

Our Vision

Our vision is to be the leading provider of sustainable energy solutions, creating a greener future for all.

Our Mission

Our mission is to provide clean, renewable energy to power the world's growth.

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Corporate Information

Directors

Mr. Wu Yifang (吳以芳) (*Chairman*)
Mr. Wang Ke'in (王可心) (*Co-Chairman*)
Ms. Guan Xiaohui (關曉暉) (*Vice Chairman*)
Mr. Wen De'ong (文德鏞) (*Chief Executive Officer*)

Mr. Chen Qi (陳啟宇)
Mr. Xu Xiaoliang (徐曉亮)
Mr. Pan Donghui (潘東輝)
Mr. Yao Fang (姚方)¹

Ms. Li Ling (李玲)
Mr. Tang Guoliang (湯谷良)
Mr. Wang Qianli (王全弟)
Mr. Yu Tieshan Hailson (余梓山)

Supervisors

Mr. Chen Bing (陳冰) (*Chairman*)²
Mr. Guan Yimin (管一民)
Ms. Wang Lina (王麗娜)³
Ms. Ren Qian (任倩)⁴

Joint Company Secretaries

Ms. Dong Xiaojian (董曉嫻)
Ms. Chan Sui Ling (陳秀玲)⁵
Ms. Kam Mei Ha Wend (甘美霞)⁶

Authorized Representatives

Mr. Wu Yifang (吳以芳)
Ms. Chan Sui Ling (陳秀玲)⁵
Ms. Kam Mei Ha Wend (甘美霞)⁶

Strategic Committee

Mr. Wu Yifang (吳以芳) (*Chairman*)
Mr. Wang Ke'in (王可心)⁷
Mr. Chen Qi (陳啟宇)
Mr. Xu Xiaoliang (徐曉亮)
Ms. Li Ling (李玲)
Mr. Yao Fang (姚方)¹

Audit Committee

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

Nomination Committee

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

Remuneration and Appraisal Committee

Mr. Yu Tieshan Hailson (余梓山) (*Chairman*)
Mr. Tang Guoliang (湯谷良)
Mr. Wang Qianli (王全弟)
Mr. Chen Qi (陳啟宇)
Mr. Pan Donghui (潘東輝)

Environmental, Social and Governance Committee

Mr. Yu Tieshan Hailson (余梓山) (*Chairman*)
Ms. Li Ling (李玲)
Mr. Wang Qianli (王全弟)
Mr. Wu Yifang (吳以芳)
Ms. 90.41F1 - Wu YifanT58

Principal Place of Business in the PRC

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

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kowloon Tong Road, Kowloon
Hong Kong

Legal Advisers in Hong Kong

Reed Smith Richards Butler LLP

Legal Advisers in the PRC

Grandall Law Firm (Shanghai)

Auditors

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

Principal Banks

The Export-Import Bank of China
Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Shanghai Pudong Development Bank
The Hongkong and Shanghai Banking Corporation Limited

Corporate Name

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

Stock Abbreviation

FOSUN PHARMA

Share Listing

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

A Share Registrar and Transfer Office in the PRC

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

H Share Registrar and Transfer Office in Hong Kong

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

Corporate Website

https://www.fosunpharma.com

Financial Highlights

	For the six months ended 30 June	
	2024	2023
	RMB million	RMB million
Operating results		
Revenue	20,383	21,316
Gross profit	9,920	10,617
Operating profit	1,643	1,309
Profit before tax	1,931	2,662
Profit for the period attributable to owners of the parent	1,225	1,784
EBITDA	4,154	4,792
Profitability		
Gross margin	48.67%	49.81%
Operating profit margin	8.06%	6.14%
Net profit margin	7.60%	9.62%
Earnings per share (RMB Yuan)		
Earnings per share – basic	0.46	0.67
Earnings per share – diluted	0.46	0.67
Of which: Pharmaceutical manufacturing segment		
Revenue	14,601	15,921
Gross profit	7,980	8,806
Segment results	1,692	1,660
Segment profit for the period	1,571	1,428
	30 June	31 December
	2024	2023
	RMB million	RMB million
Assets		
Total assets	115,499	113,431
Equity attributable to owners of the parent	46,929	45,646
Total liabilities	56,676	56,853
Cash and bank balances	14,080	13,694
Debt-to-asset ratio	49.07%	50.12%

FINANCIAL REVIEW

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

Despite the significant period-on-period decline in revenue from COVID-related products such as Jie Bei An (antiflu virus medicine tablets), the Group achieved a revenue of RMB20,383 million during the Reporting Period, thanks to the steady revenue growth of its innovative drugs. Excluding COVID-related products, the revenue of the Group during the Reporting Period recorded a period-on-period increase of approximately 5.32%. In the pharmaceutical manufacturing segment, the revenue from innovative drugs exceeded RMB3,700 million during the Reporting Period; the admission and sales of new products launched were on schedule, including, among others, Aknleo (neuropathic pain and palonosetron hydrochloride capsules), the dual-channel antineoplastic drug Bei Wen (ketipranolol hydrochloride tablets), the first postmenopausal hormone therapy (P-CAB) independently developed in China, Pei Jin (elpegfilgrastim injection), a long-acting recombinant human granulocyte colony-stimulating factor product, and Yi Xin Tan (sacubitril valsartan sodium tablets), a drug for the treatment of heart failure and hypertension in an innovative crystalline form.

In 2024, the Group continued to promote lean management across various aspects, including quality enhancement, cost control, efficiency improvement, clinical management and innovative R&D, with an aim to proactively improve operational efficiency and profitability and build up the foundation for a long-term sustainable development. Meanwhile, the Group continued to disengage non-strategic and non-core assets, and gathered resources on core businesses so as to optimize assets structure and improve asset efficiency.

During the Reporting Period, the Group's profit for the period attributable to owners of the parent amounted to RMB1,225 million, in particular, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB1,254 million, with the extraordinary gain or loss amounting to RMB-29 million. In the second quarter of 2024, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB646 million, representing a quarter-on-quarter increase of RMB37 million.

During the Reporting Period, the gross profit margin less selling and distribution expenses ratio increased by 1.72 percentage points period-on-period. Excluding the impact of newly acquired companies, the administrative expense decreased by approximately RMB200 million. Through multiple measures including operating cash flow optimization, supply chain management and capital expenditure control, the Group had ensured a robust free cash flow. During the Reporting Period, the Group's operating cash flow reached RMB1,907 million, representing a period-on-period increase of 5.36% and outperforming the growth in operating profit.

Furthermore, the Group continued to optimize operation and acceleration of cash return. Since 2024, the cash inflow from asset disposals and the expected cash inflow from contracts signed by the Group have exceeded RMB2,000 million in aggregate.

During the Reporting Period, the Group continued to optimize innovation and R&D system to facilitate R&D efficiency. In the first half of 2024, the total R&D expenditure of the Group amounted to RMB2,737 million, while the R&D expenses amounted to RMB1,862 million. In addition to independent R&D, the Group also actively implemented an open R&D model, and introduced and invested in R&D projects by initiating/managing independent funds and other diversified ways, so as to ensure the sustainability of innovation and R&D. During the Reporting Period, it completed the establishment and filing of Shenhen Biopharma Industrial Fund with fundraising size of RMB5.0 billion.

Management Discussion and Analysis

REVENUE

During the Reporting Period, the revenue of the Group amounted to RMB20,383 million, representing a period-on-period decrease of 4.38%. In particular, the Group recorded revenue from Chinese Mainland in the amount of RMB14,873 million, representing a period-on-period decrease of 10.02%. Revenue of an equivalent of RMB5,510 million was recorded from regions outside Chinese Mainland and other countries, representing a period-on-period increase of 15.13%. The proportion of revenue from regions outside Chinese Mainland and other countries was 27.03%.

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB14,601 million, representing a period-on-period decrease of 8.29%. The segment results amounted to RMB1,692 million, representing a period-on-period increase of 1.93%. The segment profit amounted to RMB1,571 million, representing a period-on-period increase of 10.01%.

COST OF SALES

During the Reporting Period, cost of sales of the Group decreased by 2.21% to RMB10,463 million from RMB10,699 million for the corresponding period of 2023.

GROSS PROFIT

During the Reporting Period, the gross profit of the Group decreased by 6.56% to RMB9,920 million from RMB10,617 million for the corresponding period of 2023. The gross profit margin of the Group during the Reporting Period was 48.67%, representing a decrease of 1.14 percentage points from 49.81% for the corresponding period of last year. The gross profit margin less selling and distribution expenses ratio of the Group increased by 1.72 percentage points period-on-period during the Reporting Period.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, selling and distribution expenses of the Group decreased by RMB805 million or 15.87% period-on-period to RMB4,266 million from RMB5,071 million for the same period last year. During the Reporting Period, the selling and distribution expenses ratio was 20.93%, representing a decrease of 2.86 percentage points as compared with the same period last year; the gross profit margin less selling and distribution expenses ratio increased by 1.72 percentage points period-on-period.

ADMINISTRATIVE EXPENSES

During the Reporting Period, administrative expenses of the Group amounted to RMB2,149 million, representing an increase of 2.19% as compared with the same period last year. Excluding the impact of newly acquired companies, the administrative expense decreased by approximately RMB200 million.

R&D EXPENSES AND R&D EXPENDITURE

During the Reporting Period, the Group continued to optimize its innovation and R&D system to facilitate R&D efficiency. The total R&D expenditure of the Group amounted to RMB2,737 million, while the R&D expenses amounted to RMB1,862 million. During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB2,406 million, accounting for 16.48% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,572 million, accounting for 10.77% of the revenue from the pharmaceutical manufacturing segment. In addition to independent R&D, the Group will implement an open R&D model, and introduce and invest in R&D projects by initiating/managing industrial funds and other diversified assets, so as to ensure the sustainability of pharmaceutical innovation and R&D. During the Reporting Period, it completed the establishment and filing of Shenhen Biopharma Industrial Fund with a fundraising size of RMB5.0 billion.

OTHER GAINS AND OTHER EXPENSES

During the Reporting Period, the Group's other gains decreased by 68.14% period-on-period to RMB273 million, which was mainly due to the gains from the fair value change of financial assets held such as YSB and the gains from disposal of non-core assets such as Tianjin Pharma for the same period last year. During the Reporting Period, the Group's other expenses increased by 69.92% period-on-period to RMB435 million, which was mainly due to the fair value change of financial assets held.

SHARE OF PROFITS OF ASSOCIATES

During the Reporting Period, the share of profits of associates of the Group decreased by 15.30% to RMB947 million from RMB1,118 million for the corresponding period of 2023.

PROFIT FOR THE PERIOD

During the Reporting Period, the profit for the period of the Group decreased by 24.43% to RMB1,550 million from RMB2,051 million for the corresponding period of 2023. The net profit margin of the Group during the Reporting Period and the corresponding period of 2023 were 7.60% and 9.62%, respectively.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

Attributable to the gains from the fair value change of financial assets held such as YSB and the gains from the disposal of non-core assets such as part of the equity interests in Tianjin Pharma for the same period last year, the Group's profit for the period attributable to owners of the parent amounted to RMB1,225 million during the Reporting Period, representing a period-on-period decrease of 31.33%.

During the Reporting Period, the major factors affecting the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss included: ① a significant decline in revenue from COVID-related products, profits decreased accordingly; ② the sales of medical diagnosis products were lower than expected, and the increase in operating costs as a result of the transition from a distribution model to a direct sales model in certain areas of Sisram Medical; ③ the period-on-period decrease in share of investment income of Associates and Joint Ventures during the Reporting Period; ④ the steady revenue growth of its innovative drugs; ⑤ the improved quality and efficiency as a result of continued efforts in promoting lean management. In the second quarter of 2024, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB646 million, representing a quarter-on-quarter increase of RMB37 million.

DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

Total Debts

As at 30 June 2024, total debts of the Group decreased to RMB32,334 million from RMB32,574 million as at 31 December 2023 mainly due to the decrease in interest-bearing liabilities scale during the Reporting Period. As at 30 June 2024, mid-to-long-term debts of the Group accounted for 30.31% of its total debts, representing a decrease of 11.15 percentage points as compared to 41.46% as at 31 December 2023. The proportion of mid-to-long-term debts to total debts decreased mainly due to the transfer of long-term debts to current liabilities upon maturity during the Reporting Period. As at 30 June 2024, cash and bank balances increased by 2.82% to RMB14,080 million from RMB13,694 million as at 31 December 2023.

As at 30 June 2024, an equity alien amount of RMB5,244 million (31 December 2023: RMB6,768 million) of the total debts of the Group was denominated in foreign currencies, and the remainder was denominated in RMB.

As at 30 June 2024, cash and bank balances of the Group denominated in foreign currencies amounted to RMB4,599 million (31 December 2023: RMB3,457 million).

	Uni : million	Currenc : RMB
	30 June 2024	31 December 2023
Cash and bank balances denominated in:		
RMB	9,481	10,237
US dollars	1,774	1,008
Popees	2,376	1,883
Euro	143	177
HK dollars	40	116
O hers	266	273
Total	14,080	13,694

Gearing Ratio

As at 30 June 2024, the gearing ratio, calculated as total interest-bearing debts over total assets, was 28.00% (31 December 2023: 28.72%).

Interest Rate

As at 30 June 2024, total interest-bearing bank and other borrowings at a floating interest rate amounted to RMB13,409 million (31 December 2023: RMB15,215 million).

Maturity Structure of Outstanding Debts

Unit : million Currency : RMB

	30 June 2024	31 December 2023
Within 1 year	22,535	19,069
1 to 2 years	2,958	6,265
2 to 5 years	6,545	6,193
Over 5 years	296	1,047
Total	32,334	32,574

Available Facilities

As at 30 June 2024, save for cash and bank balances of RMB14,080 million, the Group had pre-arranged banking facilities of RMB22,343 million in aggregate. The Group has also entered into cooperation agreements with various major banks. According to such agreements, the banks have granted the Group general banking facilities to support its capital requirements. The availability of such bank facilities is subject to the approval of individual projects from the banks in accordance with banking regulations. As at 30 June 2024, total available banking facilities under these arrangements were approximately RMB54,936 million in aggregate, of which RMB32,593 million had been pre-arranged.

On 12 October 2023, the Company obtained approval from the CSRC for the application for registration of the Company to publicly issue corporate bonds not exceeding RMB8,000 million to professional investors. The approval shall be valid within 24 months from the date of the CSRC's approval for registration. As at the date of this report, no corporate bonds have been issued pursuant to the approval.

Collateral and Pledged Assets

As at 30 June 2024, the Group had placed the following assets as collateral for bank borrowings: property, plant and equipment amounting to RMB2,455 million (31 December 2023: RMB2,117 million), prepaid land lease payments included in right-of-use assets amounting to RMB622 million (31 December 2023: RMB615 million), and payments included in other intangible assets amounting to RMB255,000 (31 December 2023: RMB355,000).

As at 30 June 2024, the Group had pledged the following bank borrowings: 58.67% equity interest in a subsidiary S&H Abcar a (31 December 2023: 58.67% equity interest in S&H Abcar a) and 6.00% equity interest in a subsidiary Jianjia Healthcare (31 December 2023: nil).

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

Management Discussion and Analysis

Cash Flow

The cash of the Group is mainly used for meeting capital requirements, repaying interest and principals of debts due, paying for purchases and capital expenditures, and funding growth and expansion of facilities and businesses. The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for the Reporting Period and the corresponding period of 2023.

	Uni : million	Currency : RMB
	January – June 2024	January – June 2023
Net cash flows from operating activities	1,907	1,810
Net cash flows used in investing activities	(2,650)	(2,362)
Net cash flows from financing activities	1,091	1,400
Net increase in cash and cash equivalents	365	889
Cash and cash equivalents at the beginning of the year	9,502	11,170
Cash and cash equivalents at the end of the period	9,867	12,059

Capital Commitments and Capital Expenditures

During the Reporting Period, capital expenditures of the Group amounted to RMB2,752 million, which mainly consisted of additions to property, plant and equipment, other intangible assets and prepaid land lease payments included in right-of-use assets. Details of capital expenditures are set out in note 4 of the financial statements.

As at 30 June 2024, the Group had capital commitments contracted but not provided for amounting to RMB859 million and capital commitments authorized but not signed for amounting to RMB1,623 million. These were mainly committed for reconstruction and renewal of plant and machinery as well as new employees. Details of capital commitments are set out in note 17 of the financial statements.

Contingent Liabilities

As at 30 June 2024, the Group did not have any contingent liabilities.

Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by EBITDA divided by interest expenditure, was 5.70 times (the corresponding period of 2023: 7.66 times). The decrease in interest coverage was mainly due to the EBITDA of the Group during the Reporting Period which was RMB4,154 million, decreased by 13.31% as compared with that during the corresponding period of 2023 which was RMB4,792 million, and financial cost of the Group during the Reporting Period amounting to RMB710 million, increased by 17.74% as compared with that during the corresponding period of 2023 which was RMB603 million.

RISK MANAGEMENT

Foreign Currency Exposure

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

Interest Rate Exposure

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

BUSINESS REVIEW

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

During the Reporting Period, the Group further focused on innovative drugs and high-value products. In the first half of 2024, 4 innovative drugs/biosimilars with a total of 9 indications independently developed and licensed-in by the Group were approved for launch both domestically and internationally, and 4 innovative drugs/biosimilars with a total of 9 indications had entered the pre-launch approval stage/clinical stage; 38 generic drugs categories of the Group were also approved for launch both domestically and internationally (of which 24 categories¹ were approved domestically and 14 categories including 10 ANDA of Gland Pharma) were approved internationally).

Despite the significant period-on-period decline in revenue from COVID-related products such as Jie Bei An (a medicine for COVID-19), the Group achieved a revenue of RMB20,383 million during the Reporting Period, thanks to the steady revenue growth of its innovative drugs. Excluding COVID-related products, the revenue of the Group during the Reporting Period recorded a period-on-period increase of approximately 5.32%. In the pharmaceutical manufacturing segment, the revenue from innovative drugs exceeded RMB3,700 million during the Reporting Period; the admission and sales of new products launched were on schedule, including, among others, Akneco (nefopam and palonosetron hydrochloride capsules), the dual-channel antiepileptic drug Bei Wen (ketipranolol hydrochloride tablets), the first postrypsin component inhibitor acid blocker (P-CAB) independently developed in China, Pei Jin (elpegfilgrastim injection), a long-acting recombinant human granulocyte colony-stimulating factor product, and Yi Xin Tan (sacubitril valsartan sodium tablets), a drug for the treatment of heart failure and hypertension in an innovative crystalline form.

In 2024, the Group continued to promote lean management across various aspects, including quality enhancement, cost control, efficiency improvement, clinical management and innovative R&D, with an aim to proactively improve operational efficiency and profitability and build up the foundation for a long-term sustainable development. Meanwhile, the Group continued to disengage non-strategic and non-core assets, and gathered resources on core businesses so as to optimise assets structure and improve asset efficiency.

During the Reporting Period, the Group's profit for the period attributable to owners of the parent amounted to RMB1,225 million, in particular, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB1,254 million, with the extraordinary gain or loss amounting to RMB-29 million. In the second quarter of 2024, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB646 million, representing a quarter-on-quarter increase of RMB37 million.

¹ including imported drug license

Management
Discussion and Analysis

During the Reporting Period, the gross profit margin less selling and distribution expenses ratio increased by 1.72 percentage points period-on-period. Excluding the impact of newly acquired companies, the administrative expense decreased by approximately RMB200 million. Through multiple measures including operating cash flow optimization, supply chain management and capital expenditures control, the Group had ensured a robust free cash flow. During the Reporting Period, the Group's operating cash flow reached RMB1,907 million, representing a period-on-period increase of 5.36% and of performing the growth in operating profit.

Furthermore, the Group continued its asset disposal optimization and acceleration of cash return. Since 2024, the cash inflow from asset disposals and the expected cash inflow from contracts signed of the Group have exceeded RMB2,000 million in aggregate.

During the Reporting Period, the Group continued to optimize its innovation and R&D system to facilitate R&D efficiency. In the first half of 2024, the total R&D expenditure of the Group amounted to RMB2,737 million, while the R&D expenses amounted to RMB1,862 million. In addition to independent R&D, the Group also actively implemented an open R&D model, and introduced and invested in R&D projects by initiating/managing industrial funds and other diversified assets, so as to ensure the sustainability of innovation and R&D. During the Reporting Period, it completed the establishment and filing of Shenchen Biopharma Industrial Fund with fundraising size of RMB5.0 billion.

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

Unit : million Currenc : RMB					
	Revenue		Revenue		Period-on- period increase/ decrease (%)
	Jan–Jun 2024		Jan–Jun 2023		
	Amount	Percentage of revenue (%)	Amount	Percentage of revenue (%)	
By business segment					
Pharmaceutical manufacturing	14,601	71.63	15,921	74.69	8.29
Medical devices and medical diagnosis	2,069	10.15	2,215	10.39	6.59
Healthcare services	3,657	17.94	3,127	14.67	16.95
By geographical locations					
Chinese mainland	14,873	72.97	16,530	77.55	10.02
Regions outside Chinese mainland and other countries	5,510	27.03	4,786	22.45	15.13

I. Main Operational Progress of the Group during the Reporting Period

1. 
 - During the Reporting Period, a total of 9 indications of 4 innovative drugs/biosimilars independently developed and licensed-in by the Group were approved for launch, mainly including:

Trastuzumab injection (US trade name: HERCESSI™) was approved for launch by the U.S. FDA.

- **During the Reporting Period, a total of 9 innovative drug/biosimilar projects (by indication) were approved for clinical trial.**

Meanwhile, during the Reporting Period, the Da Vinci SP endoscopic single orifice surgical system of Intuitive Surgical Inc. was included in the special review process for innovative medical devices by NMPA, which is conducive to accelerating the progress of the subsequent registration review and approval. Profhilo (i.e. sodium hyaluronate solution for injection), an injectable filler product of which the Group is the sole agent in Chinese mainland, was launched as a licensed medical device in Hainan.

2. Global Operations

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

In major regulated markets, the Group continued to enhance its global operation capabilities. It has set up multiple R&D centers to realize global innovation, and further improved the commercialization system in different regulated markets through self-establishment, cooperation and other means. In the U.S. market, the Group has established a growing self-operated generic drug team, and cooperated with 5 major distributors and 16 group purchasing organizations to facilitate sales of preparations products. The Group also established an innovative drug team in the United States, and initiated the preparation works on the commercialization of serplimab injection (PD-1 inhibitor). In the European market, Gland Pharma, a subsidiary, completed the acquisition of Ceneo in 2023, a European CDMO company, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe, thus further expanding its customer base. Sisram Medical, a subsidiary, completed the acquisition of the direct sales channels in China in 2023, thus achieving a direct sales presence in the Chinese market. As at the end of the Reporting Period, its marketing network has covered more than 100 countries and regions across the world, and the proportion of direct sales revenue further increased to 86%. The marketing network of Breas, a subsidiary, has also covered major markets such as Europe, the U.S., Japan, and Australia.

