negative bacteria with limited treatment options was approved by the NMPA and the phase I clinical trial had commenced during the Reporting Period.

Note 5: In December 2023, HLX42 for the treatment of patients with advanced or metastatic EGFR-mutated non-small cell lung cancer whose disease has progressed on a third-generation EGFR tyrosine kinase inhibitor was granted the Fast Track Designation (FTD) by the U.S. FDA.

Table 2: Major marketed innovative products and description of core categories

No.	Therapeutic area	Product name	Description of product	Photo of product
1	Anti-tumor and immune modulation	Han Li Kang (rituximab injection)	This drug was approved for launch by the NMPA in February 2019, and is the first domestic biosimilar. Its approved indications include: (1) non-Hodgkin 's lymphoma, (2) chronic lymphoblastic leukaemia, (3) rheumatoid arthritis (RA). It is also the first rituximab approved for rheumatoid arthritis (RA) indication in China.	
2		Han Qu You (trastuzumab injection)	This drug is the first trastuzumab biosimilar approved for launch in China, and also the first domestic monoclonal antibody biosimilar approved by both China and Europe. Its approved indications include: (1) HER2 positive early breast cancer, (2) metastatic breast cancer, (3) metastatic gastric cancer. Centering on such drug, the Group, in cooperation with international renowned biopharmaceutical enterprises including Accord Healthcare Limited, PT Kalbio Global Medika and Laboratorio ELEA Phoenix S.A., expanded its layout in Europe, the United States, Canada and numerous emerging countries. This drug has been approved for launch in over 40 countries and regions. The trade name of such drug in Europe is Zercepac, while its trade name in Australia is Tuzucip and Trastucip.	
3		Han Si Zhuang (serplulimab injection)	This drug (PD-1 inhibitor) was approved for launch by the NMPA in March 2022, and is the first innovative monoclonal antibody independently developed by the Group. Its approved indications include: (1) microsatellite instability-high (MSI-H) solid tumors (conditionally approved), (2) squamous non-small cell lung cancer, (3) extensive-stage small cell lung cancer, and (4) esophageal squamous cell carcinoma (ESCC). It is the first anti-PD-1 monoclonal antibody drug approved for the first-line treatment of small cell lung cancer in the world. It has been recommended by 9 guidelines in 2023, including CSCO Guidelines on Small Cell Lung Cancer Treatment, CSCO Guidelines on Non-Small Cell Lung Cancer Treatment, CSCO Guidelines on Esophageal Cancer Treatment, CSCO Guidelines on Colorectal Cancer Treatment and CSCO Guidelines on Clinical Application of Immune Checkpoint Inhibitors. In December 2023, this drug was approved by the Indonesian Food and Drugs Authority (BPOM). It was the first time for this product approved for launch in overseas market, making it the first Chinese PD-1 monoclonal antibody drug approved for launch in Southeast Asia.	
4		Han Da Yuan (adalimumab injection)	This drug was approved for launch by the NMPA in December 2020, and is the first domestic adalimumab biosimilar with GMP certified production base approved by both China and Europe. Its approved indications include: (1) rheumatoid arthritis, (2) ankylosing spondylitis, (3) psoriasis, (4) uveitis.	

No.	Therapeutic area	Product name	Description of product	Photo of product
5	Anti-tumor and immune modulation	Su Ke Xin* (avatrombopag maleate tablets)	This drug was approved for launch by the NMPA in April 2020, and is the first oral drug approved for the treatment of thrombocytopenia related to chronic liver diseases in the world. Its approved indication is the selective thrombocytopenia treatment of adult patients with chronic liver disease undergoing diagnostic procedures or surgery. In addition, the NDA of the second indication of the drug (for the treatment of chronic immune thrombocytopenia (ITP) in adult patients with poor response from prior treatment) was accepted by the NMPA.	
6		Otezla* (apremilast tablets)	This drug was approved for launch by the NMPA in August 2021, and is the world's first oral phosphodiesterase-4 (PDE4) inhibitor for the treatment of plaque psoriasis. Its approved indication is treatment for adult patients with moderate to severe plaque psoriasis who are suitable for phototherapy or systematic treatment.	
7		Akynzeo* (netupitant and palonosetron hydrochloride capsules)	This drug was approved for launch by the NMPA in August 2019, and is the world's first dual-channel fixed- dose combination oral compound preparation that simultaneously blocks both NK-1 receptors and 5-HT3 receptors. Its approved indication is prevention of acute and delayed nausea and vomit arising from highly emetogenic chemotherapy in adult patients.	
8		Pei Jin* (telpegfilgrastim injection)	This drug (new generation of long-lasting recombinant human granulocyte colony-stimulating factor product) was approved for launch by the NMPA in June 2023, and is classified as class 1 new drug in China. Its approved indication is reduction of occurrence of infections expressed in form of febrile neutropenia in patients with non-myeloablative cancer when receiving myelosuppression anti-tumor drug treatment which can easily cause febrile neutropenia.	

No.	Therapeutic area	Product name	Description of product	Photo of product
9	Anti-tumor and immune modulation	Fu Ke Shu* (anti-human T-lymphocyte rabbit immunoglobulin)	The product is a polyclonal antibody inhibitor. Its approved indication in Chinese mainland include the prevention of acute transplant rejection in patients receiving solid organ transplantation (SOT) and the treatment of acute rejections if the therapeutic effect of corticosteroid treatment has proven to be unsatisfactory.	
10		Yi Kai Da (ejilunsai injection, a product of Fosun Kite, a joint venture)	This product was approved for launch by the NMPA in June 2021, and is the first CAR-T cell therapy product approved for domestic launch. Its approved indications include (1) treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r DLBCL) after prior second-line or higher systemic therapy, (2) treatment of adults patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy (conditional approved).	
11	Metabolism and alimentary system	Atomolan (preparations for glutathione series)	This series include Atomolan (glutathione tablets) and Atomolan (glutathione for injection), both of them are class B drug under National Medical Insurance Drugs Catalogue and the basic medicine for liver diseases. In particular, Atomolan (glutathione tablets) are the first glutathione oral preparations in China, while Atomolan (glutathione for injection) is the first generic drug of its kind in China.	
12		Pang Bi Fu* (etelcalcetide hydrochloride injection)	This drug (new generation of calcimimetic) was approved for launch by the NMPA in May 2023. Its approved indication is treatment of secondary hyperparathyroidism (SHPT) of adult patients receiving hemodialysis treatment for chronic kidney disease (CKD).	
13		Bei Wen* (keverprazan hydrochloride tablets)	This drug (potassium ion competitive acid blocker (P-CAB)) was approved for launch by the NMPA in February 2023. As of the date of this announcement, it is the only approved P-CAB with DU/RE double indications and is classified as class 1 new drug in China. Its approved indications include duodenal ulcer (DU) and reflux esophagitis (RE).	

No.	Therapeutic area	Product name	Description of product	Photo of product
14	Anti-infection	Antimalarial series such as artesunate	This series include Artesun and Argesun (artesunate for injection), SPAQ-CO (sulfadoxine pyrimidine dispersible tablets + amodiaquine dispersible tablets) and the D-ARTEPP series (dihydroartemisinin-piperaquine phosphate tablets) etc. In particular, artesunate is the first class 1 new drug in China. As of December 2023, the Group has a total of 33 antimalarial drugs (including APIs and preparations) with WHO PQ. The second generation of artesunate for injection (Artesun) obtained WHO PQ in June 2023, and was registered and approved in 21 countries. As of December 2023, the Group has supplied over 340 million doses of artesunate for injection across the world.	
15		Jie Bei An* (azvudine tablets)	This drug (broad-spectrum RNA virus inhibitor) obtained the emergency conditional approval from the NMPA in July 2022 for use in treatment of adult patients suffering moderate COVID-19. This drug 's approved indication also includes treatment for adult HIV-1 patients (AIDS patients) with high viral load in combination with other reverse transcriptase inhibitors (conditionally approved).	
16		Comirnaty* (mRNA COVID-19 vaccine)	Comirnaty (mRNA COVID-19 vaccine BNT162b2), Comirnaty (Original/Omicron BA.4/BA.5-adapted bivalent vaccine) and dosage forms for adults of Comirnaty XBB1.5 (Omicorn XBB1.5-adapted) have been officially registered both in Hong Kong and Macau. 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 (for local government vaccination programs only) in Hong Kong and special license import in Macau.	
17	Rabies prophylaxis	Rabies vaccine (Vero cell) for human use	Rabies vaccine (Vero cell) for human use was approved for launch by the NMPA in September 2016, with a specification of 1.0ml per vial, 1.0ml per human dose, and an approved indication of rabies prophylaxis. In the production of rabies vaccine (Vero cell) for human use, Fosun Aleph uses serum-free medium at the virus culture stage. CTN-1V strain was used as its virus strain for production, whose gene sequence is closer to that of the street strain of prevailing rabies virus, and has better immune protection effect. In March 2024, the NDA of rabies vaccine (VERO cell) for human use (freeze dried) independently developed by the Group was approved by the NMPA.	

No.	Therapeutic area	Product name	Description of product	Photo of product
18	Influenza prophylaxis	Influenza virus lysate vaccine	Influenza virus lysate vaccine is in adult dosage form and paediatric dosage form. The adult dosage form was approved for launch by the NMPA in November 2005, with a specification of 0.5ml/vial in pre-filled form; and the paediatric dosage form was approved for launch by the NMPA in July 2009, with a specification of 0.25ml/vial in pre-filled form. The approved indication of the product is prevention of influenza caused by a parent strain of virus. The product is made from influenza A1, influenza A3 and influenza B virus strains as recommended by the WHO and approved by the NMPA. The product contains more active ingredient haemagglutinin than the standard required by the Chinese Pharmacopoeia to ensure its effectiveness.	
19	Cardiovascular system	Heparin series preparations	This series include enoxaparin sodium injection, heparin sodium injection, low molecular weight heparin for injection and nadroparin calcium injection etc. Heparin series preparations are mainly used for the prevention of thrombosis or treatment of embolism. The Group has the full industry chain supply capability for low-grade and high-grade heparin products, low-molecular heparin raw materials and preparations, and the sales network covers China, the United States, South America, Europe, the Middle East and Southeast Asia.	
20		Yi Xin Tan* (sacubitril valsartan sodium tablets)	The drug was approved for launch by the NMPA in August 2023, and is a first-line drug for the treatment of heart failure and hypertension in an innovative crystalline form. Its approved indication is the treatment of essential hypertension. It can also be used in adult patients with chronic heart failure (NYHA class II-IV, LVEF≤40%) with reduced ejection fraction to mitigate risks of cardiovascular death and hospitalisation for heart failure.	

* *Being the license-in innovative drug (product) of the Group.*

II. SEGMENT PERFORMANCE OVERVIEW

1. Pharmaceutical manufacturing

Performance summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB30,080 million, representing a year-on-year decrease of 2.00%. In particular, excluding COVID-related products, the revenue of the pharmaceutical manufacturing segment of the Group recorded a year-on-year increase of 13.47%, which was mainly due to the revenue from new products and sub-new products (excluding COVID-related products) maintaining rapid growth.

During the Reporting Period, the segment results of the pharmaceutical manufacturing segment amounted to RMB2,134 million, representing a year-on-year decrease of 43.77%, and segment profits amounted to RMB1,974 million, representing a year-on-year decrease of 42.26%, which was mainly due to: (1) the impacts of COVID-related products: ① COVID-related products and assets with indications of impairment were disposed, and impairment provisions were made, totaling approximately RMB569 million; ② with a significant decline in revenue from COVID-related products, profits decreased accordingly; ③ there were still expenses arising from the team, medical and market activities for COVID-related operations during the Reporting Period; (2) as a result of the impacts of the costs and amortisation of the acquisition of Cenexi by Gland Pharma, and operating losses of Cenexi, net profits recorded a year-on-year decrease; (3) the investment in commercialization preparations before the launch of serplulimab injection (PD-1 inhibitor) in the U.S. market.

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of the Group amounted to RMB5,172 million, representing a year-on-year increase of 1.47%. R&D expenditures in the pharmaceutical manufacturing segment accounted for 17.19% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,638 million, accounting for 12.09% of the revenue from the pharmaceutical manufacturing segment.

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

Unit: million Currency: RMB

Major therapeutic area	**2023**	2022	Year-on-year increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Notes 1, 5)*	**7,638**	5,535	37.99
Major products of anti-infection *(Notes 2, 5)*	**4,340**	8,582	–49.43
Major products of metabolism and alimentary system *(Note 5)*	**2,824**	2,883	–2.05
Major products of cardiovascular system *(Notes 3, 5)*	**1,677**	2,115	–20.71
Major products of central nervous system *(Notes 4, 5)*	**1,184**	1,003	18.05
Major products of APIs and intermediate products *(Note 5)*	**1,271**	1,248	1.84

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a year-on-year increase of 37.99%, mainly due to the revenue growth of Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection) and trastuzumab drug substance, and Su Ke Xin (avatrombopag maleate tablets), and the revenue contribution from new products, namely Otezla (apremilast tablets), Han Bei Tai (bevacizumab injection) and Akynzeo (netupitant and palonosetron hydrochloride capsules).

