

FOSUN PHARMA

上海復星醫藥(集團)股份有限公司

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

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

Stock Code: 02196

INTERIM REPORT 2022

Our Vision

We are committed to becoming a first-class enterprise in the global medical and healthcare market.

Our Mission

Better health for families worldwide.

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Corporate Information

Directors

Executive Directors

Mr. Wu Yifang (吳以芳) (*Chairman*)
Mr. Wang Kexin (王可心) (*Co-Chairman*)¹
Ms. Guan Xiaohui (關曉暉) (*Vice-Chairman*)²
Mr. Wen Deyong (文德鏞) (*Chief Executive Officer*)³

Non-executive Directors

Mr. Chen Qiyu (陳啟宇)
Mr. Yao Fang (姚方)
Mr. Xu Xiaoliang (徐曉亮)
Mr. Pan Donghui (潘東輝)

Independent Non-executive Directors

Ms. Li Ling (李玲)
Mr. Tang Guliang (湯谷良)
Mr. Wang Quandi (王全弟)
Mr. Yu Tze Shan Hailson (余梓山)

Supervisors

Ms. Ren Qian (任倩) (*Chairman*)
Mr. Cao Genxing (曹根興)
Mr. Guan Yimin (管一民)

Joint Company Secretaries

Ms. Dong Xiaoxian (董曉嫻)
Ms. Kam Mei Ha Wendy (甘美霞)

Authorized Representatives

Mr. Wu Yifang (吳以芳)
Ms. Kam Mei Ha Wendy (甘美霞)

Strategic Committee

Mr. Wu Yifang (吳以芳) (*Chairman*)⁴
Mr. Chen Qiyu (陳啟宇)⁵
Mr. Yao Fang (姚方)
Mr. Xu Xiaoliang (徐曉亮)
Ms. Li Ling (李玲)

Audit Committee

Mr. Tang Guliang (湯谷良) (*Chairman*)
Mr. Wang Quandi (王全弟)
Ms. Li Ling (李玲)

Nomination Committee

Mr. Wang Quandi (王全弟) (*Chairman*)
Ms. Li Ling (李玲)
Mr. Pan Donghui (潘東輝)

Remuneration and Appraisal Committee

Mr. Yu Tze Shan Hailson (余梓山) (*Chairman*)
Mr. Tang Guliang (湯谷良)
Mr. Wang Quandi (王全弟)
Mr. Chen Qiyu (陳啟宇)
Mr. Pan Donghui (潘東輝)

Environmental, Social and Governance Committee

Mr. Yu Tze Shan Hailson (余梓山) (*Chairman*)
Ms. Li Ling (李玲)
Mr. Wu Yifang (吳以芳)

Registered Office

9th Floor, No. 510 Caoyang Road
Putuo District
Shanghai, 200063, China

Principal Place of Business in the PRC

Building A
No. 1289 Yishan Road
Shanghai, 200233, China

¹ appointed as the vice chairman of the Company on 4 January 2022 and appointed as the co-chairman of the Company on 1 June 2022.

² appointed as the vice chairman of the Company on 4 January 2022.

³ appointed as the chief executive officer of the Company on 1 June 2022 and appointed as the executive Director of the Company on 10 August 2022.

⁴ appointed as the chairman of the strategic committee on 1 June 2022.

⁵ retired as the chairman of the strategic committee with effect from 1 June 2022.

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong⁶

Legal Advisers in Hong Kong

Reed Smith Richards Butler LLP

Legal Advisers in the PRC

Grandall Law Firm (Shanghai)

Auditors

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

Principal Banks

The Export-Import Bank of China
China Development Bank
Industrial and Commercial Bank of China
Bank of China
China Minsheng Bank
Shanghai Pudong Development Bank

Corporate Name

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

Stock Abbreviation

FOSUN PHARMA

Share Listing

A Share: Shanghai Stock Exchange
Stock Code: 600196
H Share: The Stock Exchange of Hong Kong Limited
Stock Code: 02196

A Share Registrar and Transfer Office in the PRC

China Securities Depository & Clearing Corporation Limited
(CSDCC) Shanghai Branch
188 South Yanggao Road
Pudong District
Shanghai, China

H Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong⁶

Corporate Website

<http://www.fosunpharma.com>

⁶ relocated to the current address with effect from 15 August 2022.

Financial Highlights

For the six months ended 30 June

	2022 RMB million	2021 RMB million (Restated)
Operating results		
Revenue	21,275	16,878
Gross profit	9,699	8,621
Operating profit	1,999	1,343
Profit before tax	2,379	3,304
Profit for the period attributable to owners of the parent	1,554	2,482
EBITDA	3,881	4,670
Profitability		
Gross margin	45.59%	51.08%
Operating profit margin	9.40%	7.96%
Net profit margin	8.79%	16.32%
Earnings per share (RMB Yuan)		
Earnings per share — basic	0.60	0.97
Earnings per share — diluted	0.60	0.97
Of which: Pharmaceutical manufacturing segment		
Revenue	14,271	12,179
Gross profit	7,762	6,965
Segment results	1,890	1,353
Segment profit for the period	1,579	1,257
	30 June 2022 RMB million	31 December 2021 RMB million
Assets		
Total assets	98,754	93,237
Equity attributable to owners of the parent	38,148	39,135
Total liabilities	51,070	44,918
Cash and bank balances	12,258	10,308
Debt-to-asset ratio	51.71%	48.18%

Management Discussion and Analysis

FINANCIAL REVIEW

During the Reporting Period, the unaudited interim results and the summary of basic financial results prepared by the Group in accordance with HKFRS are as follows:

During the Reporting Period, the revenue of the Group amounted to RMB21,275 million, representing a period-on-period increase of 26.05%.

By virtue of the revenue contribution from new products and anti-epidemic products, as well as the effective control of marketing expenses, the Group's revenue and recurring income continued to grow steadily. During the Reporting Period, the revenue of the Group amounted to RMB21,275 million, representing a period-on-period increase of 26.05%. Operating profit amounted to RMB1,999 million, representing an increase of RMB656 million period-on-period. Net cash flow from operating activities amounted to RMB1,820 million, representing a period-on-period increase of 6.66%. Affected by market fluctuation and other factors, the price of shares in BNTX held by the Group as of the end of the Reporting Period declined as compared with the end of 2021, and the net impact including fair value loss as a result of changes in the share price of BNTX was over RMB1 billion. During the Reporting Period, attributable to the losses from changes in fair value of financial assets held, the Group recorded net other gains less other expenses of RMB-260 million, representing a decrease of RMB1,567 million from RMB1,307 million for the same period of last year. Due to the above factors, during the Reporting Period, the Group's profit for the period attributable to owners of the parent amounted to RMB1,554 million, representing a period-on-period decrease of 37.39%, and the Group's earnings per share decreased by 38.14% to RMB0.60 as compared to the corresponding period of 2021.

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

REVENUE

During the Reporting Period, the revenue of the Group amounted to RMB21,275 million, representing a period-on-period increase of 26.05%. The Group recorded revenue from Chinese Mainland in the amount of RMB13,683 million. Revenue of an equivalent of RMB7,592 million was recorded from other countries or regions. The proportion of the Group's revenue from other countries or regions was 35.69%.

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB14,271 million, representing a period-on-period increase of 17.18%. The segment results amounted to RMB1,890 million, representing a period-on-period increase of 39.69%. The segment profit amounted to RMB1,579 million, representing a period-on-period increase of 25.62% (excluding the losses from changes in the fair value of the shares in BNTX and gains from the sales of certain shares).

COST OF SALES

During the Reporting Period, cost of sales of the Group increased by 40.21% to RMB11,576 million from RMB8,256 million for the corresponding period of 2021. Cost of sales for the same period in 2021 has been adjusted on the restated basis.

Management Discussion and Analysis

GROSS PROFIT

During the Reporting Period, the gross profit of the Group increased by 12.50% to RMB9,699 million from RMB8,621 million for the corresponding period of 2021. The increase in cost of sales as compared with the same period last year, and the larger increase as compared with the increase in revenue was mainly due to: (1) increase in the unit costs of some products as affected by factors including increase in labour cost and increase in the prices of main raw and auxiliary materials under the impact of the pandemic; (2) the lower gross profit margin of overseas sales of non-proprietary anti-epidemic products of the Group during the Reporting Period; and (3) the impact of centralized procurement products. As a result of the above factors, the gross profit margin of the Group during the Reporting Period was 45.59%, representing a period-on-period decrease of 5.49 percentage points. Considering the following factors for changes in selling and distribution expenses, the gross profit margin less selling expense ratio of the Group remained basically stable during the Reporting Period.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, selling and distribution expenses of the Group decreased by RMB45 million or 1.07% period-on-period to RMB4,166 million from RMB4,211 million for the same period last year. During the Reporting Period, the selling expense ratio was 19.58%, representing a decrease of 5.37 percentage points as compared with the same period last year. The main reasons for the period-on-period decline in the selling expense ratio are as follows: (1) the Group continued to strengthen the control of selling expenses and achieved remarkable effects; (2) the period-on-period decrease in the selling expense ratio of centralized procurement products; and (3) the investment in market development as well as sales team for newly launched products including Han Si Zhuang. Considering the above factors, the gross profit margin less selling expense ratio of the Group remained basically stable during the Reporting Period.

R&D EXPENSES AND R&D EXPENDITURE

During the Reporting Period, the Group continued to increase R&D expenditure. The total R&D expenditure amounted to RMB2,399 million, representing a period-on-period increase of 22.77%. In particular, the R&D expenses amounted to RMB1,818 million, representing a period-on-period increase of RMB256 million or 16.39%. During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB2,062 million, representing a period-on-period increase of RMB285 million or 16.04%, accounting for 14.39% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,491 million, representing a period-on-period increase of RMB106 million or 7.65%, accounting for 10.41% of the revenue from the pharmaceutical manufacturing segment, which was mainly due to the increase in R&D expenditure in biopharmaceutical drugs and small molecular innovative drugs, and the increase in investment in innovation incubation platform during the Reporting Period.

OTHER GAINS AND OTHER EXPENSES

During the Reporting Period, the Group's other gains decreased by RMB994 million or 60.43% period-on-period to RMB651 million from RMB1,645 million for the same period last year. This was mainly due to the gains from changes in fair value of financial assets held such as shares in BNTX during the same period last year, which was included in other gains.

During the Reporting Period, the Group's other expenses increased by RMB573 million or 169.53% period-on-period to RMB911 million from RMB338 million for the same period last year. This was mainly due to the combined effect of the losses from changes in fair value resulting from the decline in share prices of stocks held such as BNTX and the investment income on the partial disposal of shares in BNTX during the Reporting Period, which was included in other expenses.

SHARE OF PROFITS OF ASSOCIATES

During the Reporting Period, the share of profits of associates of the Group decreased by 2.92% to RMB899 million from RMB926 million for the corresponding period of 2021.

PROFIT FOR THE PERIOD

Due to the above reasons, during the Reporting Period, the profit for the period of the Group decreased by 32.14% to RMB1,869 million from RMB2,754 million for the corresponding period of 2021. The net profit margin for the period of the Group during the Reporting Period and the corresponding period of 2021 were 8.79% and 16.32%, respectively.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

During the Reporting Period, the Group recorded operating profit amounted to RMB1,999 million, representing a period-on-period increase of RMB656 million. Affected by market fluctuation and other factors, the price of shares in BNTX held by the Group as of the end of the Reporting Period declined as compared with the end of 2021, and the net impact including fair value loss as a result of changes in the share price of BNTX was over RMB1 billion. During the Reporting Period, attributable to the losses from changes in fair value of financial assets held, the Group recorded a period-on-period decrease of RMB1,567 million in net other gains less other expenses. Due to the above factors, the Group's profit for the period attributable to owners of the parent amounted to RMB1,554 million during the Reporting Period, representing a period-on-period decrease of 37.39%.

DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

Total Debts

As at 30 June 2022, total debts of the Group increased to RMB30,461 million from RMB25,299 million as at 31 December 2021 mainly due to new borrowings during the Reporting Period. As at 30 June 2022, mid-to-long-term debts of the Group accounted for 41.76% of its total debts, representing an increase of 3.43 percentage points as compared to 38.33% as at 31 December 2021. During the Reporting Period, the proportion of mid-to-long-term debts increased mainly because of the adjustments to the structure of interest-bearing liabilities. As at 30 June 2022, cash and bank balances rose by 18.92% to RMB12,258 million from RMB10,308 million as at 31 December 2021.

As at 30 June 2022, the equivalent amount of RMB8,698 million (31 December 2021: RMB7,382 million) out of the total debts of the Group was denominated in foreign currencies, and the remainder was denominated in RMB.

As at 30 June 2022, cash and bank balances of the Group denominated in foreign currencies amounted to RMB4,928 million (31 December 2021: RMB4,276 million).

Management

Discussion and Analysis

Unit: million Currency: RMB

Cash and cash equivalents denominated in:	30 June 2022	31 December 2021
RMB	7,330	6,032
US dollars	1,721	1,615
Rupees	2,220	1,907
HK dollars	577	560
Euro	156	78
Others	254	116
Total	12,258	10,308

Gearing Ratio

As at 30 June 2022, the gearing ratio, calculated as total interest-bearing bank and other borrowings and lease liabilities over total assets, was 30.85%, as compared to 27.13% as at 31 December 2021.

Interest Rate

As at 30 June 2022, total interest-bearing bank and other borrowings at a floating interest rate amounted to RMB11,364 million (31 December 2021: RMB7,968 million).

Maturity Structure of Outstanding Debts

Unit: million Currency: RMB

	30 June 2022	31 December 2021
Within 1 year	17,740	15,602
1 to 2 years	4,648	5,067
2 to 5 years	5,753	2,073
Over 5 years	2,320	2,557
Total	30,461	25,299

Available Facilities

As at 30 June 2022, besides cash and bank balances of RMB12,258 million, the Group had unutilized banking facilities of RMB31,327 million in aggregate. The Group has also entered into cooperation agreements with various major banks. According to such agreements, the banks granted the Group general banking facilities to support its capital requirements. The utilization of such bank facilities was subject to the approval of individual projects from the banks in accordance with banking regulations. As at 30 June 2022, total available banking facilities under these arrangements were approximately RMB57,845 million in aggregate, of which RMB26,518 million had been utilized.

In April 2020, the Company obtained approval from the CSRC for the registration application on the public issuance of corporate bonds of not more than RMB5,000 million to professional investors. The approval will be effective until 31 December 2022. In July 2022 and August 2022, the Company received notices from the NAFMII for the acceptance of registration for the super short-term commercial paper of RMB6,000 million and medium-term notes of RMB4,000 million of the Company, respectively. The registered credit limit will be effective for two years commencing the date of issuance of relevant notices.

Collateral and Pledged Assets

As at 30 June 2022, the Group had placed the following as collateral for bank borrowings: property, plant and equipment amounting to RMB772 million (31 December 2021: RMB550 million) and prepaid land lease payments amounting to RMB511 million (31 December 2021: RMB514 million).

As at 30 June 2022, the Group had placed the following as collateral for bank borrowings: trade receivables amounting to RMB100 million (31 December 2021: RMB69 million) and other receivables amounting to RMB8 million (31 December 2021: RMB8 million).

As at 30 June 2022, no debt investment at fair value through other comprehensive income (31 December 2021: RMB8 million) was pledged as bank acceptance draft deposits.

As at 30 June 2022, the Group had pledged the following for bank borrowings: 58.67% equity interest in a subsidiary Suzhou Abcarta (31 December 2021: 58.67% equity interest in Suzhou Abcarta).

Details of the collateral and pledged assets are set out in note 16 to the financial statements.

Cash Flow

The cash of the Group is mainly used for meeting capital requirements, repaying interest and principals of debts due, paying for purchases and capital expenditures, and funding growth and expansion of facilities and businesses of the Group. The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for the Reporting Period and the corresponding period of 2021.