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

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

The Group proactively introduces international leading technologies and products into the Chinese market, so as to benefit more patients and doctors. During the Reporting Period, the joint venture, Inxiie-Fosun, officially opened its headquarters and industrial base in Zhangjiang International Medical Park, Shanghai, in June 2024. The base integrates R&D, manufacturing and training. The launch of this base will further accelerate the localization progress of the Da Vinci Surgical System. In the first half of 2024, the installation volume of Da Vinci Surgical Robots was 24 in Chinese mainland and Macao. As of the end of the Reporting Period, the Da Vinci Surgical Robots have been installed in over 300 hospitals across Chinese mainland, Hong Kong and Macao, serving more than 540,000 patients, with a cumulative installation volume exceeding 380 units. Additionally, the Ion Bronchial navigation operation control system (**Ion System**) of Inxiie-Fosun, was approved by the NMPA in March 2024. The Ion System has adopted a flexible robotic, with shape-sensing technology and can perform precise diagnostic operations on peripheral lung lesions through the bronchus. The launch of the Ion System in China will help more lung cancer patients receive early diagnosis and treatment in a more minimally invasive way; the Da Vinci SP endoscopic single orifice surgical system of Inxiie-Fosun has been included in the NMPA's special review process for innovative medical devices, facilitating its subsequent registration and review. During the Reporting Period, Fosun Insignic, a joint venture established in Insignic in China, has been steadily promoting and commercializing its MRgFUS brain therapy system in the Chinese Mainland, Hong Kong and Macao markets; arising from Insignic, a subsidiary, were subsequently approved for launch in Chinese mainland. In addition, during the Reporting Period, Fosun Kite, a joint venture, with its product Yi Kai Da (ejilinsai injection) being the first CAR-T product approved for launch in China, was the first to launch the innovative patient mode based on therapeutic effects in China, exploring a new path for patient mode of high-value innovative drugs in China. As of the end of the Reporting Period, Yi Kai Da (ejilinsai injection) has been included in over 110 urban designated commercial health insurance and over 80 commercial insurance, while the number of treatment centers on record exceeded 170, covering more than 28 provinces and municipalities across China.

- **Progress of International Quality Standard Production System**

The Group continues to advance the international quality standard certification of its production system. The quality control system and production capacity have been recognized by international certification authorities, further laying a solid foundation for the export of its preparations. In March 2024, Carelife Pharma, a subsidiary, underwent a routine surveillance inspection by the U.S. FDA for the APIs clindamycin hydrochloride, clindamycin phosphate, miconazole hydrochloride, granisetron hydrochloride, enalapril, enalaprilate hydrochloride, sorafenib osilate and clindamycin palmitate hydrochloride, and received the inspection report from the U.S. FDA with a zero-defect rating in June 2024; Wanbang Pharma's Iophilled preparations production line successfully passed the EU GMP on-site inspection again, and received the GMP on-site inspection final report and GMP certificate issued by the Dutch Health and Youth Care Inspectorate in July 2024.

3.

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

In terms of commercialization in overseas markets, as at the end of the Reporting Period, the overseas commercialization team had nearly 1,000 employees, which mainly covered markets including the U.S. and Africa. In the U.S. market, the Group has established the U.S. innovative drug team, and initiated the commercialization preparations before the launch of serplimab injection (PD-1 inhibitor) and the preliminary preparations for the licensed-in projects of innovative drugs. In emerging markets such as Africa, the Group has set up 5 regional distribution centers, and continuously enhanced digital management capabilities, user operation capabilities and B2B2C model service capabilities, and was capable of providing a one-stop service of registration, circulation, academic promotion and post-launch safety and other services for customers. During the Reporting Period, clinical data on several products in the pipeline, as well as marketed products of the Group, were also published at global industry academic conferences such as the American Society of Clinical Oncology (ASCO), the American Association for Cancer Research (AACR), and the European Hematology Association (EHA).

Meanwhile, the Group continued to optimize its marketing compliance management system and enhance internal audit for responsible marketing. In terms of internal compliance supervision, the Group insisted on the openness and transparency of its management systems, and published several internal systems on the website of the Company, so as to elaborate the red line mechanism and maintain a fair and clean business environment and culture. In terms of internal staff training, the Group regularly provided responsible marketing special trainings to employees, continuing to raise employees' awareness of marketing compliance.

4.

During the Reporting Period, the Group continued to optimize its digital technologies and means, continuously improved the establishment of the digital system in the supply chain and marketing, and focused on R&D areas, so as to enhance its capability in the digitalization of drug R&D and promote R&D efficiency.

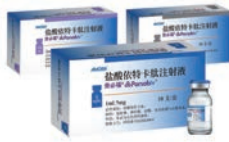
During the Reporting Period, the Group deepened its cooperation on Shiji Molecular, an incubator of the Institute of Intelligent Industry Research of Tsinghua University, to advance the construction of the PharmaID project. With the gradual improvement of such projects, it will provide more accurate and reliable decision support for drug R&D, enhance the efficiency and accuracy of drug R&D, and help realize the autonomous and controllable large-scale models in the biopharmaceutical field. Meanwhile, the Group is also actively exploring the application of AIGC (AI Generated Content) artificial intelligence large-scale language modeling technology in the scenarios of medical writing, medical translation, and general-purpose question and answer assistance, aiming to improve the overall efficiency of the core business through the application of such technology and to provide support for the innovative R&D.

Table 1: Major marketed innovative products and description of core categories

No.	Therapeutic area	Product name	Description of product	Whether is included in the National Medical Insurance Drugs Catalogue	Photo of product
1	An i-umor and immune modulation	Han Li Kang (rituximab injection)	This drug was approved for launch by the NMPA in February 2019, and is the first domestic biosimilar. Its approved indications include: (1) non-Hodgkin's lymphoma, (2) chronic lymphocytic leukaemia, (3) rheumatoid arthritis (RA). It is also the first rituximab approved for rheumatoid arthritis (RA) indication in China.	Yes	
2		Han Qiyao (trastuzumab injection), trade name in the United States: HERCESSI, trade name in Europe: Zerceptac	This drug is the first trastuzumab biosimilar approved for launch in China, and also the domestic monoclonal antibody biosimilar approved by China, Europe and the United States. As at the end of the Reporting Period, this drug has been approved for launch in more than 40 countries and regions, including China, Europe, the United States and Australia. Its approved indications include: (1) HER2 positive early breast cancer, (2) metastatic breast cancer, and (3) metastatic gastric cancer.	Yes	
3		Han Si Zhong (selperlimab injection)	This drug (PD-1 inhibitor) was approved for launch by the NMPA in March 2022, and is the first innovative monoclonal antibody independently developed by the Group. In December 2023, this drug was approved by the Indonesian Food and Drugs Authority (BPOM). It was the first time for this product approved for launch in overseas market, making it the first Chinese PD-1 monoclonal antibody drug approved for launch in Southeast Asia. Its approved indications include: (1) microsatellite instability-high (MSI-H) solid tumors (conditionally approved), (2) sarcomas non-small cell lung cancer, (3) extensive-stage small cell lung cancer, and (4) esophageal sarcomas cell carcinoma (ESCC). It is the first anti-PD-1 monoclonal antibody drug approved for the first-line treatment of small cell lung cancer in the world. It has been recommended by 9 guidelines in 2023, including CSCO Guidelines on Small Cell Lung Cancer Treatment, CSCO Guidelines on Non-Small Cell Lung Cancer Treatment, CSCO Guidelines on Esophageal Cancer Treatment, CSCO Guidelines on Colorectal Cancer Treatment and CSCO Guidelines on Clinical Application of Immune Checkpoint Inhibitors.	No	
4		Han Dayan (adalimumab injection)	This drug was approved for launch by the NMPA in December 2020, and is the first domestic adalimumab biosimilar with GMP certified production base approved by both China and Europe. Its approved indications include: (1) rheumatoid arthritis, (2) ankylosing spondylitis, (3) psoriasis, (4) Crohn's disease, (5) polymyalgia rheumatica, (6) pediatric plaque psoriasis, (7) Crohn's disease, and (8) pediatric Crohn's disease.	Yes	

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No.	Therapeutic area	Product name	Description of product	Whether is included in the National Medical Insurance Drugs Catalogue	Photo of product
5	Anti-tumor and immune modulation	Han Bai Tai (bevacizumab injection)	This drug was approved for launch by the NMPA in November 2021. Its approved indications include: (1) metastatic colorectal cancer, (2) advanced, recurrent or metastatic non-small cell lung cancer, (3) recurrent glioblastoma, (4) epithelial ovarian cancer, carcinoma of the cervix or primary peritoneal carcinoma, and (5) cervical cancer.	Yes	
6		Su Ke Xin* (a romiplostimaleeable)	This drug was approved for launch by the NMPA in April 2020, and is the first oral drug approved for the treatment of thrombocytopenia related to chronic liver diseases in the world. Its approved indications include the selection of thrombocytopenia treatment of adult patients with chronic liver disease (CLDT) undergoing diagnostic procedures or surgery and treatment of essential chronic immune thrombocytopenia (ITP) in adult patients with poor response from prior treatment.	Yes	
7		Oelea* (apremilastable)	This drug was approved for launch by the NMPA in August 2021, and is the world's first oral phosphodiesterase-4 (PDE4) inhibitor for the treatment of plaque psoriasis. Its approved indication is treatment for adult patients with moderate to severe plaque psoriasis who are not suitable for phototherapy or systemic treatment.	Yes	
8		Akneo* (neopim and palonosetron hydrochloride capsules)	This drug was approved for launch by the NMPA in August 2019, and is the world's first dual-channel fixed-dose combination oral compound preparation that simultaneously blocks both NK-1 receptors and 5-HT3 receptors. Its approved indication is prevention of acute and delayed nausea and vomiting arising from highly emetogenic chemotherapy in adult patients.	Yes	
9		Pei Jin* (pegfilgrastim injection)	This drug (new generation of long-acting recombinant human granulocyte colony-stimulating factor product) was approved for launch by the NMPA in June 2023, and is classified as class 1 new drug in China. Its approved indication is reduction of occurrence of infections expressed in form of febrile neutropenia in patients with non-metastatic cancer when receiving myelosuppressive anti-tumor drug treatment which can easily cause febrile neutropenia.	Yes	
10		Ke Shi* (anti-human T-lymphocyte rabbit immunoglobulin)	The product is a polyclonal antibody inhibitor. Its approved indications include the prevention of acute transplant rejection in patients receiving solid organ transplantation (SOT) and the treatment of acute rejection if the therapeutic effect of corticosteroid treatment has proven to be unsatisfactory.	Yes	