Note 2: The revenue from major products of anti-infection recorded a year-on-year decrease of 49.43%, mainly due to the combined effect of the significant decrease in the sales volume of COVID-related products (Comirnaty (mRNA COVID-19 vaccine) and Jie Bei An (azvudine tablets)), and the revenue growth contribution from Cravit (levofloxacin tablets and levofloxacin injection).

Note 3: The revenue from major products of cardiovascular system recorded a year-on-year decrease of 20.71%, mainly due to the decline in sales of heparin series preparations in the overseas market.

Note 4: The revenue from major products of central nervous system recorded a year-on-year increase of 18.05%, mainly due to the sales growth of Chang Tuo Ning (penehyclidine hydrochloride injection).

Note 5: Major products of anti-tumor and immune modulation comprise: Han Qu You (trastuzumab injection) and trastuzumab drug substance, Han Li Kang (rituximab injection), Han Si Zhuang (serplulimab injection), Su Ke Xin (avatrombopag maleate tablets), Ke Sheng (Xihuang capsules), Kai Lai Zhi (epinastine hydrochloride capsules), Akynzeo (netupitant and palonosetron hydrochloride capsules), Han Da Yuan (adalimumab injection), Han Bei Tai (bevacizumab injection), Otezla (apremilast tablets),

Yi Luo Ze/Tu Mei Si (pemetrexed disodium for injection), Zhao Hui Xian (bicalutamide tablets), Fu Ke Shu (anti-human T-lymphocyte rabbit immunoglobulin), ondansetron, oxaliplatin, paclitaxel, Di Kai Mei (sorafenib tosylate tablets) and Pei Jin (telpegfilgrastim injection).

Major products of anti-infection comprise: antimalarial series such as artesunate, Jie Bei An (azvudine tablets), Cravit (levofloxacin tablets), Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection), rabies vaccine (VERO cell) for human use (non-freeze dried), Pai Shu Xi Lin (piperacillin sodium and tazobactam sodium for injection), anti-tuberculosis series, Cravit (levofloxacin injection), Qiang Shu Xi Lin/Qin Shu/Er Ye Qin (piperacillin sodium and sulbactam sodium for injection), caspofungin, Xi Chang/Bi Li Shu (cefmetazole sodium for injection), Sai Fu Nuo (cefminox sodium for injection), daptomycin, He Pu Ding (lamivudine tablets), micafungin, Comirnaty (mRNA COVID-19 vaccine), 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 metabolism and alimentary system comprise: You Li Tong (febuxostat tablets), Atomolan (glutathione tablets), Bei Yi (potassium chloride granules), animal insulin and its preparations, Atomolan (glutathione for injection), Ke Yi (new compound aloe capsules), Wan Su Jing (empagliflozin tablets), Yi Bao (recombinant human erythropoietin for injection (CHO cells)), Li Qing (alfacalcidol tablets), Wan Su Ping (glimepiride tablets), human insulin and its preparations, Fan Ke Jia (thioctic acid injection), Bei Wen (keverprazan hydrochloride tablets) and Pang Bi Fu (etelcalcetide hydrochloride injection).

Major products of cardiovascular system comprise: heparin series preparations, Bang Tan (telmisartan tablets), Ya Ni An (amlodipine besilate tablets), Bang Zhi (pitavastatin calcium tablets), Ke Yuan (calcium dobesilate capsules), You Di Er (alprostadil dried emulsion for injection), Xin Xian An (meglumine adenosine cyclophosphate for injection), Su Ka Xin (indapamide tablets), Yi Xin Tan (一心坦) (sacubitril valsartan sodium tablets) and Run Mo De Lin (treprostinil injection).

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

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

* The data of 2022 was restated according to the basis of 2023.

In 2023, there were a total of 50 preparations 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 2022, and details are as follows:

Currency: RMB

Sales during the Reporting Period	Number	Preparation varieties or series
Over 1 billion	4	Han Qu You (trastuzumab injection), Han Li Kang (rituximab injection), Han Si Zhuang (serplulimab injection), heparin series preparations
500 million to 1 billion	4	Su Ke Xin (avatrombopag maleate tablets), antimalarial series such as artesunate, Jie Bei An (azvudine tablets), You Li Tong (febuxostat tablets)
300 million to 500 million	8	8 varieties including rabies vaccine (VERO cell) for human use (non-freeze dried), Atomolan (glutathione tablets), Chang Tuo Ning (penehyclidine hydrochloride injection), Cravit (levofloxacin tablets), animal insulin and its preparations
100 million to 300 million	34	34 varieties including Otezla (apremilast tablets), Akynzeo (netupitant and palonosetron hydrochloride capsules), Han Da Yuan (adalimumab injection), Han Bei Tai (bevacizumab injection), Wan Su Jing (empagliflozin tablets), Qi Wei (quetiapine fumarate tablets), Pai Shu Xi Lin (piperacillin sodium and tazobactam sodium for injection), anti-tuberculosis series

Important events

- *Two new indications for serplulimab injection (PD-1 inhibitor) and its commercialization progress in overseas markets*

  During the Reporting Period, Han Si Zhuang (serplulimab injection), the first self-developed innovative PD-1 inhibitor of the Group, had been approved for two new indications for extensive-stage small cell lung cancer (ES-SCLC) and unresectable locally advanced or metastatic esophageal squamous cell carcinoma (ESCC) in Chinese mainland and became 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). As at the end of the Reporting Period, four indications of Han Si Zhuang have been approved in Chinese mainland, i.e. microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and esophageal squamous cell carcinoma (ESCC). In addition, the NDA of Han Si Zhuang (serplulimab injection) in combination with pemetrexed and carboplatin for the first-line treatment of patients with epidermal growth factor receptor (EGFR) sensitive mutation-negative and anaplastic lymphoma kinase (ALK) gene rearrangement-negative locally advanced or metastatic non-squamous non-small cell lung cancer (NSCLC) was accepted by the NMPA in December 2023. This is the fifth indication of Han Si Zhuang (serplulimab injection) applied for NDA in Chinese mainland.

  During the Reporting Period, serplulimab injection (PD-1 inhibitor) had been approved for launch in overseas market for the first time. With its indication for treatment of extensive-stage small cell lung cancer (ES-SCLC) approved by the Indonesian Food and Drugs Authority (BPOM), serplulimab injection (PD-1 inhibitor) completed its first round of overseas distribution in January 2024, making it the first Chinese PD-1 monoclonal antibody drug approved for launch in Southeast Asia. Moreover, its marketing authorization application (MAA) in the EU had been accepted.

  Based on the differentiated development strategy of "Combo+Global" (combination therapy + globalization), the Group proactively facilitated the synergy between Han Si Zhuang (serplulimab injection) and other self-owned pipeline products, and approval have been obtained for clinical trials in China, the United States and other countries and regions. Several clinical trials of Han Si Zhuang and relevant combined therapies have been orderly commenced across the world, covering indications such as lung cancer, esophageal cancer, head and neck squamous cell carcinoma, colorectal cancer and gastric cancer. In particular, the head-to-head bridging trial comparing to first-line standard of care with Atezolizumab for extensive-stage small cell lung cancer (ES-SCLC) had entered clinical enrollment stage 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, the United States, Australia and the EU. In addition, with its outstanding performance, serplulimab injection (PD-1 inhibitor) for the treatment of small cell lung cancer (SCLC) was successively granted Orphan Drug

Designation by the U.S. FDA and the European Commission. In December 2023, relevant production lines of serplulimab injection (PD-1 inhibitor) passed the GMP on-site inspection by Health and Youth Care Inspectorate, the health regulatory institution of Holland, indicating that these production facilities are in compliance with EU GMP standards.

With the successive approvals for various indications of serplulimab injection (PD-1 inhibitor, trade name in Chinese mainland: 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 such product. As at the end of the Reporting Period, Han Si Zhuang had completed online bidding in all provinces across Chinese mainland. It was included in the customized commercial insurance catalogue in various cities, including Shanghai, Ningbo and Zhuhai. As at the end of the Reporting Period, a marketing team for Han Si Zhuang effectively covered approximately 36,000 doctors under different departments such as lung tumor and gastrointestinal tumor in approximately 1,800 hospitals across China through its lean management mode. During the Reporting Period, revenue from such product exceeded RMB1.1 billion. In terms of overseas commercialization, Shanghai Henlius, a subsidiary, reached agreements with KGbio in respect of serplulimab injection (PD-1 inhibitor) during the Reporting Period. On the basis of 10 countries in Southeast Asia under the existing cooperation scope, Shanghai Henlius further expanded the cooperation to 12 countries in regions of the Middle East and North Africa. In October 2023, Shanghai Henlius also entered into a license agreement with Intas, granting Intas the exclusive rights to commercialize serplulimab injection (PD-1 inhibitor) in agreed European zone and India and other rights. In addition, the Group continued to facilitate the works for the commercialization of the product 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 the cooperation with Syneos Health to provide support for the commercialization of the product in the United States.

- *Approval for second-line new indication for CAR-T cell therapy products and other progress*

  During the Reporting Period, a second-line indication of Yi Kai Da (ejilunsai injection) of Fosun Kite, a joint venture, 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 was approved in Chinese mainland. In September 2023, the second-line indication of Yi Kai Da (ejilunsai injection) was approved for launch in Macau.

Yi Kai Da, the first CAR-T cell therapy product approved for domestic launch, 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. Its first approved indication is the treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r LBCL) after prior second-line or higher systemic therapy. As at the end of the Reporting Period, benefitting over 600 patients with lymphoma in total, Yi Kai Da has been included in over 100 urban customized commercial health insurances and over 75 commercial insurances, while the number of treatment centers on record exceeded 160, covering more than 25 provinces and municipalities across China. In January 2024, Yi Kai Da introduced an innovative payment plan based on therapeutic effects in Chinese mainland, exploring a new path for payment mode of high-value innovative drugs in China.

According to a multi-center real-world research data in China released in June 2023, the real-world efficacy of Yi Kai Da on patients with relapsed refractory non-Hodgkin's lymphoma in Chinese mainland was in line with that of global patients. The 12-month overall survival rate was 84.3%, the best overall response rate was 83.2%, the best complete response rate was 58.4%, performing better in terms of safety. The survival analysis data of ZUMA-7 clinical trial research of Yescarta was published in New England Journal of Medicine (impact factor: 176.082), a medical journal. According to the results of the research: the death rate of r/r LBCL second-line treatment using ejilunsai injection reduced by 27.4% as compared to that of standard second-line treatment (SOC). Ejilunsai injection significantly extended the overall survival of patients.

As at the date of this announcement, the third 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), and the 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)) of Fosun Kite's second CAR-T cell therapy product FKC889 were at the bridging clinical trial stage in Chinese mainland.

- *Progress of other pipeline products*

The Group continued to optimize its R&D system. With the improving R&D strategies, the Group focused on developing the four core technology platforms, namely small molecule, antibody/ADC, RNA and cell therapy, and continued to advance the R&D and launch progress of various innovative products. As at the date of this announcement, several self-developed, co-developed and license-in products of the Group have successively entered the key clinical/approval stage.

During the Reporting Period, the phase III clinical research of FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection), an innovative antibody drug conjugate originally license-in and subsequently independently developed by the Group, for the treatment of HER2 positive locally advanced or metastatic breast cancer that cannot be removed through surgery has commenced in Chinese mainland. HLX208, a molecular inhibitor targeting human BRAF protein V600E mutated cells license-in by the Group, for the treatment of BRAF V600E mutated langerhans cell histiocytosis (LCH) and Erdheim-Chester disease (ECD) in adults was included in the breakthrough therapy drug program in April 2023. The phase III clinical research of ET-26 (methoxyethyl etomidate hydrochloride for injection), which is jointly invented and developed by the Group and West China Hospital of Sichuan University, for anesthesia induction in adults has commenced in Chinese mainland in October 2023. In addition, the clinical trial applications of the Group's HLX42 for injection (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor) and HLX43 for injection (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor) were approved by the NMPA and the U.S. FDA, respectively. In particular, HLX42 for the treatment of patients with advanced or metastatic EGFR-mutated non-small cell lung cancer whose disease has progressed on a third-generation EGFR tyrosine kinase inhibitor has been granted the Fast Track Designation by the U.S. FDA in December 2023.

During the Reporting Period, the phase III clinical research of MEK1/2 selective inhibitor FCN-159 independently developed by the Group for the treatment of neurofibromatosis type I in adults has commenced in Chinese mainland in July 2023, and its two indications, namely histiocytic tumors and treatment for adult patients with NF1 (neurofibromatosis type I) related plexiform neurofibroma who are unable to undergo surgery or encounter postoperative residual/recurrence, have successively included in the breakthrough therapy drug program in April and July 2023. The phase II clinical trial application of FCN-159 for treatment of langerhans cell histiocytosis in children was approved by the NMPA in March 2023.

In addition, as at the date of this announcement, the NDAs of several pipeline drugs, including DaxibotulinumtoxinA botulinum toxin (project code: RT002) and tenapanor hydrochloride tablets (project code: Tenapanor) was accepted in Chinese mainland. The BLA of trastuzumab injection was accepted in the U.S.