Management

Discussion and Analysis

Unit: million Currency: RMB

	January – June 2022	January – June 2021
Net cash flows from operating activities	1,820	1,707
Net cash flows used in investing activities	(2,485)	(2,450)
Net cash flows from financing activities	2,420	770
Net increase in cash and cash equivalents	1,755	27
Cash and cash equivalents at the beginning of the year	6,451	7,325
Cash and cash equivalents at the end of the period	8,274	7,248

Capital Commitments and Capital Expenditures

During the Reporting Period, capital expenditures of the Group amounted to RMB2,174 million, which mainly consisted of additions to property, plant and equipment, other intangible assets and prepaid land lease payments included in right-of-use assets exclusive of amounts due to new acquisition of subsidiaries. Details of capital expenditures are set out in note 4 to the financial statements.

As at 30 June 2022, the Group had capital commitments contracted but not provided for amounting to RMB5,416 million and capital commitments authorized but not signed for amounting to RMB2,544 million. These were mainly committed for reconstruction and renewal of plant and machinery as well as new investees. Details of capital commitments are set out in note 19 to the financial statements.

Contingent Liabilities

As at 30 June 2022, the Group did not have any contingent liabilities.

Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by EBITDA divided by interest expenditure, was 8.30 times (corresponding period of 2021: 10.91 times). The decrease in interest coverage was mainly due to market fluctuation and other factors. The price of shares in BNTX held by the Group as of the end of the Reporting Period declined as compared with the end of 2021, and the net impact including fair value loss as a result of changes in the share price of BNTX was over RMB1 billion.

RISK MANAGEMENT

Foreign Currency Exposure

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

Interest Rate Exposure

It is the Group's strategy to use debts with fixed and floating interest rates to manage its interest costs. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

BUSINESS REVIEW

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

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

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

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

Management

Discussion and Analysis

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

Unit: million Currency: RMB

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

Main Operational Progress of the Group during the Reporting Period

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

As at the date of this report, the drug registration applications for the second indication (squamous non-small cell lung cancer (sqNSCLC)), the third indication (extensive-stage small cell lung cancer (ES-SCLC)) and the fourth indication (esophageal squamous cell carcinoma (ESCC)) of Han Si Zhuang in Chinese Mainland have also been accepted gradually. Han Si Zhuang for the treatment of small cell lung cancer (SCLC) has also been granted Orphan Drug Designation by the U.S. FDA. During the Reporting Period, FS-1502 for the treatment of non-small cell lung cancer (NSCLC) began Phase II clinical study in Chinese Mainland. FS-1502 combined with serplulimab and/or chemotherapy for the treatment of patients with HER2-expressing advanced gastric cancer in Chinese Mainland has been approved for Phase II clinical trials. FCN-159 for the treatment of histiocytic tumors and arteriovenous malformations has been approved to begin Phase II clinical trials in Chinese Mainland, respectively. The joint venture Fosun Kite's second CAR-T cell therapy product, FK889 (for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line and higher systemic therapy), was approved for clinical trials in Chinese Mainland. Pediatric formulation of Comirnaty (mRNA COVID-19 vaccine) was approved for vaccination for children aged 5 to 11 in Macau and Taiwan, China in April and May 2022 successively (vaccinations of infant dosage for young children aged 6 months to 4 was approved in August 2022 in Taiwan, China). In April 2022, the Group's self-developed COVID-19 antigen test kits were approved for launch in Chinese Mainland. In addition, in July 2022, our subsidiary Fosun Pharmaceutical Industrial and Genuine Biotech entered into an agreement in relation to the strategic cooperation on, among other things, the joint development and Fosun Pharmaceutical Industrial's exclusive commercialization of Azvudine. The scope of cooperation includes the treatment and prevention of COVID-19 and AIDS. The Azvudine tablets, independently developed by China, is the first small molecular oral medication for COVID-19 approved for launch.

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

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

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

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

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

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

Management

Discussion and Analysis

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

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

Note: Product of Fosun Kite, a joint venture.

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

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

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

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

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

During the Reporting Period, the Group deepened the application and iteratively updated the digital platform INNOX 2.0 which focused on drug R&D project management. It opened up the entire R&D value chain process, innovated and explored AI technology to empower R&D business applications, and continuously improved R&D management efficiency.

Segment Performance Overview

Pharmaceutical manufacturing

Performance summary

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

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

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

Unit: million Currency: RMB

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Important events

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

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

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

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

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

- *Progress of CAR-T cell therapy products*

Yi Kai Da (ejilunsai injection) is the first product of the joint venture Fosun Kite authorized to carry out the product's localized production in China following the technology transfer of Yescarta, a CAR-T cell therapy product, from Kite Pharma. Yi Kai Da was approved for launch in Chinese Mainland in June 2021, becoming the first CAR-T cell therapy product approved for domestic launch. It is used for the treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r DLBCL) after prior second-line or higher systemic therapy. As of the end of July 2022, Yi Kai Da has been included in the urban customized commercial health insurance of 44 provinces and municipalities and over 50 commercial insurances, while the number of treatment centers on record had reached nearly 100.

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

The third indication of Yi Kai Da (for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy) received approval for clinical trials in Chinese Mainland in August 2022. In April 2022, Yescarta received approval for launch from the U.S. FDA for the abovementioned indication, becoming the first CAR-T drug in the world to receive U.S. FDA approval as a second-line therapy for LBCL. The long-term follow-up results of Yescarta's ZUMA-1 study show that the 5-year overall survival (OS) rate of relapsed/refractory LBCL patients treated with Yescarta reaches 42.6%, and the 5-year overall survival rate of CR patients reaches 64.4%. The data of Yi Kai Da, Yescarta and their real world studies are highly similar in terms of safety and effectiveness, showing the significant improvement of the response rate and overall survival period of patients.

In addition, Fosun Kite's second CAR-T cell therapy product FKC889 received approval for clinical trials in Chinese Mainland in March 2022 for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line or higher systemic therapy. As at the end of the Reporting Period, the indication has entered the clinical trial stage in Chinese Mainland.

- *Cooperation on the joint development and exclusive commercialization of Azvudine*

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

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

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

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

Leveraging the Group's commercial capabilities in China, as well as its strengths in autoimmune diseases and chronic kidney disease layout, during the Reporting Period, the Group and Amgen's subsidiary formed collaboration on the exclusive commercialization and licensing of two innovative drugs, namely Otezla (apremilast tablets) and Parsabiv (etelcalcetide), in Chinese Mainland, further enriching its innovative product portfolio in the non-oncology field. Otezla (apremilast tablets) was approved by the NMPA in August 2021, and is the first and only orally-administered phosphodiesterase-4 (PDE4) inhibitor approved for the treatment of plaque psoriasis in China. The strategic collaboration with Amgen was another classic example of the Group's collaboration with world-renowned multinational pharmaceutical companies. The Group will continue to actively explore collaboration opportunities with leading global pharmaceutical companies to enhance product accessibility and affordability around the unmet clinical needs of patients worldwide.

While improving product layout, the Group has also been actively seeking cooperations with leading global pharmaceutical companies to promote our self-developed products to cover incremental markets, thereby achieving value maximization. During the Reporting Period, Shanghai Henlius, a subsidiary, entered into licensing agreements for various products with a number of global partners. In February 2022, Shanghai Henlius granted Getz Pharma the exclusive commercialization rights to sell Han Da Yuan (adalimumab injection) in 11 emerging markets in Asia, Africa and Europe. In May 2022, Shanghai Henlius granted a license to Eurofarma, a leading local pharmaceutical company in Brazil, allowing it to, among others, commercialize three products, namely Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection) and Han Bei Tai (bevacizumab injection), in 16 Latin American countries, and actively expanding the market of the three products in Latin America. In June 2022, Shanghai Henlius granted Organon a license to exclusively commercialize pertuzumab biosimilar HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection) and Denosumab biosimilar HLX14 (recombinant anti-RANKL human monoclonal antibody injection) worldwide except for China, pursuant to which Organon shall pay a total of up to US\$538 million in upfront payments, milestone payments for development and registration application, and commercial sales milestones payments (the upfront fee of which amounted to US\$70 million), covering major markets such as the U.S., the EU and numerous emerging markets.

- *Deepening of global operation*

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

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

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

Relying on the Group's international production standards and quality system certifications, together with overseas product access and marketing capabilities, in January and March 2022, our subsidiary Fosun Pharmaceutical Industrial was licensed to manufacture and supply the generic versions of Molnupiravir, a COVID-19 oral drug of Merck, and Nirmatrelvir, a COVID-19 oral drug of Pfizer, and a combination of Nirmatrelvir/Ritonavir by MPP for certain mid- and low-income countries in the world. The license allows the production of the active pharmaceutical ingredient and the finished drug.

R&D innovation

Leveraging the global R&D center, the Group coordinated project establishment management as well as project management, prioritized the promotion of strategic products R&D, strengthened global clinical and registration capabilities, and improved R&D efficiency. At the same time, leveraging the resources of its global business development (BD) team, the Group had access to the leading products and technology platforms in the industry for commercialization. Through independent R&D, cooperative development, license introduction and in-depth incubation, the Group has built and formed small molecule innovative drugs, antibody drugs and cell therapy technology platforms centering on tumor and immune modulation, metabolism and alimentary system, central nervous system and other major therapeutic areas, and actively explored technologies, such as RNA, gene therapy, ADC and Protac, to enhance its core R&D capabilities.

As at the end of the Reporting Period, there were over 260 pipeline projects of the Group on innovative drugs, biosimilars, generic drugs and consistency evaluation items (for the details of the major pipeline drug projects, please refer to Table 4). During the Reporting Period, a total of 51 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 6 U.S. patent applications, 6 PCT applications, with 26 licensed invention patents obtained.

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Table 4 — Major pipeline drug projects

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

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

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

Table 5 — Small molecular innovative drugs under independent development

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

Table 6 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese Mainland as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Han Si Zhuang (serplulimab injection)	Microsatellite instability-high (MSI-H) solid tumor	Approved for launch	Approved for clinical trial (note 1)
2		Han Si Zhuang (serplulimab injection) + chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	Under application for sales	Phase III clinical trial (international multi-center)
3			Extensive-stage small cell lung cancer (ES-SCLC)	Under application for sales	Phase III clinical trial (international multi-center)
4			Esophageal squamous cell carcinoma (ESCC)	Phase III clinical trial (note 2)	—
5			Neo/adjvant treatment of GC	Phase III clinical trial	—
6			Han Si Zhuang (serplulimab injection) + chemotherapy + radiotherapy	Limited-stage small cell lung cancer (LS-SCLC)	Phase III clinical trial (international multi-center)
7		Han Si Zhuang (serplulimab injection) + Han Bei Tai (bevacizumab injection)	Non-squamous non-small cell lung cancer (nsNSCLC)	Phase III clinical trial	—
8			Hepatocellular carcinoma (HCC)	Phase II clinical trial	—
9			Metastatic colorectal cancer (mCRC)	Phase I/III clinical trial	—
10		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Recurrent or metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	—
11			Squamous non-small cell lung cancer (sqNSCLC)	Phase II clinical trial	—
12		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection) + Han Bei Tai (bevacizumab injection)	Hepatocellular carcinoma (HCC)	Approved for clinical trial	—
13		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumor and lymphoma	Approved for clinical trial	—
14		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qu You (trastuzumab injection)	Gastric cancer (GC)	Phase II clinical trial	—
15		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Solid tumor (non-small cell lung cancer, esophageal cancer and others)	Phase Ib/II clinical trial (note 3)	Approved for clinical trial (in the U.S.)
16		HLX20 (recombinant anti-PD-L1 fully human monoclonal antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
17		HLX26 (recombinant anti-LAG-3 human monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
18		HLX35 (recombinant humanized anti-EGFR and anti-4-1BB bispecific antibody injection)	Solid tumor	Phase I clinical trial	Phase I clinical trial (in Australia)
19		HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
20		HLX23 (recombinant anti-CD73 fully humanized monoclonal antibody injection)	Solid tumor	—	Approved for clinical trial (in the U.S.)
21		HLX53 (anti-TIGIT Fc fusion protein)	Solid tumor and lymphoma	Approved for clinical trial	—
22		HLX60 (recombinant humanized anti-GARP monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Advanced/metastatic solid tumors	—	(Note 4)
23	Blood system	Recombinant Human Erythropoietin-HyFc Fusion Protein Injection	Anemia	Phase Ib/II clinical trial	—
24	Others	HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection)	Wet age-related macular degeneration (wAMD)	Phase III clinical trial	Phase III clinical trial (international multi-center)

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

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

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

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

Table 7 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period
1	Anti-tumor	SVN53-67/M57-KLH peptide vaccine (SurVaxM)	Primary diagnosis of glioblastoma	Approved for clinical trial
2		HLX208	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Phase II clinical trial
3		FS-1502 (recombinant anti-HER2 humanized monoclonal antibody- monomethyl auristatin F conjugate for injection)	Non-small cell lung cancer (NSCLC)	Phase II clinical trial
4			HER2-positive locally advanced or metastatic breast cancer	Phase I clinical trial
5			HER2 expressing advanced malignant solid tumors	Phase II clinical trial
6		FS-1502 (recombinant anti-HER2 humanized monoclonal antibody- monomethyl auristatin F conjugate for injection) in combination with serplulimab and/or chemotherapy	HER2-expressing advanced gastric cancer	Approved for clinical trial
7	Metabolism and alimentary system	Tenapanor tablets	Irritable bowel syndrome with constipation (IBS-C)	Phase I clinical trial
8		Ferric pyrophosphate citrate solution	Iron substitutes for dialysis patients	Phase III clinical trial
9	Anti-infection	mRNA vaccine BNT162b2	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Chinese Mainland: Phase II clinical trial completed Hong Kong, China: Authorized for emergency use Macau, China: Obtained advance permission as an imported vaccine Taiwan region, China: Obtained special approval for emergency use
10		Pretomanid tablets	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment	Phase I clinical trial
11	Central nervous system	Opicapone capsules	Parkinson syndrome	NDA
12	Blood system	Avatrombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	Phase III clinical trial
13		Tenapanor tablets	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Phase III clinical trial
14	Others	Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Phase III clinical trial
15		RT002 (DaxibotulinumtoxinA for injection)	Moderate to severe glabellar lines in adults (GL)	Phase III clinical trial
16			Isolated cervical dystonia (CD)	Phase III clinical trial

Table 8 — Biosimilars under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese Mainland as at the end of the Reporting Period
1	Anti-tumor	HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection)	Neoadjuvant treatment of BC	Phase III clinical trial
2		HLX05 (recombinant Anti-EGFR Human/Murine Chimeric Monoclonal Antibody injection)	Metastatic colorectal cancer (mCRC) and metastatic head and neck squamous cell carcinoma (HNSCC)	Phase I clinical trial
3		HLX12 (recombinant anti-VEGFR2 domain II-III fully human monoclonal antibody injection)	Gastric cancer (GC), metastatic non-small cell lung cancer (NSCLC) and metastatic colorectal cancer (mCRC)	Phase I clinical trial
4		HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	Melanoma, renal cell carcinoma (RCC) and metastatic colorectal cancer (mCRC)	Approved for clinical trial
5		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Approved for clinical trial
6		Han Bei Tai (bevacizumab injection)	Recurrent glioblastoma	(Note 1)
7			Hepatocellular carcinoma	(Note 2)
8	Metabolism and alimentary system	Insulin glargine injection	Diabetes	NDA
9		Recombinant insulin lispro injection	Diabetes	Approved for launch
10		Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	Phase III clinical trial (Note 3)
11		Liraglutide injection	Diabetes	Phase III clinical trial
12	Others	HLX14 (recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase III clinical trial (international multi-center)
13		Han Li Kang (rituximab injection)	Rheumatoid Arthritis (RA)	Approved for launch

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

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

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

As at the end of the Reporting Period, a total of 25 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in seven batches of centralized drug procurement bidding (for details, please refer to Table 9 — Products won tenders for centralized procurement). For the existing products included in centralized procurement, the Group leveraged the advantages of multi-channel marketing and refined production to strengthen the life cycle management of centralized procurement products while sacrificing price for volume, and actively promoted incremental products to quickly enter the market through centralized procurement and effectively smooth the impact of existing products participating in centralized procurement.