No.	Therapeutic area	Product name	Description of product	Whether is included in the National Medical Insurance Drugs Catalogue	Photo of product
11	An i-tumor and immune modulation	Yi Kai Da (ejilysai injection, a product of Fosun Ki e, a joint enterprise)	This product was approved for launch by the NMPA in June 2021, and is the first CAR-T cell therapy product approved for domestic launch. Its approved indications include (1) treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r LBCL) after prior second-line or higher systemic therapy, (2) treatment of adult patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy (conditional approval). As of the end of the Reporting Period, this product has been included in over 110 urban designated commercial health insurance and over 80 commercial insurance, while the number of treatment centers on record exceeded 170, covering more than 28 provinces and municipalities across China.	No	
12	Metabolism and alimentary system	A omolan (preparations for glibenclamide series)	This series include A omolan (glibenclamide tablets) and A omolan (glibenclamide for injection), both of them are class B drugs under National Medical Insurance Drugs Catalogue and the basic medicine for liver diseases. In particular, A omolan (glibenclamide tablets) are the first glibenclamide oral preparations in China, while A omolan (glibenclamide for injection) is the first generic drug of its kind in China.	Yes	
13		Pang Bi Fei* (calcitriol hydrochloride injection)	This drug (the generation of calcimimetic) was approved for launch by the NMPA in March 2023. Its approved indication is treatment of secondary hyperparathyroidism (SHPT) of adult patients receiving hemodialysis treatment for chronic kidney disease (CKD).	No	
14		Bei Wen* (ketorolac hydrochloride tablets)	This drug (proton pump inhibitor acid blocker (P-CAB)) was approved for launch by the NMPA in February 2023 and is classified as class 1 new drug in China. It is the first approved P-CAB with DU/RE double indications in China. Its approved indications include duodenal ulcer (DU) and reflux esophagitis (RE).	Yes	
15	An i-infection	An imalarial series such as artesunate	This series include Artesunate and Artesunate (artesunate for injection), SPAQ-CO (sulfadoxine pyrimidine dispersible tablets + amodiaquine dispersible tablets) and the D-ARTEPP series (dihydroartemisinin-piperaquine phosphate tablets) etc. In particular, artesunate is the first class 1 new drug in China. As at the end of the Reporting Period, the Group has a total of 33 antimalarial drugs (including APIs and preparations) with WHO PQ. The second generation of artesunate for injection (Artesunate) was registered and approved in 23 countries. As at the end of the Reporting Period, the Group has supplied over 360 million doses of artesunate for injection across the world.	N/A	

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No.	Therapeutic area	Product name	Description of product	Whether is included in the National Medical Insurance Drugs Catalogue	Photo of product
16	Cardiovascular system	Heparin series preparations	This series include enoxaparin sodium injection, heparin sodium injection, low molecular weight heparin for injection and nadroparin calcium injection etc. Heparin series preparations are mainly used for the prevention of thrombosis or treatment of embolism. The Group has the full industrial chain supply capability for low-grade and high-grade heparin products, low-molecular weight heparin raw materials and preparations, and the sales network covers China, the United States, South America, Europe, the Middle East and Southeast Asia.	Some of products launched in the Chinese mainland are included	
17		Yi Xin Tan* (sodium valproate sodium tablets)	The drug was approved for launch by the NMPA in August 2023, and is a first-line drug for the treatment of bipolar disorder and maintenance of mania in an immediate-release form. Its approved indication is the treatment of essential hypertension. It can also be used in adult patients with chronic heart failure (NYHA class II-IV, LVEF 40%) with reduced ejection fraction to mitigate risks of cardiovascular death and hospitalization for heart failure.	Yes	
18	Rabies prophylaxis	Rabies vaccine (Vero cell) for human use and rabies vaccine (Vero cell) for human use (freeze-dried)	Rabies vaccine (Vero cell) for human use and rabies vaccine (Vero cell) for human use (freeze-dried) were approved for launch by the NMPA in September 2016 and March 2024 respectively, with an approved indication of rabies prophylaxis. CTN-1V strain was used as its virus strain for production, whose gene sequence is closer to that of the reference strain of pre-attenuated rabies virus, and has better immune protection effect.	Rabies vaccine (Vero cell) for human use is included	
19	Influenza prophylaxis	Influenza virus vaccine Influenza virus vaccine	Influenza virus vaccine is in adult dosage form and paediatric dosage form. The adult dosage form was approved for launch by the NMPA in November 2005, with a specification of 0.5ml/vial in pre-filled form; and the paediatric dosage form was approved for launch by the NMPA in April 2009, with a specification of 0.25ml/vial in pre-filled form. The approved indication is prevention of influenza caused by a parent strain of virus. The product is made from influenza A1, influenza A3 and influenza B virus strains as recommended by the WHO and approved by the NMPA. The product contains more active ingredients haemagglutinin than the standard required by the Chinese Pharmacopoeia to ensure its effectiveness.	No	

* Being the licensed-in immediate-release drug (product) of the Group.

II. Segment Performance Overview

1.

Performance summary

Despite the significant period-on-period decline in revenue from COVID-related products, such as Jie Bei An (a β-dine-able s), the pharmaceutical manufacturing segment of Group achieved a revenue of RMB14,601 million during the Reporting Period, thanks to the steady revenue growth of its innovative drugs. In particular, the revenue from innovative drugs exceeded RMB3,700 million, maintaining a steady growth. Excluding COVID-related products, the revenue of the pharmaceutical manufacturing segment recorded a period-on-period increase of 1.88%. During the Reporting Period, the segment results of the pharmaceutical manufacturing segment amounted to RMB1,692 million, representing a period-on-period increase of 1.93%, and segment profits amounted to RMB1,571 million, representing a period-on-period increase of 10.01%.

During the Reporting Period, the Group focused on advancing pipelines and improved the efficiency through the integration of R&D systems. In the first half of 2024, the R&D expenditure in the pharmaceutical manufacturing segment of the Group amounted to RMB2,406 million, accounting for 16.48% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,572 million, accounting for 10.77% of the revenue from the pharmaceutical manufacturing segment, representing a decrease of RMB220 million as compared to the same period last year. In addition to independent R&D, the Group still implemented an open R&D model, and incubated and invested in R&D projects by initiating/managing industrial funds and other diversified assets, so as to ensure the sustainability of pharmaceutical innovation and R&D.

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

Major therapeutic area	Uni : million CNY		
	Jan-Jun 2024	Jan-Jun 2023*	period-on-period increase on the same basis (%)
Major products of an i-β-mor and immune modulation (Notes 1, 4)	4,051	3,699	9.52
Major products of an i-infection (Notes 2, 4)	1,453	3,325	56.30
Major products of metabolism and alimentary system (Note 4)	1,398	1,504	7.05
Major products of cardiovascular system (Notes 3, 4)	1,026	839	22.29
Major products of central nervous system (Note 4)	492	551	10.71
Major products of APIs and intermediate products (Note 4)	560	654	14.37

Note 1: Revenue from major products of an i-β-mor and immune modulation recorded a period-on-period increase of 9.52%, mainly due to the increase in sales of Han Qiyao (rasburicab injection) and rasburicab drug substance, Han Si Zhong (serpasilin injection) and Aixinuo (nepipian and palonosetron hydrochloride capsules), and the revenue contributions from new products such as Fekeshi (an i-β-mor T-lymphocyte rabbit immunoglobulin) and Pei Jin (elpegfilgrastim injection).

Note 2: Revenue from major products of an i-infection recorded a period-on-period decrease of 56.30%, mainly due to decrease in sales of Jie Bei An (a β-dine-able s).

Note 3: Revenue from major products of cardiovascular system recorded a period-on-period increase of 22.29%, mainly due to increase in overseas sales of heparin series preparations and the revenue contribution from new product Yi Xin Tan (sacubitril valsartan sodium salt).

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Note 4: Major products of an anti-tumor and immune modulation comprise: Han Qian Yong (rasburicab injection) and rasburicab dry syringe, Han Si Zhen (serplimab injection), Han Li Kang (rituximab injection), Sha Ke Xin (aflrombopag maleate tablets), Akneo (neopig and palonosetron hydrochloride capsules), Ke Sheng (Xinhang capsules), Kai Lai Zhi (epinasine hydrochloride capsules), Han Bei Tai (bevacizumab injection), Han Da Yan (adalimumab injection), Ocala (apremilast tablets), Huo Ke Sheng (an anti-human T-lymphocyte receptor immunoglobulin), Pei Jin (elpegfilgrastim injection), Zhao Hui Xian (bicalutamide tablets), Yi Luo Ze/Mei Si (pemetrexed disodium for injection), aloplatin, ondansetron, paclitaxel and Di Kai Mei (sorafenib tablets).

Major products of an infection comprise: an antimalarial series such as artemether, Jie Bei An (artemether tablets), Crai (leofloacin tablets), Sha Deo Li Ka (poasifim sodium dehydroandrographolide succinate for injection), rabies vaccine (VERO cell) for human use (non-freezed), Pai Sheng Xi Lin (piperacillin sodium and tazobactam sodium for injection), an anti-berkleyosis series, Crai (leofloacin injection), Qiang Sheng Xi Lin/Qin Sheng Ye Qin (piperacillin sodium and sulbactam sodium for injection), caspofungin, Xi Chang/Bi Li Sheng (cefmetazole sodium for injection), Sai Fei Mo (cefmenoxime sodium for injection), dapomycin, He Fei Ding (lamiartemether tablets), micafungin, Comirna (mRNA COVID-19 vaccine), ancomycin, Er Ye Bi (ceftriaxime sodium for injection), Si Ke Ni (amphotericin capsules), Ka Di (fidicloxacin sodium for injection) and Bi Sai Ni (clindamycin hydrochloride capsules).

Major products of metabolism and alignment series comprise: Yong Li Tong (febuxostat tablets), Aomolan (gabapentin tablets), Bei Yi (poasifim chloride granules), animal insulin and its preparations, Aomolan (gabapentin for injection), Ke Yi (neomycin compound ointment capsules), Wan Sheng Jing (empagliflozin tablets), Yi Bao (recombinant human erythropoietin for injection (CHO cells)), Li Qing (alfacalcidol tablets), Wan Sheng Ping (glimepiride tablets), human insulin and its preparations, Fan Ke Jia (folic acid injection), Bei Wen (ketoprofen hydrochloride tablets) and Pang Bi Fei (calcitonin hydrochloride injection).

Major products of cardiovascular series comprise: heparin series preparations, Bang Tan (telmisartan tablets), Ya Ni An (amlodipine besilate tablets), Bang Zhi (piazasinacalcin tablets), Ke Yan (calcium dobesilate capsules), Yong Di Er (alprostadil dried emulsion for injection), Xin Xian An (methylxanthine adenosine cyclophosphate for injection) and Sha Ka Xin (indapamide tablets).

Major products of central nervous system comprise: Chang Tao Ning (phenclizine hydrochloride injection), Qi Wei (doxepin fumarate tablets), Ao De Jin (deproteinized calf blood serum injection), Qi Cheng (escitalopram tablets) and lorazepam tablets.

Major products of APIs and intermediate products comprise: amino acid series, ranitidine acid, lefamoxone hydrochloride and clindamycin hydrochloride.

* The data for January to June 2023 is presented according to the basis for January to June 2024.

R&D innovation

The Group has formed an open and globalized pharmaceutical innovation and R&D system combining independent R&D, cooperation development, licensed-in projects and industrial investments, which focuses on the core therapeutic areas of solid tumors, hematological tumors and immunoinflammatory diseases, with emphasis on the enhancement of the core technology platforms of antibody/ADCs, cellular therapy and small molecules. The Group also actively explored the development of RNA therapy, AI drug development and other cutting-edge technologies to continuously enhance its core R&D capabilities and pipeline value, and facilitate the R&D process of more high-quality products for early commercialization.

In order to promote the implementation of the innovation strategy in a high-quality manner and to continuously improve R&D efficiency, the Company has established the Scientific Advisory Board (SAB) as a group level, which is mainly composed of the external link network. The SAB has assisted the management of the Group in formulating and optimizing the medium- to long-term scientific innovation strategies and provided strategic guidelines and insights. In terms of improving the internal innovation management system, the Group has introduced senior scientists and high-level talents, comprehensively upgrading its capabilities in early-stage research, CMC, clinical medicine and clinical operations. The Group has established a pipeline committee comprising internal experts to strengthen synergies and optimize resource allocation, so as to improve the quality and efficiency of innovation R&D. In addition, through lean R&D projects, the Group has continuously optimized the project initiation, budget management, major decision-making mechanisms and other processes with the aid of the INNOX digital management system.