During the Reporting Period, the Group continued to promote the R&D and industrialization of vaccines in its pipeline. In April 2023, the 13-valent pneumococcal conjugate vaccine, which is independently developed by the Group, completed patient enrollment for phase III clinical trial. In March 2024, rabies vaccine (Vero cell) for human use (freeze dried), which is independently developed by the Group, was approved for launch in Chinese mainland. As at the date of this announcement, Fosun Antejin

successively received the Drug Manufacturing Certificate (《藥品生產許可證》) and the Drug Operating Certificate (《藥品經營許可證》), laying a foundation for its subsequent commercialization of pipeline vaccine products.

At the same time, during the Reporting Period, the established medicines manufacturing & supply business of the Group continued to optimize the life cycle management of established medicines on the product end, focused on the independent R&D of first generic drugs, difficult and complex preparations and improved new drugs, grasped highly fit expansion opportunities, enriched pipelines, improved the capability and efficiency of the system, and actively promoted the overseas commercialization of preparations. During the Reporting Period, a total of 29 generic drugs varieties of the Group were approved for launch including import drug licenses and 6 generic drugs passing consistency evaluation. In particular, osimertinib mesylate tablets and crizotinib capsules of Wanbang Pharma, a subsidiary, are the first generic drugs approved for launch in Chinese mainland. Li Tuo Ning (力妥寧) (urapidil hydrochloride injection) of Avanc Pharma, a subsidiary, is the first domestic urapidil hydrochloride product passing consistency evaluation. Tranexamic acid tablets of Hunan Dongting and chlorpheniramine maleate injection of Wanbang Pharma are the first products passing consistency evaluation among similar products in China. In addition, a total of 13 generic drugs preparations varieties of Gland Pharma, a subsidiary, were approved for launch by the U.S. FDA.

- *Integrated production and streamlined operation*

  In order to further improve the competitiveness of the production system of pharmaceutical manufacturing business, improve operational efficiency and implement the internationalization strategy, the Group continued to streamline and discover its internal competitive production capacity, deepened the integration of the production side, realized the rapid transformation of products through the construction of API and preparation bases and engineering technology centers, and built up internationally competitive star production lines and production bases.

  The Group continued to consolidate production lines on manufacture end 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 regional production centers in Xuzhou and Chongqing, continuously advanced the construction of Xingnuo Pharma API Base, Hunan Dongting API Base and Chongqing API Base, and vertically integrated the APIs and preparation industry chains, realizing intensive mass production capacity and covering various preparations and disease areas. The Group expedited the construction of Shanghai Henlius's Songjiang Base to continuously expand the production capacity. As at the end of the Reporting Period, the trial production of the first tranexamic acid production line in Hunan Dongting API Base had commenced; the category process validation in Chongqing Changshou API Base had

been conducted; febuxostat API, the first product in Xingnuo Pharma API Base (transferred to Xingnuo Pharma from Wanbang Jinqiao), had passed the inspections on drug production license, GMP and registration verification and commenced commercial production; the transfer of relevant products from Xuzhou Industrial Park Preparation Base had commenced, and new products will be continuously introduced with increased production capacity in the subsequent stage; the installation works of drug substance and preparations building in Shanghai Henlius's Songjiang Base had completed and entered the commissioning stage. In addition, the Group commenced the construction of the Cote d'Ivoire park integrating drug R&D, manufacturing, logistics and delivery located near Abidjan, aiming to realize local drug manufacturing and supply in Africa.

At the same time, the Group continued to promote the certification of international production quality standards to consolidate the foundation for the exportation of preparations. The Group through different means including gap analysis, special training, reform and upgrade etc., continued to improve quality systems based on the domestic and international requirements, and enhanced the quality risk awareness and quality management capabilities of all employees. During the Reporting Period, the second generation of artesunate injection (Argesun) independently developed by the Group passed the WHO PQ, and became the first artesunate injection with one-step preparation passing the WHO PQ. As at the end of the Reporting Period, all commercial production lines of the domestic subsidiaries under the pharmaceutical manufacturing segment of the Group obtained domestic GMP certifications. During the Reporting Period, those production lines received over 100 official inspections as well as official sample tests on over 600 batches, all of which were passed smoothly, and 9 production lines had passed GMP certification in major regulatory markets such as the U.S. and the EU.

In addition, during the Reporting Period, the Group continued to advance "Excellence Operation and Management", and further upgraded to the FES management system based on FOPEX. The Group formulated the FES/FOPEX manual to guide enterprises in establishing lean operation system. Through in-depth analysis and study of each production stage of key products, the Group implemented optimization measures to improve processes, enhance quality, reduce cost, and enhanced product delivery capability. Focusing on energy saving and consumption reduction, the Group reduced energy consumption and carbon emission, and continued to promote green operation. Focusing on revenue growth and R&D efficiency improvement, the Group continued to deepen informatization and intelligent transformation. In respect of supply chain, through inventory optimization, the Group can ensure the timely, effective delivery of customer orders, thus effectively secure the stable operation of inventory plans and production plans.

- *Progress in relation to the 2023 National Medical Insurance Drugs Catalogue*

  In December 2023, certain domestic innovative drugs licensed-in by the Group were included in the National Medical Drugs Catalogue (officially executed in January 2024) through negotiation, which further enhanced the accessibility and affordability of drugs for relevant diseases in Chinese mainland, benefitting more domestic patients. The abovementioned domestic innovative drugs include: Bei Wen (keverprazan hydrochloride tablets), the first potassium ion competitive acid blocker (P-CAB) independently developed by China, and Pei Jin (telpegfilgrastim injection), a long-lasting recombinant human granulocyte colony-stimulating factor product.

R&D innovation

During the Reporting Period, the Group further improved the top-level structure of the innovative medicines division, continued to introduce senior scientists and C-level talents, comprehensively upgraded domestic and overseas capabilities in early R&D, CMC, clinical medicine and clinical operations, etc. At the same time, the Group reorganized the establishment, management and decision-making mechanisms at major nodes of its innovative drug projects 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.

In order to enhance scientific and innovation strategy and improve R&D efficiency, the Company has established the Scientific Advisory Board (SAB) at group level during the Reporting Period. Serving as the external think tank, the SAB will assist the management of the Group in formulating and optimizing the medium- to long-term scientific innovation and R&D strategies, and provide additional strategic guidelines and insights. As at the date of this announcement, the SAB has a total of 12 members, comprising globally renowned academicians, scientists and clinical experts with outstanding academic attainments from China and overseas, with their areas of expertise covering tumors, cardiovascular, immunology and other disease fields, involving clinical medicine, basic scientific study, drug R&D, regulatory science and other aspects. The SAB reviewed, evaluated and advised on the overall R&D strategic plannings, pipelines under development and specific projects of the Group. They also put forward targeted advices on the resource investment and external cooperation models for preliminary R&D projects, as well as the implementation paths of the two major strategies of internationalization and innovation, which served as reference for the Group in making decisions.

Through independent R&D, cooperative development, license-in projects and in-depth incubation, the Group focused on core therapeutic areas such as oncology (solid tumors and hematological tumors), autoimmunity, 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. The Group also actively explored cutting-edge technologies such as cancer

vaccine and AI drug R&D to continuously enhance its core R&D capabilities and pipeline value, and facilitate the R&D and commercialization of more FIC (First-in-class) and BIC (Best-in-class) products. During the Reporting Period, the global R&D center integrated resources to establish TRC (Translational Research Center), which aims to strengthen cooperation with preliminary R&D institutions such as scientific research institutes, promote the transformation of original innovation, and promote more high-quality innovative products to enter clinical stage.

During the Reporting Period, 6 innovative drugs with a total of 8 indications and 29 generic drugs varieties of the Group (including import drug licenses but excluding 13 generic drugs preparations approved for launch by the U.S. FDA of the Gland Pharma) were approved for launch. 5 innovative drugs/biosimilars with a total of 7 indications[3] and 64 generic drugs varieties (including import drug licenses but excluding overseas applications of Gland Pharma) had applied for launch. In addition, a total of 20 innovative drugs/biosimilars (indications) were approved for clinical trials (calculated by indications) during the Reporting Period. During the Reporting Period, a total of 206 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 5 U.S. patent applications and 11 PCT applications; 74 licensed invention patents authorization were obtained.

In addition, during the Reporting Period, the clinical data of several innovative drugs of the Group was disclosed at domestic and overseas medical academic meetings such as the meetings of American Society of Clinical Oncology (ASCO), Chinese Society of Clinical Oncology (CSCO), European Hematology Association (EHA), and European Society for Medical Oncology (ESMO).

As at the end of the Reporting Period, there were over 70 major pipeline projects of the Group on innovative drugs and biosimilars (calculated by indications); for details on major pipeline drug projects of the Group, please refer to Table 3 to Table 6.

[3] Including the biologics license application (BLA) for trastuzumab injection, which is independently developed by the Group, in the U.S. submitted by Accord BioPharma Inc., a partner of the Group.

Table 3 — 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 (U.S.)
2			Relapsed or refractory B-cell lymphoma	Phase I clinical trial	
3			Treatment of myeloid malignancies in combination with azacitidine or chemotherapy	Phase II clinical trial	—
4		FCN- 159*Note 1*	Neurofibromatosis type I	Phase III clinical trial	Phase II clinical trial (international multi-center)
5			Low-grade gliomas	Phase II clinical trial	—
6			Histiocytic tumors	Phase II clinical trial	—
7			Langerhans cell histiocytosis in children	Phase II clinical trial	—
8		SAF-189	Non-small cell lung cancer (ROS1+)	Phase II clinical trial	Approved for clinical trial (U.S.)
9			Non-small cell lung cancer (ALK+)	Phase III clinical trial	
10		FCN-437c	Breast cancer 1L	Phase III clinical trial	—
11			Breast cancer 2L	NDA	
12		YP01001	Advanced solid tumor	Phase I clinical trial	—
13		FH-2001	Advanced malignant solid tumor	Phase Ib/II clinical trial	—
14		XS-03 tablets	RAS-mutated advanced solid tumor	Phase I clinical trial	—
15	Others	ET-26	Anesthesia	Phase III clinical trial	—
16		FCN-159	Arteriovenous malformations	Phase II clinical trial	—
17		FCN-016 eyedrop	Glaucoma or ocular hypertension	Approved for clinical trial	—
18		SZEY-2108 for injection	Carbapenem-resistant Enterobacteriaceae (CRE) infection	Phase I clinical trial	—
19		XH-S002 powder	Secondary prevention of ischemic stroke and transient ischemic attack	Phase I clinical trial	
20		XH-S003 capsules	1gA nephropathy and other glomerular diseases with abnormal complement activation	Approved for clinical trial*Note 2*	Phase I clinical trial (Australia)

Note 1: Two indications of FCN-159 tablets, i.e. treatment of histiocytic tumors and treatment for adult patients with NF1 (neurofibromatosis type I) related plexiform neurofibroma that are inoperable or residual/recurrent, were included in the breakthrough drug therapy program in April 2023 and July 2023, respectively.

Note 2: In March 2024, Phase I clinical studies of XH-S003 capsules for the treatment of IgA nephropathy and other glomerular diseases with abnormal complement activation were initiated.

Table 4 — 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	—
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)	Approved for launch	Marketing authorization application (EU) Bridging trial (U.S.)
4			Esophageal squamous cell carcinoma (ESCC)	Approved for launch	—
5			Non-squamous non-small cell lung cancer (NSCLC)	NDA	—
6			Neo-/adjuvant treatment of GC	Phase III clinical trial	—
7		Han Si Zhuang (serplulimab injection) + chemotherapy + radiotherapy	Limited-stage small cell lung cancer (LS-SCLC)	Phase III clinical trial (international multi-center)	
8		Han Si Zhuang (serplulimab injection) + Han Bei Tai (bevacizumab injection)	Metastatic colorectal cancer (mCRC)	Phase II/III clinical trial	—
9		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	—
10			Squamous non-small cell lung cancer (sqNSCLC)	Phase II clinical trial	—
11		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	—
12		HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Metastatic colorectal cancer (mCRC)	Phase II clinical trial	—
13		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Solid tumor	Phase Ib/II clinical trial	Approved for clinical trial (U.S.)
14			Locally advanced or metastatic cutaneous squamous cell carcinoma (CSCC)	Phase II clinical trial	Approved for clinical trial (U.S.)
15		HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—

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
16	Anti-tumor	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection) + chemotherapy	Advanced non-small cell lung cancer (NSCLC)	Approved for clinical trial	—
17		HLX51 (recombinant anti-OX40 humanized monoclonal antibody for injection)	Solid tumor and lymphoma	Approved for clinical trial	—
18		HLX53 (anti-TIGIT Fc fusion protein)	Solid tumor and lymphoma	Phase I clinical trial	—
19		HLX60 (recombinant anti-GARP humanized monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
20		HLX42 (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor)	Advanced/metastatic solid tumor	Approved for clinical trial	Approved for clinical trial (U.S.)*Note*
21		HLX43 (antibody-drug conjugate targeting PD-L1 with novel DNA topoisomerase I inhibitor)	Advanced/metastatic solid tumor	Phase I clinical trial	Approved for clinical trial (U.S.)
22		HLX60 (recombinant anti-GARP humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumor	—	Phase I clinical trial (Australia)
23		VT-101 injection	Advanced head and neck squamous cell carcinoma, melanoma, breast cancer and other solid tumors	Approved for clinical trial	Approved for clinical trial (U.S.)
24	Others	HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection)	Wet age-related macular degeneration (wAMD)	Phase III clinical trial	Phase III clinical trial (international multi-center)
25		GC101	Recessive dystrophic epidermolysis bullosa (RDEB)	Approved for clinical trial	—

Note: In December 2023, the injection of HLX42 for the treatment of patients with advanced or metastatic EGFR-mutated non-small cell lung cancer whose disease has progressed on a third-generation EGFR tyrosine kinase inhibitor was granted the Fast Track Designation by the U.S. FDA.