Table 9 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit	Selected price (RMB)
1	4+7 scope expansion	Amlodipine Besylate Tablets	High blood pressure	5mg*7 tablets	Box	0.49
2		Escitalopram Oxalate Tablets	Depression disorder	10mg*7 tablets	Box	27.86
3	The second round	Azithromycin Capsules	Infection	0.25g*6 capsules	Box	6.36
4		Clindamycin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15g*10 capsules	Box	1.40
5		Indapamide Tablets	Essential hypertension	2.5mg*10 tablets	Box	0.69
6		Isoniazid Tablets	Tuberculosis	0.1g*100 tablets	Box	5.02
7	The third round	Febuxostat Tablets	Long-term treatment of gout patients with hyperuricemia	40mg*16 tablets	Box	16.48
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1g*30 tablets	Box	33.96
9		Pitavastatin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2mg*14 tablets	Box	10.80
10		Ethambutol Hydrochloride Tablets	Tuberculosis	0.25g*50 tablets	Box	6.03
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer's dementia	10mg*14 tablets	Box	15.26
12	The fourth round	Telmisartan Tablets	Essential hypertension	40mg*8 tablets/strip*4 strips/box	Box	19.17
13		Empagliflozin Tablets	Type 2 diabetes	10mg*10 tablets/strip * 1 strip/box	Box	19.51
14		Calcium Dobesilate Capsules	1. Retinopathy caused by diabetes; 2. heart, brain, and kidney diseases caused by microcirculation disorders, such as glomerulosclerosis; 3. reduction of the viscosity of blood; 4. prevention of microemboli; 5. numbness, pain and itchiness of limb; 6. syndromes such as varicosity	0.5g*10 capsules/strip*3 strips/box	Box	20.40
15		Sorafenib Tosylate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2g*10 tablets/strip*3 strips/box	Box	798.00
16		Duloxetine Hydrochloride Enteric Capsules	Generalized anxiety disorder and depression	20mg*60 capsules/bottle	Bottle	58.80
17		Pyrazinamide Tablets	Tuberculosis	0.25g*100 tablets/bottle	Bottle	19.49
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		1. 50mg per day: For the treatment of advanced prostate cancer together with luteinizing hormone-releasing hormone (LHRH) analogue or surgical orchiectomy. 2. 150mg per day: For the treatment of patients with locally advanced prostate cancer without distant metastasis who are not suitable or unwilling to receive surgical castration or other medical treatments.	50mg*14 tablets/strip/box	Box	162.73
20	The sixth round	Human Insulin Injection	Diabetes	3ml: 300 unit (refill)*1 vial	Vial	29.36
21		Protamine Recombinant Human Mixed Insulin Injection (30/70)	Diabetes	3ml: 300 unit (refill)*1 vial	Vial	29.80
22	The seventh round	Cefmetazole Sodium for injection	Among staphylococcus aureus, escherichia coli, pneumococcus, proteus (indole positive and negative) bacteroides, peptococcus and peptostreptococcus, the following infections caused by susceptible bacteria to this product: sepsis; bronchitis, bronchitis dilated infection, pneumonia, secondary infection of chronic respiratory disease, pulmonary suppuration (lung abscess), empyema; cholangitis, cholecystitis; peritonitis; pyelonephritis, cystitis; Bartholinitis, intrauterine infection, uterine adnexitis, parametritis; cellulitis around the jaw, jaw inflammation.	1g*10 bottles/box	Box	239.8
23		Cefminox Sodium for injection	1. Respiratory system infection: tonsillitis, peritonsillar abscess, bronchitis, bronchiolitis, bronchiectasis (in the case of infection), secondary infection of chronic respiratory disease, pneumonia, pulmonary suppuration; 2. Urinary system infection: pyelonephritis, cystitis; 3. Abdominal infection: cholecystitis, cholangitis, peritonitis; 4. Pelvic infection: pelvic peritonitis, uterine adnexitis, intrauterine infection, pelvic dead space inflammation, parametritis; 5. Sepsis.	0.25g*10 bottles/box	Box	18.51
24		Lidocaine Hydrochloride Injection	This product is a local anesthetic and an antiarrhythmic drug. Mainly used for infiltration anesthesia, epidural anesthesia, topical anesthesia (including mucosal anesthesia during thoracoscopy or abdominal surgery) and nerve conduction block. This product can be used for ventricular premature beats and ventricular tachycardia after acute myocardial infarction, and can also be used for ventricular arrhythmia caused by digitalis poisoning, cardiac surgery and cardiac catheterization. This product is usually ineffective for supraventricular arrhythmias.	5ml:0.1g*5 vials/box	Box	12.6
25		Roxithromycin Tablets	For the treatment of infections caused by roxithromycin-sensitive pathogens	150mg*6 tablets/strip/box	Box	3.87

Management

Discussion and Analysis

Commercialization system

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

During the Reporting Period, with a focus on innovative drugs such as Han Li Kang, Han Qu You, Han Si Zhuang, Su Ke Xin, Han Da Yuan and Akynzeo, the Group continued to expand and optimize the innovative drug commercialization team. Along with the launch of new products and the increasing supply of sub-new products, the team building has become more mature. Currently, the Group has a divisional innovative drug commercialization team of approximately 2,000 employees in total. Focusing on core departments such as hematology, lymphoma, hematological tumor, breast, medical oncology, hepatobiliary surgery and intervention, the innovative drug commercialization team made deployment in the core market, the county-level market and DTP channels. The Group has established multi-channels covering approximately 3,000 hospitals and nearly 1,000 DTP pharmacies, opening up the matrix of its existing products and serving the launch of more innovative drugs and comprehensive treatment in the future. In addition, the Group continued to expand into the international market. As at the end of the Reporting Period, the pharmaceutical manufacturing segment had formed an overseas commercialization team of approximately 1,000 employees, which mainly covered markets including the U.S. and Africa. In emerging markets such as Africa, the Group has set up 5 regional distribution centers, established and developed core digital management capabilities, user operation capabilities and B2B2C model service capabilities, and provided a one-stop service of registration, circulation, academic promotion and post-launch safety alert and other services, which laid a solid foundation for the Group's product access and marketing.

Medical Devices and Medical Diagnosis

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

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

In the field of medical cosmetology, during the Reporting Period, the revenue of Sisram Medical amounted to US\$175 million and net profit amounted to US\$20.53 million (based on the financial statements of Sisram Medical in its reporting currency), both recording significant period-on-period growth, the driving factors of which were the strong business growth in core regions such as North America and Europe, expansion and synergy in multi-dimensional product lines and channels, upgrades of R&D capabilities and infrastructure, and active talent management strategies. During the Reporting Period, while actively expanding its existing energy-based medical aesthetics equipment business, Sisram Medical carried out business deployment and integration on strategic tracks such as aesthetic dentistry, injectables and personal care. In January 2022, Sisram Medical invested in Tianjin Xingsiyi, which would be mainly engaged in the R&D, technical services and production of silk fibroin sodium hyaluronate composite gel and facial thread embedding products. In March 2022, the first light-based home-use personal care brand, namely LMNT, and its first product, LMNT one, were launched and simultaneously marketed in China and Italy. In the same month, Sisram Medical launched Alma TED™ and CBD+ Professional Skincare Solution™ in the U.S. market to further optimize the portfolio of energy-based medical cosmetic products.

In the field of respiratory health, Breas continued to increase its efforts to expand into the U.S. and Chinese markets while exploring in depth the European market. During the Reporting Period, the expansion of the Chinese market for Breas has made certain achievements. The localized version of the Z1 ventilator has obtained a manufacturing license and is mass-produced in Hainan, thus further promoting the localized production of Vivo45 and Vivo3 ventilators. During the Reporting Period, Breas has increased investment in R&D, and started the research and development of the next generation of portable ventilator Z3.

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

In addition, the medical devices segment has formed a global marketing network that combines direct sales and distribution. During the Reporting Period, Sisram Medical has strengthened its digital channels, further diversified its global marketing strategies and methods, and continuously expanded the global direct sales market. As at the end of the Reporting Period, the marketing network of Sisram Medical covers more than 90 countries and regions across the world. In the first half of 2022, the proportion of direct sales revenue further increased to approximately 65%. As at the end of the Reporting Period, the sales network of Breas mainly covers Europe, the U.S., China, Japan and Australia.

During the Reporting Period, the medical diagnosis segment of the Group actively promoted strategic upgrading and internal integration. In accordance with the business focus and characteristics of each base and subsidiary, the Group specified the functions and positioning of each of these bases and subsidiaries as R&D and manufacturing center, differentiated instrument R&D platform, inspection service business platform and reagent manufacturing base, which accelerated the integration and operation integration process of the diagnostic sector, in order to promote the long-term sustainable development of the medical diagnosis segment.

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

Management Discussion and Analysis

Healthcare services

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

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

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

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

Regarding specialized medical services, focusing on key specialized disease areas and centering on users, the Group cultivated digital and intelligent capabilities, established a system for doctor resources and special drugs and devices, which gradually achieved proactive management of specialized disease throughout the treatment course. The Group constructed a digital medical platform around key specialized diseases and efficiently integrated healthcare ecosystem resources, and formed digital business cooperation with thousands of hospitals as at the end of the Reporting Period, with over 60,000 certified doctors registered in aggregate on the platform for such cooperation. Breakthroughs in innovative models have been achieved in specialized disease areas including oncology and chronic kidney diseases, forming a closed loop connecting online and offline services both inside and outside the hospital. At the same time, the Group made steady development in discipline construction. By integrating the specialty resources of its hospitals and based on the empowerment by the digital platform, the Group has established 12 major specialty alliances, including obstetrics and gynecology, cardiology, rehabilitation and orthopedics, to promote the vertical connection between the specialties of member hospitals. Through the establishment of doctor groups, the team of leading experts in various specialties has been introduced to improve the level of discipline, and to empower internal and external discipline construction. During the Reporting Period, the leading experts in urology and neurosurgery were introduced, and the doctor group model has been implemented and operated in the medical institutions controlled by the Group.

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

Pharmaceutical Distribution and Retail

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

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

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

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

Management

Discussion and Analysis

Financing

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

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

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

2. Core Competitiveness Analysis

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

- A. Advantages in R&D and innovation. The Group connected with teams with outstanding scientific talents, leading technologies and high-value products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, license-in projects and deep incubation. In addition, the Group enriched its innovative product pipelines, enhanced the research and clinical development capabilities of FIC and BIC new drugs, and promoted the development and practice of innovative technologies and products through the integrated management of the innovative R&D projects by the global R&D center. As at the end of the Reporting Period, the Group had more than 2,800 R&D personnel, of which over 1,500 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB2,399 million, accounting for 11.24% of the Group's revenue.
- B. Advantages in international development. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, license-in projects, production and operation as well as commercialization. The Group had cultivated a global BD team for deployment in frontier areas through R&D cooperation and license-in projects, while drug clinical and registration teams in the U.S., Africa, Europe and India continued to strengthen overseas drug registration and application capabilities. The Group also accelerated the international quality system certification of domestic production lines, and deepened its international marketing capabilities so as to further expand the international market.
- C. Advantages in commercialization. The Group continuously enhanced the construction and integration of marketing system, and had formed a marketing system by product lines featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched to the market. As at the end of the Reporting Period, the Group had a commercialization team of over 6,900 employees, including about 2,000 employees in the innovative drug commercialization team, and over 1,400 employees in the overseas professional marketing team for Africa, Europe, the U.S. and other overseas areas. The Group had also built up a comprehensive support system in medical affairs, market access, medical strategic alliance, brand promotion, etc.

3. Major Operations in the Reporting Period

A. Analysis on Principal Operations

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

Unit: million Currency: RMB

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

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

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

Note 3: Selling and distribution expenses decreased by RMB45 million period-on-period, representing a decrease of 1.07% as compared to the same period last year. During the Reporting Period, the selling expense ratio was 19.58%, representing a decrease of 5.37 percentage points as compared with the same period last year. The main reasons for the period-on-period decline in the selling expense ratio are as follows: (1) the Group continued to strengthen the control of selling expenses and achieved remarkable effects; (2) the period-on-period decrease in the selling expense ratio of centralized procurement products; and (3) the investment in market development as well as sales team for newly launched products including Han Si Zhuang. Considering the above factors, the gross profit margin less selling expense ratio of the Group remained basically stable during the Reporting Period.

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

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

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

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

Management

Discussion and Analysis

(2) R&D expenditure

① R&D expenditure

Unit: million Currency: RMB

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

② Descriptions

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB2,062 million, representing a period-on-period increase of RMB285 million or 16.04%, accounting for 14.39% of the revenue from the pharmaceutical manufacturing segment. In particular, the R&D expenses amounted to RMB1,491 million, representing a period-on-period increase of RMB106 million or 7.65%, accounting for 10.41% of the revenue from the pharmaceutical manufacturing segment. The increase in R&D expenditure during the Reporting Period was mainly due to the increase in R&D expenditure in biopharmaceutical drugs and small molecular innovative drugs, and the increase in investment in innovation incubation platform.

B. Segment and Regional Operations

(1) Principal Operations by Segments, Products and Regions

Unit: million Currency: RMB

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

Principal operations by products

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

Principal operations by geographical locations

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

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

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

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

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

Note 4: The increase in gross profit margin of the major products of anti-tumor and immune modulation as compared with the same period last year was mainly due to growth of revenue and gross profit contribution of products such as Han Qu You.

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

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

Note 7: The decrease in gross profit margin of the major products of central nervous system as compared with the same period last year was mainly due to the decrease in gross profit margin as a result of the sales decline of Ao De Jin (deproteinized calf blood injection) and the relative rigidity of fixed cost.

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

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

Note 10: For the reasons for the changes in revenue by products, please refer to the aforementioned table of revenue from major products of the Group in the major therapeutic areas.

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

C. Subsidiaries and Investees

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

① Operation and Results of Major Subsidiaries

Unit: million Currency: RMB

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

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

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

② Status of Other Major Subsidiaries

Unit: million Currency: RMB

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

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

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

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

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

Unit: million Currency: RMB

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

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

① Acquisition of Subsidiaries during the Reporting Period

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

Unit: million Currency: RMB

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

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

② Disposal of Subsidiaries during the Reporting Period

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

Unit: million Currency: RMB

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

D. Employees and Remuneration Policies

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

E. Assets and Liabilities Analysis

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

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

4. Outlook for Operations in the Second Half of 2022

In the second half of 2022, the Group will continue to promote the focuses of business lines of various divisions and continue to advance its internationalization strategy. The Group will endeavor to optimize its product structure and improve R&D efficiency, continue to optimize operational efficiency in the healthcare service industry, expand the construction of competitive disciplines and enhance quality management, expedite the internet transformation of healthcare industry and further promote breakthroughs in the field of consumer medical care, expand the operating scale and improve its capabilities in operation management and internationalization. In addition, the Group will continue to pay attention to merger and acquisition opportunities of excellent enterprises abroad and at home. At the same time, the Group will continue to expand domestic and external financing channels to optimize its financial structure, and continue to promote lean operations to reduce costs and improve efficiency. In addition, the Group will continue to pay attention to the situation of COVID-19 and adopt relevant preventive measures to ensure the orderly and smooth manufacture and operation activities.

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

Pharmaceutical Manufacturing

In the second half of 2022, the Group will continue to implement the 4IN strategy, enhance capabilities in innovative R&D, strive to develop strategic products and expand global market opportunities. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, the Group seeks to achieve steady growth of its revenue and profit.

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With patients constantly at the center and clinical needs as the direction, the Group will focus on therapeutic fields including anti-tumor and immune modulation, metabolism and alimentary system, central nervous system, anti-infection and cardiovascular system, and establish a marketing system characterized as specialization, branding, digitization and compliance, so as to enhance the market position and the growth in sales in the key areas and core products of the Group. The Group will accelerate the deepening of the market layout by focusing on the portfolio of anti-epidemic products such as Azvudine tablets. Meanwhile, the Group will concentrate on promoting the approval and marketing of pipeline products, the introduction and cooperation of new products, as well as the exploration of market opportunities for core products, continuously optimizing organizational capabilities, R&D efficiency and operational efficiency. Taking the United States market as the main breakthrough, the innovative medicines division will strengthen localized talent recruitment and innovation investment, and speed up the progress of global multi-center clinical trials and launch of products. The established medicines manufacturing & supply division will enhance efforts to develop special dosage forms, adapt to centralized procurement and transform the marketing model of generic drugs, advance the transformation of Gland Pharma towards biopharmaceutical CDMOs, complex preparations and difficult injections, as well as the registration process of products in China. The Group established the vaccine division at the beginning of 2022, which will continue to enrich the product portfolio of bacterial vaccines, viral vaccines and emerging vaccine technology platforms through the industrial investment + in-depth operation mode. In the second half of 2022, the Group will focus on advancing the enrollment of subjects for the phase III clinical trial of the 13-valent pneumonia conjugate vaccine.

