FOSUN PHARMA
复星医药

上海復星醫藥（集團）股份有限公司

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

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

(Stock Code: 02196)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021 (the "**Reporting Period**").

FINANCIAL HIGHLIGHTS

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June 2021 **RMB'000** (Unaudited)	2020 *RMB'000* (Unaudited)
REVENUE	*4*	**16,877,537**	13,965,179
Cost of sales		**(8,110,878)**	(6,215,872)
Gross profit		**8,766,659**	7,749,307
Other income	*5*	**141,714**	180,429
Selling and distribution expenses		**(4,356,975)**	(3,931,067)
Administrative expenses		**(1,505,057)**	(1,322,239)
Research and development expenses		**(1,561,885)**	(1,204,425)
Impairment losses on financial assets		**(14,804)**	(42,765)
Other gains	*6*	**1,645,255**	603,622
Other expenses		**(338,367)**	(52,138)
Interest income		**116,605**	96,436
Finance costs	*7*	**(420,725)**	(427,878)
Share of profits and losses of:			
Joint ventures		**(93,817)**	(46,558)
Associates		**925,626**	698,964
PROFIT BEFORE TAX	*8*	**3,304,229**	2,301,688
Income tax expense	*9*	**(550,647)**	(392,081)
PROFIT FOR THE PERIOD		**2,753,582**	1,909,607
Attributable to:			
Owners of the parent		**2,482,373**	1,714,710
Non-controlling interests		**271,209**	194,897
		2,753,582	1,909,607
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
— For profit for the period		**RMB0.97 Yuan**	RMB0.67 Yuan
Diluted			
— For profit for the period		**RMB0.97 Yuan**	RMB0.67 Yuan

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**2,753,582**	1,909,607
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(201,712)**	(255,609)
Share of other comprehensive loss of joint ventures	**(804)**	(1,115)
Share of other comprehensive income of associates	**54,912**	29,073
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(147,604)**	(227,651)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income		
Changes in fair value	**5,200**	3,727
Income tax effect	**(780)**	24
	4,420	3,751
Share of other comprehensive income of associates	**10,725**	68,933
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**15,145**	72,684
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(132,459)**	(154,967)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,621,123**	1,754,640
Attributable to:		
Owners of the parent	**2,385,072**	1,660,547
Non-controlling interests	**236,051**	94,093
	2,621,123	1,754,640

Interim Condensed Consolidated Statement of Financial Position
30 June 2021

	Notes	**30 June 2021** ***RMB'000*** **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**11,986,909**	12,579,873
Right-of-use assets		**2,574,667**	2,666,402
Goodwill		**8,622,217**	8,677,249
Other intangible assets		**9,730,364**	9,577,741
Investments in joint ventures		**349,077**	381,616
Investments in associates		**22,447,860**	21,870,966
Equity investments designated at fair value through other comprehensive income		**6,243**	1,043
Financial assets at fair value through profit or loss		**1,459,128**	1,460,769
Deferred tax assets		**232,984**	244,937
Other non-current assets		**1,807,055**	1,083,724
Total non-current assets		**59,216,504**	58,544,320
CURRENT ASSETS			
Inventories		**5,485,618**	5,162,800
Trade and bills receivables	*12*	**6,028,237**	4,807,059
Prepayments, other receivables and other assets		**3,462,140**	2,554,165
Financial assets at fair value through profit or loss		**3,267,854**	1,970,096
Debt investments at fair value through other comprehensive income		**472,998**	628,881
Cash and bank balances		**10,489,133**	9,961,802
Total current assets		**29,205,980**	25,084,803

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*13*	**3,745,584**	3,289,021
Other payables and accruals		**6,582,248**	5,597,564
Interest-bearing bank and other borrowings		**15,852,411**	14,488,946
Lease liabilities		**140,052**	151,084
Contract liabilities		**1,447,288**	1,020,309
Tax payable		**389,670**	325,429
Total current liabilities		**28,157,253**	24,872,353
NET CURRENT ASSETS		**1,048,727**	212,450
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,265,231**	58,756,770
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**8,513,509**	8,475,685
Lease liabilities		**706,945**	627,291
Deferred tax liabilities		**2,935,378**	2,852,997
Deferred income		**506,250**	482,201
Other long term liabilities		**277,854**	269,488
Contract liabilities		**285,708**	121,712
Total non-current liabilities		**13,225,644**	12,829,374
Net assets		**47,039,587**	45,927,396
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,562,899**	2,562,899
Reserves		**35,241,150**	34,375,748
		37,804,049	36,938,647
Non-controlling interests		**9,235,538**	8,988,749
Total equity		**47,039,587**	45,927,396

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Renminbi and foreign currencies based on LPR, the Hong Kong Interbank Offered Rate, the London Interbank Offered rate ("LIBOR") or various Interbank Offered Rates as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

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

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB30,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2021.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Six months ended 30 June 2021 (unaudited)

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

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

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

Six months ended 30 June 2020 (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	9,952,096	2,638,887	1,359,017	—	15,179	—	13,965,179
Intersegment sales	48,294	46,610	4,700	—	8,270	(107,874)	—
Total revenue	10,000,390	2,685,497	1,363,717	—	23,449	(107,874)	13,965,179
Segment results*	1,115,513	509,746	31,373	—	(4,289)	(19,026)	1,633,317
Other income	135,673	10,551	16,910	—	16,579	—	179,713
Other gains	157,704	14,210	3,393	—	275,233	30	450,570
Interest income	56,129	10,345	17,531	—	185	(5,291)	78,899
Finance costs	(51,353)	(14,125)	(17,409)	—	(5,587)	26,170	(62,304)
Other expenses	27,605	(55,433)	(6,267)	—	(22,062)	—	(56,157)
Share of profits and losses of:							
Joint ventures	(45,744)	—	—	—	(814)	—	(46,558)
Associates	32,681	24,021	(31,134)	724,041	(50,645)	—	698,964
Unallocated other income, interest income, other gains, finance cost and expenses							(574,756)
Profit before tax	1,428,208	499,315	14,397	724,041	208,600	1,883	2,301,688
Tax	(313,433)	(65,625)	(12,784)	—	(239)	—	(392,081)
Profit for the period	1,114,775	433,690	1,613	724,041	208,361	1,883	1,909,607
Segment assets:	41,047,332	8,262,367	9,812,781	13,877,770	4,251,314	(1,683,155)	75,568,409
Including:							
Investments in joint ventures	349,474	—	—	—	6,730	—	356,204
Investments in associates	2,248,581	1,102,609	1,624,283	13,877,770	2,859,201	—	21,712,444
Unallocated assets							4,544,467
Total assets							80,112,876
Segment liabilities:	18,654,179	1,937,780	2,229,824	—	386,141	(9,370,028)	13,837,896
Unallocated liabilities							26,476,159
Total liabilities							40,314,055
Other segment information:							
Depreciation and amortisation	590,999	96,170	133,901	—	15,197	—	836,267
Impairment losses recognised in the statement of profit or loss, net	(32,251)	49,686	2,365	—	22,048	—	41,848
Capital expenditure**	1,309,447	97,984	356,886	—	47,953	—	1,812,270

* 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 (not including the addition from acquisition of subsidiaries).

4. REVENUE

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**16,864,028**	13,951,418
Revenue from other sources		
Gross rental income	**13,509**	13,761
	16,877,537	13,965,179

5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividend income from financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income	**8,009**	20,391
Government grants	**132,660**	158,367
Others	**1,045**	1,671
	141,714	180,429

6. OTHER GAINS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gain on disposal of shareholdings in joint ventures and associates	**279,501**	87,209
Gain on fair value change of financial assets at fair value through profit or loss, net	**1,182,759**	23,394
Gain on disposal of financial assets at fair value through profit or loss, net	**47,549**	415,708
Gain on disposal of subsidiaries	**78,995**	—
Others	**56,451**	77,311
	1,645,255	603,622

7. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**413,098**	425,687
Interest on lease liabilities	**14,841**	12,188
Less: Interest capitalised	**(7,214)**	(9,997)
Interest expenses, net	**420,725**	427,878

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**6,433,620**	4,932,900
Cost of services provided	**1,677,258**	1,282,972
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**3,070,335**	2,468,297
Retirement benefits:		
Defined contribution fund	**180,142**	66,453
Accommodation benefits:		
Defined contribution fund	**101,061**	83,795
Share-based payment	**39,619**	39,516
	3,391,157	2,658,061
Research and development expenses:		
Current period expenditure excluding amortisation of other intangible assets	**1,494,528**	1,167,594
Rental expenses from short term and low value assets	**21,673**	12,963
Depreciation of property, plant and equipment	**564,429**	490,945
Depreciation of right-of-use assets	**101,351**	91,076
Amortisation of other intangible assets	**279,667**	254,247
Provision/(Reversal) for impairment of inventories and property, plant and equipment	**16,953**	(917)
Impairment of financial assets		
Impairment of trade receivables	**15,022**	40,079
(Reversal)/Provision of impairment of other receivables	**(218)**	2,686
Impairment of investments in associates	**190,379**	—
Gain on fair value change of financial assets at fair value through profit or loss, net	**1,182,759**	23,394
Gain on disposal of financial assets at fair value through profit or loss, net	**47,549**	415,708
Foreign exchange gain, net	**(41,939)**	(69,551)
Loss/(Gain) on disposals of items of property, plant and equipment and other intangible assets	**10,166**	(1,621)

9. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 30 June 2020: 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 2021 and 2020 are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**451,937**	467,327
Deferred	**98,710**	(75,246)
Total tax charge for the period	**550,647**	392,081

10. DIVIDENDS

The Directors did not recommend the payment of an interim dividend in respect of the six months period ended 30 June 2021 (for the six months period ended 30 June 2020: Nil).

The proposed final dividend of RMB0.43 (tax included) per ordinary share for the year ended 31 December 2020 was approved by the shareholders at the annual general meeting of the Company on 11 June 2021.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,562,898,545 (for the six months period ended 30 June 2020: 2,562,898,545) in issue during the period.

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

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**2,482,373**	1,714,710
Profit attributable to ordinary equity holders of the parent used in the basic and dilued earnings per share calculation	**2,482,373**	1,714,710

	Number of shares	
	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,562,898,545**	2,562,898,545
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**2,562,898,545**	2,562,898,545

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021.

12. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**5,989,288**	4,564,659
Bills receivable	**38,949**	242,400
	6,028,237	4,807,059

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

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 1 year	**5,983,688**	4,494,797
1 to 2 years	**144,645**	186,530
2 to 3 years	**13,640**	42,506
Over 3 years	**140,781**	121,553
Less: Provision for impairment	**(293,466)**	(280,727)
	5,989,288	4,564,659

13. TRADE AND BILLS PAYABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**3,208,429**	2,942,091
Bills payable	**537,155**	346,930
	3,745,584	3,289,021

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

An aged analysis of trade payables as at the end of the Reporting Period is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages：		
Within 1 year	**3,152,144**	2,881,516
1–2 years	**39,361**	44,525
2–3 years	**12,770**	8,999
Over 3 years	**4,154**	7,051
	3,208,429	2,942,091

14. EVENTS AFTER THE REPORTING PERIOD

Sold back of the "18 Fosun Pharma 01" Corporate Bonds

The bondholders of "18 Fosun Pharma 01" registered to sell back of all or part of their holdings of "18 Fosun Pharma 01" during the period from 19 July 2021 to 23 July 2021. The sold back price was the par value of the bonds as RMB 100 each. According to the statistics of the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on the current bond sold back, 974,999 lots of "18 Fosun Pharma 01" (bond code: 143422) were registered to be sold back during the sold back period, which were amounted at RMB 974,999,000. The remaining of "18 Fosun Pharma 01" were transferred from interest-bearing bank and other borrowings in current liabilities as at 30 June 2021 to interest-bearing bank and other borrowings in non-current liabilities as at the date of approval of this report.

Placing of new shares of Sisram Medical Ltd

A total of 24,000,000 new shares ("**Placing Shares**") of Sisram Medical Ltd, a subsidiary of the Company, have been placed to no less than six placees. The Company's share holding decreased from 74.76% to 70.91% as a result of the issue of the Placing Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

In 2021, despite the fact that our existing products were under pressure of price reduction from centralized procurement of pharmaceutical products, the Group adhered to the implementation of the "4IN" strategy and achieved steady development in the overall business performance. (1) Innovation and transformation, as well as the development, launching and implementation of innovative products and technologies were continuously promoted. In particular, Yi Kai Da of Fosun Kite Biological Technology Co., Ltd.* (復星凱特生物科技有限公司) ("**Fosun Kite**"), a joint venture, was approved for launch in China during the Reporting Period, becoming the first CAR-T cell therapy product approved for domestic launch. Its second indication was also included in the Drug List of the Procedure for Breakthrough Therapy Designation by the National Medical Products Administration ("**NMPA**") in August 2021; Comirnaty (mRNA COVID-19 vaccine) was included in the government vaccination programs in Hong Kong and Macau in the first half of the year. (2) The integration of research and development (R&D), supply chain, production and commercialization systems and the business collaboration between segments were expedited, so as to improve operational quality and operating efficiency. During the Reporting Period, the initial integration of the diagnosis business and the medical cosmetic business was completed with business development showing a positive momentum. (3) The international operation capability was further improved, with revenue from regions outside Chinese Mainland and other countries accounting for 30.80% of the total revenue during the Reporting Period.

During the Reporting Period, the revenue of the Group amounted to RMB16,878 million, representing a period-on-period increase of 20.86%. Profit attributable to owners of the parent amounted to RMB2,482 million, representing a period-on-period increase of 44.77%. Net cash flow from operating activities amounted to RMB1,707 million, representing a period-on-period increase of 16.79%. The total R&D expenditure amounted to RMB1,954 million, representing a period-on-period increase of 15.69%. In particular, the R&D expenses amounted to RMB1,562 million, representing a period-on-period increase of RMB358 million or 29.73%. The increase in profit attributable to owners of the parent was mainly due to the following reasons: 1) revenue sustained growth and product structure continued to be optimized in the first half of the year: new products, such as Han Qu You, Su Ke Xin and Han Li Kang, were launched in the market with increasing sales quantities, the revenue of Gland Pharma Limited ("**Gland Pharma**") recorded a significant period-on-period increase, and Sinopharm Group Co., Ltd.* (國藥控股股份有限公司) ("**Sinopharm**"), an associate, recorded a significant period-on-period growth in performance; 2) the fair value of financial assets such as BioNTech SE ("**BioNTech**") held during the Reporting Period increased.

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

Unit: million Currency: RMB

	Revenue Jan–Jun 2021		Revenue Jan–Jun 2020		Period-on-period increase/ decrease
	Amount	**Percentage of revenue (%)**	Amount	Percentage of revenue (%)	(%)
By business segment					
Pharmaceutical manufacturing	**12,179**	**72.16**	9,952	71.26	22.38
Medical devices and medical diagnosis *(Note)*	**2,832**	**16.78**	2,639	18.90	7.31
Healthcare services	**1,843**	**10.92**	1,359	9.73	35.61
By geographical locations					
Chinese Mainland	**11,680**	**69.20**	9,894	70.85	18.05
Regions outside Chinese Mainland and other countries	**5,198**	**30.80**	4,071	29.15	27.68

Note: The agreement entered into between the Group and the associates Intuitive Fosun (i.e. Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司) ("**Intuitive Fosun (Shanghai)**") and Intuitive Surgical-Fosun (Hongkong) Co., Limited ("**Intuitive Fosun (HK)**") in relation to the transfer of distribution rights of Da Vinci surgical robotic systems in Chinese Mainland, Hong Kong and Macau expired at the end of 2020. Since 2021, the revenue from such business has been transferred to Intuitive Fosun. Excluding the effects of the changes in such business, the revenue from the medical devices and medical diagnosis segment increased by 14.29% on the same basis.

Segment Performance Overview

Pharmaceutical manufacturing

Performance summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB12,179 million, representing a period-on-period increase of 22.38%. The segment results amounted to RMB1,353 million, representing a period-on-period increase of 21.24%. The segment profit amounted to RMB1,257 million (excluding the gains from changes in the fair value of the shares of BioNTech), which increased by 12.74% period-on-period. During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of the Group amounted to RMB1,777 million, representing a period-on-period increase of 15.31%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 14.51% of the revenue of the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,385 million, representing a period-on-period increase of RMB326 million or 30.78%, accounting for 11.31% of the revenue from the pharmaceutical manufacturing segment.

During the Reporting Period, with You Li Tong (febuxostat tablets), Bang Zhi (pitavastatin calcium tablets) and other existing drugs being incorporated into centralized procurement, the pharmaceutical manufacturing segment faced pressure of reduced sales prices, nevertheless, it sustained growth in revenue and continued to optimize product structure in the first half of the year. The increase was mainly attributable to: 1) the contribution from the launch and increasing sales quantities of new products: Han Li Kang (rituximab injection) achieved substantial sales growth, with cumulative revenue amounting to RMB724 million for the first half of the year, representing a period-on-period increase of 223.21%; Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets), which were launched in the second half of 2020, recorded revenue of RMB325 million and RMB206 million in the first half of the year, respectively; 2) benefited from the contribution from Micafungin, enoxaparin sodium injection and new product launch, revenue of Gland Pharma during the Reporting Period increased by 32.08% period-on-period (note: based on the financial statements of Gland Pharma using its presentation currency); 3) Comirnaty (mRNA COVID-19 vaccine), which was included in the government vaccination programs in Hong Kong and Macau in the first half of the year, recorded revenue of over RMB500 million during the Reporting Period; 4) the continuous optimization of the life cycle management of existing products and expansion of marketing channels. In particular, the sales revenue of Atomolan tablets (glutathione tablets) increased by 60.70% period-on-period.

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 2021**	Jan–Jun 2020*	Period-on-period increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Notes 1, 7)*	**1,705**	478	256.69
Major products of metabolism and alimentary system *(Notes 2, 7)*	**1,415**	1,767	–19.92
Major products of anti-infection *(Notes 3, 7)*	**2,656**	1,828	45.30
Major products of central nervous system *(Notes 4, 7)*	**616**	755	–18.41
Major products of cardiovascular system *(Notes 5, 7)*	**1,024**	1,248	–17.95
Major products of APIs and intermediate products *(Notes 6, 7)*	**577**	452	27.65

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a period-on-period increase of 256.69%, mainly due to the growth contribution from Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets).

Note 2: The revenue from major products of metabolism and alimentary system recorded a period-on-period decrease of 19.92%, mainly due to the decreased unit selling price of You Li Tong (febuxostat tablets) after the execution of centralized procurement.

Note 3: The revenue from major products of anti-infection recorded a period-on-period increase of 45.30%, mainly due to the revenue contribution from Comirnaty (mRNA COVID-19 vaccine) and the growth in sales revenue of Micafungin during the Reporting Period.

Note 4: The revenue from major products of central nervous system recorded a period-on-period decrease of 18.41%, mainly due to the combined effect of the sales decline of Ao De Jin (deproteinized calf blood injection), the decreased unit selling price of Qi Wei (quetiapine fumarate tablets) after the execution of centralized procurement, and the growth in sales revenue of Chang Tuo Ning (penehyclidine hydrochloride injection).

Note 5: The revenue from major products of cardiovascular system recorded a period-on-period decrease of 17.95%, which was mainly due to the decreased unit selling price of Bang Zhi (pitavastatin calcium tablets) after the execution of centralized procurement.

Note 6: The revenue from major products of APIs and intermediate products recorded a period-on-period increase of 27.65%, mainly due to the sales growth of amino acid series.

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

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

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), Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection), Qiang Shu Xi Lin/Qin Shu/Er Ye Qin (piperacillin sodium and sulbactam sodium for injection), daptomycin, caspofungin, vancomycin, Micafungin, antituberculosis series, He Pu Ding (lamivudine tablets), Pai Shu Xi Lin (piperacillin sodium and tazobactam sodium for injection), Ka Di (flucloxacillin sodium for injection), Er Ye Bi (ceftizoxime sodium for injection), Si Ke Ni (azithromycin capsules) and clindamycin hydrochloride capsules.

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

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

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

* The data from January to June 2020 were restated according to the basis of January to June 2021, that is, the data from January to June 2020 included sales revenue of new major products, such as Micafungin, during the Reporting Period.

R&D innovation

The Group upgraded and established the global R&D center at the beginning of 2020 to coordinate project management as well as the internal and external resources, prioritize the promotion of strategic products, strengthen global clinical and registration capabilities, and improve R&D efficiency. At the same time, leveraging the resources of its global business development (BD) team, the Group had access to the leading products and technology platforms in the industry for

commercialization. Through independent R&D, cooperative development, license introduction and in-depth incubation, the Group has built and formed small molecule innovative drugs, antibody drugs and cell therapy technology platforms centering on tumor and immune modulation, four hypers (hypertension, hyperlipidemia, hyperglycemia and hyperuricemia) and their complications, central nervous system and other major therapeutic areas, and actively explored cutting-edge technology, such as RNA, oncolytic viruses, gene therapy and Protac, to enhance its innovation capabilities. As at the end of the Reporting Period, there were nearly 2,600 R&D personnel, of which approximately 1,400 persons obtained a master's degree or above, representing approximately 7.45% of the total number of employees in the Group; it had 240 major pipeline innovative drugs, generic drugs, biosimilars and consistency evaluation items of generic drugs (for details, please refer to Table 1 — Major pipeline drug projects). During the Reporting Period, a total of 80 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 10 U.S. patent applications, 20 PCT applications, with 35 licensed invention patents obtained.