During the Reporting Period, a total of 4 innovative drugs/biosimilars, with a total of 9 indications independently developed and licensed-in by the Group, and a total of 38 generic drug categories (of which 24 categories² were approved domestically and 14 categories <including 10 ANDA of Gland Pharma> were approved internationally),

Table 2: Updates on major R&D pipelines during the Reporting Period

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
Approved for launch	Trastuzumab injection (trade name in Chinese mainland: Han Da Yao)	HER2	Biological product	(1) Adjuvant therapy for HER2-expressing breast cancer; (2) Therapy for HER2-expressing metastatic breast cancer; (3) Therapy for HER2-expressing metastatic gastric adenocarcinoma or gastroesophageal junctional adenocarcinoma (U.S.)						
	Adalimumab injection (trade name in Chinese mainland: Han Da Yao)	TNF-α	Therapeutic biological product	(1) polyclonal idiopathic arthritis, (2) pediatric plaque psoriasis, (3) Crohn's Disease, (4) pediatric Crohn's Disease						Note 1
	Rabies vaccine (Vero cell) for human use (freeze-dried)		Preventive biological product	Rabies prophylaxis						
	Atacombopag maleate tablets (trade name in Chinese mainland: Sheng Ke Xin)	TPO agonist	Chemical drug	For the treatment of chronic immune thrombocytopenia (ITP) in adult patients with poor response from prior treatment						
NDA accepted	FCM159	MEK1/2	Chemical drug	For the treatment of adult dendritic cell and histiocytic tumors						Note 2
	HLX14 (recombinant anti-RANKL human monoclonal antibody injection)	RANKL	Biological product	For the treatment of pleomorphic neurofibroma (PN) related to neurofibromatosis type 1 (NF1) in children aged 2 and above						
Under phase III clinical study	OP0595 (Nagibac am for injection)	β-lactamase inhibitor	Chemical drug	Treatment of adult's infected bacterial aerobic gram-negative bacteria with limited options						In combination with cefepime or ceftazidime, Note 3
	Serpelimab injection (trade name in Chinese Mainland: Han Si Zhong)	PD-1	Therapeutic biological product	First-line treatment for metastatic colorectal cancer (mCRC)						In combination with bevacizumab and chemotherapy
Under phase I clinical study	HLX6018# (innoate anti-GARP/TGF-β1 monoclonal antibody)	GARP/TGF-β1	Therapeutic biological product	For the treatment of idiopathic pulmonary fibrosis						
	XH-S004#	/	Chemical drug	For the treatment of non-cystic fibrosis bronchiectasis						
	HLX42 (antibody-drug conjugate targeting EGFR with novel DNA topoisomerase I inhibitor)	EGFR ADC	Therapeutic biological product	For the treatment of advanced/metastatic solid tumor						

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug category	IND approved	Phase I	Phase II	Phase III	NDA accepted	Approved for launch	Remarks
IND approved	FCN-338	BCL-2	Chemical drug	For the treatment of systemic lymphoma						In combination with doxorubicin
				For the treatment of chronic lymphocytic leukaemia/small lymphocytic lymphoma						In combination with FCN-647
	XS-02	CHK1	Chemical drug	For the treatment of advanced solid tumor						
	GCK-01	CD20	Therapeutic biological product	For the treatment of relapsed or chemotherapy-resistant follicular lymphoma						
	HLX53 (an anti-TIGIT Fc fusion protein)	TIGIT	Therapeutic biological product	First-line treatment of locally advanced or metastatic hepatocellular carcinoma (HCC)						In combination with sorafenib and bevacizumab, ^{Note 4}
	HLX22 (an anti-human epidermal growth factor receptor-2 (HER2) humanized monoclonal antibody injection)	HER2	Biological product	First-line treatment of HER2-positive advanced gastric cancer (U.S.)						In combination with trastuzumab and chemotherapy, ^{Note 5}
	HLX78 (lasoflofen)	SERM	Chemical drug	For the treatment of ESR1 mutations in ER+/HER2- breast cancer						^{Note 6}

[#] Innovative drugs approved for clinical trial and had commenced respective clinical study during the Reporting Period.

^{Note 1:} In March 2024, the supplementary NDA for the new indications of Han Da Yao (adalimumab injection) was approved by the NMPA.

^{Note 2:} In addition, the 2 indications have been included in the priority review.

^{Note 3:} During the Reporting Period, 2 Phase III clinical studies of the combination dosing of OP0595 and cefepime or amikacin for the treatment of adult patients infected by aerobic gram-negative bacteria in limited treatment options were initiated in Chinese mainland.

^{Note 4:} In addition, the Phase II clinical trial of this indication was initiated in Chinese mainland in August 2024.

^{Note 5:} In March 2024, the application for the Phase III clinical trial of HLX22 (an anti-human epidermal growth factor receptor-2 (HER2) humanized monoclonal antibody injection) in combination with trastuzumab and chemotherapy for the first-line treatment of HER2-positive advanced gastric cancer was approved by the U.S. FDA.

^{Note 6:} In March 2024, HLX78 (lasoflofen) was approved by the NMPA to carry out the Phase I clinical trial for healthy subjects and the Phase III of international multi-center clinical trial in Chinese mainland (such new drug is used in combination with abemaciclib for the treatment of pre/postmenopausal women and men with locally advanced or metastatic breast cancer with disease progression, harboring estrogen receptor 1 (ESR1) mutations, estrogen receptor positive (ER+), human epidermal growth factor receptor 2-negative (HER2-) during receiving treatment of aromatase inhibitors (AI) in combination with cyclin-dependent kinases (CDK 4/6) inhibitors.

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

Table 3 Small molecular innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese mainland as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	FCN-338	Hematological malignancies	Phase I clinical trial	Phase I clinical trial (U.S.)
2			Relapsed or refractory B-cell lymphoma	Phase I clinical trial	
3			Treatment of myeloid malignancies in combination with azacitidine or chemotherapy	Phase II clinical trial	
4		FCN-338 + FCN-647	chronic lymphocytic leukaemia/small lymphocytic lymphoma	Approved for clinical trial	
5		FCN-159	Neurofibromatosis type 1 (children)	NDA	
6			Neurofibromatosis type 1 (adults)	Phase III clinical trial	
7			Dendritic cell and histiocytic tumors in adults	NDA	
8			Low-grade gliomas	Phase II clinical trial	
9			Langerhans cell histiocytosis in children	Phase II clinical trial	
10		SAF-189	Non-small cell lung cancer (ROS1+)	Phase II clinical trial	Approved for clinical trial (U.S.)
11			Non-small cell lung cancer (ALK+)	Phase III clinical trial	
12		FCN-437c	Breast cancer 1L	Phase III clinical trial	
13			Breast cancer 2L	NDA	
14		YP01001	Advanced solid tumor	Phase I clinical trial	
15		FH-2001	Advanced malignant solid tumor	Phase Ib/II clinical trial	
16		XS-03	RAS-mutated advanced solid tumor	Phase I clinical trial	
17		XS-02	Advanced solid tumor	Approved for clinical trial	
18	Others	ET-26	Anesthesia	Phase III clinical trial	
19		FCN-159	Arteriovenous malformations	Phase II clinical trial	
20		FCN-016	Glaucoma or ocular hypertension	Approved for clinical trial	
21		XH-S004	Non-cystic fibrosis bronchial dilation	Phase I clinical trial	
22		XH-S003	IgA nephropathy and other glomerular diseases with abnormal complement activation	Phase I clinical trial	Phase I clinical trial (Australia)
23		FCN-338	Systemic light chain Amyloidosis	Approved for clinical trial	

Table 4 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese mainland as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Han Si Zhi Tang (serplimab injection) + chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	Approved for launch	Phase III clinical trial (in international multi-center)
2			Essential-stage small cell lung cancer (ES-SCLC)	Approved for launch	Marketing authorization application (EU) Bridging trial (U.S.)
3			Non-squamous non-small cell lung cancer (nsqNSCLC)	NDA	
4			Neoadjuvant treatment of GC	Phase III clinical trial	
5		Han Si Zhi Tang (serplimab injection) + chemotherapy + radiotherapy	Limited-stage small cell lung cancer (LS-SCLC)	Phase III clinical trial (in international multi-center)	
6		Han Si Zhi Tang (serplimab injection) + bevacizumab + chemotherapy	Metastatic colorectal cancer (mCRC)	Phase III clinical trial	Note 1
7		Han Si Zhi Tang (serplimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Recurrent/metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	
8		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection) + Han Bei Tai (bevacizumab injection)	Squamous non-small cell lung cancer (sqNSCLC)	Phase II clinical trial	
9			Hepatocellular carcinoma (HCC)	Approved for clinical trial	
10			Solid tumor	Phase Ib/II clinical trial	Approved for clinical trial (U.S.)
11			Locally advanced/metastatic gastric cancer (CSCC)	Phase II clinical trial	Approved for clinical trial (U.S.)
12		HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhi Tang (serplimab injection) + chemotherapy	Advanced non-small cell lung cancer (NSCLC)	Phase II clinical trial	

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Table 5 — licensed-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
1	Anti-tumor	FS-1502 (recombinant HER2 humanized monoclonal antibody-monomer) in combination with FOLFIRI for injection	HER2-positive locally advanced or metastatic breast cancer	Chinese mainland: Phase III clinical trial
2			HER2-expressing advanced malignant solid tumors	Chinese mainland: Phase II clinical trial
3		FS-1502 (recombinant HER2 humanized monoclonal antibody-monomer) in combination with sorafenib and/or chemotherapy	HER2-expressing advanced gastric cancer	Chinese mainland: Phase II clinical trial
4		HLX78 (lasofifenine)	Breast cancer	Chinese mainland: Approved for clinical trial
5		HLX208 (BRAF V600E inhibitor)	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Chinese mainland: Phase II clinical trial
6		HLX208 (BRAF V600E inhibitor) + Han Si Zhang (sorafenib injection)	BRAF V600E or BRAF V600 mutation-positive advanced solid tumor (non-small cell lung cancer)	Chinese mainland: Phase II clinical trial
7		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qiyao (rasburicab injection)	Gastric cancer (GC)	Chinese mainland: Phase II clinical trial
8		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + rasburicab + chemotherapy	First-line treatment of HER2-positive advanced gastric cancer	U.S.: Approved for clinical trial
9		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Si Zhang (sorafenib injection) + standard first-line treatment (rasburicab in combination with chemotherapy)	Gastric cancer (GC)	Chinese mainland: Approved for clinical trial
10		SVN53-67/M57-KLH peptide vaccine (SprVax M)	Primary diagnosis of glioblastoma	Chinese mainland: Approved for clinical trial
11	Metabolism and alimentary system	Tenapanorables (tenapanor hydrochloride tablets)	Irritable bowel syndrome with constipation (IBS-C)	Chinese mainland: Phase I clinical trial Hong Kong: Approved for launch

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No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
12	Anti-infection	Preomanidazole	Especially drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) in health care men in tolerance/efficacy of health care men	Chinese mainland: NDA Hong Kong: Approved for launch
13		OP0595 (Nadobac am) + cefepime or amikacin	Treatment of adult's infected by aerobic gram-negative bacteria in limited options	Chinese mainland: Phase III clinical trial
14	Central nervous system	Opicapone capsules	Parkinson's syndrome	Chinese mainland: NDA
15	Blood system	Atarombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	Chinese mainland: Approved for launch
16		Tenapanor tablets (tenapanor hydrochloride tablets)	Controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD)	Chinese mainland: NDA
17		FK-806 (an anti-human T-lymphocyte receptor immunoglobulin)	Pre-engraftment syndrome disease (GVHD) after the hematopoietic stem cell transplantation	Chinese mainland: Approved for clinical trial
18	Others	RT002 (Dabofolium oleanolide)	Moderate to severe glabellar lines in adults (GL)	Chinese mainland: NDA
19			Cerebral dysplasia in adults (CD)	Chinese mainland: NDA
20		Foraciprone (lidocaine prilocaine spray)	Pre-ejaculation	Chinese mainland: Phase III clinical trial