Medical Devices and Medical Diagnosis

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

In the second half of 2022, with respect to medical diagnosis, the Group will continue to deepen the product layout and to optimize the product line portfolios, so as to promote the development, introduction and localization of strategic products and emerging technologies. The Group will foster a closed-loop model in application in order to enhance the competitiveness of the products. The Group will improve the accuracy and effectiveness of domestic diagnosis in terms of performance in infection, tumor, cerebro-cardiovascular, reproductive, digestion and metabolism, central nervous system and other fields, and provide customers with comprehensive solutions. The Group will improve its R&D capabilities and production self-sufficiency capabilities of core product technologies and key raw materials, actively seek interdisciplinary and cross-field R&D cooperation, and make constant innovations. The Group will rapidly gain access to key strategic markets through its global license-in capabilities and channels, and reinforce the strategic mergers and acquisitions of leading companies or key technologies in sub-sectors. In the field of diagnostic devices, the Group will comprehensively structure a cascading R&D plan, aiming to cover the mainstream market needs for medical devices, and to realize automation and intelligence of future central laboratory as well as compactization of devices giving immediate results in A&E units of primary medical institutions. Regarding diagnostic reagents, the Group will quickly expand the R&D team and actively search for external collaboration opportunities. By leveraging both internal R&D and external collaborations, the Group can offer diverse healthcare services and products to create a closed loop in product applications and value. In addition, the Group will actively deploy the field of precision medicine, maintain a forward-looking capability of the industry, continually produce exclusive products and signature products, increase differentiated competitiveness and shape the brand image.

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

Healthcare Services

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

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Regarding services of medical centers and regional medical associations, firstly, the Group will continue to foster regional development in reliance on online and offline integration and community grassroots extension through important initiatives, including promoting the online application of the digital cloud HIS platform, connecting the closed loop of online and offline medical services, strengthening the management of patients with key diseases and improving the management scale of family doctors, as well as linking grassroots institutions to realize mutual transfer of patients and pushing forward the construction of regional medical associations. Secondly, the Group will continue to promote the high-level development of disciplines, including advancing the construction of specialist alliances in the hospital group, accelerating the implementation of cooperation with doctor groups, building a multi-talent ladder, expanding external opportunities and gradually building up its scale through internal cooperation. Furthermore, centering on its integrated operations, the Group will continue to deepen the centralized procurement of medicines and medical equipment and integrate internal resources to realize cost reduction and efficiency improvement, enhance the capability of lean operation, vigorously promote the construction of the EHS management system, and improve operational modules such as quality and safety, care and services, and performance and evaluation. At the same time, the Group will expand international vision, increase overseas academic exchange, establish a talent introduction and training system, procure overseas cooperation and introduce top-end technology and support international development. The Group will also promote the reconstruction and expansion of the newly-built and existing hospitals, and seek new opportunities for mergers and acquisitions of healthcare services.

Regarding specialized medical services, the Group will continue to deepen the construction of digital and intelligent capabilities, and a system for doctor resources as well as special drugs and devices, which would gradually achieve management of specialized disease throughout the treatment course and provide closed-loop solutions revolving around the treatment course of disease. Focusing on key special disease areas, the Group will continue to speed up the construction of the digital medical platform for special diseases, expand cooperation for medical ecological resources, and achieve efficient replication and fission through the SaaS department and the internet hospital model. Combining the special construction of physical hospitals and doctor groups, and integrating and operating internal and external doctor resources, the Group will build a nationally influential diagnosis and treatment service system for special diseases, and radiate to member hospitals and external cooperative hospitals. The Group will accelerate the construction of characteristic supply chain networks, promote the development of DTP pharmacies, expedite the introduction of new internal and external products, and create customized products and services based on patient attributes, thereby providing patients with full course management.

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

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

Pharmaceutical Distribution and Retail

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

5. Potential Risks

A. Risks in relation to industry policies and system reforms

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

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

In the field of medical services, it requires more strategic and diversified thinking on how socially-organized medical institutions can achieve closer cooperation, differentiated development and collaborative expansion with the mainstay of healthcare services to explore new areas of healthcare services. Internet healthcare-related policies have been quickly improved and standardized, which accelerated the new stage of healthcare service industry development from the mode of solely offline services into an integrated business of both online and offline services.

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

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B. Market risks

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

In the field of generic drugs, with the gradually tighter control policy on medical insurance payments, the advancement of consistency evaluation of generic drugs, and the implementation of centralized procurement of drugs in quantity, the existing situation in the generic drug industry with an excessive number of pharmaceutical manufacturing companies, a fragmented market and low market concentration will change. There will be further concentration in the industry. With the progressing supply-side reforms, the market shares and profit margins of generic pharmaceutical products will be subject to further pressure. In the field of innovative drugs, since the market size of generic drugs has been drastically shrunk, numerous generic drugs companies seek transformation. With China's entry into the ICH (i.e. The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) and the domestic drug review and approval system being gradually brought into line with international standards, more and more innovative drugs are being marketed at a faster pace. The internal competition among local innovative pharmaceutical companies has been increasingly fierce, and at the same time, they are also facing competition from international pharmaceutical companies.

In addition, the competition for generic drugs in the overseas markets, mainly in the U.S., was fierce, and drug regulatory agencies implemented increasingly stringent requirements on production quality. These factors constituted unavoidable risks during the deepening of internationalization. In emerging markets such as Africa, more and more Indian generic drug companies have joined the competition, resulting in intensified price pressure on government tenders, as well as increasing risk of competition.

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

C. Business and operating risks

(1) *R&D risk of drugs*

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

In this regard, the Group will continue to strengthen its project and early research capabilities, establish a lean R&D process and concept, and improve R&D efficiency and output with an effective reward and punishment mechanism. In addition, the Group will further strengthen the construction of BD and clinical registration teams, introduce and develop product pipelines with high clinical value and strong innovative attributes, and accelerate the approval for market launch of innovative products, and actively explore the application of new technologies and FIC targets through various modes, including self-incubation, to expand the technology platform layout.

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

Pharmaceutical products, medical devices and diagnostic products are special commodities, and the society pays a great deal of attention to their quality. The Group has been continuously increasing its management efforts and investment in technological transformation in terms of quality management. The technology and equipment standards of each subsidiary have been significantly improved. However, due to the many production stages for pharmaceutical products, quality issues may arise due to raw materials, production, transportation, storage, inventory, use and other matters. Meanwhile, the Group has always adhered to the principle of operating in compliance with laws and regulations, and the Group has formulated corresponding management measures and established management agencies to ensure that the procurement, inventory, preparation, and sales of pharmaceuticals, medical devices, and diagnostic products comply with GMP and relevant requirements and all subsidiaries operate in accordance with the laws. However, there may still be the possibility that the relevant operating entities will be punished for failing to strictly abide by relevant national laws and regulations due to various reasons such as poor management in the actual course of operation.

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

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

(3) *Safety and environmental risks*

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

In this regard, the Group strengthens production safety management, focuses on staff training, implements relevant safety production measures, and reasonably controls risks. Meanwhile, the Company will continuously attach importance to fulfilling its social responsibility for environmental protection, adhere to the principle that green development is fundamental to sustainable development, increase investment in environmental protection and ensure the normal operation of environmental protection facilities and that the target of emissions is met.

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D. Management risks

(1) *Risks of internationalization*

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

(2) *Risks arising from mergers, acquisitions and restructuring*

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

E. Foreign exchange risk

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

F. Force majeure risks

Severe natural disasters and abrupt public health incidents may harm the properties and personnel of the Group, and may affect the ordinary production and operation of the Group.

6. Other Events

A. Non-public issuance of A Shares

On 27 July 2021, the CSRC issued the "Approval in relation to the Non-public Issuance of Shares by Shanghai Fosun Pharmaceutical (Group) Co., Ltd." (Zheng Jian Xu Ke [2021] No. 2501) to approve the Company to undertake the non-public issuance of not more than 128,144,927 new shares (A Shares). The approval shall be valid for a period of 12 months from the date of the approval (i.e. 27 July 2021).

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

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

B. Inter-bank Market Debt Financing Instruments

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

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

C. The Public Issuance of Corporate Bonds to Qualified Investors

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

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

Statutory Disclosures

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group as at 30 June 2022 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 64 to 98.

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

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

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS

As at the end of the Reporting Period, the Board consists of eleven Directors. The Directors are as follows:

Executive Directors

Mr. Wu Yifang (吳以芳) (*Chairman*)
Mr. Wang Kexin (王可心) (*Co-Chairman*)
Ms. Guan Xiaohui (關曉暉) (*Vice-Chairman*)

Non-executive Directors

Mr. Chen Qiyu (陳啟宇)
Mr. Yao Fang (姚方)
Mr. Xu Xiaoliang (徐曉亮)
Mr. Pan Donghui (潘東輝)

Independent Non-executive Directors

Ms. Li Ling (李玲)
Mr. Tang Guliang (湯谷良)
Mr. Wang Quandi (王全弟)
Mr. Yu Tze Shan Hailson (余梓山)

As the term of office of the eighth session of the Board expired in June 2022, at the annual general meeting held on 1 June 2022, Shareholders approved the re-election of Mr. Wu Yifang, Mr. Wang Kexin and Ms. Guan Xiaohui as executive Directors of the ninth session of the Board, the re-election of Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui as non-executive Directors of the ninth session of the Board and the re-election of Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson as independent non-executive Directors of the ninth session of the Board. On 1 June 2022, Mr. Wu Yifang was re-appointed as the chairman of the ninth session of the Board, Mr. Wang Kexin was appointed as the co-chairman of the ninth session of the Board and Ms. Guan Xiaohui was re-appointed as the vice chairman of the ninth session of the Board.

At the 2022 first extraordinary general meeting held on 10 August 2022, the resolution in relation to proposed amendments to the Articles of Association was duly passed. The amendments stipulate, amongst other things, that the Board comprises twelve directors and at that extraordinary general meeting, Mr. Wen Deyong was duly elected by the shareholders as an executive Director of the ninth session of the Board. As at the date of this report, the Board of the Company comprises twelve Directors.

SUPERVISORS

As at the end of the Reporting Period, the Supervisory Committee consists of three Supervisors. The Supervisors are as follows:

Ms. Ren Qian (任倩) (*Chairman*)
Mr. Cao Genxing (曹根興)
Mr. Guan Yimin (管一民)

As the term of office of the eighth session of the Supervisory Committee of the Company expired in June 2022, Ms. Ren Qian was re-elected as the employee Supervisor of the ninth session of the Supervisory Committee at the employee representatives meeting and was re-appointed as the chairman of the ninth session of the Supervisory Committee on 1 June 2022. At the annual general meeting held on 1 June 2022, Mr. Cao Genxing and Mr. Guan Yimin were re-elected by the Shareholders as Supervisors of the ninth session of the Supervisory Committee.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Mr. Chen Qiyu, a non-executive Director, started to serve as the co-chairman of Unicorn II Holdings Limited with effect from January 2022 and ceased to serve as a director of Beijing Sanyuan Foods Co., Ltd.* (北京三元食品股份有限公司) (Stock code: 600429), a company listed on the Shanghai Stock Exchange, with effect from 20 April 2022.

Mr. Tang Guliang, an independent non-executive Director, was appointed as an independent director of Chongqing Changan Automobile Company Limited* (重慶長安汽車股份有限公司) (Stock code: 000625), a company listed on the Shenzhen Stock Exchange, with effect from 15 June 2022.

Mr. Guan Yimin, a Supervisor, was appointed as an independent director of Greenland Holdings Corporation Limited* (綠地控股集團股份有限公司) (Stock code: 600606), a company listed on the Shanghai Stock Exchange, with effect from 16 February 2022, an independent director of Jiangsu Nonghua Intelligent Agriculture Technology Co., Ltd.* (江蘇農華智慧農業科技股份有限公司) (Stock code: 000816), a company listed on the Shenzhen Stock Exchange, with effect from 19 April 2022, and an independent director of Shanghai Jinjiang Shipping (Group) Co., Ltd.* (上海錦江航運(集團)股份有限公司) with effect from 1 August 2022.

Save as disclosed above, during the Reporting Period and as at the date of this report, there was no change to information which is required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

SHARE INCENTIVE SCHEMES

Gland Pharma Share Option Incentive Scheme

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

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

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

On 17 March 2020, Gland Pharma completed the share subdivision on the basis that every one (1) outstanding Gland Pharma share be subdivided into ten (10) Gland Pharma shares. According to the provisions of the Gland Pharma Share Option Incentive Scheme, upon the completion of the share subdivision of Gland Pharma, adjustments shall be made to the exercise price of the outstanding options and the number of Gland Pharma shares to be allotted and issued upon exercise of all the outstanding options in accordance with the terms of the Gland Pharma Share Option Incentive Scheme.

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

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

Notes:

- (1) The vesting of the options granted shall be subject to the requirement for a minimum period of one year between the date of grant and vesting of the options and the relevant performance targets under the Gland Pharma Share Option Incentive Scheme.
- (2) The weighted average closing price of the Gland Pharma shares immediately before the dates on which options were exercised during the Reporting Period was INR3,219.12 per share.

Fosun Health Share Option Scheme

The Shareholders approved, among other things, the Fosun Health Share Option Scheme at the annual general meeting held on 1 June 2022. The purpose of the Fosun Health Share Option Scheme is to effectively attract and retain core talent with significant influence on and contribution to the Fosun Health Group's business growth, establish a mechanism designed to align interests between its shareholders and operators, stimulate employees' passion for entrepreneurship and support the Fosun Health Group's long-term development.

The total share capital that corresponds to the aggregate number of option shares in respect of the options to be granted under the Fosun Health Share Option Scheme shall not exceed RMB380,435,000 of the registered capital of Fosun Health, nor shall it exceed 10% of the total registered capital of Fosun Health as at the date on which the Fosun Health Share Option Scheme was approved at the shareholders' meeting of Fosun Health. The exercise price for the inaugural option grants under the Fosun Health Share Option Scheme will be RMB1.0 per option share. For grant(s) after the inaugural option grant, the exercise price of options granted will be the higher of 50% of the fair value per share (i.e. per RMB1 registered capital) of Fosun Health (if any) at the time when the option grant is approved by the board of directors of Fosun Health and the net asset value per share (i.e. per RMB1 registered capital) of Fosun Health at the time of the option grant, and such exercise price shall not be less than the exercise price of options granted in the inaugural option grant. The Fosun Health Share Option Scheme shall be effective for a period of 10 years from the date on which the Fosun Health Share Option Scheme was adopted by the shareholders' meeting of Fosun Health.