Important events

- Approval for launch of Yi Kai Da (Ejilunsai injection)

  In June 2021, Yi Kai Da of Fosun Kite, a joint venture, became the first CAR-T cell therapy product approved for launch in China. It is mainly used for the treatment of adult patients with relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy. Yi Kai Da is a cell therapy product of Fosun Kite which is authorized to carry out the product's localized production in China following the technology transfer of Yescarta, a CAR-T cell therapy product, from Kite Pharma.

  The 1-year follow-up results of Yescarta's ZUMA-1 study show that the best overall response rate (ORR) was 82%, and the complete response rate (CR) reached 54%; the 2-year follow-up (median follow-up 27.1 months) results show that the objective response rate (ORR), complete response rate (CR) and sustained response rate (SR) were 83%, 58% and 39%, respectively; the ≥4-years follow-up (median follow-up 51.1 months) results show that the median overall survival period was 25.8 months, and the 4-year overall survival rate reached 44%. Also, since the launch of Yescarta in 2017, the data of more than 4,600 patients in the real world are highly similar to clinical research data. In respect of Yi Kai Da, Fosun Kite has completed a multi-center bridging clinical trial in China, the data of which shows that the best overall response rate (ORR) reached 79.2%. The data of Yi Kai Da, Yescarta and their real world studies are highly similar in terms of safety and effectiveness, showing the significant improvement of the response rate and overall survival period of patients.

  Yi Kai Da is a customized drug. In order to control the quality of drugs and ensure the accuracy and speed of manufacturing and delivery, Fosun Kite has established for the development of Yi Kai Da a rigorous product identification chain and chain of custody system covering the whole treatment course from apheresis to reinfusion, to ensure that the drugs will not be confused and are traceable. In terms of commercialization preparation, Fosun Kite has

established and officially put into operation a 10,000-square-meter GMP industrialized production base in the Shanghai Zhangjiang Innovative Drugs Industrial Base. According to CAR-T treatment center's screening standards, the center provides training for its medical staffs on using CAR-T products in medical, clinical, and operation procedures. After passing the audit by the quality department of Fosun Kite and a third-party quality organization, the treatment-related activities of CAR-T products will begin and dynamics monitoring will be conducted. Currently, it has received certification from a large number of high-level hospital-side treatment center in China, in the future, it will expand to more treatment centers that meet the requirements according to the treatment needs.

As the first personalized cell therapy product launched in the domestic market, Yi Kai Da brings the possibility of continuous remission for lymphoma patients after the second-line treatment. At the same time, Fosun Kite is actively expanding the indications, continuously optimizing costs, exploring diversified payment methods including commercial insurance, and increasing the product accessibility to benefit more patients.

- Progress of mRNA COVID-19 vaccine

  During the Reporting Period, the COVID-19 vaccine BNT162b2 developed based on an mRNA technology platform and for which the Group is authorized to carry out exclusive development and commercialization in Chinese Mainland, Hong Kong, Macau and Taiwan, obtained the approval for emergency use from the government of Hong Kong, China and the special import authorization from the government of Macau, China, and was put into use in the government vaccination programs of Hong Kong, China and Macau, China. As at 20 August 2021, a total of approximately 4.314 million doses and 0.087 million doses of the vaccine had been administered in Hong Kong, China and Macau, China, respectively. In addition, in July 2021, the Group also entered into sales agreements for a total of 15 million doses of mRNA COVID-19 vaccines with TSMC, Foxconn, Yongling Foundation and Tzu Chi Foundation ("**Buyers**"). These vaccines will be donated by the Buyers to the disease control authority in the Taiwan region of China for local vaccination. The provision of high-quality vaccines to Taiwan compatriots to strengthen pandemic prevention and control has helped the Taiwan region establish a COVID-19 immune barrier.

  Meanwhile, phase II clinical trials of mRNA COVID-19 vaccine BNT162b2 in Chinese Mainland (excluding Hong Kong, Macau and Taiwan) and other works were also progressing in an orderly manner.

Besides, in order to further implement the localized production of mRNA COVID-19 vaccine, in May 2021, Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司) ("**Fosun Pharmaceutical Industrial**") and BioNTech reached an agreement for the formation of a joint venture. According to the agreement, each of Fosun Pharmaceutical Industrial and BioNTech proposed to subscribe for 50% of the registered capital of the joint venture, in particular: Fosun Pharmaceutical Industrial proposed to make capital contribution in cash and/or in tangible or intangible assets (comprising plants and manufacturing facilities), and BioNTech proposed to make capital contribution in intangible assets including licensing of the relevant manufacturing technology and know-how. As at the date of this announcement, the related matters of the formation of the joint venture are subject to further negotiation and entering into final agreement by both parties, and the terms under such final agreement shall prevail.

Table 1 — Major pipeline drug projects

Type	Number	Remarks
Innovative drugs	72	/
Including: Small molecular innovative drugs under independent development	30	For details of the major items under clinical study and application for sales, please refer to Table 2.
Biopharmaceutical innovative drugs under independent development	29	For details of the major items under clinical study and application for sales, please refer to Table 3. Comprising 1 item under application for sales and 6 items under phase III clinical trial.
License-in innovative drugs	13	For details, please refer to Table 4. Comprising 1 item under application for sales.
Biosimilars under independent development	18	For details, please refer to Table 5. Comprising 5 items under application for sales and 3 items under phase III clinical trial.

Type	Number	Remarks
Generic drugs	103	/
Including: Imported generic drugs	20	/
Consistency evaluation items	38	/
Others	9	/
Sub-total	240	/

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

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

Table 2 — Small molecular innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	SAF-189	Non-small cell lung cancer	Phase II clinical trial	Approved for clinical trial (in the U.S.)
2		FN-1501	Advanced hepatocellular carcinoma	Approved for clinical trial	—
3		FN-1501	Leukemia and solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S. and Australia)
4		FCN-159	Malignant melanoma	Phase I clinical trial	—
5		FCN-159	Neurofibromatosis type 1	Phase I clinical trial	Approved for clinical trial (in the U.S.)
6		ORIN1001	Solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S.)
7		FCN-647	Relapsed or refractory malignant B-cell lymphoma	Phase I clinical trial	—
8		FCN-011	Solid tumor	Phase I clinical trial	—

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
9		FCN-338	Hematological malignancies	Phase I clinical trial	Approved for clinical trial (in the U.S.)
10		FCN-437c	Breast cancer	Phase II clinical trial	Phase I clinical trial (in the U.S.)
11		FCN-098	Advanced malignant tumor	Approved for clinical trial	—
12		YP01001	Advanced solid tumor	Approved for clinical trial	—
13		HLX-208	Solid tumor	Phase I clinical trial	—
14	Metabolism and alimentary system	Wanpagliflozin Tablets	Diabetes	Phase I clinical trial	—
15		FCN-207	Hyperuricemia	Phase I clinical trial	—
16	Others	ORIN103	Idiopathic pulmonary fibrosis	—	Phase I clinical trial (in the U.S.)
17		ET-26	Anesthesia	Phase I clinical trial	—

Table 3 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Recombinant Anti-EGFR Humanized Monoclonal Antibody Injection (HLX07)	Solid tumor	Phase Ib/II clinical trial *(Note 1)*	Approved for clinical trial (in the U.S.)
2		Recombinant Anti-PD-1 Humanized Monoclonal Antibody Injection (HLX10) (including combination therapies and chemotherapy)	Microsatellite instability-high solid tumor (MSI-H)	Under application for sales *(Note 2)*	Approved for clinical trial (in the U.S.)
3			Locally advanced or metastatic esophageal squamous cell carcinoma (ESCC)	Phase III clinical trial	—
4			Squamous non-small cell lung cancer (sqNSCLC)	Phase III clinical trial	Phase III clinical trial (in Turkey and others)
5			Extensive-stage small cell lung cancer (ES-SCLC)	Phase III clinical trial	Phase III clinical trial (in Turkey and others)
6			GC neoadjuvant/adjuvant	Phase III clinical trial	—

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
7			Recurrent or metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	—
8			Non-squamous non-small cell lung cancer (nsNSCLC)	Phase III clinical trial	—
9			Hepatocellular carcinoma (HCC)	Phase II clinical trial	—
10			Metastatic colorectal cancer (mCRC)	Phase II/III clinical trial	—
11		Recombinant Anti-PD-L1 Fully Human Monoclonal Antibody Injection (HLX20)	Solid tumor	Approved for clinical trial	Phase I clinical trial (in Australia)
12		HLX22 Monoclonal Antibody Injection	Gastric cancer (GC) and breast cancer (BC)	Phase I clinical trial	—
13		HLX55 Monoclonal Antibody Injection	Solid tumor	Phase I clinical trial	—
14		Recombinant HER2 Humanized Monoclonal Antibody Monomethyl Auristatin F Coupling Agent Injection	HER2-positive advanced breast cancer and/or advanced malignant solid tumor	Phase I clinical trial	—
15		Recombinant Anti-LAG-3 Human Monoclonal Antibody Injection	Solid tumor and lymphoma	Approved for clinical trial	—
16		Recombinant Anti-CD73 Fully Humanized Monoclonal Antibody Injection	Advanced solid tumor	—	Approved for clinical trial (in the U.S.)
17	Anti-infection	Anti-S1 Fully Human Monoclonal Neutralizing Antibody (HLX70)	COVID-19	—	Approved for clinical trial (in the U.S.)
18		ACE2-Fc Receptor Fusion Protein (HLX71)	COVID-19	—	Phase I clinical trial (in the U.S.)
19	Blood system	Recombinant Human Erythropoietin-Hyfc Fusion Protein Injection	Anemia	Phase I clinical trial	—
20	Eye disease	Recombinant Anti-VEGF Humanized Monoclonal Antibody Injection	Wet age-related macular degeneration (wAMD)	Approved for clinical trial	Approved for clinical trial (in Australia, the U.S. and others)

Note 1: At the stage of phase Ib/II clinical trial for such drugs in Chinese Mainland. The phase Ia clinical trial carried out in Taiwan, China was completed.

Note 2: At the stage of phase I clinical trial for solid tumor indications in Taiwan, China; phase II clinical trial of such drugs on unresectable or metastatic microsatellite instability-high or mismatch repair deficient solid tumor that have failed standard therapies was in progress in Chinese Mainland and has reached primary endpoints.