Table 6 — Biosimilars under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese mainland as at the end of the Reporting Period
1	Anti-tumor	HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection)	Neoadjuvant treatment of BC	Phase III clinical trial (in erlenmcy-tinib combination)
2		HLX05 (recombinant anti-EGFR human/murine chimeric monoclonal antibody injection)	Metastatic colorectal cancer (mCRC) and metastatic head and neck squamous cell carcinoma (HNSCC)	Phase I clinical trial
3		HLX13 (recombinant anti-CTLA-4 human monoclonal antibody injection)	Melanoma, renal cell carcinoma, colorectal cancer, hepatocellular carcinoma, non-small cell lung cancer, malignant pleural mesothelioma and esophageal squamous cell carcinoma	Phase I clinical trial
4		HLX15 (recombinant anti-CD38 human monoclonal antibody injection)	Liver cancer	Approved for clinical trial
5	Metabolism and alimentary system	Modified proline zinc recombinant insulin lispro injection (50R)	Diabetes	Approved for launch
6		Modified proline zinc recombinant insulin lispro injection (25R)	Diabetes	NDA
7		Semaglutide injection	Diabetes	Phase III clinical trial
8		Liraglutide injection	Diabetes	Phase III clinical trial
9		Insulin degludec injection	Diabetes	Phase III clinical trial
10	Others	HLX14 (recombinant anti-RANKL human monoclonal antibody injection)	Osteoporosis (OP) and others	Phase III clinical trial (in erlenmcy-tinib combination)

As at the end of the Reporting Period, a total of 34 products of the Group have passed or deemed to have passed the consistency evaluation of generic drugs were selected in nine batches of national centralized drug procurement and the insulin special success fee procurement (please refer to Table 7. Products on tenders for centralized procurement), of which the results of the ninth batch of the centralized procurement and insulin special success fee procurement were implemented in March 2024 and May 2024, respectively. For emerging categories included in the centralized procurement, the Group has utilized its advantages of multi-channel marketing and lean production to strengthen the lifecycle management of the centralized procurement products while sacrificing price for volume, and has actively promoted the rapid entry of incremental products in the market through the centralized procurement, so as to effectively smooth the impact of emerging products participating in centralized procurement.

Table 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
1	4+7 scope expansion	Amlodipine Besilate Tablets	High blood pressure	5mg*7 tablets/sbo	Bo
2		Escitalopram Oral Tablets	Depression disorder	10mg*7 tablets/sbo , 10mg*10 tablets/sbo , 10mg*14 tablets/sbo	Bo
3	The second round	Aithromycin Capsules	1. Acute pharyngitis and acute tonsillitis caused by streptococcus pyogenes; 2. sinusitis, otitis media, acute bronchitis and acute exacerbation of chronic bronchitis caused by susceptible bacteria; 3. pneumonia caused by streptococcus pneumoniae, haemophilus influenzae and mycoplasma pneumoniae; 4. Perforated and ceratitis caused by chlamydia trachomatis and non-mucoid-resistant neisseria gonorrhoeae; 5. skin and underlying soft tissue infection caused by susceptible bacteria.	0.25g*6 capsules/bo , 0.25g*4 capsules/bo	Bo
4		Clinicalcin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15g*10 capsules/bo , 0.15g*20 capsules/bo	Bo
5		Indapamide Tablets	Essential hypertension	2.5mg*10 tablets/sbo , 2.5mg*30 tablets/sbo	Bo
6		Isoniazid Tablets	Tuberculosis	0.1g*100 tablets/sbo/le	Bo/le
7	The third round	Felbinac Tablets	Long-term treatment of gouty patients with hyperuricemia	40mg*16 tablets/sbo	Bo
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1g*10 tablets/s/rip *3 s/rips/bo , 25mg*14 tablets/s/rip *2 s/rips/bo , 0.2g*8 tablets/s/rip *2 s/rips/bo	Bo
9		Piagasin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2mg*14 tablets/sbo	Bo
10		Ethambutol Hydrochloride Tablets	Applicable to tuberculosis caused by reactivation of m. tuberculosis Tuberculosis in combination with other anti-tuberculosis drugs. It can also be used for the treatment of tuberculosis meningitis and apical m. tuberculosis infection.	0.25g*50 tablets/sbo/le, 0.25g*100 tablets/sbo/le	Bo/le
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer's dementia	10mg*14 tablets/sbo	Bo
12	The fourth round	Telmisartan Tablets	Essential hypertension	40mg*8 tablets/s/rip*4 s/rips/bo	Bo
13		Empagliflozin Tablets	Type 2 diabetes	10mg*10 tablets/s/rip *1 s/rip/bo	Bo
14		Calcium Dobesilate Capsules	1. Treatment of microangiopathy: Diabetic microangiopathy (retinopathy and glomerulosclerosis (Kimmelstiel-Wilson syndrome); microangiopathy accompanied by increased capillary fragility and permeability, capillary diseases and acrocyanosis. 2. adjunctive therapy for chronic venous insufficiency (aricose veins syndrome) and varicose veins (including post-embolism syndrome, leg ulcers, periorbital dermatitis and other signs of skin diseases, peripheral vascular edema, etc.).	0.5g*10 tablets/s/rip *3 s/rips/bo	Bo
15		Sorafenib Tosilate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2g*10 tablets/s/rip *3 s/rips/bo	Bo
16		Duloxetine Hydrochloride Enantiomer Capsules	Generalized anxiety disorder and depression	20mg*60 capsules/bo/le, 30mg*90 capsules/bo/le, 60mg*30 capsules/bo/le	Bo/le
17		Pravastatin Tablets	This product is only effective for m. tuberculosis, and can be used for the treatment of tuberculosis in combination with other anti-tuberculosis drugs (such as streptomycin, isoniazid, rifampin and ethambutol) for 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th, 101st, 102nd, 103rd, 104th, 105th, 106th, 107th, 108th, 109th, 110th, 111th, 112th, 113th, 114th, 115th, 116th, 117th, 118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th, 126th, 127th, 128th, 129th, 130th, 131st, 132nd, 133rd, 134th, 135th, 136th, 137th, 138th, 139th, 140th, 141st, 142nd, 143rd, 144th, 145th, 146th, 147th, 148th, 149th, 150th, 151st, 152nd, 153rd, 154th, 155th, 156th, 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th, 166th, 167th, 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th, 176th, 177th, 178th, 179th, 180th, 181st, 182nd, 183rd, 184th, 185th, 186th, 187th, 188th, 189th, 190th, 191st, 192nd, 193rd, 194th, 195th, 196th, 197th, 198th, 199th, 200th, 201st, 202nd, 203rd, 204th, 205th, 206th, 207th, 208th, 209th, 210th, 211st, 212nd, 213th, 214th, 215th, 216th, 217th, 218th, 219th, 220th, 221st, 222nd, 223rd, 224th, 225th, 226th, 227th, 228th, 229th, 230th, 231st, 232nd, 233rd, 234th, 235th, 236th, 237th, 238th, 239th, 240th, 241st, 242nd, 243rd, 244th, 245th, 246th, 247th, 248th, 249th, 250th, 251st, 252nd, 253rd, 254th, 255th, 256th, 257th, 258th, 259th, 260th, 261st, 262nd, 263rd, 264th, 265th, 266th, 267th, 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697th, 698th, 699th, 700th, 701st, 702nd, 703rd, 704th, 705th, 706th, 707th, 708th, 709th, 710th, 711st, 712nd, 713th, 714th, 715th, 716th, 717th, 718th, 719th, 720th, 721st, 722nd, 723rd, 724th, 725th, 726th, 727th, 728th, 729th, 730th, 731st, 732nd, 733rd, 734th, 735th, 736th, 737th, 738th, 739th, 740th, 741st, 742nd, 743rd, 744th, 745th, 746th, 747th, 748th, 749th, 750th, 751st, 752nd, 753rd, 754th, 755th, 756th, 757th, 758th, 759th, 760th, 761st, 762nd, 763rd, 764th, 765th, 766th, 767th, 768th, 769th, 770th, 771st, 772nd, 773rd, 774th, 775th, 776th, 777th, 778th, 779th, 780th, 781st, 782nd, 783rd, 784th, 785th, 786th, 787th, 788th, 789th, 790th, 791st, 792nd, 793rd, 794th, 795th, 796th, 797th, 798th, 799th, 800th, 801st, 802nd, 803rd, 804th, 805th, 806th, 807th, 808th, 809th, 810th, 811st, 812nd, 813th, 814th, 815th, 816th, 817th, 818th, 819th, 820th, 821st, 822nd, 823rd, 824th, 825th, 826th, 827th, 828th, 829th, 830th, 831st, 832nd, 833rd, 834th, 835th, 836th, 837th, 838th, 839th, 840th, 841st, 842nd, 843rd, 844th, 845th, 846th, 847th, 848th, 849th, 850th, 851st, 852nd, 853rd, 854th, 855th, 856th, 857th, 858th, 859th, 860th, 861st, 862nd, 863rd, 864th, 865th, 866th, 867th, 868th, 869th, 870th, 871st, 872nd, 873rd, 874th, 875th, 876th, 877th, 878th, 879th, 880th, 881st, 882nd, 883rd, 884th, 885th, 886th, 887th, 888th, 889th, 890th, 891st, 892nd, 893rd, 894th, 895th, 896th, 897th, 898th, 899th, 900th, 901st, 902nd, 903rd, 904th, 905th, 906th, 907th, 908th, 909th, 910th, 911st, 912nd, 913th, 914th, 915th, 916th, 917th, 918th, 919th, 920th, 921st, 922nd, 923rd, 924th, 925th, 926th, 927th, 928th, 929th, 930th, 931st, 932nd, 933rd, 934th, 935th, 936th, 937th, 938th, 939th, 940th, 941st, 942nd, 943rd, 944th, 945th, 946th, 947th, 948th, 949th, 950th, 951st, 952nd, 953rd, 954th, 955th, 956th, 957th, 958th, 959th, 960th, 961st, 962nd, 963rd, 964th, 965th, 966th, 967th, 968th, 969th, 970th, 971st, 972nd, 973rd, 974th, 975th, 976th, 977th, 978th, 979th, 980th, 981st, 982nd, 983rd, 984th, 985th, 986th, 987th, 988th, 989th, 990th, 991st, 992nd, 993rd, 994th, 995th, 996th, 997th, 998th, 999th, 1000th, 1001st, 1002nd, 1003rd, 1004th, 1005th, 1006th, 1007th, 1008th, 1009th, 1010th, 1011st, 1012nd, 1013th, 1014th, 1015th, 1016th, 1017th, 1018th, 1019th, 1020th, 1021st, 1022nd, 1023rd, 1024th, 1025th, 1026th, 1027th, 1028th, 1029th, 1030th, 1031st, 1032nd, 1033rd, 1034th, 1035th, 1036th, 1037th, 1038th, 1039th, 1040th, 1041st, 1042nd, 1043rd, 1044th, 1045th, 1046th, 1047th, 1048th, 1049th, 1050th, 1051st, 1052nd, 1053rd, 1054th, 1055th, 1056th, 1057th, 1058th, 1059th, 1060th, 1061st, 1062nd, 1063rd, 1064th, 1065th, 1066th, 1067th, 1068th, 1069th, 1070th, 1071st, 1072nd, 1073rd, 1074th, 1075th, 1076th, 1077th, 1078th, 1079th, 1080th, 1081st, 1082nd, 1083rd, 1084th, 1085th, 1086th, 1087th, 1088th, 1089th, 1090th, 1091st, 1092nd, 1093rd, 1094th, 1095th, 1096th, 1097th, 1098th, 1099th, 1100th, 1101st, 1102nd, 1103rd, 1104th, 1105th, 1106th, 1107th, 1108th, 1109th, 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No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
23	The one highest	Cefminox Sodium for injection	1. Respiratory system infection: tonsillitis, peritonsillar abscess, bronchitis, bronchiolitis, bronchiectasis (in the case of infection), secondary infection of chronic respiratory disease, pneumonia, pulmonary suppuration; 2. Urinary system infection: pyelonephritis, cystitis; 3. Abdominal infection: cholecystitis, cholangitis, peritonitis; 4. Pelvic infection: pelvic peritonitis, pyometra, parametritis; 5. Sepsis.	0.25g*10 bottles/box, 0.5g*10 bottles/box, 1g*10 bottles/box	Box
24		Lidocaine Hydrochloride Injection	This product is a local anesthetic and an antiarrhythmic drug. Mainly used for infiltration anesthesia, epidural anesthesia, topical anesthesia (including mucosal anesthesia during thoracoscopy or abdominal surgery) and nerve conduction block. This product can be used for: 1. Right premortals and right atrial and cardiac after active myocardial infarction, and can also be used for: 2. Right arrhythmia caused by digitalis poisoning, cardiac surgery and cardiac catheterization. This product is also ineffective for: 3. Right arrhythmias.	5ml:0.1g*5 vials/box, 10ml:0.2g*5 vials/box, 20ml:0.4g*5 vials/box	Box
25		Roxithromycin Tablets	For the treatment of infections caused by roxithromycin-sensitive pathogens	150mg*6 tablets/srip/box	Box
26	The one highest	Enoxaparin Sodium Injection	1. Prevention of endogenous thromboembolic diseases (prevention of endogenous thrombosis), especially for thrombosis related to orthopedic or general surgery; 2. Treatment of established deep vein thrombosis, with or without pulmonary embolism, which are clinical symptoms, including pulmonary embolism requiring surgery or thrombotic agent treatment; 3. Treatment of unstable angina and non-Q wave myocardial infarction, in combination with aspirin; 4. Prevention of thrombosis in extracorporeal circulation of hemodialysis; 5. For the treatment of acute ST-elevation myocardial infarction, in combination with thrombolytics or coronary intervention in combination with percutaneous coronary intervention (PCI).	0.6ml:6000AU allU (prefilled)*2 vials/box	Box
27		Piperacillin Sodium and Tazobactam Sodium for injection	For the treatment of the following sensitive and/or local infections caused by susceptible bacteria: 1. Lower respiratory tract infection; 2. Urinary tract infection (mixed infection or single bacterial infection); 3. Intra-abdominal infection; 4. Skin and soft tissue infection; 5. Bacterial sepsis; 6. Gastrointestinal infection; 7. Treatment of bacterial infection in patients with neutropenia in combination with aminoglycosides; 8. Bone and joint infection; 9. Mixed infection of various bacteria.	2.25g(2.0g Piperacillin and 0.25g Tazobactam)*8 bottles/box, 4.5g(4.0g Piperacillin and 0.5g Tazobactam)*6 bottles/box, 4.5g(4.0g Piperacillin and 0.5g Tazobactam)*5 bottles/box	Box
28		Oseltamivir Phosphate for oral suspension	For the treatment of influenza A and influenza B in adults and children aged 2 weeks or above. Prevention of influenza A and influenza B in patients aged 1 year or above.	0.36g*1 bottle/box	Box
29		Cefoperazone Sodium and Sulbactam Sodium for injection	Monoherapy: Cefoperazone/Sulbactam is indicated for the treatment of the following infections caused by susceptible bacteria: 1. Upper and lower respiratory tract infection; 2. Upper and lower urinary tract infection; 3. Peritonitis, cholecystitis, cholangitis and other intra-abdominal infections; 4. Sepsis; 5. Meningitis; 6. Skin and soft tissue infection; 7. Bone and joint infection; 8. Pelvic inflammatory disease, endometritis, gonorrhea and other reproductive tract infections. Combination medication: Cefoperazone/Sulbactam should be used in combination with other antibiotics.	1g(1:1)*10 bottles/box, 2g(1:1)*10 bottles/box, 3g(1:1)*10 bottles/box	Box
30		Furosemide Injection	1. Edema disease; 2. Hypertension; 3. Prevention of acute renal failure; 4. Hypokalemia and hypocalcemia; 5. Dialysis hypotension; 6. Hypertension; 7. Hypertension; 8. Hypertension; 9. Hypertension; 10. Hypertension.	2ml:20mg*10 vials/box	Box
31	The one highest	Rifampicin Capsules	For the treatment of meningitis, in combination with other anti-infectious drugs. For the treatment of leprosy and non-leprosy mycobacterial infection in combination with other drugs. For the treatment of severe infections caused by methicillin-resistant staphylococci in combination with amoxicillin (in rats). Rifampicin in combination with erythromycin can be used for the treatment of severe Legionella infections. For the treatment of asymptomatic Neisseria meningitidis carriers to eliminate Neisseria meningitidis in the nasopharynx; not suitable for the treatment of Neisseria meningitidis infection.	0.15g*100 capsules/box	Box
32		Rabeprazole Sodium Enteric-coated Tablets	Gastric ulcers, duodenal ulcers, anasomycosis, reflux esophagitis, Zollinger-Ellison syndrome.	20mg*30 tablets/s/box	Box
33	Combined purchase	Insulin lispro injection	Diabetes	3ml:300U (refill)*1 vial	Vial
34	Combined purchase	Insulin glargine injection	Diabetes	3ml:300U (refill)*1 vial	Vial