During the Reporting Period, no options of Fosun Health were granted under the Fosun Health Share Option Scheme.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which should be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules were as follows:

(1) Long positions in the Shares, underlying Shares and debentures of the Company

Name of Directors/ chief executive	Capacity	Class of Shares	Number of Shares⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Mr. Wu Yifang	Beneficial owner	H Share	342,000 (L)	0.06%
	Beneficial owner	A Share	718,900 (L)	0.04%
Mr. Wang Kexin	Beneficial owner	A Share	202,500 (L)	0.01%
Ms. Guan Xiaohui	Beneficial owner	A Share	181,000 (L)	0.01%
Mr. Chen Qiyu	Beneficial owner	A Share	114,075 (L)	0.01%
Mr. Yao Fang	Beneficial owner	A Share	458,300 (L)	0.02%
Ms. Ren Qian	Beneficial owner	A Share	17,250 (L)	0.00%

Note:

(1) (L) — Long position

(2) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name of Directors/ chief executive	Name of associated corporation	Class of Shares	Capacity	Number of Shares⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Mr. Wang Kexin	Fosun International	Ordinary share	Beneficial owner	1,060,000 (L)	0.01%
Ms. Guan Xiaohui	Fosun International	Ordinary share	Beneficial owner	1,000,000 (L)	0.01%
Mr. Chen Qiyu	Fosun International	Ordinary share	Beneficial owner	26,454,000 (L)	0.32%
	Fosun Tourism	Ordinary share	Beneficial owner	501,478 (L)	0.04%
Mr. Yao Fang	Fosun International	Ordinary share	Beneficial owner	5,945,000 (L)	0.07%
Mr. Xu Xiaoliang	Fosun International	Ordinary share	Beneficial owner	23,131,800 (L)	0.28%
	Fosun Tourism	Ordinary share	Beneficial owner	552,328 (L)	0.04%
Mr. Pan Donghui	Fosun International	Ordinary share	Beneficial owner	12,497,384 (L)	0.15%
	Fosun Tourism	Ordinary share	Beneficial owner	240,000 (L)	0.02%

Note:

(1) (L) — Long position

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as is known to the Directors and Supervisors, the persons or entities, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Fosun High Tech	Beneficial owner	H Share	71,533,500 (L)	12.96%
	Beneficial owner	A Share	938,095,290 (L)	46.65%
Fosun International	Beneficial owner	H Share	6,000,000 (L)	1.09%
	Interest of a controlled corporation	H Share	71,533,500 (L) ⁽²⁾	12.96%
Fosun Holdings	Interest of a controlled corporation	A Share	938,095,290 (L) ⁽⁴⁾	46.65%
	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽³⁾	14.05%
Fosun International Holdings	Interest of a controlled corporation	A Share	938,095,290 (L) ⁽⁴⁾	46.65%
	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽³⁾	14.05%
Mr. Guo Guangchang	Interest of a controlled corporation	A Share	938,095,290 (L) ⁽⁴⁾	46.65%
	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽³⁾	14.05%
Black Rock, Inc.	Beneficial owner	A Share	114,075 (L)	0.01%
	Interest of a controlled corporation	H Share	29,489,216 (L) 401,000 (S)	5.34% 0.07%

Notes:

- (1) (L) — Long position; (S) — Short position
- (2) These Shares are held by Fosun High Tech. Fosun High Tech is wholly owned by Fosun International and therefore Fosun International is deemed to be interested in these Shares.
- (3) These Shares, of which 71,533,500 shares, are held by Fosun High Tech and, of which 6,000,000 shares, are held by Fosun International. Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 72.45% by Fosun Holdings, and Fosun Holdings is a wholly-owned subsidiary of Fosun International Holdings. Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang. Therefore, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang are deemed to be interested in these Shares.
- (4) These Shares are held by Fosun High Tech. Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 72.45% by Fosun Holdings, and Fosun Holdings is a wholly-owned subsidiary of Fosun International Holdings. Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang. Therefore, Fosun International, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang are deemed to be interested in these Shares.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, during the Reporting Period, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any Directors and Supervisors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors or Supervisors of the Company to acquire such rights in any other body corporate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and has 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.

COMPLIANCE WITH THE CG CODE

As a company whose shares are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the Articles of Association, relevant laws and regulations, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Hong Kong Listing Rules. The Company is committed to continuously improving its corporate governance structure, and optimizing its internal management and control and its business operation in order to improve the corporate governance of the Company.

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

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

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

REVIEW OF INTERIM RESULTS AND INTERIM REPORT BY THE AUDIT COMMITTEE

As at the end of the Reporting Period, the audit committee of the Company comprised three independent non-executive Directors, namely Mr. Tang Guliang (chairman), Mr. Wang Quandi and Ms. Li Ling.

The main duties of the audit committee of the Company are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advice to the Board.

The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2022.

On Behalf of the Board

Wu Yifang
Chairman

Shanghai, the PRC
29 August 2022

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated)
REVENUE	5	21,274,606	16,877,537
Cost of sales		(11,575,661)	(8,256,422)
Gross profit		9,698,945	8,621,115
Other income	6	183,645	141,714
Selling and distribution expenses		(4,166,397)	(4,211,431)
Administrative expenses		(1,715,275)	(1,505,057)
Research and development expenses		(1,818,335)	(1,561,885)
Impairment losses on financial assets		(22,860)	(14,804)
Other gains	7	651,104	1,645,255
Other expenses		(911,494)	(338,367)
Interest income		118,416	116,605
Finance costs	8	(438,187)	(420,725)
Share of profits and losses of:			
Joint ventures		(99,564)	(93,817)
Associates		898,583	925,626
PROFIT BEFORE TAX	9	2,378,581	3,304,229
Income tax expense	10	(509,086)	(550,647)
PROFIT FOR THE PERIOD		1,869,495	2,753,582
Attributable to:			
Owners of the parent		1,553,504	2,482,373
Non-controlling interests		315,991	271,209
		1,869,495	2,753,582
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic			
— For profit for the period		RMB0.60 Yuan	RMB0.97 Yuan
Diluted			
— For profit for the period		RMB0.60 Yuan	RMB0.97 Yuan

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

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

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	13,890,670	13,011,818
Right-of-use assets		2,634,025	2,569,796
Goodwill		9,933,642	9,399,987
Other intangible assets		12,555,179	11,610,712
Investments in joint ventures		299,227	282,837
Investments in associates		22,835,121	22,343,990
Equity investments designated at fair value through other comprehensive income		21,795	29,916
Financial assets at fair value through profit or loss		1,634,964	1,206,489
Deferred tax assets		320,388	265,589
Trade receivables — non-current		77,469	77,395
Other non-current assets		2,414,451	2,013,740
Total non-current assets		66,616,931	62,812,269
CURRENT ASSETS			
Inventories		6,143,790	5,472,315
Trade and bills receivables	14	7,292,310	6,045,460
Prepayments, other receivables and other assets		3,038,152	3,466,043
Financial assets at fair value through profit or loss		2,386,620	4,241,069
Debt investments at fair value through other comprehensive income		554,168	427,884
Cash and bank balances		12,258,061	10,308,157
Assets of a disposal group classified as held for sale		31,673,101	29,960,928
		463,705	463,705
Total current assets		32,136,806	30,424,633
CURRENT LIABILITIES			
Trade and bills payables	15	5,707,081	5,063,661
Other payables and accruals		6,621,586	7,020,048
Interest-bearing bank and other borrowings	16	17,569,068	15,460,243
Lease liabilities		170,838	141,496
Contract liabilities		1,207,096	1,150,274
Tax payable		691,691	474,223
Total current liabilities		31,967,360	29,309,945
NET CURRENT ASSETS		169,446	1,114,688
TOTAL ASSETS LESS CURRENT LIABILITIES		66,786,377	63,926,957

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	12,033,558	9,049,069
Lease liabilities		687,975	648,360
Deferred tax liabilities		3,273,451	3,129,746
Contract liabilities		176,007	239,011
Deferred income		520,014	512,806
Other long term liabilities		2,412,002	2,029,287
Total non-current liabilities		19,103,007	15,608,279
Net assets		47,683,370	48,318,678
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		2,562,899	2,562,899
Reserves		35,585,198	36,572,163
Non-controlling interests		38,148,097	39,135,062
		9,535,273	9,183,616
Total equity		47,683,370	48,318,678

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent									
	Share capital	Share premium	Fair value reserve	Statutory surplus reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (Audited)	2,562,899	11,385,162*	203,703*	2,826,306*	2,784,724*	(1,457,965)*	20,830,233	39,135,062	9,183,616	48,318,678
Profit for the Period	—	—	—	—	—	—	1,553,504	1,553,504	315,991	1,869,495
Other comprehensive income for the Period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	(6,471)	—	—	—	—	(6,471)	(432)	(6,903)
Share of other comprehensive loss of joint ventures and associates	—	—	(71,885)	—	—	—	—	(71,885)	—	(71,885)
Exchange differences on translation of foreign operations	—	—	—	—	—	147,224	—	147,224	(31,304)	115,920
Total comprehensive income for the period	—	—	(78,356)	—	—	147,224	1,553,504	1,622,372	284,255	1,906,627
Acquisition of non-controlling interests	—	—	—	—	(1,150,544)	—	—	(1,150,544)	(74,382)	(1,224,926)
Acquisitions of subsidiaries (note 17)	—	—	—	—	—	—	—	—	196,369	196,369
Establishment of new subsidiaries	—	—	—	—	—	—	—	—	1,360	1,360
Deemed disposal of partial interest in subsidiaries without losing control	—	—	—	—	4,922	—	—	4,922	11,421	16,343
Disposal of associates	—	—	—	—	(9,435)	—	—	(9,435)	—	(9,435)
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	23,151	23,151
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(141,048)	(141,048)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(15,420)	(15,420)
Equity-settled share-based payments	—	—	—	—	—	—	—	—	61,756	61,756
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	—	—	—	—	(28,381)	—	—	(28,381)	2,020	(26,361)
Share of changes in equity other than comprehensive income and distributions received of associates	—	—	—	—	9,566	—	—	9,566	2,175	11,741
Final 2021 cash dividend declared (note 11)	—	—	—	—	—	—	(1,435,465)	(1,435,465)	—	(1,435,465)
Transfer of fair value reserve upon the disposal of investments in associates	—	—	(33,142)	—	—	—	33,142	—	—	—
At 30 June 2022 (Unaudited)	2,562,899	11,385,162*	92,205*	2,826,306*	1,610,852*	(1,310,741)*	20,981,414*	38,148,097	9,535,273	47,683,370

* These reserve accounts comprise the consolidated reserves of RMB 35,585,198,000 (31 December 2021: RMB36,572,163,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent									
	Share capital	Share premium	Fair value reserve	Statutory surplus reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (Audited)	2,562,899	11,385,162*	139,710*	2,728,604*	3,888,329*	(1,061,719)*	17,295,662*	36,938,647	8,988,749	45,927,396
Profit for the Period	—	—	—	—	—	—	2,482,373	2,482,373	271,209	2,753,582
Other comprehensive loss for the Period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	2,698	—	—	—	—	2,698	1,722	4,420
Share of other comprehensive income of joint ventures and associates	—	—	64,833	—	—	—	—	64,833	—	64,833
Exchange differences on translation of foreign operations	—	—	—	—	—	(164,832)	—	(164,832)	(36,880)	(201,712)
Total comprehensive income for the period	—	—	67,531	—	—	(164,832)	2,482,373	2,385,072	236,051	2,621,123
Acquisition of non-controlling interests	—	—	—	—	(460,551)	—	—	(460,551)	(67,129)	(527,680)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	9,600	9,600
Establishment of new subsidiaries	—	—	—	—	—	—	—	—	169,710	169,710
Deemed disposal of partial interest in subsidiaries without losing control	—	—	—	—	9,104	—	—	9,104	37,128	46,232
Disposal of associates	—	—	—	—	(17,557)	—	—	(17,557)	—	(17,557)
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	35,420	35,420
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(65,723)	(65,723)
Disposal of subsidiaries	—	—	—	(2,449)	—	—	2,449	—	(175,821)	(175,821)
Equity-settled share-based payments	—	—	—	—	—	—	—	—	58,179	58,179
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	—	—	—	—	6,469	—	—	6,469	(4,166)	2,303
Share of changes in equity other than comprehensive income and distributions received of associates	—	—	—	—	45,862	—	—	45,862	13,540	59,402
Final 2020 cash dividend declared	—	—	—	—	—	—	(1,102,997)	(1,102,997)	—	(1,102,997)
At 30 June 2021 (Unaudited)	2,562,899	11,385,162*	207,241*	2,726,155*	3,471,656	(1,226,551)*	18,677,487*	37,804,049	9,235,538	47,039,587

* These reserve accounts comprise the consolidated reserves of RMB35,241,150,000 (31 December 2020: RMB34,375,748,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cash generated from operations		2,221,854	2,094,337
Income tax paid		(401,483)	(387,696)
Net cash flows from operating activities		1,820,371	1,706,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment, other intangible assets and other non-current assets		(2,595,334)	(2,286,070)
Acquisition of subsidiaries	17	(459,451)	(21,391)
Purchases of investments in associates and joint ventures		(239,719)	(100,172)
Purchases of financial assets at fair value through profit or loss		(252,071)	(191,752)
Disposals of shareholdings in associates		6,581	537,242
Disposal of financial assets at fair value through profit or loss		1,256,217	80,764
Disposals of subsidiaries, net of cash paid	18	704,493	237,609
Dividends received from associates		55,719	61,154
Dividends received from financial assets at fair value through profit or loss		32,175	8,009
Proceeds from disposals of items of property, plant and equipment, other intangible assets and other non-current assets		103,686	18,421
Increase in deposit for construction projects		(25,000)	(12,392)
Increase in non-pledged time deposits with original maturity of three months or more when acquired and deposits for other acquisitions		(1,310,390)	(819,125)
Receipt relating to investing activities		161,366	6,509
Others		76,573	31,450
Net cash flows used in investing activities		(2,485,155)	(2,449,744)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	17,847,543	14,234,577
Repayment of bank and other borrowings	(12,918,555)	(12,719,442)
Interest paid	(448,224)	(419,549)
Repayment of lease liabilities	(88,200)	(68,914)
Capital injections from non-controlling shareholders of subsidiaries	41,508	251,362
Dividend paid to owners of the Company	(1,335,223)	—
Dividends paid to non-controlling shareholders of subsidiaries	(74,686)	(69,024)
Acquisition of non-controlling interests	(1,088,182)	(530,770)
Borrowing from non-controlling shareholders	411,520	—
Other receivables relating to financing activities	72,683	91,429
Net cash flows from financing activities	2,420,184	769,669
Net increase in cash and cash equivalents	1,755,400	26,566
Cash and cash equivalents at beginning of the Period	6,450,650	7,324,881
Effect of foreign exchange rate changes, net	68,077	(103,270)
Cash and cash equivalents at end of the Period	8,274,127	7,248,177
Analysis of balances of cash and cash equivalents:		
Cash and bank balances at end of the Period	12,258,061	10,489,133
Less: Pledged bank balances and time deposits with original maturity of more than three months	(3,983,934)	(3,240,956)
Cash and cash equivalents at end of the Period	8,274,127	7,248,177

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

1. CORPORATE AND GROUP INFORMATION

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (the “Company”) was established as a joint stock company with limited liability on 31 May 1995 in the PRC. The Company’s A Shares have been listed on the Shanghai Stock Exchange since 7 August 1998. The Company’s H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 30 October 2012. The operating term is from 31 December 1998 to indefinite period.

The holding company of the Company is Shanghai Fosun High Technology (Group) Co., Ltd. (“Fosun High Tech”). The ultimate holding company of the Company is Fosun International Holdings Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

During the six months ended 30 June 2022 (the “Period”), the Group was principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and the provision of related and other consulting services and investment management.