Table 5 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
1	Anti-tumor	FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	HER2-positive locally advanced or metastatic breast cancer	Chinese mainland: Phase III clinical trial
2			HER2-expressing advanced malignant solid tumors	Chinese mainland: Phase II clinical trial
3		FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection) in combination with serplulimab and/or chemotherapy	HER2-expressing advanced gastric cancer	Chinese mainland: Phase II clinical trial
4		HLX208*Note 1*	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Chinese mainland: Phase II clinical trial
5		HLX208 (BRAF V600E inhibitor) + Han Si Zhuang (serplulimab injection)	BRAF V600E or BRAF V600 mutation-positive advanced solid tumor (non-small cell lung cancer)	Chinese mainland: Phase II clinical trial
6		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qu You (trastuzumab injection)	Gastric cancer (GC)	Chinese mainland: Phase II clinical trial
7		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection) + Standardized treatment (trastuzumab in combination with chemotherapy)	Gastric cancer (GC)	Chinese mainland: Approved for clinical trial
8		SVN53- 67/M57-KLH peptide vaccine (SurVaxM)	Primary diagnosis of glioblastoma	Chinese mainland: Approved for clinical trial
9	Metabolism and alimentary system	Keverprazan Hydrochloride tablets (trade name in Chinese mainland: Bei Wen (倍穩))	Duodenal ulcer (DU)	Chinese mainland: Approved for launch U.S.: Phase I clinical trial
10			Reflux esophagitis (RE)	Chinese mainland: Approved for launch U.S.: Phase I clinical trial
11		Tenapanor tablets (tenapanor hydrochloride tablets)	Irritable bowel syndrome with constipation (IBS-C)	Chinese mainland: Phase I clinical trial Hong Kong: Approved for launch
12	Anti-infection	Comirnaty vaccine*Note 2* (mRNA COVID-19 vaccine)	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Hong Kong and Macau: Dosage forms for adults approved for launch (officially registered)
13		Pretomanid tablets	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment	China: NDA Hong Kong: Approved for launch
14		OP0595 (Nacubactam for injection) + cefepime or aztreonam	Treatment of adults infected by aerobic gram-negative bacteria with limited options	Chinese mainland: Phase I clinical trial
15	Central nervous system	Opicapone capsules	Parkinson syndrome	Chinese mainland: NDA

No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
16	Blood system	Avatrombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	Chinese mainland: NDA
17		Tenapanor tablets (tenapanor hydrochloride tablets)	Controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD)	Chinese mainland: NDA
18		Fu Ke Shu (anti-human T-lymphocyte rabbit immunoglobulin)	Prevent graft-versus-host disease (GvHD) after the hematopoietic stem cell transplantation	Chinese mainland: Approved for clinical trial
19	Others	RT002 (DaxibotulinumtoxinA botulinum toxin)	Moderate to severe glabellar lines in adults (GL)	Chinese mainland: NDA
20			Cervical dystonia in adults (CD)	Chinese mainland: NDA
21		Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Chinese mainland: Phase III clinical trial

Note 1: HLX208 for the treatment of BRAF V600E mutated langerhans cell histiocytosis (LCH) and Erdheim-Chester disease (ECD) in adults was included in the breakthrough therapy drug program in April 2023.

Note 2: Including Comirnaty BNT162b2 (mRNA vaccine BNT162b2), Comirnaty Bivalent Vaccine (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine) and Comirnaty XBB1.5 (Omicron-adapted XBB1.5).

Table 6 — 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, colorectal cancer, hepatocellular carcinoma, non-small cell lung cancer, malignant pleural mesothelioma and esophageal squamous cell carcinoma	Phase I clinical trial
			Liver cancer	Approved for clinical trial
4		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Phase I clinical trial
5	Metabolism and alimentary system	Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	NDA
6		Mixed protamine zinc recombinant insulin lispro injection (25R)	Diabetes	NDA
7		Semaglutide injection	Diabetes	Approved for clinical trial[Note]
8		Liraglutide injection	Diabetes	Phase III clinical trial
9		Insulin degludec injection	Diabetes	Phase I clinical trial
10	Others	HLX14 (recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase III clinical trial (international multi-center)

Note: In January 2024, the Phase I clinical trial of semaglutide injection for the treatment of diabetes in Chinese mainland was initiated.

As at the end of the Reporting Period, a total of 32 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in nine batches of national centralized drug procurement bidding (for details, please refer to Table 7 — Products won tenders for centralized procurement). In particular, the ninth batch of centralized procurement was implemented since March 2024. 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 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
1	4+7 scope expansion	Amlodipine Besylate Tablets	High blood pressure	5mg*7 tablets/box	Box
2		Escitalopram Oxalate Tablets	Depression disorder	10mg*7 tablets/box, 10mg*10 tablets/box, 10mg*14 tablets/box	Box
3	The second round	Azithromycin Capsules	1. Acute pharyngitis and acute tonsillitis caused by streptococcus pyogenes; 2. sinusitis, otitis media, acute bronchitis and acute exacerbation of chronic bronchitis caused by susceptible bacteria; 3. pneumonia caused by streptococcus pneumoniae, haemophilus influenzae and mycoplasma pneumonia; 4. urethritis and cervicitis caused by chlamydia trachomatis and non-multidrug-resistant neisseria gonorrhoeae; 5. skin and underlying tissue infection caused by susceptible bacteria.	0.25g*6 capsules/box, 0.25g*4 capsules/box	Box
4		Clindamycin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15g*10 capsules/box	Box
5		Indapamide Tablets	Essential hypertension	2.5mg*10 tablets/box	Box
6		Isoniazid Tablets	Tuberculosis	0.1g*100 tablets/bottle	Bottle
7	The third round	Febuxostat Tablets	Long-term treatment of gout patients with hyperuricemia	40mg*16 tablets/box	Box
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1g*10 tablets/strip *3 strips/box, 25mg*14 tablets/strip *2 strips/box, 0.2g*8 tablets/strip *2 strips/box	Box
9		Pitavastatin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2mg*14 tablets/box	Box
10		Ethambutol Hydrochloride Tablets	Applicable to tuberculosis caused by treatment of mycobacterium tuberculosis in combination of other anti-tuberculosis drugs. It can also be used for the treatment of tuberculous meningitis and atypical mycobacterium infection	0.25g*50 tablets/bottle, 0.25g*100 tablets/bottle	Bottle
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer 's dementia	10mg*14 tablets/box	Box
12	The fourth round	Telmisartan Tablets	Essential hypertension	40mg*8 tablets/strip*4 strips/box	Box
13		Empagliflozin Tablets	Type 2 diabetes	10mg*10 tablets/strip *1 strip/box	Box
14		Calcium Dobesilate Capsules	1. Treatment of microangiopathy: Diabetic microangiopathy — retinopathy and glomerulosclerosis (Kimmerstiel-Wilson syndrome); microvascular injury — accompanying with increased capillary fragility and permeability, capillary diseases and acrocyanosis. 2. adjuvant therapy for chronic venous insufficiency (varicose vein syndrome) and its sequelae (including post-embolism syndrome, leg ulcers, purpuric dermatitis and other stagnant skin diseases, peripheral vascular stasis edema etc.)	0.5g*10 tablets/strip *3 strips/box	Box
15		Sorafenib Tosylate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2g*10 tablets/strip *3 strips/box	Box
16		Duloxetine Hydrochloride Enteric Capsules	Generalized anxiety disorder and depression	20mg*60 capsules/bottle, 30mg*90 capsules/bottle, 60mg*30 capsules/bottle	Bottle
17		Pyrazinamide Tablets	This product is only effective for mycobacterium, and can be used for treatment of tuberculosis in combination with other anti-tuberculosis drugs (such as streptomycin, isoniazid, rifampin and ethambutol)	0.25g*100 tablets/bottle	Bottle
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
19		Bicalutamide Tablets	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
20	The sixth round	Human Insulin Injection	Diabetes	3ml:300 unit (refill) *1 vial	Vial
21		Protamine Recombinant Human Mixed Insulin Injection (30/70)	Diabetes	3ml:300 unit (refill) *1 vial	Vial

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
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, 0.25g*10 bottles/box, 0.5g*10 bottles/box, 2g*10 bottles/box	Box
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, 0.5g*10 bottles/box, 1g*10 bottles/box	Box
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, 10ml:0.2g*5 vials/box, 20ml:0.4g*5 vials/box	Box
25		Roxithromycin Tablets	For the treatment of infections caused by roxithromycin-sensitive pathogens	150mg*6 tablets/strip/box	Box
26	The eighth round	Enoxaparin Sodium Injection	1. Prevention of venous thromboembolic diseases (prevention of venous thrombosis), especially for thrombosis related to orthopedic or general surgery; 2. Treatment of established deep vein thrombosis, with or without pulmonary embolism, without severe clinical symptoms, excluding pulmonary embolism requiring surgery or thrombolytic agent treatment; 3. Treatment of unstable angina and non-Q wave myocardial infarction, in combination with aspirin; 4. Prevention of thrombosis in extracorporeal circulation of hemodialysis; 5. For the treatment of acute ST-elevation myocardial infarction, in combination with thrombolytics or concurrently in combination with percutaneous coronary intervention (PCI).	0.6ml:6000AxaIU (prefilled) *2 vials/box	Box
27		Piperacillin Sodium and Tazobactam Sodium for injection	For the treatment of the following systemic and/or local infections caused by detected or suspected susceptible bacteria: 1. Lower respiratory tract infection; 2. Urinary tract infection (mixed infection or single bacterial infection); 3. Intra-abdominal infection; 4. Skin and underlying tissue infection; 5. Bacterial sepsis; 6. Gynecological infection; 7. Treatment for bacterial infection in patients with neutropenia in combination with aminoglycosides; 8. Bone and joint infection; 9. Mixed infection of various bacteria.	2.25g(2.0g Piperacillin and 0.25g Tazobactam) *8 bottles/box, 4.5g(4.0g Piperacillin and 0.5g Tazobactam) *6 bottles/box, 4.5g(4.0g Piperacillin and 0.5g Tazobactam) *5 bottles/box	Box
28		Oseltamivir Phosphate for oral suspension	For the treatment of influenze A and influenze B in adults and children aged 2 weeks or above. Prevention of influenze A and influenze B in patients aged 1 year or above.	0.36g*1 bottle/box	Box
29		Cefoperazone Sodium and Sulbactam Sodium for injection	Monotherapy: Cefuroxime/Sulbactam is indicated for the treatment of the following infections caused by susceptible bacteria: 1. Upper and lower respiratory tract infection; 2. Upper and lower urinary tract infection; 3. Peritonitis, cholecystitis, cholangitis and other intra-abdominal infections; 4. Septicemia; 5. Meningitis; 6. Skin and soft tissue infection; 7. Bone and joint infection; 8. pelvic inflammatory disease, endometritis, gonorrhea and other reproductive tract infections. Combination medication: Cefuroxime/sulbactam should be used in combination with other antibiotics.	1g(1:1)*10 bottles/box, 2g(1:1)*10 bottles/box, 3g(1:1)*10 bottles/box	Box
30		Furosemide Injection	1. Edema disease; 2. Hypertension; 3. Prevention of acute renal failure; 4. Hyperkalemia and hypercalcemia; 5. Dilutional hyponatremia; 6. Hypersecretion of antidiuretic hormone (SIADH); 7. Acute drug poisoning.	2ml:20mg*10 vials/box	Box
31		Rifampicin Capsules	1. For the initial treatment and retreatment of various tuberculosis, including tuberculous meningitis, in combination with other anti-tuberculosis drugs. 2. for the treatment of leprosy and non-tuberculous mycobacterium infection in combination with other drugs. 3. for the treatment of severe infections caused by methicillin-resistant staphylococci in combination of vancomycin (intravenous). Rifampin in combination with erythromycin can be used for the treatment of severe Legionella infections. 4. for the treatment of asymptomatic Neisseria meningitidis carriers to eliminate Neisseria meningitidis in the nasopharynx; not suitable for the treatment of Neisseria meningitidis infection.	0.15g*100 capsules/bottle	Bottle
32	The ninth round	Rabeprazole Sodium Enteric-coated Tablets	Gastric ulcers, duodenal ulcers, anastomotic ulcers, reflux esophagitis, Zollinger-Ellison syndrome	20mg*30 tablets/bottle	Bottle

2. Medical Devices and Medical Diagnosis

During the Reporting Period, the Group recorded revenue of RMB4,386 million from the medical devices and medical diagnosis segment, representing a year-on-year decrease of 36.74%, which was mainly due to the significant decrease in the revenue from COVID-19 antigen and nucleic acid test kits and the overseas sales revenue from non-proprietary COVID-19 products. Excluding COVID-related products, the revenue growth on the same basis was 4.25%. During the Reporting Period, the segment results of the medical devices and medical diagnosis segment amounted to RMB-126 million, representing a year-on-year decrease of RMB647 million; and segment profits amounted to RMB-33 million, representing a year-on-year decrease of RMB804 million due to (1) the impacts of COVID-19 antigen and nucleic acid test kits: ① the disposal of and impairment provisions for inventory products and related assets, and ② the impacts on profits as a result of the significant decrease in revenue; (2) the sales of non-COVID operations of medical diagnosis business were lower than expected; (3) the periodical impact on the business performance as a result of the establishment of new direct sales offices in the United Kingdom, Dubai and other regions, the transition from a distribution model to a direct sales model and the increase in costs related to the brand ambassador project of Sisram Medical.