Table 4 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period
1	Metabolism and alimentary system	Tenapanor Tablets	Irritable bowel syndrome with constipation (IBS-C)	Phase I clinical trial
2		Ferric Pyrophosphate Citrate Solution	Iron substitutes for dialysis patients	Phase III clinical trial
3	Anti-tumor	Balixafortide	Breast cancer	Approved for clinical trial
4		SurvaxM Injection	Malignant glioblastoma	Preparation for clinical trial application
5	Anti-infection	mRNA Vaccine BNT162b2	Prevention of COVID-19	Phase II clinical trial
6		PA-824	For the treatment of patients with extensively drug-resistant tuberculosis (XDR-TB) or multidrug-resistant tuberculosis (MDR-TB) who cannot tolerate treatment/experience low efficacy of treatment	Phase I clinical trial
7	Central nervous system	Opicapone Capsules	Parkinson syndrome	Under Biologics License Application
8	Blood system	Avatrombopag Maleate Tablets	Chronic immune thrombocytopenia (ITP)	Phase III clinical trial
9		Tenapanor Tablets	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Phase III clinical trial
10	Others	Bremelanotide Injection	Impaired female sexual desire (HSDD)	Phase I clinical trial
11		Fortacin Spray (Lidocaine Prilocaine Spray)	Premature ejaculation	Approved for clinical trial
12		RT002	Moderate to severe glabellar lines in adults (GL)	Phase III clinical trial
13			Cervical dystonia (CD)	Phase III clinical trial

Table 5 — Biosimilars under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period
1	Anti-tumor	Recombinant Anti-VEGF Humanized Monoclonal Antibody Injection (HLX04)	Metastatic colorectal cancer (mCRC) and non-small cell lung cancer (NSCLC)	Under Biologics License Application
2		Recombinant Anti-EGFR Human/ Murine Chimeric Monoclonal Antibody Injection (HLX05)	Metastatic colorectal cancer (mCRC) and metastatic head and neck squamous cell carcinoma (HNSCC)	Approved for clinical trial
3		Recombinant Anti-HER2 Domain II Humanized Monoclonal Antibody Injection (HLX11)	Breast cancer (BC)	Phase I clinical trial
4		Recombinant Anti-VEGFR2 Domain II-III Fully Human Monoclonal Antibody Injection (HLX12)	Gastric cancer (GC), metastatic non-small cell lung cancer (NSCLC) and metastatic colorectal cancer (mCRC)	Phase I clinical trial
5		Recombinant Anti-CTLA-4 Fully Human Monoclonal Antibody Injection (HLX13)	Melanoma, renal cell carcinoma (RCC) and metastatic colorectal cancer (mCRC)	Approved for clinical trial
6		Recombinant Anti-RANKL Human Monoclonal Antibody Injection (HLX14)	Osteoporosis (OP)	Phase I clinical trial
7		Recombinant Anti-CD38 Human Monoclonal Antibody Injection (HLX15)	Multiple myeloma (MM)	Approved for clinical trial
8	Metabolism and alimentary system	Insulin Glargine Injection	Diabetes	Under Biologics License Application
9		Recombinant Human Insulin Injection	Diabetes	Supplemental application
10		Recombinant Insulin Lispro Injection	Diabetes	Under Biologics License Application
11		Mixed Protamine Zinc Recombinant Insulin Lispro Injection (50R)	Diabetes	Phase III clinical trial
12		Liraglutide Injection	Diabetes	Phase III clinical trial
13	Blood system	Recombinant Human Erythropoietin for Injection (CHO Cells)	Anemia of renal disease	Phase III clinical trial
14		Recombinant Human Erythropoietin for Injection (CHO Cells)	Anemia of cancer	Supplemental application

The Group continued to promote the registration of sales of drugs (products) (including import registration, and approval for overseas sales), the consistency evaluation of generic drugs, and actively participated in centralized and bulk purchase of drugs. During the Reporting Period, the CAR-T cell therapy product Yi Kai Da (奕凯達) of the joint venture Fosun Kite was approved for launch in Chinese Mainland, and a total of 11 generic drugs of Gland Pharma received approval from the U.S. FDA for launch (for details, please refer to the Table 6 — Major drugs approved for launch during the Reporting Period). In addition, as at the end of the Reporting Period, applications were made in respect of 4 products (zoledronic acid concentrated solution, dexrazoxane for injection, zoledronic acid injections and ondansetron hydrochloride injection) of Gland Pharma for imported drug registration and Import Drug Licenses (IDL).

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

No.	Name of drugs	Classification of registration	Indications	Remarks
1	Yi Kai Da (Ejilunsai injection) *(Note 1)*	Class 1 therapeutic biological product	Relapsed or refractory large B-cell lymphoma after two or more lines of systemic therapy (r/r DLBCL)	The first CAR-T product approved for launch in China
2	Artemether-lumefantrine Dispersible Tablets	WHO PQ	Malaria	
3	Empagliflozin Tablets and other 9 products	Class 4 chemical drug	—	During the Reporting Period, a total of 10 generic drugs of the Group received approval from the NMPA for launch.
4	Tobramycin Injection and other 10 products	US 505(j) *(Note 2)*	—	During the Reporting Period, a total of 11 generic drugs of Gland Pharma received approval from the U.S. FDA for launch.

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

Note 2: According to the US registration classification, 505(j) represents generic drugs.

As at the end of the Reporting Period, a total of 19 products of the Group that have passed or deemed to have passed the consistency evaluation of generic drugs have been selected in five batches of centralized drug procurement ("**centralized procurement**") bidding (see Appendix 7 — Selected products for centralized procurement for details), among which, existing products febuxostat tablets and pitavastatin calcium tablets also participated in the third batch of centralized procurement in 2020. 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 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Packaging specification (tablet/ capsule)	Selected price (RMB/box)	Selected quantity ('0,000 tablets/ capsules)
1	4+7 scope expansion	Amlodipine Besylate Tablets	High blood pressure	5 mg	7	0.49	25,137
2		Escitalopram Oxalate Tablets	Depression disorder	10 mg	7	27.86	1,600
3	The second round	Azithromycin Capsules	Infection	0.25 g	6	6.36	2,575
4		Clindamycin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15 g	10	1.4	465
5		Indapamide Tablets	Essential hypertension	0.25 mg	10	0.69	5,386
6		Isoniazid Tablets	Tuberculosis	0.1 g	100	5.02	4,261
7	The third round	Febuxostat Tablets	Long-term treatment of gout patients with hyperuricemia	40 mg	16	16.48	4,667
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1 g	30	33.96	12,500
9		Pitavastatin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2 mg	14	10.80	2,217
10		Ethambutol Hydrochloride Tablets	Tuberculosis	0.25 g	50	6.03	6,372
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer's dementia	10 mg	14	15.26	446
12	The fourth round	Telmisartan Tablets	Essential hypertension	40 mg	32	19.17	9,600
13		Empagliflozin Tablets	Type 2 diabetes	10 mg	10	19.51	96
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	0.5 g	30	20.40	7,366.9
15		Sorafenib Tosylate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2 g	30	798.00	157
16		Duloxetine Hydrochloride Enteric Capsules	Generalized anxiety disorder and depression	20 mg	60	58.80	2,108
17		Pyrazinamide Tablets	Tuberculosis	0.25 g	100	19.49	5,984
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.	0.25 μg	30	36.90	9,300
19		Bicalutamide	1. 50mg per day: For the treatment for advanced prostate cancer together with luteinizing hormone-releasing hormone (LHRH) analogue or surgical orchiectomy. 2. 150mg per day: For the treatment of patients with locally advanced prostate cancer without distant metastasis who are not suitable or unwilling to receive surgical castration or other medical treatments.	50 mg	14	162.73	350

Commercialization system

The Group continuously enhanced the construction and integration of its marketing system and has established a marketing system by products lines to match existing products and products to be marketed while adhering to the strategic direction of professional, branding and digital development. As at the end of the Reporting Period, the Group's commercialization team consists of over 6,500 employees, and was organized into a number of divisions based on the major product lines, covering more than 2,000 Class III hospitals, 10,000 Class I and Class II hospitals and nearly 200,000 retail pharmacies. Especially in the past two years, in order to keep pace with the launch of innovative products and the process of internationalization, the Group focused on the establishment of the innovative drug commercialization team, the new retail team for OTC and online channels, the marketing team for Africa, Europe and the U.S., and also constructed and improved a comprehensive support system covering aspects such as medical affairs, market access and brand promotion.

- Innovative drug commercialization team

  During the Reporting Period, in hematologic tumor, breast cancer, liver disease and other areas, with a focus on Han Li Kang, Han Qu You, Su Ke Xin, Han Da Yuan and other drugs, the Group continued to expand and favor its commercialized team to strengthen market entrance and hospital coverage. Currently, the Group had a divisional innovative drug marketing team of 1,500 employees in total. Focusing on core departments such as hematology, lymphoma, hematological tumor, breast, medical oncology, hepatobiliary surgery and intervention, the team made deployment in the core market, the county-level market and DTP channels with the Group's multi-channels successfully covering approximately 3,000 hospitals and nearly 1,000 DTP pharmacies. The Group opened up the matrix of its existing products, serving the launch of more innovative drugs and comprehensive treatment plans in the future.

- New retail team

  With the continuous deepening of the medical reform and the rapid development of the Internet healthcare industry, the Group also actively created a new retail marketing system with a team of nearly 1,000 employees, which fully covers the traditional retail pharmacies and other retail markets as well as online integrated medical service platform. In the retail market, through years of exploration and practice in the field of chronic diseases, the Group formed a close cooperative relationship with the top 200 chain pharmacies in China, involving more than 150,000 terminals. Meanwhile, the Group integrated its chronic disease management resources accumulated throughout the years by utilizing its online channels to realize the empowerment of consumption terminals to the industry, and offered comprehensive services to consumers and patients with the help of digital medical treatments, continuously improving its multi-channel and spatial marketing capabilities.

- Overseas commercialization team

  The Group continued to expand into the international market. As at the end of the Reporting Period, it had formed an overseas commercialization team of approximately 1,000 employees, which mainly covers regions including the United States, Africa, and Europe. In Africa, the Group has long-term business cooperation with major national public drug procurement centers and international drug procurement agency groups, and its business covers 35 English, French and Portuguese-speaking countries and regions in Sub-Saharan Africa. The team has about 800 frontline sales personnel, and a one-stop service support system providing registration, circulation, academic promotion, post-launch safety alert and other services, which effectively improved the availability of medicines and better served the public health prevention and control system in Africa. In the U.S. market, the Group has launched 17 drugs under its own brand, including ziprasidone, and the test kits for 2019-nCoV, and has entered into cooperation agreements with, among others, 11 distributors including 3 major wholesalers/retailers, 7 group purchasing organizations (GPOs), 4 hospital integrated network distribution systems (IDNs) and 5 retail chain pharmacies, thereby forming a multi-channel market coverage.

- Domestic distribution channel cooperation

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

Production and quality

With a focus on improving the cost competitiveness of its products, the Group strengthened operational efficiency and implemented the internationalization strategy. By streamlining its competitive internal production capacity and enhancing supply chain management, the Group sped up the construction of competitive production bases, and advanced strategic integration on the production end. In China, the Group strengthened the construction of supply chain system security system. The deployment and construction of three API bases in Changde, Xinyi and Changshou ensured the supply of APIs for existing preparations and the development of innovative drugs. Meanwhile, the Group deepened the CMO management of its products and established a production management committee, so as to facilitate the realization of star production lines for its products. The Group expedited the construction of comprehensive production bases in Xuzhou (Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司) ("**Jiangsu Wanbang**")) and Chongqing (Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司) ("**Yao Pharma**")). In particular, the production capacity of freeze-dried powder for injection and oral preparations of Chongqing base has reached a sizeable scale. The Group continued to accelerate the construction of Songjiang base of Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司) ("**Shanghai Henlius**") so as to develop an advantage of large-scale production as soon as possible. The commercial production capacity of Shanghai Henlius' Xuhui base has reached 20,000 liters, and the base also received GMP

certification from the EU; with a planned production capacity of 24,000 liters, Phase I of Songjiang base is expected to put into operation in 2022; Phase II of Songjiang base is under accelerated construction, and is expected to have a production capacity of 36,000 liters after completion of construction. In the overseas market, despite the impacts of the COVID-19, the newly built freeze-dried line and hormone product line of Gland Pharma had entered equipment commissioning and verification stages, laying a foundation for further increase in production capacity.