2. BASIS OF PREPARATION

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3

Amendments to HKAS 16

Amendments to HKAS 37

Annual Improvements to HKFRSs 2018–2020

Reference to the Conceptual Framework

Property, Plant and Equipment: Proceeds before Intended Use

Onerous Contracts — Cost of Fulfilling a Contract

Amendments to HKFRS 1, HKFRS 9, Illustrative

Example accompanying HKFRS 16, and HKAS 41

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
 - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

(d) (Continued)

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

4. 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:

- the pharmaceutical manufacturing segment mainly engages in the production, sale and R&D of medicine;
- the medical devices and medical diagnosis segment mainly engages in the production and sale of medical devices and diagnostic products;
- the healthcare service segment mainly engages in the provision of healthcare service and hospital management;
- the pharmaceutical distribution and retail segment mainly engages in the retail and wholesale of medicine; and
- 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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2022 (unaudited)

	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare Service RMB'000	Pharmaceutical distribution and retail RMB'000	Other business operations RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	14,270,930	4,034,954	2,916,662	—	52,060	—	21,274,606
Intersegment sales	140,363	214,035	43,313	—	9,334	(407,045)	—
Total revenue	14,411,293	4,248,989	2,959,975	—	61,394	(407,045)	21,274,606
Segment results*	1,889,837	439,669	(386,703)	—	41,388	(20,930)	1,963,261
Other income	103,862	11,334	15,396	—	11,013	—	141,605
Other gains	302,498	301,515	47,933	—	—	—	651,946
Interest income	83,261	7,596	12,901	—	110	(5,711)	98,157
Finance costs	(105,897)	(14,518)	(89,415)	—	(4,325)	49,853	(164,302)
Other expenses	(229,699)	(28,089)	(19,820)	—	14,642	305	(262,661)
Share of profits and losses of:							
Joint ventures	(96,979)	—	—	—	(2,585)	—	(99,564)
Associates	14,208	93,494	(16,446)	919,864	(112,537)	—	898,583
Unallocated other income, interest income, other gains, finance cost, and expenses							(848,444)
Profit/(loss) before tax	1,961,091	811,001	(436,154)	919,864	(52,294)	23,517	2,378,581
Tax	(382,366)	(111,764)	(5,670)	—	(23)	—	(499,823)
Unallocated tax							(9,263)
Profit/(loss) for the period	1,578,725	699,237	(441,824)	919,864	(52,317)	23,517	1,869,495
Segment assets:	51,748,370	10,007,104	11,108,724	16,774,252	5,021,141	(2,539,162)	92,120,429
Including:							
Investments in joint ventures	290,610	—	832	—	7,785	—	299,227
Investments in associates	1,318,013	1,250,089	893,241	16,774,252	2,599,526	—	22,835,121
Unallocated assets							6,633,308
Total assets							98,753,737
Segment liabilities:	22,453,057	3,539,092	5,408,677	—	1,497,902	(15,682,906)	17,215,822
Unallocated liabilities							33,854,545
Total liabilities							51,070,367
Other segment information:							
Depreciation and amortisation	722,087	115,279	206,588	—	20,372	—	1,064,326
Impairment losses recognised in the statement of profit or loss, net	65,473	20,319	11,628	—	—	—	97,420
Capital expenditure**	1,800,755	155,846	196,281	—	21,210	—	2,174,092

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

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

Note: The pharmaceutical manufacturing segment does not include the losses from changes in the fair value of the shares in BioNTech and gains from the sales of certain shares.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2021 (unaudited)

	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare Service RMB'000	Pharmaceutical distribution a nd retail RMB'000	Other business operations RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	12,179,257	2,832,211	1,843,434	—	22,635	—	16,877,537
Intersegment sales	13,233	17,779	20,501	—	12,639	(64,152)	—
Total revenue	12,192,490	2,849,990	1,863,935	—	35,274	(64,152)	16,877,537
Segment results*	1,352,891	434,099	(19,393)	—	9,266	(23,352)	1,753,511
Other income	102,012	14,123	15,428	—	7,430	—	138,993
Other gains	201,990	2,283	87,416	—	262,270	(111,725)	442,234
Interest income	85,180	16,516	14,508	—	1,698	(14,636)	103,266
Finance costs	(80,436)	(13,698)	(25,545)	—	(5,312)	21,894	(103,097)
Other expenses	(35,582)	(34,764)	(12,181)	—	(258,830)	—	(341,357)
Share of profits and losses of:							
Joint ventures	(93,805)	—	—	—	(12)	—	(93,817)
Associates	35,707	90,143	(28,178)	896,991	(69,037)	—	925,626
Unallocated other income, interest income, other gains, finance cost and expenses							478,870
Profit/(loss) before tax	1,567,957	508,702	32,055	896,991	(52,527)	(127,819)	3,304,229
Tax	(311,399)	(54,486)	(47,288)	—	(2)	—	(413,175)
Unallocated tax							(137,472)
Profit/(loss) for the period	1,256,558	454,216	(15,233)	896,991	(52,529)	(127,819)	2,753,582
Segment assets:	46,659,269	8,322,272	9,898,810	15,355,639	4,458,138	(2,668,056)	82,026,072
Including:							
<i>Investments in joint ventures</i>	342,929	—	—	—	6,148	—	349,077
<i>Investments in associates</i>	2,273,758	555,078	1,589,874	15,355,639	2,673,511	—	22,447,860
Unallocated assets							6,396,412
Total assets							88,422,484
Segment liabilities:	17,422,127	2,202,799	2,555,456	—	710,137	(10,426,621)	12,463,898
Unallocated liabilities							28,918,999
Total liabilities							41,382,897
Other segment information:							
Depreciation and amortisation	643,074	123,971	157,392	—	21,010	—	945,447
Impairment losses recognised in the statement of profit or loss, net	(1,288)	25,438	7,872	—	190,114	—	222,136
Capital expenditure**	1,323,129	137,508	477,910	—	102,565	—	2,041,112

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

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

Note: The pharmaceutical manufacturing segment does not include the gains from changes in the fair value of the shares in BioNTech.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

5. REVENUE

An analysis of revenue is as follows:

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

Disaggregated revenue information for revenue from contracts with customer

For the six months ended 30 June 2022 (unaudited)

Segments	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare service RMB'000	Other business operations RMB'000	Total RMB'000
Types of goods or services					
Sale of products	13,844,207	3,915,452	441,291	—	18,200,950
Rendering of services	418,473	89,828	2,472,638	41,175	3,022,114
Sale of materials	6,625	29,071	—	—	35,696
Total revenue from contracts with customers	14,269,305	4,034,351	2,913,929	41,175	21,258,760
Geographical markets					
Mainland China	9,253,783	1,460,631	2,913,290	39,753	13,667,457
Overseas countries and regions	5,015,522	2,573,720	639	1,422	7,591,303
Total revenue from contracts with customers	14,269,305	4,034,351	2,913,929	41,175	21,258,760
Timing of revenue recognition					
Goods transferred at a point in time	13,850,832	3,944,523	441,291	—	18,236,646
Services transferred at a point in time	276,437	33,096	2,472,638	41,175	2,823,346
Services transferred over time	142,036	56,732	—	—	198,768
Total revenue from contracts with customers	14,269,305	4,034,351	2,913,929	41,175	21,258,760

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

5. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2021 (unaudited)

Segments	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare service RMB'000	Other business operations RMB'000	Total RMB'000
Types of goods or services					
Sale of products	11,733,205	2,742,001	37,479	—	14,512,685
Rendering of services	414,422	76,259	1,804,041	11,459	2,306,181
Sale of materials	30,599	13,951	612	—	45,162
Total revenue from contracts with customers	12,178,226	2,832,211	1,842,132	11,459	16,864,028
Geographical markets					
Mainland China	8,474,661	1,339,179	1,842,132	10,040	11,666,012
Overseas countries and regions	3,703,565	1,493,032	—	1,419	5,198,016
Total revenue from contracts with customers	12,178,226	2,832,211	1,842,132	11,459	16,864,028
Timing of revenue recognition					
Goods transferred at a point in time	11,763,804	2,755,952	38,091	—	14,557,847
Services transferred at a point in time	297,157	13,239	1,804,041	11,459	2,125,896
Services transferred over time	117,265	63,020	—	—	180,285
Total revenue from contracts with customers	12,178,226	2,832,211	1,842,132	11,459	16,864,028

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

6. OTHER INCOME

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

7. OTHER GAINS

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

8. FINANCE COSTS

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

Notes to Interim Condensed Consolidated Financial Information

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9. PROFIT BEFORE TAX

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

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

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

Notes to Interim Condensed Consolidated Financial Information

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10. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 30 June 2021: 25%) of the taxable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 0% to 20%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated taxable profits arising in Hong Kong during the period. The provision of current income tax of Alma Lasers Ltd., a subsidiary of the Company incorporated in Israel, is based on a preferential rate of 6%. The provision of current income tax of Nova Medical Israel Ltd. ("Nova"), a subsidiary of the Company incorporated in Israel, is based on a statutory rate of 23%. The provision of current income tax of Gland Pharma Limited ("Gland Pharma"), a subsidiary of the Company incorporated in India, is based on a statutory rate of 25.17%. The provision of current income tax of Breas Medical Holdings AB ("Breas"), a subsidiary of the Company incorporated in Sweden, is based on a statutory rate of 20.6%. The provision of current income tax of Tridem Pharma S.A.S ("Tridem Pharma"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 26.5%.

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

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

11. DIVIDENDS

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

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

Notes to Interim Condensed Consolidated Financial Information

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,562,898,545 (for the six months period ended 30 June 2021: 2,562,898,545) in issue during the period.

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

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

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

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

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

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13. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Carrying value at 1 January	13,011,818	12,579,873
Additions	1,552,693	1,481,681
Acquisitions of a subsidiary	44,342	790
Disposals	(21,878)	(46,840)
Disposal of subsidiaries	(78,349)	(1,434,727)
Depreciation charge for the Period	(609,401)	(564,429)
Exchange realignment	(8,555)	(29,439)
Carrying value at 30 June	13,890,670	11,986,909

The Group's property, plant and equipment with a net carrying value of RMB771,550,000 (31 December 2021: RMB550,040,000), were pledged as security for interest-bearing bank loans as set out in note 16 to the interim condensed consolidated financial statements.

14. TRADE AND BILLS RECEIVABLES

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

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

Notes to Interim Condensed Consolidated Financial Information

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14. TRADE AND BILLS RECEIVABLES (Continued)

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

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

As at 30 June 2022, trade receivables and bills receivable with a book value of RMB99,940,000(31 December 2021: RMB69,444,000) were used to obtain interest-bearing bank borrowings.

15. TRADE AND BILLS PAYABLES

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

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

15. TRADE AND BILLS PAYABLES (Continued)

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

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

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Bank loans:	(1)		
— Secured		1,494,670	1,402,634
— Unsecured		24,423,015	18,220,425
		25,917,685	19,623,059
Super short-term commercial papers	(2)	600,000	1,200,000
Corporate bonds	(3)	3,084,941	3,686,253
Total		29,602,626	24,509,312
Portion classified as current liabilities		(17,569,068)	(15,460,243)
Non-current portion		12,033,558	9,049,069

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

16. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

A repayable analysis of interest-bearing bank and other borrowings is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Repayable:		
Within 1 year	17,569,068	15,460,243
1 to 2 years	4,444,947	4,875,505
2 to 5 years	5,451,125	1,787,641
Over 5 years	2,137,486	2,385,923
	29,602,626	24,509,312
Portion classified as current liabilities	(17,569,068)	(15,460,243)
Non-current portion	12,033,558	9,049,069

Notes:

(1) Bank loans

The bank loans bear interest at rates ranging from 0.3000% to 4.8300% (31 December 2021: 0.3000% to 6.0000%) per annum.

As at 30 June 2022, certain of the Group's bank loans are secured by the mortgage of certain of the Group's property, plant and equipment (note 13) amounting to RMB 771,550,000 (31 December 2021: RMB550,040,000), prepaid land lease payments included in right-of-use assets amounting to RMB511,229,000 (prepaid land lease payments included in right-of-use-assets on 31 December 2021: RMB513,993,000).

As at 30 June 2022, certain of the Group's bank loans are secured by the pledge of the Group's accounts receivable and bills receivable (note 14) amounting to RMB99,940,000 (31 December 2021: RMB69,444,000) and other receivables amounting to RMB8,417,000 (31 December 2021: RMB8,296,000).

As at 30 June 2022, the Group had no debt investments at fair value through other comprehensive income used as pledge (31 December 2021: RMB7,742,000).

As at 30 June 2022, the Group pledged 58.67% equity of its subsidiary Suzhou Baidao Medical Technology Co., Ltd. to obtain bank loans (31 December 2021: 58.67% equity of Suzhou Baidao).

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

16. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(2) Super Short-term Commercial Paper

On 13 April 2022, the Company issued super short-term commercial papers in an aggregate amount of RMB600,000,000, which bear interest at 2.65% per annum. The interest of super short-term commercial papers is payable on its maturity date that is 11 August 2022.

(3) Corporate bonds

On 13 August 2018, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,300,000,000, which bear interest at 3.50% per annum. The interest is payable annually in arrears and the maturity date is 13 August 2023. As at 30 June 2022, the book value of the five-year corporate bonds is RMB746,651,000.

On 30 November 2018, the Company issued corporate bonds with a maturity of four years in an aggregate amount of RMB500,000,000, which bear interest at 3.83% per annum. The interest is payable annually in arrears and the maturity date is 30 November 2022. As at 30 June 2022, the book value of the four-year corporate bonds is RMB239,848,000.

On 2 February 2021, the Company issued corporate bonds with a maturity of four years in an aggregate amount of RMB1,600,000,000, which bear interest at 3.98% per annum. The interest is payable annually in arrears and the maturity date is 2 February 2025. Since holders of the corporate bonds with a maturity of four years, have the right, at their option, to require the Company to repurchase for cash the corporate bonds in whole or in part at the interest payment date of the second interest-bearing year (namely 2023), the corporate bonds were presented as current liabilities as at 30 June 2022. As at 30 June 2022, the book value of the four-year corporate bonds is RMB1,599,242,000.

On 9 March 2022, the Company issued medium-term notes with a maturity of four years in an aggregate amount of RMB500,000,000, which bear interest at 3.50% per annum. The interest is payable annually in arrears and the maturity date is 9 March 2026. As at 30 June 2022, the book value of the four-year corporate bonds is RMB499,200,000.

17. BUSINESS COMBINATION

On 20 January 2022, Shanghai Fosun Health Technology (Group) Co., Ltd., a subsidiary of the Company, acquired 70% equity interest in Guangzhou Xinshi hospital Co., Ltd.* (廣州新市醫院有限公司) (“Xinshi Hospital”) from a third party. The consideration for the acquisition was RMB 809,200,000. After the acquisition, the Group holds 70% equity interest in Xinshi Hospital.

* The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies.

Notes to Interim Condensed Consolidated Financial Information

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17. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of the subsidiaries acquired during the period as at the dates of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000 (Unaudited)
Property, plant and equipment	13	44,342
Right of use asset		70,232
Other intangible assets		775,869
Deferred tax assets		4,277
Inventories		31,027
Trade and bills receivables		42,665
Prepayments, deposits and other receivables		101,002
Cash and bank balances		22,242
Trade and bills payable		(86,159)
Tax payable		(17,867)
Contract liabilities-current		(6,649)
Other payables and accruals		(51,674)
Lease liabilities-current		(8,297)
Lease liabilities-non-current		(72,930)
Deferred tax liabilities		(193,516)
Total identifiable net assets at fair value		654,564
Non-controlling interests		(196,369)
Goodwill at acquisition date		458,195 351,005
Satisfied by:		809,200
Cash Consideration paid in 2021		161,840
Cash Consideration paid during reporting period		485,520
Cash Consideration payable		161,840

Notes to Interim Condensed Consolidated Financial Information

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17. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	RMB'000 (Unaudited)
Cash consideration paid during reporting period	489,520
Cash and cash equivalents acquired	(30,069)
Net outflow of cash and cash equivalents included in cash flows from investing activities	459,451

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2022	9,907,487
Acquisitions of subsidiaries	351,005
Disposal of subsidiaries	(59,244)
Exchange realignment	241,894
At 30 June 2022	10,441,142
Accumulated impairment losses	
At 1 January 2022 and 30 June 2022	(507,500)
Net book value	
At 1 January 2022	9,399,987
At 30 June 2022	9,933,642

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB42,665,000 and RMB96,179,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB42,665,000 and RMB96,179,000, respectively.

Since the acquisitions, the acquired subsidiaries contributed RMB290,158,000 to the Group's revenue and a loss of RMB8,299,000 to the consolidated profit for the six months ended 30 June 2022.

Had the combinations taken place at the beginning of the period, the revenue and the profit of the Group for the period would have been RMB21,274,606,000 and RMB1,869,495,000, respectively.

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18. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2022, the Group entered into equity interest transfer agreements with Shanghai Huanghe Asset Management Co.,Ltd. And Yangzhou Zhongbao Pharmaceutical Co.,Ltd, to dispose of 51% of equity interest in Jiangsu Huanghe Pharmaceutical Co.,Ltd.* (江蘇黃河藥業股份有限公司), for a consideration of RMB125,328,000. The disposal date is 3 January 2022. This subsidiary would not be included in the consolidated financial statements of the Group hereafter.

During the six months ended 30 June 2022, the Group entered into equity interest transfer agreements with GVS Technology (Suzhou) Co.,Ltd., to dispose of 100% of equity interest in Shanghai Blood Transfusion Technology Co.,Ltd.* (上海輸血技術有限公司), for a consideration not exceeding RMB390,000,000. The disposal date is 28 February 2022. This subsidiary would not be included in the consolidated financial statements of the Group hereafter.