Medical Devices

The Group's medical devices business has formed three major business divisions focusing on medical cosmetology, respiratory health and high-value devices.

In the field of medical cosmetology, focusing on the ecological diversification strategy, Sisram Medical, a subsidiary continuously has enriched its product pipeline and pushed ahead the construction of its marketing network worldwide. During the Reporting Period, Sisram Medical introduced Alma Veil™, an advanced dual-wavelength vascular laser device, in the North American market; two classical products, namely Soprano Titanium and Opus, were introduced in new markets; two newly added supplementary parts of BeautiFill, a laser-aided fat removal and skin firming device, obtained regulatory licenses from the U.S. FDA. The registration applications for Daxxify (a long-acting botulinum toxin) and Profhilo (a high-concentration sodium hyaluronate product) (i.e. sodium hyaluronate solution for injection) were accepted by the NMPA. In June 2023, the acquisition of the direct sales channels in China was completed, thus achieving a direct sales layout in Chinese market for the medical aesthetics business. In addition, in January 2024, Sisram Medical established a strategic partnership with Prollenium, and obtained the exclusive distribution rights of the Revanesse dermal filler collection, which applies advanced hyaluronic acid technology, in several major markets including Germany, Austria, Switzerland, Australia and New Zealand. During the Reporting Period, the revenue of Sisram Medical amounted to US$359 million and net profit amounted to US$33 million (based on the financial statements of Sisram Medical in its reporting currency), recording a year-on-year change of 1.41% and -17.50%, respectively. In particular, the revenue from the direct sales channel generated a year-on-year growth, which was mainly due to the revenue contribution from North America and the Chinese market. The

decrease in net profit was mainly due to the periodical increase in sales expenses and administrative expenses as a result of the transition period from a distribution model to a direct sales model in regional markets such as the United Kingdom, Dubai and Japan. In addition, in order to enhance brand awareness, new brand ambassadors were hired, and investment in marketing and marketing activities was increased, resulting in an increase in overall OPEX (i.e. Operating Expense) higher than revenue growth.

In the field of respiratory health, Breas accelerated the launch of new products and continued to optimize the supply chain. During the Reporting Period, sales performance achieved good growth. The market demand of non-invasive ventilators for medical and home use (including Clearway 2 and others) in Europe and America recorded recovery growth. Breas continued to increase its efforts to expand its business in China while exploring the European and the U.S. markets in depth. Relevant ventilators have been approved for launch in China, and digital projects and the localization of relevant products have also been accelerating.

In the field of high-value devices, the Group accelerated integration, and focused on enhancing the closed loop of R&D, production, products, marketing and other systematic capabilities through license-in, incubation and the "Intelligently Manufactured in China" policy. During the Reporting Period, the installation volume of "Da Vinci Surgical Robot" of Intuitive Fosun, an associate, was 55 in Chinese mainland and Hong Kong. In June 2023, the domestic medical device registration of localized "thoracic and abdominal endoscopy surgical control system" (fourth generation of Da Vinci Surgical System, which can be applied in endoscopic surgeries in urology, general surgery, obstetrics and gynecology, thoracic surgery etc.) was approved by NMPA, and the system was firstly installed in the hospital in December. Chindex, a subsidiary, officially entered into cooperation agreements with Insightec in relation to the establishment of joint venture in China to jointly promote the commercial expansion, clinical application and research of MRgFUS brain therapy system in Chinese mainland, Hong Kong and Macau. Futuo Zhida, a subsidiary, focused on the field of artificial intelligence surgical navigation and accelerated the innovative R&D of technological products. Relevant products have entered the clinical trial and registration approval stages respectively as planned. As of the date of this announcement, the Ion Bronchial navigation operation control system ("**Ion System**") of Intuitive Fosun has been approved by NMPA. The Ion System has adopted a flexible robot with shape sensing technology, which can accurately diagnose and treat peripheral lung lesions through the bronchus. The launch of the Ion System in China will help more lung cancer patients obtain early diagnosis and treatment through more minimally invasive methods.

In addition, the medical devices segment also made positive progresses in constructing a global marketing network. Sisram Medical, through strategies and methods of strengthening its digital channels and combining direct sales and distribution, continuously expanded the global market. As at the end of the Reporting Period, its marketing network covered more

than 100 countries and regions across the world. The proportion of direct sales revenue further increased to 78%. At the same time, the marketing network of Breas also covered markets such as Europe, the U.S., China, Japan, India and Australia.

Medical Diagnosis

During the Reporting Period, the revenue from COVID-19 antigen and nucleic acid test kits significantly decreased, and the short-term revenue and profit of medical diagnosis segment were substantially affected as a result. As the COVID-19 no longer constituted a "Public Health Emergency of International Concern", the business focus of medical diagnosis segment was adjusted towards non-COVID-19 products. During the Reporting Period, reagents products such as hepatitis B quantitative virus nucleic acid test kit (PCR-Fluorescence probe method), myocardial calciumin T test kit (Chemical luminescence), brain sodium peptide test kit (Chemical luminescence) and new devices such as F-A7000 Series assembly line system and chemistry immunoassay integrated analyzer were launched successively. As at the end of the Reporting Period, among the chemiluminescence products, dozens of reagent products for tumor marker, hormone, thyroid function, myocardium, liver fibrosis and infection 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, high-speed chemiluminescence analyzer, high-speed biopharmaceutical all-in-one machine, high-speed assembly line, fully automated molecular workstations, fully automated immunohistochemistry instrument, Glycotest HCC Panel (early liver cancer diagnosis and screening solution), complete portfolio of cytokines, complete portfolio of cardiovascular and cerebrovascular thrombosis, several joint inspection panels on Molecular POCT respiratory testing and infectious pathogen detection panels on the immunofluorescence chromatography platform were proactively in progress.

At the same time, the medical diagnosis segment continued to promote the integration and operation integration. As at the end of the Reporting Period, in addition to the molecular diagnosis production line, the medical diagnosis segment has completed the construction of the bases, integration of functions and adjustment of organizational teams in Shanghai, Taizhou and Changsha, thus forming the classification of functions and positioning between R&D and manufacturing center, differentiated instrument R&D platform, inspection service business platform and reagent manufacturing base, which will support subsequent expansion of production capacity and improvement in operational efficiency and quality.

3. Healthcare services

During the Reporting Period, the revenue from the healthcare services segment amounted to RMB6,667 million, representing a year-on-year increase of 9.73%. Segment results amounted to RMB-201 million, representing a year-on-year decrease in loss of RMB421 million. Segment profits amounted to RMB-440 million, representing a year-on-year decrease in loss

of RMB352 million. The main reasons for the year-on-year decrease in loss included the further focus and optimized expenses of online business, as well as the significant cost reduction through the centralized procurement of drugs and devices.

As at the end of the Reporting Period, the medical institutions controlled by the Group had a total of 6,548 authorized beds (excluding the authorized beds of the medical institutions controlled by Jianjia Healthcare), and the Group held 8 internet hospital licenses.

Regarding medical centers and regional medical institution alliance, through the continuous construction of high-level medical disciplines, the facilitation of the integrated operation, the promotion of the integration of online and offline medical institutions, the provision of multi-level and differentiated services and the expansion of primary medical services, the Group cultivated key regions such as the Greater Bay Area and the Yangtze River Delta to form a regional healthcare services network. During the Reporting Period, the Group continued to improve disciplines and set up key specialty committees. The Group continued to enhance its medical strength through the "Doctor Group" model by introducing expert partners in key specialties to medical institutions controlled by the Group. Some of the medical institutions controlled by the Group have set up new key specialties at a municipal level in their regions. During the Reporting Period, Foshan Fosun Chancheng Hospital became the first medical institution in Foshan designated by the measure of using HK registered drugs and medical devices used in HK public hospitals in Guangdong-Hong Kong-Macao Greater Bay Area. Its applications for 5 international innovative drugs and devices were approved, covering atrial fibrillation, hypertension, lymphoma, hyperlipidemia, and migraine indications, ranking among the top of the second batch of designated medical institutions in the measure of using HK registered drugs and medical devices used in HK public hospitals in Guangdong-Hong Kong-Macao Greater Bay Area in terms of the number of approved drugs and devices. Guangzhou Xinshi Hospital entered into a strategic cooperation with Guangdong Pharmaceutical University; Shanghai Xingchen Children's Hospital formally commenced its business in the gynecology and pediatrics sector; Xuzhou Xingchen Women's and Children's Hospital added a number of specialty departments to expand its service offerings based on user needs; Shinrong Plastic Surgery Hospital became the first private medical institution in the country to complete dual-base registration for drug and medical device clinical trials (GCP).

In addition, during the Reporting Period, the Group enhanced its service capabilities in the rehabilitation disciplines. By increasing its shareholding in Sinopharm Medical Investment (now renamed as Jianjia Healthcare) by 6%, the Group increased its shareholding in Jianjia Healthcare to 51%, and realized controlling shareholding. During the Reporting Period, Sinopharm Medical Investment was renamed as Jianjia Healthcare. At the same time, the Group promoted the construction of the new brand and the launch of a new marketing service platform to enhance its attention and influence in the rehabilitation industry, expanded the application of new digital services, and rolled out the "multiple locations in one city" layout

model to explore the regional rehabilitation hospital management platform model. As at the end of the Reporting Period, the rehabilitation segment of Jianjia Healthcare operated 7 rehabilitation medical institutions with 6 rehabilitation medical institutions under construction.

Regarding smart healthcare, taking "making a healthier family and a better life" as the mission, the healthcare service platform of the Group provided users with closed-loop solutions throughout the treatment course and one-stop health management services that combines healthcare, medicines, health and insurance during the Reporting Period. Multiple medical institutions, including Foshan Fosun Chancheng Hospital and its medical institution alliance, continued to improve "Cloud HIS" (a new generation of smart medical cloud platform) and the internet hospital SaaS during the Reporting Period, which promoted the online-offline integrated service model of regional medical associations in the Greater Bay Area at a faster pace and continued to expand hospital department and patient coverage. The Group continued to improve its smart healthcare solutions based on the operational needs of hospitals operation and the clinical demand of patients. It provided a variety of service models, such as management services throughout the treatment course focusing on patients with specialized medical needs, private doctor services focusing on facilitating the healthcare needs of patients, specialized point-of-care services aiming at expanding the coverage of specialties, as well as healthcare collaboration services focusing on empowering primary healthcare organizations. The Group also continued to improve and gradually explored its output capabilities to establish a closed-loop business.

Regarding insurance empowerment, the Group continued to promote the two-way empowerment of healthcare and insurance. During the Reporting Period, the Group continued to establish the commercial insurance operation system for its member medical institutions. Leveraging 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 with specialized needs to enjoy specialized, differentiated medical services. In addition, the Group continued to increase the supply of diagnostic and treatment technologies, deepened the development of specialty diseases, and integrated commercial insurance and medical services.

4. Pharmaceutical Distribution and Retail

In 2023, Sinopharm recorded operating income of RMB596.570 billion, representing a year-on-year increase of 8.05%. The increase in the market share was accelerated and the scale advantage continued to emerge. In 2023, Sinopharm's net profit was RMB15.010 billion and net profit attributable to the parent company was RMB9.054 billion, representing a year-on-year increase of 4.63% and 6.19%, respectively.

During the Reporting Period, the pharmaceutical distribution business of Sinopharm recovered rapidly after the impact of the COVID-19 pandemic was eliminated, and the revenue from the pharmaceutical distribution business amounted to RMB441.051 billion, representing a year-on-year increase of 8.47%. Sinopharm actively sought new market segments and growth potential, accelerated the expansion of the vast primary-level market outside hospitals, continuously enhanced the network coverage, and steadily increased the proportion of direct sales business to primary medical institutions and retail pharmacies. Meanwhile, Sinopharm focused on supporting the development of innovative services. Sinopharm continuously strengthened the compliance supervision of marketing services and constantly improved the supply chain comprehensive service capability of innovative drugs and original research products by building a large-scale, compliant and professional marketing integration service system.

During the Reporting Period, Sinopharm's medical device distribution segment actively adapted to the changes in the speed-up and expansion of centralized volume-based procurement, and eliminated the impact of the base data of anti-pandemic supplies generated during the same period of last year. Meanwhile, Sinopharm continued to promote high-quality business development by optimizing product structure and deepening the network coverage of the medical device distribution business. In 2023, the revenue from the medical device distribution business of Sinopharm amounted to RMB130.213 billion, representing a year-on-year growth of 7.75%.