Note: Human Insulin Injection and Proamine Human Mixed Insulin Injection (30R) were elected in 2024 national centralized procurement (insulin special success and procurement).

Management Discussion and Analysis

- *Integrated production and streamlined operation*

In order to further improve the competitiveness of the pharmaceutical manufacturing business, improve operational efficiency and implement the internationalization strategy, the Group continued to streamline and discover its internal competitive production capacity, deepened the integration of the production side, realized the rapid transformation of products through the consolidation and integration of APIs and preparations production resources, and built up internationally competitive series of production lines and production bases.

The Group continued to consolidate production lines on the production side, built regional production centers and gathered production capacity and achieved the integration of APIs and preparations, so as to further improve production and operation efficiency and expand production cost advantages. During the Reporting Period, the Group built regional production centers in Xuhou and Chongqing, consolidated and advanced the consolidation of Xingyao Pharma API Base, Hainan Dongying API Base and Yao Pharma Changshou API Base, and vertically integrated the APIs and preparation downstream chains, realizing in-situ mass production capacity. At the same time, the Group also planned and built production lines for complex preparations and special preparations, and the production lines for BFS, spray drying and OEB4/5 have entered in the consolidation and/or production phases. As at the end of the Reporting Period, the commissioning and validation of the raneamic acid production line and Genamicin B production line in Hainan Dongying API Base had commenced. The cationic process validation in Yao Pharma Changshou API Base had been completed. Several products in old production lines of Xingyao Pharma API Base had passed the on-site inspections on drug production license, GMP and registration certification and commenced commercial production. Xuhou Industrial Park Preparation Base had completed the consolidation of oral solid preparation and BFS production lines, and the transfer of related products had commenced, and new products could be consolidated in reduced, with increased production capacity in the subsequent stage. In addition, the Group continued to enhance the consolidation of the Core D'Loire park in integrating drug R&D, manufacturing, logistics and delivery, aiming to realize localization in drug manufacturing and supply in Africa.

At the same time, the Group continued to promote the building of production system with international quality standard, laying a solid foundation for the overseas distribution of preparations. The Group through different means including special training, gap analysis, reform and upgrade, etc., continued to improve quality systems based on domestic and international requirements, and enhanced the quality risk awareness and quality management capabilities of all employees. As at the end of the Reporting Period, all commercial production lines of the domestic subsidiaries under the pharmaceutical manufacturing segment of the Group obtained domestic GMP certifications, and 10 production lines had passed GMP certification in major regions or markets such as the U.S. and the EU. During the Reporting Period, the domestic subsidiaries under the pharmaceutical manufacturing segment received over 40 official inspections as well as official sample submissions on over 300 batches, all of which were passed smoothly.

2. *Operating Results*

During the Reporting Period, the Group recorded revenue of RMB2,069 million from the medical devices and medical diagnosis segment, representing a period-on-period decrease of 6.59%, which was mainly due to the significant decrease in the revenue from COVID-19 antigen and nucleic acid tests and the overseas revenue from non-proprietary COVID-19 products. Excluding COVID-related products, the revenue of medical devices and medical diagnosis segment increased by 5.13% on the same basis. During the Reporting Period, the segment results of the medical devices and medical diagnosis segment amounted to RMB-57 million, representing a period-on-period decrease of RMB113 million; and segment profits amounted to RMB-54 million, representing a period-on-period decrease of RMB168 million, which was mainly due to (1) the corresponding impacts of significant decrease in the revenue from COVID-19 antigen and nucleic acid tests, (2) the sales of medical diagnosis products were lower than expected, and (3) the increase in operating costs as a result of the transition from a distribution model to a direct sales model in certain areas of Sisram Medical.

(1) *Medical Devices*

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

In the field of medical cosmetology, focusing on the ecological diversification strategy, Sisram Medical, a subsidiary, has continuously enriched its product pipeline and pushed ahead the consolidation of its marketing network worldwide. During the Reporting Period, Sisram Medical introduced Alma Harmon, a new generation of multi-functional flagship device with photorejuvenation as its main function, in the North American market, and unveiled Soprano Titanium Special Edition, a laser hair removal device, in the global market. Profhilo, a new generation of sodium hyaluronate complex (i.e. sodium hyaluronate solution for injection), with Sisram Medical being its agent, was launched in Hainan as a licensed medical device in April 2024. In addition, in January 2024, Sisram Medical established a strategic partnership with Prolenium, and obtained the exclusive distribution rights of the Rejane dermal filler collection, which applies advanced hyaluronic acid technology, in several major markets including Germany, Austria, Switzerland, Australia and New Zealand. During the Reporting Period, the revenue of Sisram Medical amounted to US\$169 million and net profit amounted to US\$13 million (based on the financial statements of Sisram Medical in its reporting currency).

In the field of respiratory health products, Breas accelerated the introduction of new products and completed its supply chain. During the Reporting Period, sales performance remained strong and the demand of non-invasive ventilators for medical and home use (including Cleara 2 and others) saw increasing degrees of growth as compared to the same period last year, with the revenue generated from such markets as America also experiencing a significant increase.

In the field of professional medical products, the Group accelerated integration, and focused on building the capabilities in R&D, production, products and marketing through licensed-in and introduction – and the Intelligent Manufacturing in China – policy. During the Reporting Period, the introduction of one of Da Vinci Surgical Robot of Intuitive Fusion (an associated company) in Chinese mainland and Macao was 24. The Intuitive Fusion headquarters industrial base was completed and put in operation in the Zhangjiang International Medical Park in Shanghai in June 2024. During the Reporting Period, the Da Vinci SP endoscopic single orifice surgical systems developed by Intuitive Fusion has been included in the NMPA's special review for innovative medical devices, which would facilitate the subsequent registration and approval processes; the Ion S system adopting a flexible robot with shape sensing technology had been approved for launch in Chinese mainland. During the Reporting Period, Fusion Insight, a joint venture established with Insight in China, was established to advance the clinical promotion and commercialization of the MRgFUS brain therapy system in the Chinese mainland, Hong Kong, and Macao markets. Fuso Zhida, a subsidiary, focused on the field of artificial intelligence surgical navigation and accelerated the innovative R&D of technological products, and its disposable long needle positioning marker was approved for launch in Chinese mainland in July 2024.