* The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies.

The financial information of above subsidiaries at the dates of disposal is as follows:

	<i>Notes</i>	For the six months ended 30 June 2022 RMB'000
Net assets disposed of:		
Property, plant and equipment	13	78,349
Right of use assets		14,031
Other intangible assets		58,558
Deferred tax assets		531
Inventory		65,334
Trade and bills receivables		58,946
Prepayments, other receivables and other assets		9,473
Cash and bank balances		36,632
Short term interest-bearing bank and other borrowings		(108,450)
Trade and bills payables		(19,510)
Tax payable		(2,157)
Contract liabilities		(9,722)
Other payables and accruals		(85,838)
Deferred tax liabilities		(7,651)
		88,526
Non-controlling interests		(15,420)
Goodwill		59,244
Gain on disposal of subsidiaries	7	382,978
		515,328
Satisfied by:		
Cash consideration received during reporting period		421,905

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

18. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received during reporting period	421,905
Cash receipt for disposal subsidiaries in the previous period	319,220
Cash and bank balances disposed of	(36,632)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	704,493

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	2,415,887	2,127,421
Investments in subsidiaries, Joint ventures and associates	2,487,233	2,066,497
Investment in Financial assets at fair value through profit or loss	513,177	451,933
Authorized, but not signed:		
Prepaid land lease payments included in right-of-use assets, Property, plant and equipment	2,544,064	3,128,531
	7,960,361	7,774,382

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20. RELATED PARTY TRANSACTIONS

(a) Sales of pharmaceutical products and services

	For the six months ended	
	30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sinopharm Group Co., Ltd. and its subsidiaries (notes 4 & 6 & 15)	2,210,042	1,809,891
C.Q. Pharmaceutical Holding Co., Ltd. and its subsidiaries (notes 1 & 4 & 16)	365,650	326,501
Shanghai Fosun Public Welfare Foundation (notes 4 & 8)	11,744	40
Suzhou Fujian Xingyi Venture Investment Partnership (Limited Partnership) (notes 1 & 4)	4,670	5,139
Fosun Kite Biological Technology Co., Ltd. (notes 2 & 4)	3,222	2,030
Shanghai Lingjian Information Technology Co., Ltd. (notes 1 & 4)	2,930	7,936
Fosun International Limited and its subsidiaries (notes 3 & 4 & 10 & 16)	2,749	252
Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) (notes 1 & 4)	2,335	2,436
Jingfukang Pharmaceutical Group Co.,Ltd. (notes 1 & 4)	537	1,251
Intuitive Surgical — Fosun Medical Technology (Shanghai) Co., Ltd. (notes 1 & 4)	447	6
Unicorn II Holdings Limited and its subsidiaries (notes 1 & 4 & 6)	179	2,039
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. (notes 2 & 4)	123	671
Pramerica Fosun Life Insurance Co., Ltd. (notes 4 & 8)	57	—
Tongde Equity Investment and Management (Shanghai) Co.,Ltd. (notes 4&7)	19	19
Shanghai Xingmai Information Technology Co., Ltd. (notes 1 & 4)	10	26
Shanghai Fosun Bund Property Co., Ltd. (notes 4 & 8 & 17)	5	6
Shanghai Di'ai Medical Instrument Co., Ltd. (notes 1 & 4 & 18)	—	637
Gland Chemicals Pvt Ltd. (notes 4 & 8 & 19)	—	148
Fosun United Health Insurance co., Ltd. (notes 4 & 8)	—	4
StarKids Children's Hospital Shanghai (notes 1 & 4)	—	3
	2,604,719	2,159,035

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20. RELATED PARTY TRANSACTIONS (Continued)

(b) Purchase of pharmaceutical products and services

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sinopharm Group Co., Ltd. and its subsidiaries (notes 4 & 6 & 15)	168,498	178,674
Fosun International Limited and its subsidiaries (notes 3 & 4 & 11 & 16)	72,128	22,575
C.Q. Pharmaceutical Holding Co., Ltd. And its subsidiaries (notes 1 & 4 & 16)	19,470	18,434
Fosun United Health Insurance co., Ltd. (notes 4 & 8)	12,854	627
Fosun Nanfeng (Shenzhen) Medical Technology Co., Ltd. (notes 4 & 6)	8,892	—
Tongde Equity Investment and Management (Shanghai) Co.,Ltd. (notes 4 & 7)	5,407	—
Saladax Biomedical, Inc. (notes 1 & 4)	3,204	12,041
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (notes 1 & 4)	632	1,034
SINNOWA Medical Science & Technology Co., Ltd. (notes 1 & 4)	179	1,306
Shanghai Lingjian Information Technology Co., Ltd. (notes 1 & 4)	3	55
Gland Chemicals Pvt Ltd. (notes 4 & 8 & 19)	—	34,544
Huaihai Hospital Management Co., Ltd. (notes 1 & 4)	—	105
	291,267	269,395

(c) Leasing and property management services

As lessor	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Fosun Kite Biological Technology Co., Ltd. (notes 2 & 5)	4,519	5,068
Fosun International Limited and its subsidiaries (notes 3 & 5 & 12 & 16)	476	1,458
Tong De Equity Investment and Management (Shanghai) Co., Ltd. (notes 5 & 7)	471	471
Intuitive Surgical — Fosun Medical Technology (Shanghai) Co., Ltd. (notes 1 & 5)	124	140
Unicorn II Holdings Limited and its subsidiaries (notes 1 & 5 & 6)	13	149
Shanghai Xingmai Information Technology Co., Ltd. (notes 1 & 5)	—	732
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. (notes 2 & 5)	—	252
	5,603	8,270

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20. RELATED PARTY TRANSACTIONS (Continued)

(c) Leasing and property management services (Continued)

As lessee

For the six months ended 30 June 2022

	Types of leased assets	Rental charges for short-term/ low-value assets leases	Additions of right-of-use assets
Fosun International Limited and its subsidiaries (notes 3 & 5 & 13 & 16)	Property and plant	9,454	23,569

For the six months ended 30 June 2021

	Types of leased assets	Rental charges for short-term/ low-value assets leases	Additions of right-of-use assets
Fosun International Limited and its subsidiaries (notes 3 & 5 & 13 & 16)	Property and plant	5,242	—
Dhananjaya Properties LLP (notes 5 & 8 & 19)	Property and plant	114	—
Sasikala Properties LLP (notes 5 & 8 & 19)	Property and plant	41	—
		5,397	—

Property management services	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Fosun International Limited and its subsidiaries (notes 3 & 5 & 14 & 16)	11,732	6,818

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20. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans from/to a related parties

The Company entered into a financial service agreement with Fosun Group Finance Corporation Limited (“Fosun Finance”), pursuant to which Fosun Finance shall provide financial services to the Company and its subsidiaries, including deposit service, credit service, settlement service and other financial services as approved by the China Banking Regulatory Commission for a period from 1 January 2020 and ended 31 December 2022. The maximum daily outstanding balance of deposits placed by the Group with Fosun Finance is RMB1,000,000,000. The maximum daily outstanding balance of loans granted by Fosun Finance to the Group is RMB1,000,000,000.

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Deposits in Fosun Finance		
Fosun Finance (notes 3 & 16)	870,551	974,576

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loans from Fosun Finance		
Fosun Finance (notes 3 & 16)	111,686	116,127

Loans to Fosun Kite Biological Technology Co., Ltd

Shanghai Fosun Pharmaceutical Development Co., Ltd. provided a five-year loan of RMB188,840,000 to Fosun Kite Biological Technology Co., Ltd. The interest rate is 10% higher than the benchmark interest rate for the same period. Among them, RMB33,781,000 is from 12 October 2017 to 12 October 2022, RMB33,781,000 is from 5 February 2018 to 12 October 2022, RMB50,395,000 is from 15 May 2019 to 15 May 2022, RMB70,883,000 is from 17 October 2019 to 16 October 2022. During this period, the Group received the loan repayment of RMB50,395,000.00. As at 30 June 2022, the loan principal is RMB 138,445,000(31 December 2021:RMB 188,840,000), and the loan interest receivable is RMB 113,000(31 December 2021:RMB 301,000).

	30 June 2022	31 December 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Fosun Kite Biological Technology Co., Ltd (note 2)	138,558	189,141

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans from/to related parties (Continued)

Loans to Nature's Sunshine (Far East) Limited

Fosun Industrial Co., Ltd. provided a one-year loan at RMB1,927,000 to Nature's Sunshine (Far East) Limited. The annual interest rate is 3%. The loan period is from 2 October 2021 to 2 October 2022. During this period, the Group received the loan repayment of RMB1,927,000.

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Nature's Sunshine (Far East) Limited (note 1)	—	1,927

Loans to StarKids Children's Hospital Shanghai

Shanghai Fuer Yixing Hospital Management Co., Ltd. provided a loan at RMB9,291,000 to StarKids Children's Hospital Shanghai. The annual interest rate is the benchmark LPR interest rate for the same period. As at 30 June 2022, the loan interest receivable is RMB273,000 (31 December 2021: RMB94,000).

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
StarKids Children's Hospital Shanghai (note 1)	9,564	9,385

Loans to Shanghai Xingmai Information Technology Co., Ltd.

Shanghai Fosun Pharmaceutical Development Co., Ltd. provided a loan at RMB71,400,000 to Shanghai Xingmai Information Technology Co., Ltd. The annual interest rate is 10%. The loan period is from 29 September 2021 to 29 September 2022. During this period, the loan was converted into an investment in it (31 December 2021: the loan interest receivable is RMB1,864,000).

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Shanghai Xingmai Information Technology Co., Ltd. (note 1)	—	73,264

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans from/to related parties (Continued)

Loans from Shanghai Youle Information Technology Co., Ltd.

Shanghai Youle Information Technology Co., Ltd. provided a loan at RMB5,492,000 to Fosun Health Technology (Shenzhen) Co., Ltd.. The annual interest rate is 4.35%. The loan period is from 19 October 2021 to 18 October 2022. As at 30 June 2022, the loan interest payable is RMB160,000 (31 December 2021: RMB40,000).

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Shanghai Youle Information Technology Co., Ltd. (note 3)	5,652	5,532

Loans from Shanghai Fosun High Tech (Group) Company limited

Shanghai Fosun High Tech (Group) Company limited provided a loan at RMB18,673,000 to Fosun Health Technology (Shenzhen) Co., Ltd. The annual interest rate is 4.35%. The loan period is from 19 October 2021 to 18 October 2022. As at 30 June 2022, the loan interest payable is RMB543,000 (31 December 2021: RMB137,000).

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Shanghai Fosun High Tech (Group) Company limited. (note 3)	19,216	18,810

(e) Interest income from/interest expense to related parties

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest income		
Fosun Kite Biological Technology Co., Ltd. (note 2)	4,248	4,678
Fosun Finance (notes 3 & 16)	4,026	4,560
StarKids Children's Hospital Shanghai (note 1)	180	182
Nature's Sunshine (Far East) Limited (note 1)	14	112
	8,468	9,532

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(e) Interest income from/interest expense to related parties (Continued)

The interest rate for deposits in Fosun Finance is made reference to the benchmark interest rate and the market interest rate. The annual interest rate of demand deposits is 0.35% (For the six months ended 30 June 2021: 0.35%), the seven-day notice deposit interest rate is 1.485%-1.89% (For the six months ended 30 June 2021: 1.89%), the agreed deposit interest rate is 1.15% (For the six months ended 30 June 2021: 1.15%), and the fixed deposits interest rate is 1.55%–1.755% (For the six months ended 30 June 2021: 1.55%–1.755%).

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest expense		
Fosun Finance (notes 3 & 16)	2,666	1,432
Shanghai Fosun High Tech (Group) Company limited (notes 3 & 16)	406	—
Shanghai Youle Information Technology Co., Ltd (notes 3 & 16)	119	—
	3,191	1,432

Notes:

- (1) They are associates of the Group.
- (2) They are joint ventures of the Group.
- (3) They are subsidiaries of Fosun International Limited, the intermediate holding company of the Group.
- (4) The sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.
- (5) The fees for the leasing and property management services received from or paid to these related companies were determined based on prices available to third party customers of these related companies.
- (6) They are subsidiaries of associates of the Group.
- (7) They are subsidiaries of joint ventures of the Group.
- (8) They are other related parties of the Group.
- (9) In April 2021, the Company's subsidiary Chancheng Hospital, Fosun Health, Foshan ChanXi and Yuyuan Garden signed the contract of equity and debt transfer of Foshan ChanXi. It was agreed that Chancheng Hospital and Fosun Health transferred their 100% equity shares of Foshan Chanxi and creditor's rights to Yuyuan Garden, a subsidiary of Fosun International Limited.
- (10) During this period, the Group offered Fosun International Limited and its subsidiaries with products and other services at market prices. The Fosun International Limited and its subsidiaries include Shanghai Fosun High Tech (Group) Co., Ltd., Hainan Fosun Trade Co., Ltd., Shanghai Gaodi Real Estate Management Co., Ltd., Beijing Gaodi Real Estate Management Co., Ltd., Shanghai Xingyi Health Management Co., Ltd., Shanghai Yunji Information Technology Co., Ltd., Shanghai Xingchong Business Consulting Co., Ltd., Shanghai Ping'ao Investment Management Co., Ltd., Shanghai Fosun Zhijian Information Technology Co., Ltd., Shanghai Fosun Venture Capital Management Co., Ltd., Zhejiang Fuyi Cosmetics Co., Ltd., Shanghai Fosun Industry and Technology Development Co., Ltd., Shanghai Fosun Tourism Management Co., Ltd., Shanghai Xingchuang Health Technology Co., Ltd., Shanghai New Shihua Investment Management Co., Ltd., Shanghai Fosun Industry Investment Co., Ltd., Shanghai Fosun Chuangfu Investment Management Co., Ltd., Shanghai Fosun Huanyu International Trade Co., Ltd., Shanghai Zhiqia Information Technology Service Co., Ltd., Glsmad Trade S.A, Ltd. and so on.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(e) Interest income from/interest expense to related parties (Continued)

Notes: (Continued)

- (11) During this period, the Group received products and services from the Fosun International Limited and its subsidiaries at market prices. The Fosun International Limited and its subsidiaries include Shanghai Fosun High Tech (Group) Company limited., Hainan Fuxing Trading Co., Ltd., Hainan Fuxing International Business Travel Co., Ltd., Stater Cloud (Hangzhou) Supply Chain Management Company Ltd., Stater Cloud (Wuxi) Supply Chain Management Company Ltd., Shanghai Yunji Information Technology Co., Ltd., Shanghai Xingyi Health Management Co., Ltd., Shanghai Xingjing Enterprise Management Consulting Co., Ltd. Zhejiang Fuyi Cosmetics Co., Ltd., Shanghai Fuxingxinghui Business Consulting Co., Ltd., Shanghai Fosun Huanyu International Trade Co., Ltd., Hainan Fuxing International Logistics Co., Ltd., Shanghai Xingyi Human Resource Management Co., Ltd., Shanghai Zhiqia Information Technology Service Co., Ltd., Shanghai Yilian Enterprise Management Co., Ltd. and Shanghai Xingfu Enterprise Management Consulting Co., Ltd..
- (12) During this period, the Group leased out the office buildings to the Fosun International Limited and its subsidiaries. The Fosun International Limited and its subsidiaries include Fosun High Tech (Group) Co., Ltd., Shanghai Ping'ao Investment Management Co., Ltd. and Shanghai Fosun Zhijian Information Technology Co., Ltd..
- (13) During this period, the Group leased office buildings from the Fosun International Limited and its subsidiaries. The Fosun International Limited and its subsidiaries include Shanghai New Shihua Investment Management Co., Ltd. and Shanghai Fosun Bund Real Estate Co., Ltd..
- (14) During this period, the Group received management services from the Fosun International Limited and its subsidiaries. The Fosun International Limited and its subsidiaries include Shanghai Golte Property Management Co., Ltd. and Beijing Golte Property Management Co., Ltd..
- (15) Sinopharm Group Co., Ltd. is a major subsidiary of Sinopharm Industrial Investment Co., Ltd., an associate of the Group.
- (16) The related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions.
- (17) Shanghai Fosun Bund Real Estate Co., Ltd. has been under the same ultimate control of the Group since March 2022.
- (18) Shanghai Dai Medical Instrument Co., Ltd was no longer the related party of the Group since August 2021.
- (19) Gland Chemicals Pvt Ltd, Dhananjaya Properties LLP and Sasikala Properties LLP are no longer the related parties of the Group from this period.
- (20) In March 2022, Shanghai Fosun Pharmaceutical Development Co., Ltd., a subsidiary of the Company, acquired 87% equity of Shanghai Xingchuang Health Technology Co., Ltd. with cash of RMB4,000,000.