With regard to pharmaceutical distribution, Sinopharm continuously strengthened the network layout and regional coverage of the retail business, focusing on improving the coverage of business blank areas and medical institutions, and forming a scale advantage by integrating retail core resources, so as to promote the healthy and sustainable development of retail diagnosis and treatment business with professional management, and finally improve the service capabilities directly facing C side. As of the end of the Reporting Period, the total number of retail pharmacy stores of Sinopharm was 12,109, representing a net increase of 1,356 in total compared with the end of 2022. In 2023, the revenue from the retail pharmacy segment amounted to RMB35.689 billion, representing a year-on-year increase of 8.22%.

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.

The Group continued to actively enhance its good cooperation with domestic and foreign financial institutions. During the Reporting Period, the Group completed the registration of the quota to issue corporate bonds of RMB8,000 million, issued syndicated loans of EUR230 million, and reached an agreement with International Finance Corporation (IFC) on a loan totaling EUR50 million.

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 continued to enrich its innovative product pipelines, enhanced the research and clinical development capabilities of FIC and BIC products, and promoted the research 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 3,400 R&D personnel, of which over 1,800 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB5,937 million.

2. Advantages in internationalization. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, two-way license, production and operation as well as commercialization. The global BD team kept enhancing the two-way license of products and IP, and deploys 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 further 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. As at the end of the Reporting Period, the Group had built up a comprehensive supporting system covering aspects such as strategic markets, medical affairs, great access system, medical strategic alliance, brand and market 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	41,249	43,811	–5.85	*Note 1*
Cost of sales	21,595	23,170	–6.80	*Note 1*
Selling and distribution expenses	9,712	9,171	5.90	*Note 2*
Administrative expenses	4,495	3,916	14.79	*Note 3*
Credit impairment losses	132	65	103.08	*Note 4*
Other gains	1,392	2,757	–49.51	*Note 5*
Other expenses	832	2,965	–71.94	*Note 5*
Finance costs	1,325	964	37.45	*Note 6*
Net cash flow generated from financing activities	–1,336	4,428	–130.17	*Note 7*

Note 1: For the reasons for the year-on-year change in revenue and cost of sales, please refer to "Segment Performance Overview" in "Management Discussion and Analysis".

Note 2: During the Reporting Period, selling expense ratio was 23.54%, representing an increase of 2.61 percentage points as compared to the same period of last year. The year-on-year change in selling expense ratio was mainly due to: (1) there were still expenses arising from the team, medical and market activities during the Reporting Period in spite of the significant decrease in revenue generated from COVID-related products; (2) the increase in overseas market selling expenses, such as the investment in the preparation for the launch of serplulimab injection (PD-1 inhibitor) in the U.S. market, the increase in costs in relation to the transition from a distribution model to a direct sales model and the brand ambassador project of Sisram Medical, as well as the investments for team building and other aspects for Han Si Zhuang (serplulimab injection), Bei Wen (keverprazan hydrochloride tablets) and other new products.

Note 3: Mainly due to the increase in human resources cost, consultation fees and other expenses. Excluding the impacts of newly acquired companies, administrative expenses increased by RMB296 million on the same basis, representing an increase of 7.56%.

Note 4: Mainly due to the impairment provision made for receivables with impairment indications.

Note 5: Mainly due to the gains from disposal of non-core assets such as Tianjin Pharma and the fair value change of financial assets such as YSB.

Note 6: Mainly due to US$ interest hikes, US$ appreciation and other factors, as well as the changes in interest-bearing liabilities scale.

Note 7: Mainly due to the proceeds from the Company's non-public issuance of A Shares received in the previous year.

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	30,080	14,090	53.16	–2.00	1.81	decrease of 1.75 percentage points
Medical devices and medical diagnosis*(Note 1)*	4,386	2,201	49.82	–36.74	–48.68	increase of 11.68 percentage points
Healthcare services	6,667	5,231	21.54	9.73	5.78	increase of 2.93 percentage points

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 2)*	7,638	1,566	79.50	37.99	45.54	decrease of 1.06 percentage points
Major products of anti-infection *(Note 3)*	4,340	2,173	49.93	–49.43	–45.77	decrease of 3.38 percentage points
Major products of metabolism and alimentary system	2,824	639	77.37	–2.05	4.07	decrease of 1.33 percentage points
Major products of cardiovascular system	1,677	1,042	37.87	–20.71	–23.61	increase of 2.36 percentage points
Major products of central nervous system	1,184	107	90.96	18.05	5.94	increase of 1.03 percentage points
Major products of APIs and intermediate products	1,271	910	28.40	1.84	–1.19	increase of 2.20 percentage points

Principal Operations by Geographical Locations

By geographical locations	Revenue	Cost of sales	Gross profit margin (%)	Year-on-year change in revenue (%)	Year-on-year change in cost of sales (%)	Year-on-year change in gross margin
Chinese mainland	30,878	15,487	49.84	3.36	6.92	decrease of 1.67 percentage points
Regions outside Chinese mainland and other countries *(Note 4)*	10,371	6,108	41.11	–25.59	–29.68	increase of 3.43 percentage points

Note 1: The decrease in revenue and operating cost of the medical devices and medical diagnosis segment as compared with the same period of last year was mainly due to the decrease in the revenue from COVID-19 antigen and nucleic acid test kits, and the decreased overseas sales of non-proprietary anti-epidemic product during the Reporting Period. Excluding anti-epidemic products, the revenue of the medical devices and medical diagnosis segment increased by 4.25% year-on-year. The increase in gross profit margin of the medical devices and medical diagnosis segment as compared with the same period of last year was mainly due to the lower gross profit margin of overseas sales of non-proprietary anti-epidemic products in the same period of last year.

Note 2: The increase in revenue and cost of sales of the major products of anti-tumor and immune modulation as compared with the same period of last year was mainly due to the launch of new products in such therapeutic areas.

Note 3: The decrease in revenue and operating cost of the major products of anti-infection as compared with the same period of last year was mainly due to the significant decline in the demand of Comirnaty (mRNA COVID-19 vaccine).

Note 4: The decrease in revenue and cost of sales in other regions outside Chinese mainland and other countries was mainly due to the significant decrease in demand for Comirnaty (mRNA COVID-19 vaccine) and other COVID-related 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** *(%)*
Han Si Zhuang (serplulimab injection) (converted as 100mg/bottle)	'0,000 bottles	43	24	6	11	225	–60
Han Qu You (trastuzumab injection) (converted as 150mg/bottle)	'0,000 vials	193	203	15	34	58	–49
Han Li Kang (rituximab injection) (converted as 100mg/vial)	'0,000 vials	123	150	19	–28	0	–59
Su Ke Xin (avatrombopag maleate tablets) (converted as 20mg*10 tablets/box)	'0,000 boxes	N/A	24	25	N/A	18	217

Note: During the Reporting Period, the top five products are: Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection), Han Li Kang (rituximab injection), heparin series preparations and Su Ke Xin (avatrombopag maleate tablets). In particular, 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	14,090	65.25	13,840	59.73	1.81
Medical devices and medical diagnosis *(Note 1)*	Cost of products and goods	2,201	10.19	4,289	18.51	–48.68
Healthcare services	Cost of services	5,231	24.22	4,945	21.34	5.78

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 2)*	Cost of products	1,566	11.11	1,076	7.77	45.54
Major products of anti-infection *(Note 3)*	Cost of products	2,173	15.42	4,007	28.95	–45.77
Major products of metabolism and Alimentary system	Cost of products	639	4.54	614	4.44	4.07
Major products of cardiovascular system *(Note 4)*	Cost of products	1,042	7.40	1,364	9.86	–23.61
Major products of central nervous system	Cost of products	107	0.76	101	0.73	5.94
Major products of APIs and intermediate products	Cost of products	910	6.46	921	6.65	–1.19

Note 1: Mainly due to the decrease in revenue of medical devices and medical diagnosis segment during the Reporting Period.

Note 2: Mainly due to the revenue growth of Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection) and trastuzumab drug substance, and Su Ke Xin (avatrombopag maleate tablets), and the revenue contribution from new products, namely Otezla (apremilast tablets), Han Bei Tai (bevacizumab injection) and Akynzeo (netupitant and palonosetron hydrochloride capsules) during the Reporting Period.

Note 3: Mainly due to the decrease in sales of Comirnaty (mRNA COVID-19 vaccine), Jie Bei An (azvudine tablets), Xi Chang/Bi Li Shu (cefmetazole sodium for injection) and Sai Fu Nuo (cefminox sodium for injection) during the Reporting Period.

Note 4: Mainly due to the decrease in sales of heparin series preparations in overseas markets during the Reporting Period.

(4) *Major Customers and Suppliers*

Sales to the top 5 customers of the Group amounted to RMB10,874 million, representing 26.27% of the total sales for the year.

Purchases from the top 5 suppliers of the Group amounted to RMB1,988 million, representing 11.69% of the total purchases for the year.

3. *Expenses*

During the Reporting Period, selling and distribution expense of the Group amounted to RMB9,712 million; and the selling and distribution expense ratio was 23.54%, representing an increase of 2.61 percentage points as compared to the same period of last year. The year-on-year change in the selling and distribution expense ratio was mainly due to (1) there were still expenses arising from the team, medical and market activities for COVID-related operations during the Reporting Period in spite of the significant decline in revenue from COVID-related products; (2) the increase in selling expenses in overseas markets, such as the investment in preparation before the launch of serplulimab injection (PD-1 inhibitor) in the U.S. market, the increase in costs in relation to the transition from a distribution model to a direct sales model and the brand ambassador project of Sisram Medical, as well as the investments for team building and other aspects for Han Si Zhuang (serplulimab injection), Bei Wen (keverprazan hydrochloride tablets) and other new products.

During the Reporting Period, the administrative expense of the Group amounted to RMB4,495 million, representing a year-on-year increase of 14.79% mainly due to the increase in human resources cost, consultation fees and other expenses; excluding the impacts of newly acquired companies, administrative expenses increased by RMB296 million on the same basis, representing an increase of 7.56%.

During the Reporting Period, the finance costs of the Group amounted to RMB1,325 million, representing a year-on-year increase of 37.45%. The year-on-year increase in finance cost was mainly due to US$ interest hikes, US$ appreciation and other factors, as well as the changes in interest-bearing liabilities scale.

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	4,346
R&D expenditures capitalized for the year	1,591
Total R&D expenditures	5,937
Total R&D expenditures as a percentage of revenue (%)	14.34
R&D expenditures in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	17.11
Percentage of R&D expenditures capitalized (%)	26.80
The number of R&D staff in the Group	3,491
The number of R&D staff as a percentage of the total number of staff in the Group (%)	8.65

Descriptions

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB5,172 million, representing a year-on-year increase of 1.47%, accounting for 17.11% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,638 million, representing a year-on-year increase of RMB86 million or 2.42%, accounting for 12.04% of the revenue from the pharmaceutical manufacturing segment.

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	3,414	4,218	–19.05	Mainly due to the effects of decrease in revenue and recurring income during the Reporting Period.
Net cash flow generated from financing activities	–1,336	4,428	–130.17	Mainly due to the proceeds from the Company's non-public issuance of A Shares received in the previous year.

(II) Assets and liabilities analysis

As at 31 December 2023, the gearing ratio, calculated as total interest-bearing bank and other borrowings over total assets, was 28.72%, as compared with 27.18% as at 31 December 2022.

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
Financial assets at fair value through profit or loss — current	1,888	1.66	929	0.87	103.23	Note 1
Contract assets	146	0.13	—	—	100.00	Note 2
Assets held for sale	—	—	420	0.39	–100.00	Note 3
Financial assets at fair value through profit or loss — non-current	1,040	0.92	2,389	2.23	–56.47	Note 1
Investments in joint ventures	79	0.07	231	0.22	–65.80	Note 4
Equity investments designated at fair value through other comprehensive income	53	0.05	15	0.01	253.33	Note 5
Property, plant and equipment	20,846	18.38	15,719	14.68	32.62	Note 6
Right-of-use asset	4,248	3.75	2,837	2.65	49.74	Note 7
Deferred tax assets	624	0.55	443	0.41	40.86	Note 8
Tax payable	251	0.22	619	0.58	–59.45	Note 9
Lease liabilities — current	330	0.29	184	0.17	79.35	Note 10
Lease liabilities — non-current	2,050	1.81	745	0.70	175.17	Note 10

Note 1: Mainly due to changes in the share prices of financial assets held during the Reporting Period and the transfer of financial assets, including YSB, from "financial assets at fair value through profit or loss — non-current" as a result of the listing and partial disposal of such financial assets

Note 2: Mainly due to the increase in contract receivables during the Reporting Period

Note 3: Mainly due to the completion of disposal of equity interest in Tianjin Pharma during the Reporting Period

Note 4: Mainly due to the share of gains and losses of joint ventures during the Reporting Period

Note 5: Mainly due to the changes in fair value of financial assets during the Reporting Period

Note 6: Mainly due to the effects of newly acquired subsidiaries and the construction in progress transferred to fixed assets

Note 7: Mainly due to the effect of newly acquired subsidiaries

Note 8: Mainly due to the addition of deferred income tax assets of subsidiaries during the Reporting Period

Note 9: Mainly due to the increase in tax paid of subsidiaries during the Reporting Period

Note 10: Mainly due to the effect of newly acquired subsidiaries

(III) Analysis on Subsidiaries and Investees

1. *Operation and Results of Major Subsidiaries of the Group*

(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	7,620	6,070	5,498	881	813
Wanbang Pharma	Pharmaceutical R&D and manufacturing	480	7,691	4,669	8,117	907	821
Shanghai Henlius *(Note 1)*	Pharmaceutical R&D and manufacturing	543	9,904	2,192	5,395	567	546
Gland Pharma *(Note 2)*	Pharmaceutical R&D and manufacturing	N/A	10,675	8,526	4,207	571	395
Guilin Pharma	Pharmaceutical R&D and manufacturing	285	2,147	1,400	1,114	349	307

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

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

Note 2: The data for Gland Pharma is prepared in accordance with Indian Generally Accepted Accounting Principles.