In addition, the Group continued to optimize production processes and procedures, introduced continuous flow and other production technologies, and facilitated the implementation of smart manufacturing systems including LIMS (Laboratory Information Management System) and SCADA (Supervisory Control and Data Acquisition) to further enhance production efficiency and cost advantages.

The Group continued to advance and implement Fosun Pharma Operation Excellence (FOPEX). Through analysis and study of each production stage, the Group proposed optimization measures and formulated comprehensive quality risk management procedures to ensure the identification and handling of quality risks. The FOPEX system was further upgraded.

The Group placed great emphasis on quality and risk management throughout the life cycle of its products and adhered to implementing the quality policies of "respect life, prioritize the quality, endeavor to do better and pursue excellence" to improve the quality risk awareness and quality management capabilities of all employees and fulfilled its culture of quality as the first priority, and coordinated domestic and foreign resources to continuously improve the establishment of an internationalized quality system. Meanwhile, the Group continuously kept up with the pace of domestic and foreign production quality regulations, and is equipped with a professional quality system audit team to conduct internal quality auditing on the subsidiaries under the pharmaceutical manufacturing segment in accordance with cGMP.

Furthermore, the Group procured its subsidiaries to establish a quality system that meets domestic and international requirements through different means such as system research, special inspection, themed training etc., and continued to carry out internal quality training and corporate quality culture promotion to improve the quality risk awareness and quality management capabilities of all employees. During the Reporting Period, all production lines of the domestic pharmaceutical members of the Group obtained domestic GMP certifications, and received over 20 official inspections as well as official sample tests on over 300 batches, all of which were passed smoothly.

Medical Devices and Medical Diagnosis

During the Reporting Period, the Group recorded revenue of RMB2,832 million from the medical devices and medical diagnosis segment, representing a period-on-period increase of 7.31%; segment results amounted to RMB434 million, which decreased by 14.90% period-on-period; segment profit amounted to RMB454 million, which increased by 4.61% period-on-period. The agreement entered into between the Group and the associate Intuitive Fosun in relation to the transfer of distribution rights of Da Vinci surgical robotic systems in Chinese Mainland, Hong Kong and Macau expired at the end of 2020. Since 2021, the revenue from such business has been transferred to Intuitive Fosun. Excluding the effect of the change in such business, the revenue from the medical devices and medical diagnosis segment increased by 14.29% on the same basis, segment results increased by 24.36% on the same basis, and segment profit increased by 34.72% on the same basis. The increase in revenue and net profit of the segment on the same basis was mainly attributable to the strong business growth of Sisram Medical in the two major markets North America and China, as well as the significant growth in the installation volume and surgical volume of Da Vinci surgical robotic system of the associate Intuitive Fosun. In the first half of 2021, 42 Da Vinci surgical robotic systems were installed, an increase of 12 as compared to the corresponding period of last year.

The Group's medical device business has initially formed three major business divisions with medical cosmetology, respiratory health and professional medical care as the core. In the field of medical cosmetology, during the Reporting Period, the revenue of Sisram Medical amounted to US$125 million and net profit amounted to US$17 million (note: based on the financial statements of Sisram Medical in its reporting currency), both recording significant period-on-period growth, the driving factor of which was the strong business growth in core regions such as North America and China. The rapid business recovery and growth were benefited from the platform's dynamic management and control under the pandemic, multi-dimensional product portfolios and channel expansion and synergy. During the Reporting Period, while actively expanding its existing energy-based medical aesthetics equipment business, Sisram Medical carried out business integration on strategic tracks such as aesthetic dentistry and injectables. In July 2021, Sisram Medical completed the merger of Foshion's assets, aiming to create a brand new digital dental brand by leveraging its existing global channel and resource advantages. In the same month, Sisram Medical and Fosun Pharmaceutical Industrial entered into a sublicensing agreement for the aesthetic indications of RT002 in Greater China, to further enrich its injectables business pipeline and to collect strategic products for future expansion into the C-end market. 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. It was the first to launch the Everyware digital solution in the U.S. market, and entered a strategic cooperation agreement with Drager Medical, a world-renowned ventilator company. At the same time, it also commenced the iteration, upgrade and localized production of imported products based on the market needs in China. In the professional medical field, the "Da Vinci surgical robot" product series sold by the associate Intuitive Fosun still maintained a strong growth trend, with significant growth in both installation volume and operation volume. Its third-party product portfolio centering on the fields of tumor diagnosis and

treatment, orthopedics and neurology continued to be enriched. For our new pre-hospital first-aid business, stroke ambulance, mobile nucleic acid test laboratories, vaccination vehicles, mobile intelligent cleaning and disinfection centers and other products became the special products of the industry, ranking the top in the domestic market in terms of market share and becoming the Group's new extension into the fields of pre-hospital first-aid and public health.

In addition, the medical devices segment has built a marketing network that combines global direct sales and distribution. In particular, the marketing network of Sisram Medical covers more than 90 countries and regions in the world, including 7 direct sales territories such as the U.S., Korea and Israel. In recent years, Sisram Medical has strengthened its digital channels and further diversified its global marketing strategies and methods through product launch conferences, online seminars, online customer training and other activities; the sales network of Breas mainly covers Europe, the U.S., China, Japan and Australia.

During the Reporting Period, the diagnosis segment the Group actively promoted strategic upgrading and internal integration. According to the business focus and characteristics of the subsidiaries under the diagnosis segment, the Group specified the positioning and functions of each of these subsidiaries as R&D and manufacturing center, differentiated instrument R&D platform, inspection service business platform and reagent manufacturing base. As at the end of the Reporting Period, centering on six major therapeutic areas (tumor, infection, digestion and metabolism, reproduction, cerebro-cardiovascular and central nervous system), the medical diagnosis business of the Group has formed a cross-methodological product portfolio as well as a matrix R&D thinking that expands to different disease fields under the same methodology. In our existing product lines, genetic testing reagents for HPV and Thalassemias occupied a leading position in the market; the biochemical product line deployment was complete and the reagent quality enjoyed a high market reputation. In addition, the Group created a number of special products, such as the MyCare series (monitoring kits for drug concentration in blood), NG-Test CARBA 5 (carbapenemase test kits), I-SPOT TB (Mycobacterium tuberculosis specific cellular immune response test kits), fully automatic fluorescent drug sensitivity test system etc. Meanwhile, the Group actively promoted the R&D and market launch of its new products. During the Reporting Period, new products such as F-i3000 fully automated chemiluminescence instrument, F-C800 fully automated biochemical analyzer and microbial mass spectrometer (ASTA) were launched successively. The product pipeline included diagnostic products with high clinical value such as Glycotest HCC Panel (early liver cancer diagnosis and screening solution) and Volition (bowel cancer early screening and prognostic testing solution).

Healthcare services

After the COVID-19 pandemic, online consultations and online drug purchases have become a new trend in residents' online medical care. During the Reporting Period, the Group promoted medical Internet transformation by actively exploring online and offline integrated service models. In the first half of 2021, the Group's medical service operation and management main body Fosun Healthcare was renamed as Fosun Health. Taking "medical-grade, one-stop and full-scenario

health ecosystem" as the vision and "making families healthier and life better" as the mission, after such strategic upgrade, Fosun Health provides users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course. As at the end of the Reporting Period, 5 invested medical institutions (including associated hospitals) and Jiangsu Wanbang Cloud Health Technology Co., Ltd.* (江蘇萬邦雲健康科技有限公司), an internet medical platform, have obtained 6 internet hospital licenses in total. Through its own Internet healthcare platform, it has built core online service capabilities such as online diagnosis and treatment, health mall and health management. The Group took self-operated flagship hospitals as the starting point to explore integrated online and offline service processes with offline regional hospital networks. It improved health profile of users and gradually formed full life cycle healthcare services for users by starting with the advantageous vertical disease field. During the Reporting Period, the online business of a number of member hospitals that obtained Internet hospital licenses quickly launched, the integrated operation of the Internet medical platform was on track, and online and offline services realized a closed loop.

During the Reporting Period, the revenue from healthcare services segment amounted to RMB1,843 million, representing a period-on-period increase of 35.61%. Affected by increased investments in digital and online operation, the initial loss of newly opened hospitals and other factors, segment results during the Reporting Period amounted to RMB–19 million, representing a period-on-period decrease of RMB50 million. Segment profit amounted to RMB–15 million, representing a period-on-period decrease of RMB17 million.

During the Reporting Period, through continuous promotion of specialties layout at medical institutions, as well as internal integration and external expansion, the Group established regional medical centers and a health service industrial chain. As at the end of the Reporting Period, the Group completed a strategic deployment of healthcare services in specialty and general hospitals focusing on regional focus such as the Greater Bay Area and Yangtze River Delta. The medical service institutions controlled by the Group that had been put into operation mainly included 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) ("**Foshan Chancheng Hospital**"), Shenzhen Hengsheng Hospital* (深圳恒生醫院), Suqian Zhongwu Hospital/Suqian Cancer Hospital, Wuhan Jihe Hospital, Chongqing Xingrong Medical Cosmetology and Xuzhou Xingchen Women's and Children's Hospital, with a total of 4,732 authorized beds available for the public. With respect to operation management of healthcare services, the management systems of medical, nursing, technical and other medical professions and functions were continuously improved and optimized, thereby constantly strengthening the segment's asset management efficiency.

The Group has been adhering to the guideline of "focusing on disciplined construction, creating quality medical services" throughout the years. By integrating the specialty resources of its hospitals, the Group has established 12 major specialty alliances, including obstetrics and gynecology, cardiology, rehabilitation and orthopedics, to promote the vertical connection between the specialties of member hospitals, and form various work mechanisms such as business

discussion and co-construction. Many of its controlling hospitals have completed the achievement of key specialties at a municipal level and provincial level in their regions, while the applications for projects from the National Natural Science Foundation of China by certain disciplines were completed. As at the end of the Reporting Period, the groundwork for the business roadmap has been laid, which involves 9 Class II hospitals led and supported by 4 Class III hospitals in terms of business and discipline development, all playing an important role in the strategic planning of healthcare services in key regions such as the Pearl River Delta and the Yangtze River Delta, as well as the business expansion in developed coastal cities and regions.