(f) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Performance related bonuses	57,487	49,724
Salaries, allowances and benefits in kind	15,403	17,451
Pension scheme contributions	616	526
	73,506	67,701

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(g) Donations

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Shanghai Fosun Foundation	7,502	8,708

For the six months ended 30 June 2022, the Group donated RMB7,502,000 (six months ended 30 June 2021: RMB8,708,000) to social welfare projects through Shanghai Fosun Foundation.

(h) Outstanding balances with related parties:

- (i) As at 30 June 2022, the Group had a balance due from the intermediate holding company and its subsidiaries of RMB1,705,659,000 (31 December 2021: RMB1,725,786,000). The balances were unsecured, interest-free and had no fixed terms of collection, except for deposit in Fosun Finance.
- (ii) As at 30 June 2022, the Group had a balance due from its associate companies and their subsidiaries of RMB1,016,575,000 (31 December 2021: RMB994,289,000). The balances were unsecured, interest-free and had no fixed terms of collection, except for loan offered to Nature's Sunshine (Far East) Limited and StarKids Children's Hospitals Shanghai.
- (iii) As at 30 June 2022, the balances due from its joint ventures and their subsidiaries of RMB143,923,000 (31 December 2021: RMB194,222,000) were unsecured, interest-free and had no fixed terms of collection, except for loan offered to Fosun Kite.
- (iv) As at 30 June 2022, the balances due from other related companies of RMB11,869,000 (31 December 2021: RMB10,856,000) were unsecured, interest-free and repayable on demand.
- (v) As at 30 June 2022, the Group had a balance due to intermediate holding company and its subsidiaries of RMB216,497,000 (31 December 2021: RMB197,757,000). The balances were unsecured, interest-free and had no fixed terms of repayment, except for borrowings from Shanghai Youle Information Technology Co., Ltd., Fosun Finance and Shanghai Fosun High Tech (Group) Company Limited.
- (vi) As at 30 June 2022, the balances due to its associate companies and their subsidiaries include an amount of RMB312,662,000 (31 December 2021: RMB317,922,000) which was unsecured, interest-free and had no fixed terms of repayment.
- (vii) As at 30 June 2022, the balance due to its joint ventures and their subsidiaries with the amount of RMB6,696,000 (31 December 2021: RMB6,696,000) was non-trade in nature, unsecured, interest-free and had no fixed terms of repayment.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RELATED PARTY TRANSACTIONS (Continued)

(h) Outstanding balances with related parties: (Continued)

- (viii) As at 30 June 2022, the balances due to other related companies include an amount of RMB107,000 (31 December 2021: RMB419,000) which was unsecured, interest-free and had no fixed terms of repayment.
- (ix) Certain subsidiaries of the Group entered into rental agreements with related parties. The present value of the lease payments to be made over the lease terms were recognised as lease liabilities.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Financial Assets:				
Equity investments designated at fair value through other comprehensive income	21,795	29,916	21,795	29,916
Debt investments at fair value through other comprehensive income	554,168	427,884	554,168	427,884
Financial assets at fair value through profit or loss	4,021,584	5,447,558	4,021,584	5,447,558
Trade receivables — non-current	77,469	77,395	78,394	78,319
	4,675,016	5,982,753	4,675,941	5,983,677
Financial Liabilities:				
Non-current portion of interest-bearing bank borrowings	10,787,707	6,694,183	10,690,730	6,599,603
Other borrowings (other than lease liabilities)	3,084,941	3,686,254	3,084,632	3,654,328
Financial liabilities included in other long-term liabilities	2,342,067	1,944,174	2,342,067	1,944,174
	16,214,715	12,324,611	16,117,429	12,198,105

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of those financial assets and liabilities measured at fair value:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of interest-bearing bank and other borrowings as at 30 June 2022 was assessed to be insignificant.

The fair values of listed corporate bonds issued by the company and listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The fair values of unlisted equity investments that are not traded in an active market are determined by using valuation techniques. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2022:

Unobservable inputs for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to unlisted equity investments not quoted in an active market.

For the fair value of the unlisted equity investments is based on valuation techniques for which the input that is significant to the fair value measurement is unobservable. For certain unlisted equity investments, the Group adopts quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs for Level 3 liabilities

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of subsidiaries included in other long-term liabilities of RMB1,525,318,000 (31 December 2021: RMB1,498,957,000 included in other long-term liabilities) is the progress of research and development activities or net profit of the subsidiaries

Other financial liabilities included in other long-term liabilities is RMB627,346,000 (31 December 2021: RMB230,113,000), Significant unobservable valuation input for other financial liabilities included in other long-term liabilities is fair value of net assets of subsidiaries.

Notes to Interim Condensed Consolidated Financial Information

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	1,924,337	389,335	1,707,912	4,021,584
Equity investments designated at fair value through other comprehensive income	4,073	17,722	—	21,795
Debt investments at fair value through other comprehensive income	—	554,168	—	554,168
	1,928,410	961,225	1,707,912	4,597,547

As at 31 December 2021 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	3,259,068	573,994	1,614,496	5,447,558
Equity investments designated at fair value through other comprehensive income	5,380	24,536	—	29,916
Debt investments at fair value through other comprehensive income	—	427,884	—	427,884
	3,264,448	1,026,414	1,614,496	5,905,358

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements in Level 3 during the period are as follows:

For the six months ended 30 June 2022

	Financial assets at fair value through profit and loss RMB'000 (Unaudited)	Equity investments Designated at fair value through other comprehensive income RMB'000 (Unaudited)
As at 1 January 2022	1,614,496	—
Transfers	(31,879)	—
Total gains recognised in the statement of profit or loss included in other gains	121,970	—
Total gains recognised in other comprehensive income	42,586	—
Addition	340,981	—
Disposal	(380,242)	—
As at 30 June 2022	1,707,912	—

For the six months ended 30 June 2021

	Financial assets at fair value through profit and loss RMB'000 (Unaudited)	Equity investments Designated at fair value through other comprehensive income RMB'000 (Unaudited)
As at 1 January 2021	1,514,028	—
Total losses recognised in the statement of profit or loss included in other gains	(159,575)	—
Total losses recognised in other comprehensive income	(9,123)	—
Addition	191,582	—
Disposal	(33,628)	—
As at 30 June 2021	1,503,284	—

During the period, the fair value measurements of financial assets at fair value through profit or loss held by the Group with the carrying amount of RMB 31,879,000 were transferred from Level 3 to Level 1 due to the fact that the investee companies were listed. And there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into Level 3 for financial assets (six months ended 30 June 2021: the fair value measurements of financial assets at fair value through profit or loss held by the Group with the carrying amount of RMB 354,697,000 were transferred from Level 2 to Level 1. And there were no transfers from or to Level 3 for financial assets).

Notes to Interim Condensed Consolidated Financial Information

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at 30 June 2022 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active Markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Amounts included in other long term liabilities	—	—	2,152,663	2,152,663

As at 31 December 2021 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active Markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Amounts included in other long term liabilities	—	—	1,729,070	1,729,070

The movements in fair value measurements in Level 3 during the Period are as follows:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
As at 1 January	1,729,070	73,503
Total gains recognised in the statement of profit or loss included in other expense	(14,288)	—
Losses/(gains) recognised in other reserve	26,361	(2,303)
Addition	411,520	—
As at 30 June	2,152,663	71,200

During the period, there were no transfer of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (six months ended 30 June 2021: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

22. CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group did not have any contingent liabilities.

23. EVENTS AFTER THE REPORTING PERIOD

Non-public offering of A shares

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

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of Directors on 29 August 2022.

Definitions

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

"%"	per cent
"ADC"	Antibody-drug Conjugate
"Alma"	Alma Lasers Ltd., a company registered in Israel and a subsidiary of the Company
"Amgen"	Amgen Inc., a company registered in the United States, the shares of which are listed on the NASDAQ (Stock Code: AMGN)
"A Share(s)"	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
"Articles of Association"	the articles of association of the Company
"associates"	has the meaning given to it under the Hong Kong Listing Rules
"Australia"	Commonwealth of Australia
"BIC"	Best-in-class
"BioNTech" or "BNTX"	BioNTech SE, a company registered in Germany, the shares of which are listed on the NASDAQ (Stock Code: BNTX)
"Board"	the board of Directors
"Breas"	Breas Medical Holdings AB, a company registered in Sweden, and a subsidiary of the Company
"BSE"	BSE Limited
"CDMO"	Contract Development and Manufacturing Organization
"centralized procurement"	centralized drug procurement
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules
"Code Provision"	code provisions under the CG Code
"Company"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"controlling shareholder(s)"	has the meaning given to it under the Hong Kong Listing Rules and in the context of the Company, means Mr. Guo Guangchang, Mr. Wang Qunbin, Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech

Definitions

“CSRC”	China Securities Regulatory Commission* (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“DTP”	Direct to Patient
“EU”	European Union
“Eurofarma”	Eurofarma Laboratorios S.A., a company registered in Brazil
“FIC”	First-in-class
“Foshan Chancheng Hospital”	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), formerly known as Foshan Chancheng Central Hospital Company Limited* (佛山市禪城區中心醫院有限公司), a subsidiary of the Company
“Fosun Diagnosis”	Fosun Diagnosis Technology (Shanghai) Co., Ltd.* (復星診斷科技(上海)有限公司), a subsidiary of the Company
“Fosun Health”	Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司), formerly known as Shanghai Fosun Healthcare (Group) Co., Ltd.* (上海復星醫療(集團)有限公司), a subsidiary of the Company
“Fosun Health Group”	Fosun Health and its subsidiaries
“Fosun Health Share Option Scheme”	the core and key employee share incentive scheme of Fosun Health adopted by Fosun Health, the adoption of which was approved by the Shareholders at the annual general meeting of the Company held on 1 June 2022 and the shareholders of Fosun International at its annual general meeting held on 2 June 2022
“Fosun High Tech”	Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司), a direct wholly-owned subsidiary of Fosun International and a controlling shareholder of the Company
“Fosun Holdings”	Fosun Holdings Limited, a direct wholly-owned subsidiary of Fosun International Holdings and a controlling shareholder of the Company
“Fosun Industrial”	Fosun Industrial Co., Ltd., a company registered in Hong Kong and a subsidiary of the Company
“Fosun International”	Fosun International Limited, an indirect subsidiary of Fosun International Holdings and a controlling shareholder of the Company, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 00656)
“Fosun International Holdings”	Fosun International Holdings Limited, which was held as to 85.29% and 14.71% by Mr. Guo Guangchang and Mr. Wang Qunbin, respectively, as at the end of the Reporting Period, and a controlling shareholder of the Company

“Fosun Kite”	Fosun Kite Biological Technology Co., Ltd.* (復星凱特生物科技有限公司), a joint venture of the Company
“Fosun Pharmaceutical Industrial”	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a subsidiary of the Company
“Genuine Biotech”	Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司)
“Getz Pharma”	Getz Pharma (Private) Limited and its subsidiary Getz Pharma International FZ-LLC
“Gland Pharma”	Gland Pharma Limited, a company incorporated in India and a subsidiary of the Company, the shares of which are listed on the BSE and NSE (Stock Code: Gland)
“Gland Pharma Share Option Incentive Scheme”	the share option incentive scheme adopted by Gland Pharma, the adoption of which was approved by the Shareholders at the annual general meeting of the Company held on 25 June 2019 and the shareholders of Fosun International at its annual general meeting held on 5 June 2019
“GMP”	Good Manufacture Practices
“Group” or “we”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“Guoda Pharmacy”	Sinopharm Holding Guoda Pharmacy Co., Ltd.* (國藥控股國大藥房有限公司)
“Guilin Pharma”	Guilin Pharmaceutical Co., Ltd.* (桂林南藥股份有限公司), a subsidiary of the Company
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huanghe Pharma”	Jiangsu Huanghe Pharmaceutical Co., Ltd.* (江蘇黃河藥業股份有限公司), disposed through equity transfer in January 2022
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INR”	Rupees, the lawful currency of India

Definitions

“Intuitive Fosun HK”	Intuitive Surgical-Fosun (Hongkong) Co., Limited, a company registered in Hong Kong and an associated company of the Company
“Intuitive Fosun Shanghai”	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associated company of the Company
“Intuitive Fosun”	Intuitive Fosun HK and Intuitive Fosun Shanghai
“Kite Pharma”	KP EU C.V., a company registered in the Netherlands
“Macau”	the Macau Special Administrative Region of the PRC
“Merck”	MERCK SHARP & DOHME CORP., a company registered in the United States
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“MPP”	Medicines Patent Pool, a non-profit public health organization supported by the United Nations
“NAFMII”	The National Association of Financial Market Institutional Investors
“NASDAQ”	National Association of Securities Dealers Automated Quotation
“NDA”	new drug application
“NMPA”	National Medical Products Administration* (中國國家藥品監督管理局)
“NSE”	The National Stock Exchange of India Limited
“Organon”	Organon LLC, a company registered in the United States, and a subsidiary of Organon & Co.
“Pfizer”	Pfizer, Inc., a company registered in the United States, the shares of which are listed on the New York Stock Exchange (Stock Code: PFE)
“POCT”	Point-Of-Care Testing
“PRC” or “China”	The People’s Republic of China
“R&D”	research and development
“Reporting Period”	the 6-month period from 1 January 2022 to 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Henlius”	Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司), a company listed on the Hong Kong Stock Exchange (Stock code: 02696) and a subsidiary of the Company

“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Shanghai Transfusion”	Shanghai Transfusion Technology Co., Ltd.* (上海輸血技術有限公司), disposed through equity transfer in February 2022
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Sinopharm Health Online”	Sinopharm Health Online Co., Ltd.* (國藥健康在線有限公司)
“Sinopharm Industrial”	Sinopharm Industrial Investment Co., Ltd.* (國藥產業投資有限公司), an associate of the Company
“Sinopharm”	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company whose H shares are listed on the Hong Kong Stock Exchange (Stock code: 01099) and a subsidiary of Sinopharm Industrial
“Sisram Medical”	Sisram Medical Ltd, a subsidiary of the Company, the shares of which are listed on the Hong Kong Stock Exchange (Stock code: 01696)
“Supervisors”	the members of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Suzhou Abcarta”	Suzhou Abcarta Medical Technology Co., Ltd.* (蘇州百道醫療科技有限公司), a subsidiary of the Company
“Tianjin Xingsiyi”	Tianjin Xingsiyi Biotechnology Co., Ltd.* (天津星絲奕生物科技有限公司)
“U.S. FDA”	U.S. Food and Drug Administration
“U.S.” or “United States”	United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Wanbang Pharma”	Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiary of the Company
“WHO-PQ”	World Health Organization-Prequalification
“Written Code”	Written Code for Securities Transactions by Directors/Relevant Employees of the Company* (《董事／有關僱員進行證券交易的書面守則》)

Definitions

“Xinshi Hospital”	Guangzhou Xinshi Hospital Co., Ltd.* (廣州新市醫院有限公司) (the Third Affiliated Hospital of Guangdong Pharmaceutical University* (廣東藥科大學附屬第三醫院)), a subsidiary of the Company as at the end of the Reporting Period
“Xuzhou Fengyohui”	Xuzhou Fengyohui Pharmaceutical Retail Co., Ltd.* (徐州風友匯藥品零售有限公司), deregistered in February 2022
“Yaneng Biotech”	Yaneng Biotechnology (Shenzhen) Co., Ltd.* (亞能生物技術(深圳)有限公司)
“Yao Pharma”	Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司), a subsidiary of the Company

In this report, if there is any inconsistency between the Chinese names of the entities, authorities, organizations, institutions or enterprises established in China or the awards or certificates given in China and their English translations, the Chinese version shall prevail.

* For identification purposes only