(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	3,857	2,012	2,348	102
Sisram Medical *(Note 2)*	Medial devices R&D and manufacturing	N/A	4,345	3,326	2,533	232

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.

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 company	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial	Pharmaceutical investment	100	383,337	120,617	596,570	19,439	14,994

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	Acquired through	Date of acquisition/merger
Cenexi*Note 1*	Equity acquisition	27 April 2023
Alma HK*Note 2*	Asset acquisition	28 June 2023
Xingyitang Pharmacy	Equity acquisition	14 September 2023
Jianjia Medical*Note 3*	Equity acquisition	9 October 2023
Shanghai Yaokang	Equity acquisition	12 October 2023

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

The net profit of the above subsidiaries from the date of acquisition up to the end of the year amounted to RMB-146 million in aggregate (including appreciation and amortization of valuation).

Note 1: Acquired by Gland Pharma International Pte. Ltd., a subsidiary of Gland Pharma during the Reporting Period.

Note 2: Alma Laser and Alma HK (both subsidiaries) entered into an asset purchase agreement with the seller (i.e. PhotonMed HK and its ultimate beneficial owner, etc.), pursuant to which Alma HK would purchase all the assets of PhotonMed HK relating to the distribution business of Alma Lasers products in China by way of cash and issuance of shares, mainly including distribution channels in Chinese mainland.

Note 3: The Company entered into an equity transfer agreement with Shanghai Zhizhuo Business Management and Consultation Partnership (Limited Partnership) and Feng Jie, pursuant to which Shanghai Zhizhuo Business Management and Consultation Partnership (Limited Partnership) and Feng Jie transferred their respective 5.35% and 0.65% equity interest in Jianjia Medical to the Company. Upon the transfer, the Company held 51% equity interest in Jianjia Medical in aggregate. The acquisition consideration was RMB120 million.

(2) Disposal of Subsidiaries during the Reporting Period:

Unit: million Currency: RMB

Name	Disposed through	Date of disposal
Xuzhou Wanbang Cloud Pharmacy	Equity transfer	27 September 2023

Note: The net profit of the above company from the beginning of Reporting Period to date of disposal amounted to RMB-12 million in aggregate.

(IV) Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had a total of 40,370 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 remained in the stage of recovery growth, facing both challenges and opportunities. 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 as well as localization of high-end medical equipment from a policy level. The medical and healthcare market in China maintained a long-term and stable growth trend. 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 Drugs Catalogue is further expanded 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.

As the industry has become more regulated, standardized and professional in the course of development, a further rise was seen in level of centralization of the industry. The continuous upgrade of the industry unavoidably 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, uncertainties lurk within the global economy environment. The international expansion of domestic enterprises will be subject to various challenges, but enterprises with robust independent innovation capabilities will continue to enjoy the room for international development.

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 the establishment of core competence to improve the operating results. In terms of innovation and internationalization, the Group will continuously enhance the 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 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.

III. Operation Plan

In 2024, the Group will continue to enhance its R&D efficiency, and accelerate to achieve the commercialization value of its launched products, thereby further improving the quality and efficiency of internal operations. In terms of innovative R&D, the Group will tap into the domestic market and expand into the international market, roll out targeted planning around products and technologies in core therapeutic fields with large unmet needs, improve R&D efficiency, and optimize the structure of pipeline products. In terms of improving operation and management efficiency, the Group will proactively promote lean operations, cost reduction, efficiency improvement and asset lightweighting to optimize the financial structure and lay a solid foundation for the Group's long-term stable development.

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

Pharmaceutical Manufacturing

In 2024, the Group will continue to implement the "4IN" strategy, enhance capabilities in innovative R&D, strive to develop strategic products, expand global market opportunities, optimize asset allocation, and promote the efficiency in R&D and operation.

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 comprehensively upgrade its BD capabilities to increase international BD cooperation to expand its early and late pipelines and consolidate its dominant position in hematological tumors, solid

tumors and other fields. By actively cooperating with world-class universities and scientific research institutes, the Group will strengthen the layout of chronic diseases (liver disease, metabolism, kidney disease, etc.) and central nervous system (Alzheimer's disease, Parkinson's disease, etc.) in the early research stage. At the same time, the Group will actively promote the export of quality products and promote global simultaneous development. On the marketing side, the Group will promote the upgrading of the marketing organization, and strengthen product life cycle management through a large access system and innovative all-area marketing, maximize the commercial value of innovative products, and strive to create a matrix of blockbuster products worth billions of RMB.

In terms of the established medicines manufacturing & supply business, under the influence of factors such as volume-based procurement, online management, price linkage, industry anti-corruption and global supply chain restructuring, the Group will enhance its core competitiveness and operating performance through promoting integration, resource sharing, collaborative innovation, complementary advantages and lean management. In terms of R&D, the Group will establish R&D projects for first generic drugs, difficult generic drugs and differentiated products, as well as improved new drugs, efficiently promote the development of pipeline products, and make deployment in high-end/complex preparations such as in situ gels, minitablets, oral fast dissolving film, inhalation and sustained and controlled release, to form a differentiated R&D layout. In terms of operation, the Group will consolidate and plan the industrial layout, strengthen the integration of APIs and preparations, deploy in characteristic APIs and emerging technology platforms, strengthen the capacity construction of international registration and marketing system of APIs, comprehensively improve operational efficiency, develop leadership in terms of cost, and focus on promoting the integration and international collaboration of the heparin industry. In terms of marketing, the Group will actively respond to centralized procurement, and accelerate the transformation of the marketing model. While further deepening its presence in the Chinese market and strengthening its presence in the U.S. market, the Group will achieve rapid breakthroughs through strategic layout in emerging markets such as Africa, the Middle East and Southeast Asia, so as to comprehensively promote global layout, form a regional focus, and accelerate international market expansion with the help of external mergers and acquisitions. In terms of organization and talents, the Group will also strengthen the reserve and team construction of professional and management talents, and establish a cohesive, agile and refined organization to promote the implementation of strategies and create a generic drug industry chain with international competitiveness.

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 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 2024, in terms of the medical devices business, the Group will continue to focus on medical cosmetology, respiratory health, professional medical care and other business areas, systematically improve its marketing, product competitiveness and incubation capabilities, and further promote the professional, international and platform development of the medical devices business. In particular, the Group will strengthen the diversity of medical cosmetic business to achieve an extensive global network coverage through both internal and external expansion to strengthen its global leading position. The Group will accelerate integration and efficiency improvement, digital empowerment and localized expansion in China of the respiratory health business to create a leading brand. The Group will strengthen professional marketing of professional medical care business and create an advantageous brand in the field of specialties through the combination of incubation and introduction with "intelligently manufactured in China".

In terms of the medical diagnosis business, the Group will continue to deepen the product line portfolios in the construction of product matrix, accelerate the launch of laboratory equipment platform, immunological reagent combinations, and molecular reagent combination products of the testing center, and improve its ability to provide integrated medical diagnosis solutions. Meanwhile, it will also promote the on-site incubation and layout of development, introduction and localization of strategic products and emerging technologies, and foster a closed-loop model in application in order to enhance the innovativeness of the pipeline products. At the same time, the Group will focus on infection, tumor, maternal and child, reproductive, digestion and metabolism, central nervous system and other fields, further enrich its product and service mix, and provide customers with comprehensive solutions. In addition, the Group will further promote lean and integrated operations, and focus on expanding the construction of channel systems and reaching high-level customers.

Healthcare Services

In 2024, based on its existing advantageous areas, in terms of the healthcare services business, the Group will consolidate its doctor resource system, and improve specialized service capabilities and a full life cycle management system based on patients' disease process. The Group will continue to enhance the cooperation between healthcare services and commercial insurance in terms of depth and breadth, increase the coverage of commercial insurance in healthcare services business, and accelerate the expansion of one-stop health management services for the integration of medicine, healthcare and insurance. It will also continue to strengthen its core capabilities, optimize its special supply chain system, and enhance the integrated operation efficiency. At the same time, the Group will continue to deepen the integrated online and offline smart healthcare based on the digital platform, and explore the expansion into Hong Kong, Macao and international medical services.

Pharmaceutical Distribution and Retail

In 2024, the Group will continue to support and facilitate consolidation and rapid development of Sinopharm in its pharmaceutical and devices distribution business and the continued expansion of the competitive advantages of Sinopharm in the pharmaceutical and devices distribution sectors.

Financing

In 2024, the Group will continue to explore the multi-level 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 for production capacity expansion, plant relocation, the development of GMP and reconstruction and expansion of hospitals in 2024. Primary sources of funding will include, among others, the Group's own capital, cash flow from operating activities, proceeds from debt financing and equity financing, and proceeds from the disposal of non-strategic and non-core assets.

IV. Potential Risks

(I) Industry policies adjustments

The pharmaceutical industry is one of the industries most affected by national policies, involving various 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 and healthcare 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" grows 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 National Medical Insurance Drugs 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 encourage the integration of the company's resources and advantage complementation, and put innovation as the development focus, which intensifies the support for the innovation of high-end medical devices, and thus the technology levels of clinical products are continuously 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.

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

(II) Market risks

With the deepening reform of the medical system, the State introduced centralized bidding, zero mark-up and differential pricing as price management systems as well as provisional measures for price management of the circulation links of drugs that are mainly guided by "linkage with quantity and price, consistent quality". 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 addition, the development and launch of innovative products by domestic pharmaceutical companies in overseas markets also face challenges such as heavy investment and lack of familiarity with regulatory requirements. 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 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, insist on innovation R&D, 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 improve quality 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 risks 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. and 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, scientifically employ Go/No-go decisions, 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 capabilities, 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, it will actively explore the layout of new technologies and new targets through various modes, including self-incubation, to expand the technology platform layout.

2. *Control risks 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 laws and regulations due to various reasons such as poor management in the actual course of operation.

The medical 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 adversely affect the operation results, brand and market reputation of the Group's healthcare services institutions.

In this regard, the Group will continue to focus on quality and risk management throughout the life cycle of its products, implement quality and safety control mechanisms and pharmacovigilance mechanism and keep taking lean operations as a means. For healthcare services, the Group will strengthen the construction of disciplines and improve the quality of operations while pursuing business development.

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, due to the dangerous chemical substances involved in the APIs, 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 process 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. Although the Group has bioremediate and emitted pollutants in compliance with the relevant environmental laws, regulations and 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 governments.

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*

   Amid the high inflation in Europe and the United States, the United States promulgated the Inflation Reduction Act in 2022 and the European Union announced a proposed regulation on accelerating the marketing authorization application of innovative drugs, thus creating new challenges in cost, innovation competition, regulatory barriers and other aspects for Chinese enterprises to expand overseas. At the same time, regulators of different countries are considering regulating the application of technologies such as artificial intelligence. The U.S. FDA has issued discussion paper on the application of AI/ML (artificial intelligence/machine learning) in drug R&D and biological products, aiming to re-establish relevant regulatory concepts.

   In addition, 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 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 on aspects such as production and operation, marketing, quality control, risk management, compliance with integrity, data protection and talent training does not align with the development pace of the internationalization 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*

   Legal, policy and operating risk exposures may also be confronted by the Group 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 could not bring about a synergistic impact, the operating results of the Group may be adversely affected.

(V) Foreign exchange risks

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 invested overseas 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 exchange rate fluctuations.

In this regard, the Group will keep paying attention to fluctuations of the foreign exchange, optimizing the structure of domestic and overseas assets, and reasonably controlling foreign exchange exposure so as to improve the ability to deal with foreign exchange fluctuation risks.

(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.

In this regard, the Group will strengthen the analysis and prediction of force majeure risks, establish and improve the emergency management mechanism so as to minimize the adverse impact that force majeure incidents may bring to operations.

OTHER EVENTS

I. Approval for Registration of Corporate Bonds by the CSRC

On 12 October 2023, the CSRC issued the "Approval on the Public Issuance of the Corporate Bonds to the Professional Investors by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Zheng Jian Xu Ke [2023] No. 2312) (the "**Approval**"), approving the application for registration of the Company to publicly issue corporate bonds not exceeding RMB8 billion to professional investors. The Approval shall be valid within 24 months from the date of the CSRC's approval for registration. The Company may issue in tranches within the validity period of registration.

As at the date of this announcement, no corporate bonds have been issued pursuant to the Approval.