Pharmaceutical Distribution and Retail

In the first half of 2021, Sinopharm realized revenue of RMB249,120 million, net profit of RMB6,029 million and net profit attributable to shareholders of the parent of RMB3,583 million, represented an increase of 22.26%, 25.51% and 23.73% as compared to the corresponding period of last year, respectively.

In respect of the pharmaceutical distribution sector, Sinopharm has responded to the rapid transformation of the competitive landscape of the industry, coordinated the network distribution and supply chain resources within the Group, continuously promoted the orderly increase of market share and facilitated the high-quality transformation of the service model. In the first half of 2021, Sinopharm's revenue from the pharmaceutical distribution business increased by 20.92% period-on-period to RMB190,446 million.

In respect of medical devices, through constantly strengthening the systematic construction of the distribution service team, Sinopharm continuously improved the network coverage and service capability and promoted a rapid growth of the medical device segment. In the first half of 2021, the revenue of Sinopharm's medical device business reached RMB47,780 million, representing a period-on-period increase of 33.19%.

In respect of retail pharmacy, Sinopharm implemented the development strategy of ''wholesale and retail synergy'', coordinated procurement and logistics resources, and promoted the coordinated development of ''retail and wholesale'', ''drugs and devices'', and ''professional pharmacies and social pharmacies''. Thus, the Group continued to improve the accessibility of prescription varieties and pharmaceutical services in retail pharmacies. As at the end of the Reporting Period, the total number of retail stores of Sinopharm reached 9,782. In the first half of 2021, Sinopharm's sales revenue from retail pharmacy reached RMB13,722 million, representing an increase of 24.57% as compared to the corresponding period of last year.

Digital Transformation, Cost Reduction and Efficiency Enhancement

During the Reporting Period, the Group continued to optimize management measures, promoted digital technology innovation and centralized procurement, and drove the improvement of operational efficiency.

In respect of digital technology innovation, the Group has used digital empowerment to comprehensively promote its digital transformation and upgrading, established a unified data platform and governance system, and promoted the implementation of the large middle-end platform strategy that matches the business needs of the Group. During the Reporting Period, in respect of business middle-end platform, the Group built a R&D digital platform with R&D project management system as the core; completed the top-level design and planning of smart production to form smart factory standard guidelines and a star-rated factory evaluation system; and created a digital and intelligent marketing platform based on internet hospitals and new retail. In respect of middle-end platform management, the Group continued to push forward the "Forest Plan" project, and formed a corporate digital management integrated system with SAP technology as the core platform. In respect of data middle-end platform, the Group initially established a big data warehouse and BI analysis platform for medicine, visualizing and making indicators transparent.

In respect of centralized procurement and strategic procurement, the Group has further promoted centralized procurement projects across and within business segments, expanded new centralized procurement categories, thereby reducing cost and enhancing efficiency by fully exerting the platform effect. During the Reporting Period, the Group launched a total of 16 inter-industry and intra-industry centralized procurement projects, further expanded the coverage of centralized procurement categories, promoted standardization of procurement and optimization of supply channels, and strengthened the synergy and empowerment of the upstream and downstream of the supply chain.

Environment, Health and Safety (EHS)

During the Reporting Period, the Group further built up and improved the environment, health and safety (EHS) management system. The reporting system for regular meetings of the EHS Special Committee was implemented to ensure the orderly promotion and implementation of each of the EHS-related policies and to formulate EHS management strategic goals. At the same time, in order to ensure the continuous improvement of the EHS management system, the Group carried out the iteration and upgrade of EHS management review standards and requirements, as well as the corresponding publicity, implementation and training for its manufacturing member companies. In addition, the Group formulated the second round of EHS five-year strategic goals after basically completing the first round of five-year strategic goals. Based on the second round of EHS five-year strategic goals, the Group will continue to increase investment in environmental protection, focus on improving environmental management level, actively respond to climate change, and be committed to achieving the harmonious development between the enterprise, society and environment.

"Committing to environmental and social sustainable development, preventing pollution from occurring, actively promoting energy conservation and emission reduction, securing biodiversity and building an environmental-friendly community" is the environmental protection policy of the Group. During the Reporting Period, the Group has continued to promote the management of pollutant emissions, water resources, packaging materials, greenhouse gases etc., to reduce energy

and resource consumption, promote the use of renewable energy and the recycling of waste, facilitate the reduction of pollutants, practice the concept of low-carbon green development, and improve environmental management.

In respect of occupational health and safety, during the Reporting Period, the Group further strengthened and implemented our safe production responsibility, established a mechanism of corporate responsibility, senior management attention and extensive employee participation; operated in compliance with national and local safe production laws, regulations and standards, carried out the hierarchical management and control of safety risks and the investigation and management of hidden dangers, strengthened the management of safety production, and promoted safe production standardized construction.

Financing

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 2021, the Company successfully issued a tranche of corporate bonds and two tranches of super short-term commercial papers. It also actively deepened its good cooperation with domestic and foreign financial institutions, and obtained credit support of US$200 million from the International Finance Corporation (IFC). The Company took the variety of its financing channels to a higher level, and its corporate image in the domestic and foreign capital markets was enhanced.

2. 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)*	16,878	13,965	20.86
Cost of sales *(Note 2)*	8,111	6,216	30.49
Sales and distribution expense	4,357	3,931	10.84
Administrative expenses	1,505	1,322	13.84
R&D expenses *(Note 3)*	1,562	1,204	29.73
Finance costs	421	428	–1.64
Net cash flow generated from operating activities	1,707	1,461	16.79
Net cash flow generated from investment activities	–2,450	–2,379	–2.98
Net cash flow generated from financing activities	770	827	–6.89

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

Note 2: The cost of sales mainly increased along with the increase in revenue.

Note 3: Mainly due to the continued increase in the R&D expenditure in biopharmaceutical drugs, small molecular innovative drugs and imported innovative drugs, and the increase in investment in innovation incubation platform during the Reporting Period.

(2) *R&D expenditure*

① R&D expenditure

Unit: million Currency: RMB

R&D expenditure expensed for the period	1,562
R&D expenditure capitalized for the period	392
Total R&D expenditure	1,954
Total R&D expenditure as a percentage of revenue (%)	11.53
R&D expenditure in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	14.51
Percentage of R&D expenditure capitalized (%)	20.06

② Descriptions

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB1,777 million, representing a period-on-period increase of RMB236 million or 15.31%, accounting for 14.51% of the revenue from the pharmaceutical manufacturing segment. With the continuous advancement of the innovation and transformation strategy, the pipeline layout of biopharmaceutical drugs was gradually transitioning from biosimilars to biopharmaceutical innovative drugs. As small molecular innovative drugs gradually entered the clinical stage, R&D expenditure was also increasing steadily. The increase in R&D expenditure during the Reporting Period was mainly due to the increase in R&D expenditure in biopharmaceutical drugs, small molecular innovative drugs and imported innovative drugs, and the increase in investment in innovation incubation platform.

B. *Segment and Regional Operations*

(1) *Principal Operations by Segments and Products*

Unit: million Currency: RMB

Principal operations by segments

By segments	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross margin
Pharmaceutical manufacturing *(Note 1)*	12,179	5,107	58.07	22.38	36.04	decrease of 4.21 percentage points
Medical devices and medical diagnosis *(Note 2)*	2,832	1,480	47.74	7.31	13.06	decrease of 2.66 percentage points
Healthcare services	1,843	1,511	18.01	35.61	33.72	increase of 1.19 percentage points

Principal operations by products

By products	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue *(Note 7)* (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross margin
Major products of anti-tumor and immune modulation *(Note 3)*	1,705	383	77.54	256.69	208.87	increase of 3.48 percentage points
Major products of metabolism and alimentary system *(Note 4)*	1,415	283	80.00	–19.92	1.80	decrease of 4.27 percentage points
Major products of anti-infection *(Note 5)*	2,656	1,161	56.29	45.30	78.89	decrease of 8.21 percentage points
Major products of central nervous system	616	43	93.02	–18.41	–10.42	decrease of 0.62 percentage point
Major products of cardiovascular system *(Note 6)*	1,024	602	41.21	–17.95	24.38	decrease of 20.01 percentage points
Major products of APIs and intermediate products	577	423	26.69	27.65	28.57	decrease of 0.52 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	11,680	5,289	54.72	18.05	29.22	decrease of 3.91 percentage points
Regions outside Chinese Mainland and other countries	5,198	2,822	45.71	27.68	32.93	decrease of 2.13 percentage points

Note 1: The decline in the gross profit margin of the pharmaceutical manufacturing business was mainly due to: 1. The gross profit margin of existing products such as You Li Tong (febuxostat tablets) and Bang Zhi (pitavastatin calcium tablets) decreased after being selected for centralized procurement; 2. Some core products were affected by the increase in prices of main raw and auxiliary materials, and thus the unit costs rose and the gross profit margin fell.

Note 2: The agreement entered into between the Group and the associate Intuitive Fosun in relation to the transfer of distribution rights of Da Vinci surgical robotic systems in Chinese Mainland, Hong Kong and Macau has expired at the end of 2020. Since 2021, the revenue from that business has been transferred to Intuitive Fosun. Excluding the effects of the change in such business, the gross profit margin of medical devices and medical diagnosis business increased by 0.57 percentage point on the same basis.

Note 3: 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 the increase in sales quantities of new products such as Han Li Kang (rituximab injection), Han Qu You (trastuzumab for injection) and Su Ke Xin (Avatrombopag Maleate Tablet).

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

Note 5: The decrease in gross profit margin of the major products of anti-infection as compared with the same period last year was mainly due to the changes of product structure 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: For the reasons for the changes in revenue by product, please refer to the "table of revenue from major products of the Group in the major therapeutic areas" in "Management Discussion and Analysis".

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	Nature of business	Major products or services	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical manufacturing	Atomolan injection (glutathione for injection), You Di Er (alprostadil dried emulsion), Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection), Xi Chang/Bi Li Shu (cefmetazole sodium for injection)	197	6,172	4,209	2,691	430	385
Wanbang Pharma	Pharmaceutical manufacturing	You Li Tong (febuxostat tablets), Yi Bao (recombinant human erythropoietin for injection (CHO cells)), Ke Sheng (Xihuang capsules), Wan Su Ping (glimepiride tablets), enoxaparin sodium series, etc.	452	5,463	3,044	3,343	347	318
Gland Pharma	Pharmaceutical manufacturing	Heparin sodium, vancomycin, rocuronium bromide, etc.	N/A	8,495	7,102	1,803	618	461

Note: 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	Nature of business	Major products	Registered capital	Total assets	Net assets	Revenue	Net profit
Jinzhou Aohong Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司) ("**Aohong Pharma**")	Pharmaceutical manufacturing	Ao De Jin (deproteinized calf blood injection), Bang Ting (hemocoagulase for injection), Chang Tuo Ning (penehyclidine hydrochloride injection), etc.	510	2,782	2,025	614	64
Shanghai Henlius	Pharmaceutical manufacturing	Han Li Kang (rituximab injection), Han Qu You (trastuzumab injection)	543	6,930	2,871	634	–394
Foshan Chancheng Hospital	Healthcare services	Healthcare services	50	3,080	1,935	900	103
Sisram Medical	Medical cosmetology	Medical cosmetics devices, medical devices	N/A	2,944	2,223	811	112

Note 1: The data for Aohong Pharma included appreciation of asset evaluation and amortization of appreciation of asset evaluation;

Note 2: The data for Shanghai Henlius is extracted from its interim results prepared in accordance with International Financial Reporting Standards;

Note 3: The data for Foshan Chancheng Hospital included appreciation of asset evaluation and amortization of appreciation of asset evaluation;

Note 4: The data for Sisram Medical is extracted from its interim results prepared in accordance with International Financial Reporting Standards.

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

Unit: million Currency: RMB

Company name	Nature of business	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司)	Pharmaceutical investment	Pharmaceutical investment	100	344,274	94,590	249,120	7,694	6,033

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

① Acquisition of Subsidiaries during the Reporting Period

On 9 November 2020, Shenzhen Hengsheng Hospital, a subsidiary, entered into an equity transfer agreement with Lin Shaoqin and Qiu Honghao, pursuant to which Shenzhen Hengsheng Hospital acquired 100% equity interest in Guangdong Huixin Pharmaceutical Co., Ltd.* (廣東匯信藥業有限公司) (now renamed as Shenzhen Xinsheng Pharmaceutical Co., Ltd.* (深圳信生藥業有限公司) ("**Shenzhen Xinsheng**")) held by Lin Shaoqin and Qiu Honghao. As at the end of the Reporting Period, Shenzhen Hengsheng Hospital held 100% equity interest in Shenzhen Xinsheng.

On 5 April 2021, Shanghai Foshion Medical System Co., Ltd.* (上海復星醫療系統有限公司) ("**Medical System**"), a subsidiary, entered into an equity transfer agreement with Anji Jianchi Medical Technology Partnership (Limited Partnership)* (安吉健齒醫療科技合夥企業(有限合夥)) and Anji Haiyue Medical Technology Partnership (Limited Partnership)* (安吉海躍醫療科技合夥企業(有限合夥)), pursuant to which Medical System acquired 70% equity interest in Shanghai Xingyuanda Medical Technology Co. Ltd.* (上海星苑達醫療科技有限公司) ("**Xingyuanda**"). As at the end of the Reporting Period, Medical System held 70% equity interest in Xingyuanda.

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

Unit: million Currency: RMB

Name of subsidiary	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
Shenzhen Xinsheng	Equity transfer	3	—	29 March 2021
Xingyuanda	Equity transfer	31	–1	15 April 2021

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

② Disposal of Subsidiaries during the Reporting Period

On 1 February 2021, the deregistration of Chongqing Research Institute Pharmaceutical Co., Ltd.* (重慶醫工院製藥有限責任公司) ("**Research Institute Pharmaceutical**"), a subsidiary, was completed.

On 26 March 2021, the deregistration of Shanghai Kelin International Freight Forwarding Co., Ltd.* (上海科麟國際貨運代理有限公司) ("**Kelin Huodai**"), a subsidiary, was completed.

On 26 April 2021, the deregistration of Shanghai Lilin Medical Management Partnership (Limited Partnership)* (上海礪麟醫療管理合夥企業(有限合夥)) ("**Shanghai Lilin**"), a subsidiary, was completed.

On 27 April 2021, the deregistration of Shanghai Boyiya Medical Equipment Co., Ltd.* (上海博億雅醫療器械有限責任公司) ("**Shanghai Boyiya**"), a subsidiary, was completed.

On 9 April 2021, Shenyang Wanbang Tiansheng Biological Technology Co., Ltd.* (瀋陽萬邦天晟生物科技有限公司) ("**Wanbang Tiansheng**"), a subsidiary, entered into an equity transfer framework agreement with Shenyang Tianshengda Trading Company* (瀋陽天晟達商貿有限公司) ("**Shenyang Tiansheng**"), pursuant to which, Wanbang Tiansheng transferred its 100% equity interest in Far-Eastern Casing Co., Ltd.* (遠東腸衣食品有限公司) ("**Fareast Casings**") to Shenyang Tianshengda. As at the end of the Reporting Period, Wanbang Tiansheng no longer held any equity interest in Fareast Casings.

On 26 April 2021, Foshan Chancheng Hospital, Shanghai Fosun Healthcare (Group) Co., Ltd.* (上海復星醫療(集團)有限公司) (now renamed as Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司)) ("**Fosun Healthcare**") and Foshan Chanxi Real Estate Development Co., Ltd.* (佛山禪曦房地產開發有限公司) ("**Foshan Chanxi**"), all of which were subsidiaries, entered into an equity transfer and loan assignment contract with Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. ("**Yuyuan**"), pursuant to which, Foshan Chancheng Hospital and Fosun Healthcare transferred their 100% equity interest in Foshan Chanxi and assigned their respective shareholder's loan to Foshan Chanxi as at 31 December 2020 to Yuyuan or its designed subsidiaries as agreed. As at the end of the Reporting Period, the Group no longer held any equity interest in Foshan Chanxi.

On 31 May 2021, Shanghai Fosun Health Technology (Group) Co., Ltd. ("**Fosun Health**"), a subsidiary, entered into an equity transfer agreement with Taizhou Investment Co., Ltd.* (台州市投資有限公司) ("**Taizhou Investment**"), pursuant to which, Fosun Health transferred its 75% equity interest in Taizhou Zhedong Medical Care Investment Management Co., Ltd.* (台州浙東醫養投資管理有限公司) ("**Taizhou Zhedong Medical Care**") to Taizhou Investment. As at the end of the Reporting Period, Fosun Health no longer held any equity interest in Taizhou Zhedong Medical Care.

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

Unit: million Currency: RMB

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

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

D. ***Core Competence Analysis***

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

1. Advantages in R&D and innovation. The Group connected with teams of outstanding scientists, leading technologies and high-value products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, license-in projects and deep incubation, and promoted the development and practice of innovative technologies and products with the overall management of the innovative R&D projects by the global R&D center. During the Reporting Period, the R&D expenditure of the Group amounted to RMB1,954 million, accounting for 11.53% of the revenue.

2. Advantages in commercialization. The Group continuously enhanced the construction and integration of marketing system. As at the end of the Reporting Period, the Group had a commercialization team of over 6,500 employees, including about 1,500 employees in the innovative drug commercialization team, nearly 1,000 employees in the new retail team for OTC and online channels, and nearly 1,000 in the professional marketing team for Africa, Europe and the U.S., as well as support systems such as clinical medicine, market access and brand promotion.

3. Advantages in international development. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, BD, production, operation and commercialization. The Group has 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.

E. ***Employees and Remuneration Policies***

As at the end of the Reporting Period, the Group had a total of 34,375 employees. The employee's remuneration policies of the Group are formulated on the basis of the results, work experience and salary level prevailing in the market.

3. Outlook for Operations in the Second Half of 2021

A. *Competition and Development Trends of the Industry*

In the second half of 2021, the development of the entire pharmaceutical industry will be presented with both challenges and opportunities. The Group will endeavor to optimize its product-oriented strategy and strengthen R&D efficiency. In addition, the Group will continue to optimize operational efficiency in the healthcare service industry, accelerate the construction of competitive disciplines, enhance quality management, push forward the transformation of health industry to internet healthcare services and further promote breakthroughs in the consumer health sector so as to expand the operating scale in the segment and improve its capabilities in operation, management and internationalization. Meanwhile, the Group will continue to pay attention to merger and acquisition opportunities abroad and at home, so as to support and facilitate the consolidation of pharmaceutical and medical devices distribution industries of Sinopharm.

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

Pharmaceutical Manufacturing

In the second half of 2021, the Group will continue to focus on innovation and international development, strengthen global construction, enhance capabilities in innovative R&D and increase internationalized drug registration and declaration, and strive to develop strategic products. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, and establishing and promoting integration and synergy in the product lines and supply chains, the Group seeks to achieve continuous growth of its revenue and profit.

With patients constantly at the center and clinical needs as the direction, the Group will focus on therapeutic fields including metabolism and alimentary system, anti-tumor and immune modulation, anti-infection, central nervous system and cardiovascular system, actively proceed with the transformation of its marketing team in terms of specialization, branding and digitization, and strengthen the establishment of its commercialization teams for innovative drugs and new retail, to maintain the market position and the growth in sales in the existing key areas and products of the Group. At the same time, the Group will emphasize on the launch of new products, among others, mRNA COVID-19 vaccine and Opicapone and the sales volume of key products, as well as the progress of license-in projects including the strategic cooperation with Suzhou Kintor Pharmaceutical, Inc.* (蘇州開拓藥業股份有限公司) on their products. The Group will continuously promote the consolidation and enhancement of the production capacity within the Group, and the optimization of the raw materials. Moreover, the Group will orderly promote the import and registration of Gland Pharma's products in China, as well as the sales and expansion of certain products in the U.S. market. Gland Pharma will implement the commissioned production of the Russian "Sputnik V"

vaccine at the Hyderabad plant in India. The Group will continue to strengthen efforts in the marketing of products with WHO-PQ certification and adopt effective product lifecycle management strategies to maintain and improve the leading position of each product in market segments.

In the second half of 2021, the Group will continuously speed up the clinical trials for products and the progress in registration. The Group plans to commence more than 10 overseas clinical projects, including the self-developed FCN-159 which will enter global multi-center clinical trials.

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

Medical Devices and Medical Diagnosis

In the second half of 2021, for the medical devices business, the Group will focus on professional integration and concentration towards independent brand R&D to make more breakthroughs. Through diversified means including continuous increase in R&D investment, license-in products and cooperation, the professional and platform development of the medical devices business will be further promoted. With respect to medical beauty, the Group will continue to enhance the R&D of diversified product portfolios, accelerate digital investment and integration, deepen investment and deployment in direct sales channels and consumer terminals, and actively promote its resource collaboration and exploration as well as business model innovation. With respect to respiratory health, the Group will keep launching new products and comprehensive solutions for lung diseases and respiratory and sleep, accelerate the launch of customized products addressing the needs of the Chinese market, and optimize services to end customers through digital means. With respect to professional healthcare, the Group will continue to increase R&D investment, and add diversity into clinical solutions in the specialty fields through in-house R&D and license-in projects. The Group will also actively promote the increase of installation volume and operation volume as well as the clinical academic development within the approved quota of Da Vinci surgical robotic system.

With respect to medical diagnosis, the Group will continue to deepen our product structure and foster a closed-loop model in application areas in the second half of 2021 in order to enhance the competitiveness of products, optimize the product line portfolio, and promote the development, license-in and localization of strategic products and emerging technologies. The Group will improve the accuracy and effectiveness of domestic diagnosis in terms of performance in infection, tumor, chronic disease and other fields, and provide customers with comprehensive solutions. The Group will keep on improving 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

BD capabilities and channels, and reinforce the strategic mergers and acquisitions of leading companies or key technologies in sub-sectors. In the field of medical devices, the Group will comprehensively structure a cascading R&D plan, aiming to cover the mainstream market needs for medical devices, and to realize future automation and intelligence of central laboratory, 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 optimize the product and service structure in precision medicine, maintain a forward-looking capability of the industry, continually produce exclusive products and signature products, increase differentiated competitiveness and shape the brand image.