II. Delisting of Corporate Bonds

In August 2023, the payment of the remaining principal of RMB745.001 million and the interest for the last tranche of the Public Issuance of Corporate Bonds (First Tranche) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in 2018 (18 Fosun Pharma 01) (上海復星醫藥(集團)股份有限公司2018年公開發行公司債(第一期)(18復藥01)) was completed and the related bonds were delisted.

III. Increase in Shareholding by a Controlling Shareholder

On 13 September 2023, 22 September 2023 and 24 November 2023, the Company received written notifications by Fosun High Tech, a controlling shareholder, that Fosun High Tech planned to further increase its shareholding in the Company (including A Shares and/or H Shares) by way of, including but not limited to, centralised price bidding or block trade at the stock exchanges and transfer by agreement (and/or through parties acting in concert with it) within the 12-month period commencing from 13 September 2023 (inclusive), if and where appropriate, and the cumulative total consideration thereof shall not be less than RMB100 million[4] (including the total consideration for an increase in shareholding of A Shares of not less than RMB100 million) and the additional shareholding interest to be acquired in aggregate shall not exceed 2% of the total issued shares of the Company as at 13 September 2023 (i.e. 2,672,156,611 Shares, the same below) (and the aggregated number of shares in the Company to be acquired in the 12-month period on a rolling basis shall not exceed 2% of the total issued shares of the Company) (the "**Shareholding Increase Plan**"). Fosun High Tech and/or parties acting in concert with it shall not reduce its/their shareholding in the Company during the implementation of the Shareholding Increase Plan and within the statutory restricted period.

As at the date of this announcement, pursuant to the Shareholding Increase Plan, Fosun High Tech acquired a total of 720,000 Shares of the Company (all being A Shares), representing approximately 0.03% of the total number of Shares of the Company in issue as at 13 September 2023, with a total purchase price of approximately RMB20.08 million.

IV. 2022 Restricted A Share Incentive Scheme

Pursuant to the 2022 Restricted A Share Incentive Scheme considered and approved at each of the extraordinary general meeting, the A Shareholders class meeting and the H Shareholders meeting held by the Company on 29 November 2022, and under the authorization of the aforesaid extraordinary general meeting and class meetings, on 1 September 2023, the Board and the Supervisory Committee resolved to grant a total of 417,600 restricted A Shares to 94 proposed participants under the reserved grant on 1 September 2023, as the grant date of the reserved grant, at the grant price of RMB21.29 per share under the reserved grant. Except for 14 proposed participants under the reserved grant (who were granted a total of 46,000 restricted A Shares) who voluntarily decided not to participate in the reserved grant, 80 proposed participants under the reserved grant had accepted and subscribed for a total of 371,600 restricted A Shares granted to them under the reserved grant. The share registration of those newly issued Shares was completed on 21 September 2023 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

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[4] The exchange rate of HKD against RMB is converted based on the central parity rate of HKD against RMB announced by the People's Bank of China on the day of the relevant shareholding increase.

On 27 September 2023, the Board and the Supervisory Committee resolved that the Company shall forfeit the corresponding cash dividends for the year of 2022 held by the Company from a total of the 129,500 restricted A Shares granted to 10 participants in the first grant but not yet unlocked, and the Company shall repurchase and cancel those restricted A Shares due to the repurchase and cancellation as set out in the Restricted A Share Incentive Scheme arising from the retirement and resignation of those 10 participants. The total repurchase price amounted to RMB2,769,052.98. The cancellation of the related Shares was completed on 23 November 2023.

V. 2022 H Share Employee Share Ownership Scheme

Pursuant to the 2022 H Share Employee Share Ownership Scheme considered and approved at the extraordinary general meeting held by the Company on 29 November 2022, and under the authorization of the aforesaid extraordinary general meeting, on 1 September 2023, the Board and the Supervisory Committee resolved to grant a total of 8,990,000 units under the H Share Employee Share Ownership Scheme to 94 proposed participants under the reserved grant on 1 September 2023, as the grant date of the reserved grant. On 22 September 2023, as 14 proposed participants under the reserved grant voluntarily decided not to participate in the reserved grant, the Board resolved to adjust the number of the holders under the reserved grant to 80 from 94 and the units to be granted under the reserved grant to 7,994,000 from 8,990,000.

On 27 September 2023, the Board resolved that the management committee of the H Share Employee Share Ownership shall forfeit a total of 2,770,000 units under the H Share Employee Share Ownership Scheme granted to 10 holders in the first grant but not yet unlocked on the ground that those 10 holders in the first grant have retired or resigned.

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

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 September 2023, the Board and the Supervisory Committee resolved to grant a total of 417,600 restricted A Shares to 94 proposed participants under the reserved grant on 1 September 2023, as the grant date of the reserved grant, at the grant price of RMB21.29 per share under the reserved grant. Except for 14 proposed participants under the reserved grant (who were granted a total of 46,000 restricted A Shares) who voluntarily decided not to participate in the reserved grant, 80 proposed participants under the reserved grant had accepted and subscribed for a total of 371,600 restricted A Shares granted to them under the reserved grant. The share registration of those newly issued Shares was completed on 21 September 2023 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

On 27 September 2023, the Board and the Supervisory Committee resolved that the Company shall repurchase and cancel a total of 129,500 restricted A Shares granted to 10 participants in the first grant but not yet unlocked due to the repurchase and cancellation as set out in the Restricted A Share Incentive Scheme arising from the retirement and resignation of those 10 participants. The total repurchase price amounted to RMB2,769,052.98. The cancellation of the related Shares was completed on 23 November 2023.

Sell back of "21 Fosun 01" Corporate Bonds

The total initial offering size of "21 Fosun 01" ("21復藥01") corporate bonds was RMB1,600 million. 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 RMB1,600 million. As at 1 March 2023, the full amount of such bonds was registered for selling back and had not been resold. Such bonds were 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 period from 1 January 2023 to the date of this announcement.

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 relevant regulations, the Hong Kong Listing Rules, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association. 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. The Company has complied with all the applicable code provisions contained in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2023 have been reviewed by the audit committee of the Company.

FINAL DIVIDEND

The Board proposed the 2023 Final Dividend for the year ended 31 December 2023, before tax, amounted to RMB0.27 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 2023 Final Dividend is expected to be paid to the eligible Shareholders by no later than 31 August 2024.

A circular containing, among other things, further information in respect of the AGM and the proposed distribution of the 2023 Final Dividend will be dispatched to the Shareholders in due course.

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 forthcoming AGM of the Company 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. The Company will announce the period of closure of register of members of H Shares in the notice of AGM to be published or the announcement to be otherwise published.

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 2023 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 H Share Employee Share Ownership Scheme" or "H Share Employee Share Ownership Scheme"	the 2022 H Share Employee Share Ownership Scheme of the Company
"2022 Restricted A Share Incentive Scheme" or "Restricted A Share Incentive Scheme"	the 2022 Restricted A Share Incentive Scheme of the Company
"2023 Final Dividend"	the final dividend of RMB0.27 (before tax) per share for the year ended 31 December 2023
"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
"ADC"	Antibody-drug Conjugate
"Alma HK"	Alma Hong Kong 2023 Limited, a company incorporated in Hong Kong and a subsidiary of the Company
"Alma Lasers"	Alma Lasers Ltd., a company incorporated in Israel and a subsidiary of the Company
"API"	Active Pharmaceutical Ingredient
"Articles of Association"	the articles of association of the Company
"Avanc Pharma"	Jinzhou Avanc Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司), a subsidiary of the Company
"BIC"	Best-in-class

"Board"	the board of Directors
"Boston Oncology"	Boston Oncology, LLC, a company incorporated in U.S.
"Breas"	Breas Medical Holdings AB, a company incorporated in Sweden, and a subsidiary of the Company
"BSE"	BSE Limited
"CDMO"	Contract Development and Manufacturing Organization
"Cenexi"	Phixen, société par actions simplifiée, a company incorporated in France and a subsidiary of the Company as at the end of the Reporting Period
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
"Chindex"	Chindex (Beijing) International Trade Company Limited* (美中互利(北京)國際貿易有限公司), a subsidiary of the Company
"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
"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 Aleph"	Fosun Aleph (Dalian) Biomedical Co., Ltd.* (復星雅立峰(大連)生物製藥有限公司), 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 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 International"	Fosun International Limited, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange (stock code: 00656), an indirect subsidiary of Fosun International Holdings and a controlling shareholder of the Company
"Fosun International Holdings"	Fosun International Holdings Limited, a company incorporated in the British Virgin Islands, 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
"Futuo Zhida"	Shanghai Futuo Zhida Healthcare Technology Co., Ltd.* (上海復拓知達醫療科技有限公司), a subsidiary of the Company
"Gland Pharma"	Gland Pharma Limited, a company incorporated in India and listed on the BSE and NSE (stock code: GLAND), a subsidiary of the Company
"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
"Guilin Pharma"	Guilin Pharmaceutical Co., Ltd.* (桂林南藥股份有限公司), a subsidiary of the Company
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"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
"Hunan Dongting"	Hunan Dongting Pharmaceutical Co., Ltd.* (湖南洞庭藥業股份有限公司), a subsidiary of the Company
"IND"	investigational new drug
"Insightec"	Insightec Ltd., a company incorporated in Israel
"Intas"	Intas Pharmaceuticals Ltd., a company incorporated in India
"Intuitive Fosun"	Intuitive Fosun HK and Intuitive Fosun Shanghai
"Intuitive Fosun HK"	Intuitive Surgical-Fosun (Hongkong) Co., Limited, a company incorporated in Hong Kong and an associate 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 associate of the Company
"Jianjia Healthcare"	Jianjia Healthcare Investment Management Co., Ltd.* (健嘉醫療投資管理有限公司), formerly known as Sinopharm Holdings Medical Investment Management Co., Ltd.* (國藥控股醫療投資管理有限公司) ("Sinopharm Medical Investment"), a subsidiary of the Company as at the end of the Reporting Period
"KGbio"	PT Kalbe Genexine Biologics, a company incorporated in Indonesia
"Kite Pharma"	KP EU C.V., a company incorporated in the Netherlands
"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 C3 to the Hong Kong Listing Rules
"NASDAQ"	National Association of Securities Dealers Automated Quotation
"National Medical Insurance Drugs Catalogue"	National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (《國家基本醫療保險、工傷保險和生育保險藥品目錄》)

"NMPA"	National Medical Products Administration (中國國家藥品監督管理局)
"NSE"	The National Stock Exchange of India Limited
"PCT"	Patent Cooperation Treaty
"POCT"	Point-of-Care Testing
"Prollenium"	Prollenium Medical Technology, a company incorporated in Canada
"PRC" or "China"	The People's Republic of China
"R&D"	research and development
"Reporting Period"	the 12-month period from 1 January 2023 to 31 December 2023
"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
"Sermonix"	Sermonix Pharmaceuticals, Inc., a company incorporated in U.S.
"Shanghai Henlius"	Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司), a company incorporated in the PRC and 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 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
"Shanghai Yaokang"	Shanghai Yaokang Pharmaceutical Technology Co., Ltd.* (上海曜康醫藥科技有限公司), 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
"Shinrong Plastic Surgery Hospital"	Chongqing Shinrong Plastic Surgery Hospital Co., Ltd.* (重慶星榮整形外科醫院有限責任公司), a subsidiary of the Company

"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company incorporated in the PRC and listed on the Hong Kong Stock Exchange (stock code: 01099), a subsidiary of Sinopharm Industrial
"Sinopharm Industrial"	Sinopharm Industrial Investment Co., Ltd.* (國藥產業投資有限公司), an associate of the Company
"Sisram Medical"	Sisram Medical Ltd, a company incorporated in Israel and listed on the Hong Kong Stock Exchange (stock code: 01696), a subsidiary of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Syneos Health"	Syneos Health, Inc., a company incorporated in United States
"U.S." or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. FDA"	U.S. Food and Drug Administration
"US$"	United States dollars, the lawful currency of the United States
"Wanbang Pharma"	Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiary of the Company
"WHO"	World Health Organization
"WHO PQ"	World Health Organization Prequalification
"Written Code"	Written Code for Securities Transactions by Directors/Relevant Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (《上海復星醫藥(集團)股份有限公司董事／有關僱員進行證券交易的書面守則》)
"Xingnuo Pharma"	Jiangsu Xingnuo Pharmaceutical Technology Company Limited* (江蘇星諾醫藥科技有限公司), a subsidiary of the Company
"Xinyitang Pharmacy"	Guangzhou Xinyitang Pharmacy Co., Ltd.* (廣州市心怡堂大藥房有限公司), a subsidiary of the Company as at the end of the Reporting Period
"Xuzhou Wanbang Cloud Pharmacy"	Xuzhou Wanbang Cloud Pharmacy Chain Co., Ltd.* (徐州萬邦雲藥房連鎖有限公司), disposed through equity transfer on 27 September 2023
"Xuzhou Xingchen Women's and Children's Hospital"	Xuzhou Xingchen Women's and Children's Hospital Co., Ltd.* (徐州星晨婦兒醫院有限公司), a subsidiary of the Company

"YSB"	YSB Inc., a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange (stock code: 09885)
"%"	per cent

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

Shanghai, the PRC
26 March 2024

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*