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

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

Healthcare Services

In the second half of 2021, the Group will continue to make use of the feature of a platform-type hospital management group to enhance the capability of lean operation. It will also accelerate business development as well as full implementation of performance appraisal mechanisms of diagnosis-related group (DRG), resource-based relative value scale (RBRVS) and diagnosis-intervention packet (DIP), improve operational modules such as disciplines and talents, quality and safety, care and services, and performance and evaluation, accelerate the formation of doctor teams and specialist alliances, push forward the promotion and implementation of centralized procurement, infrastructure construction, information technology development and internet transformation and integrate internal resources to realize cost reduction and efficiency. Meanwhile, the Group will also promote the reconstruction and expansion of the newly-built and existing hospitals, and positively seek new opportunities for mergers and acquisitions of healthcare services.

In addition, the Group will continuously enhance the layout and implementation of Internet healthcare services, and accelerate the establishment of the integrated model of online and offline healthcare services. In regions with quality medical resources, the Group will build a radiated system centering self-owned flagship hospitals, widely expand the network of collaborating hospitals so as to realize a replicable integrated operation model of online and offline healthcare services. It will also further enhance online platform user operating system and healthcare services for patients of vertical diseases, so as to gradually construct a one-stop healthcare service platform in which the users can have full confidence.

Pharmaceutical Distribution and Retail

In the second half of 2021, 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 sector.

Financing

In the second half of 2021, the Group will continue to explore the financing channels domestically and internationally, continuously optimize its financing structure, lower financial costs and further enhance its core competence, so as to consolidate its leading position in the industry.

4. Potential Risks

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

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

With respect to medical devices, the newly amended and implemented Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) recognizes the system of the registrant as the core system. It encourages the integration of 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 establishment of a public health 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 due to COVID-19, which accelerated the new stage of healthcare service industry development from the mode of solely offline services into an integrated business of both online and offline services.

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

II. ***Market risks***

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

In the field of generic drugs, with the gradually tighter control on medical insurance payments, the advancement of consistency evaluation of generic drugs, and the implementation of centralized procurement of drugs in quantity, the existing situation in the generic drug industry with an excessive number of pharmaceutical manufacturing companies, a fragmented market and low market concentration will change. More and more international pharmaceutical companies are competing through low prices, leading to tougher competitions. It is expected that there will be further concentration in the industry. With the progressing supply-side reforms, the market share and profit margins of generic pharmaceutical products will be subject to further pressure. In the field of innovative drugs, since the market size of generic drugs has been drastically shrunk, numerous generic drugs companies seek transformation. In addition, with China's entry into the ICH (i.e. The International Council

for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) and the domestic drug review and approval system being gradually brought into line with international standards, more and more innovative drugs are being marketed at a faster pace. The internal competition among local innovative pharmaceutical companies has been increasingly fierce, and at the same time, they are also facing competition from international pharmaceutical companies. The drug negotiation catalogue, which mainly targets innovative drugs, tends to be quick in adding newly marketed products, which also posed further restrictions on the pricing of innovative drug products.

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

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

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

(1) *R&D risk of drugs*

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

In this regard, the Group will continue to strictly implement the assessment process for approval, R&D process and clinical study and coupled with effective reward and punishment mechanisms to continuously improve R&D efficiency, and strengthen the development of drug registration teams. While supporting innovation, the Group will actively promote the quick approval of existing products under research and introduced

products by way of licensing. In addition, the Group will continue to accelerate its efforts to link its R&D with market conditions so that demand and supply will be better matched.

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

Pharmaceutical products, medical devices and diagnostic products are special commodities, and 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/unit have been significantly improved. However, due to the large number of companies with wide geographical distribution and 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 the procurement, inventory, preparation, and sales of pharmaceuticals, medical devices, and diagnostic products in accordance with relevant requirements in order to ensure all subsidiaries/units to be operated in accordance with the laws. However, notwithstanding this, there may still be the possibility that the relevant operating entities be punished for failing to strictly abide by relevant national laws and regulations due to various reasons such as poor management in the actual course of operation.

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

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

(3) *Safety and environmental risks*

Manufacturing companies are exposed to safety and environmental risks during the production process. In the process of production of drugs, medical devices and diagnostic products, because of the dangerous chemical substances involved in the bulk drug, improper operation or inadequate maintenance measures during loading, unloading, handling, storage and use may cause production safety incident. Residue, waste gas,

waste liquid and other 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 affect the normal production and operation of the Group. Despite the strict compliance by the Group of the relevant environmental protection laws, regulations and standards for its waste treatment and emission of residue, waste gas and waste liquid, the environmental protection costs incurred by the Group may increase in light of the enhanced social awareness on environmental protection over time, and the potential implementation of more stringent environmental protection laws and regulations by central and local government.

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

IV. ***Management risks***

(1) *Internationalized risks*

The Group may face various problems during the implementation of its internationalization strategy, including unfamiliarity with the overseas markets, difference in the demands between overseas and domestic customers, and implementation of trade protection policies in certain countries. At the same time, with the further expansion of the Group's global sales network, the scale of sales and the scope of business, 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 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 business consolidations*

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

V. ***Foreign exchange risk***

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

VI. ***Force majeure risks***

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

5. Other Events

A. *Shareholding Increase Plan of the Controlling Shareholder*

2020 Shareholding Increase Plan of the Controlling Shareholder

As notified and confirmed by Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司) ("**Fosun High Tech**"), the controlling shareholder of the Company, in writing on 1 December 2020, Fosun High Tech (and/or through parties acting in concert with it) intended to increase its shareholding in the Company (including A shares and/or H shares) by way of, including but not limited to centralized price bidding or block trade at the stock exchanges, transfer by agreement during the period from 1 December 2020 to 30 November 2021, if and where appropriate. The cumulative total consideration therefor shall not be less than RMB100 million and the total increased shareholding percentage shall not exceed 2% of the total number of issued shares of the Company as at 1 December 2020 (i.e. 2,562,898,545 shares, same as below) and the aggregated number of shares in the Company acquired in the 12-month period shall not exceed 2% of the total number of issued shares in the Company. As at the end of the Reporting Period, Fosun High Tech and Fosun International Limited, its controlling shareholder, had acquired a total number of 27,930,500 H shares of the Company for an aggregate amount of approximately RMB967 million, representing approximately 1.09% of the total number of issued shares of the Company as at 1 December 2020, and the aggregated number of shares in the Company acquired in the 12-month period did not exceed 2% of the total number of issued shares in the Company.

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

The Mandate to Issue Inter-bank Market Debt Financing Instruments

The issuance of the first tranche of super short-term commercial papers for 2021 was completed by the Company in February 2021 in an aggregate principal amount of RMB1.5 billion. The value date of such super short-term commercial papers issued is 26 February 2021, with the final coupon rate at 3.10%.

The issuance of the second tranche of super short-term commercial papers for 2021 was completed by the Company in May 2021 in an aggregate principal amount of RMB1.5 billion. The value date of such super short-term commercial papers issued is 25 May 2021, with the final coupon rate at 2.90%.

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

In April 2020, the China Securities Regulatory Commission ("**CSRC**") issued the "Approval on the Public Issuance of Corporate Bonds to Professional Investors by Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*" (Zheng Jian Xu Ke [2020] No. 701), which approved the application for registration of the Company's public issuance of corporate bonds not exceeding RMB5 billion to professional investors. The registered amount shall be valid for 24 months from the date of the CSRC's approval for registration, and the Company may issue in tranches within the valid period of registration.

According to the "Issuance Announcement on the Public Issuance of Corporate Bonds (First Tranche) in 2021 by Shanghai Fosun Pharmaceutical (Group) Co, Ltd.*" (《上海復星醫藥(集團)股份有限公司2021年公開發行公司債券(第一期)發行公告》)", the Company completed the public issuance of corporate bonds (first tranche) in 2021 on 2 February 2021, with the aggregate principal amount of RMB1.6 billion and a final coupon rate of 3.98%. The bonds had a term of four years with the Company's option to adjust the coupon rate and the investors' option to sell back the corporate bonds at the end of the second year.

D. ***Proposed non-public issuance of A shares***

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

On 6 April 2021, the Company made the adjustment to the proceeds and the issuance plan in the plan of the non-public issuance of A shares. The total proceeds were adjusted to no more than RMB4,483.78 million (inclusive) from no more than RMB4,982.83 million (inclusive) before the adjustment, and the use of proceeds was adjusted accordingly. Meanwhile, the Company submitted a report on reply to feedback (amended) to the CSRC.

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).

E. ***2021 Restricted Share Incentive Scheme***

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

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

Shareholders of the Company approved, among others, the adoption of the Gland Pharma share option incentive scheme (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, 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 170,444 Gland Pharma shares, representing 1.1% of the total number of issued Gland Pharma shares as at the date when shareholders of Gland Pharma approved and adopted the Gland Pharma Share Option Incentive Scheme. Subject to the limitations prescribed under the Gland Pharma Share Option Incentive Scheme, Gland Pharma reserves the right to increase or reduce such number of Gland Pharma shares as it deems fit.

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

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

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

Participant	Date of Grant (dd-mm-yyyy)	Vesting Date (dd-mm-yyyy)[1]	Option share[1]	Exercise period[1]	Outstanding options as at 1 January 2021	Exercise price per share	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited or lapsed during the Reporting Period[2]	Outstanding options as at 30 June 2021
Employees of Gland Pharma	27-6-2019	20-11-2020	40%	20-11-2020 to 26-6-2029	1,480,500	INR542	0	954,350	2,100	524,050
		31-3-2021	30%	31-3-2021 to 26-6-2029						
		31-3-2022	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) During the Reporting Period, as 1 participant ceased to be an employee of Gland Pharma, the granted share options underlying 2,100 shares of Gland Pharma were lapsed and forfeited.

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

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

COMPLIANCE WITH THE CG CODE

As a company whose shares listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the articles of association, relevant laws and regulations, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**"). The Company is committed to continually improve its corporate governance structure, and to optimize its internal management and control and its business operation in order to 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 Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Hong Kong Listing Rules. The Company has complied with all the applicable code provisions contained in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules and formulated its Written Code for Securities Transactions for Directors and Relevant Employees of the Company (the "**Written Code**") as its codes of conduct regarding securities transactions.

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

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2021 have been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS AND 2021 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.fosunpharma.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2021 Interim Report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Hong Kong Stock Exchange as and when appropriate.

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

Shanghai, the PRC
23 August 2021

As at the date of this announcement, the executive director of the Company is Mr. Wu Yifang; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang, Mr. Gong Ping, Mr. Pan Donghui and Mr. Zhang Houlin; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson

* *for identification purposes only*