In addition, the medical devices segment also made positive progresses in consolidating a global marketing network. Sisram Medical, through strategies and methods of strengthening its digital channels and combining direct sales and distribution, continuously expanded the global market. As at the end of the Reporting Period, its marketing network has covered more than 100 countries and regions across the world. The proportion of direct sales revenue further increased to 86%. At the same time, the marketing network of Breas also covered markets such as Europe, the U.S., China, Japan, India and Australia.

Management Discussion and Analysis

(2) Medical Diagnosis

During the Reporting Period, the revenue from COVID-19 antigen and nucleic acid tests significantly decreased, substantially affecting the revenue and profit of the medical diagnosis segment. As the COVID-19 no longer constituted a Public Health Emergency of International Concern, the medical diagnosis segment shifted its business focus to non-COVID-19 products, and continued to promote product upgrading and the launch of differentiated pipelines. During the Reporting Period, full-automatic chemiluminescence immunoassay analyzer F-i6000, independently developed by the Group, was approved for launch. F-i6000 is a ultra-high-speed immunoassay analyzer which completely independent intellectual property rights. It enjoys a detecting speed of 600 tests per hour, and can access to the laboratory automation system to provide an integrated solution. In addition, 8 kinds of reagents including hCG reagent (Chemical Luminescence) and hCG reagent (Chemical Luminescence), and 7 sex hormone reagents including follicle stimulating hormone reagent (Chemical Luminescence) and estradiol reagent (Chemical Luminescence), were completed upgrading and approved for launch successfully. Moreover, respiratory virus joint inspection (PCR method) and other molecular testing products, IL-2 reagent (Chemical Luminescence) and other chemical luminescence reagents have entered the stage of clinical trial and registration application.

As at the end of the Reporting Period, products launched of the medical diagnosis segment included dozens of equipment such as full-automatic biochemical testing instruments, full-automatic chemiluminescence analyzers, high-speed chemistry immunoassay integrated machines, full laboratory automation systems, full-automatic molecular integrated workstations, and full-automatic immunochemistry instruments. Nearly 200 testing projects in oligonucleotide, kidney function, myocardial enzyme, tumor markers, sex hormone, hCG function, cardiac markers and liver fibrosis markers entered the stage of mass production and commercialization, and more than 120 products are under development.

3. Healthcare Services

During the Reporting Period, the revenue from the healthcare services segment amounted to RMB3,657 million, representing a period-on-period increase of 16.95%. Segment results amounted to RMB74 million, representing a period-on-period decrease in loss of RMB225 million. Segment profits amounted to RMB-140 million, representing a period-on-period decrease in loss of RMB128 million. The main reasons for the period-on-period decrease in loss included the higher costs and optimized expenses of online business, as well as the significant cost reduction through the centralized procurement of drugs and devices.

(1) Healthcare services business focusing on integrated medical institution

With years of profound exploration, Foshan Health, a subsidiary, has formed a healthcare services platform centered on the Greater Bay Area, with the provision of general and specialized medical disciplines and the integration of online and offline services. In the first half of 2024, Foshan Health ranked second in the 2024 Top 100 Social Medical Hospital Groups of Asclepius (ranked among the top three in the list for four consecutive years). As at the end of the Reporting Period, the medical institutions controlled by Foshan Health had a total of 6,578 authorized beds, and held 8 independent hospital licenses. In particular, 4 medical institutions including Foshan Foshan Chancheng Hospital and Guangzhou Xinshi Hospital have established regional medical associations, covering the Greater Bay Area region.

During the Reporting Period, Foshan Health continued to promote the high-level construction of medical disciplines and enhance the medical strength, and several medical institutions controlled by it have set up key specialties at the municipal and district levels in local regions. Meanwhile, centered on the Greater Bay Area, Foshan Health actively established strategic cooperation with other healthcare institutions to jointly promote the improvement of service capabilities and standards of healthcare services in the region as well as the business

With years of profound exploration in the healthcare services field, especially the operation scale and reputation have been formed in the Greater Bay Area, in May 2024, Foshan Healthcare entered into the Capital Increase Agreement with Chanixi New City Investment and Construction Company Limited* (禪西新城投資建設有限公司) (**Foshan Chanxi City Investment**), pursuant to which, Foshan Healthcare will obtain a strategic investment of RMB300 million from Foshan Chanixi New City Investment, so as to further consolidate its characteristics and strengths in the healthcare services field.

(2) *Rehabilitation specialty business*

During the Reporting Period, the Group deepened its deployment of rehabilitation specialty business, consolidated in the Eastern China and expanded its core cities in other regions and promoted the multiple locations in one city – layout model. In addition, the rehabilitation specialty segment has defined the three-year plan for rehabilitation specialty and the plan for building specialties, and with the establishment of the rehabilitation professional committee in organizing clinical treatment, rehabilitation and nursing, conducted standardized trainings on key specialized diseases and specialized trainings on medical management, and improved the quality of rehabilitation treatment and services. In addition, the Group was also committed to developing new products and services such as the rehabilitation roller and the rehabilitation service package for different and diversified medical needs. Meanwhile, the Group has connected with commercial insurance providers to improve the diversified payment channels and deepen strategic cooperation in the industry chain.

In the first half of 2024, Jianjia Healthcare, a subsidiary, proactively advanced the standardized replication of rehabilitation hospital projects and refined the whole lifecycle management of rehabilitation hospitals. Through optimising and iterating the standardized model, it has implemented the standardized model for all aspects from project planning and discipline construction to daily management, deepened the refined management of cross-region hospitals. As at the end of the Reporting Period, 11 rehabilitation medical institutions were in operation (including those in trial operation), and 7 rehabilitation medical institutions were under construction.

4. *Sinopharm's business performance*

During the Reporting Period, Sinopharm actively adapted to the new development environment of the industry, overcame difficulties, and accelerated the transformation and innovation of businesses. In the first half of 2024, Sinopharm recorded a revenue of RMB294,727 million, a net profit of RMB5,899 million, and a net profit attributable to the parent company of RMB3,704 million, representing a period-on-period decrease of 2.07%, 14.42% and 9.76%, respectively.

In respect of pharmaceutical distribution, Sinopharm focused on core and key areas, and the market share of pharmaceutical distribution business in relevant markets continued to increase, especially in key areas such as Jiangsu, Zhejiang, Shanghai, Central China, North China and Guangdong and Guangxi, the proportion of revenue of which has maintained rapid growth. During the Reporting Period, the revenue from pharmaceutical distribution was RMB226,494 million, representing a period-on-period increase of 0.47%. In respect of medical device distribution, due to the changes in the terminal demand structure, the revenue from the medical device distribution business was RMB58,494 million, representing a period-on-period decrease of 7.08%. In respect of retail pharmacy, the revenue was RMB16,558 million, representing a period-on-period decrease of 6.43%. In parallel, specialised pharmacies of Sinopharm maintained a high growth rate of more than 20%, but the sales revenue of socialised pharmacies decreased on a period-on-period basis due to the reduction of scale of personal medical insurance accounts. As at the end of the Reporting Period, Sinopharm's total number of retail stores was 12,366, representing a net increase of 257 in total compared with the end of 2023.

III. Core Competence Analysis

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

1. Advantages in R&D and innovation. The Group connected with teams of outstanding scientific talents, leading technologies and high-quality products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, licensed-in projects and industrial investments. In addition, the Group continued to enrich its innovative product pipelines, enhanced the research and clinical development capabilities of FIC (First-in-class) and BIC (Best-in-class) products, and promoted the R&D and practice of innovative technologies and products through the integrated management of the innovative R&D projects by the global R&D center.
2. Advantages in internationalization. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, co-ownership, production and operation as well as commercialization. The global BD team kept enhancing the co-ownership of products and IP, and deployed in frontier areas through R&D cooperation and licensed-in projects, while doing clinical and registration teams in the U.S., Africa, Europe, India, Japan, Middle East and Southeast Asia continued to strengthen overseas drug registration and application capabilities. The Group also accelerated the internationalization of domestic production lines, and further deepened its international marketing capabilities so as to further expand the international market. In particular, in the field of medical devices, the Group's marketing network for medical cosmetic equipment covered over 100 countries and regions worldwide, and has established direct sales layouts in multiple countries.
3. Advantages in commercialization. The Group continued to enhance the construction and integration of marketing systems, and had formed a marketing system by product lines featured by professionalism, branding, digitalization and compliance, has supported existing products and products to be launched. As at the end of the Reporting Period, the Group had built up a comprehensive supporting system covering aspects such as medical affairs, market access, medical strategic alliance, brand and market promotion, etc.

IV. Major Operations in the Reporting Period

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

Unit : million RMB

Items	Amount for the period	Amount for the corresponding period of last year	Period-on- period change (%)
Revenue (Note 1)	20,383	21,316	4.38
Cost of sales (Note 1)	10,463	10,699	2.21
Selling and distribution expenses (Note 2)	4,266	5,071	15.87
Administrative expenses (Note 3)	2,149	2,103	2.19
Research and development expenses (Note 4)	1,862	2,134	12.75
Other gains (Note 5)	273	857	68.14
Other expenses (Note 5)	435	256	69.92
Share of profits and losses of Associates (Note 6)	947	1,118	15.30
Net cash flow generated from operating activities	1,907	1,810	5.36

Note 1: For the reasons for the period-on-period change in revenue and cost of sales, please refer to Segment Performance Overview in Management Discussion and Analysis and Principal Operations by Segments, Products and Geographical Locations below.

Note 2: During the Reporting Period, selling and distribution expenses ratio was 20.93%, representing a decrease of 2.86 percentage points as compared to the same period last year. The gross profit margin less selling and distribution expense ratio increased by 1.72 percentage points period-on-period.

Note 3: During the Reporting Period, administrative expenses ratio was 10.54%. Excluding the impact of newly acquired companies, the administrative expense decreased by approximately RMB200 million.

Note 4: Mainly due to the Group's focus on improving the efficiency of aged pipelines and R&D system integration during the Reporting Period.

Note 5: Mainly due to the gains from fair value changes of financial assets held such as investments in YSB and the gains from disposal of non-core assets such as Tianjin Pharma in the same period last year.

Note 6: Mainly due to the period-on-period decrease in share of investees' income of Associates and Joint ventures.

2. R&D expenditure

(1) R&D expenditure

Uni : million Currenc : RMB

R&D expenditure for the period	1,862
R&D expenditure capitalised for the period	875
Total R&D expenditure	2,737
Total R&D expenditure as a percentage of revenue (%)	13.38
R&D expenditure in the pharmaceutical manufacturing segment	
as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	16.39
Percentage of R&D expenditure capitalised (%)	31.97

(2) Descriptions

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB2,406 million, representing a period-on-period decrease of RMB113 million or 4.49%, accounting for 16.39% of the revenue from the pharmaceutical manufacturing segment. In particular, the R&D expenses amounted to RMB1,572 million, representing a period-on-period decrease of RMB220 million or 12.28%, accounting for 10.71% of the revenue from the pharmaceutical manufacturing segment. In addition to independent R&D, the Group will implement an open R&D model, and incubated and invested in R&D projects by initiating/managing independent funds and other diversified assets, so as to ensure the sustainability of innovation and R&D.

(II)  

Uni : million Currenc : 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 profit margin
Pharmaceutical manufacturing	14,601	6,621	54.65	8.29	6.94	decrease of 0.66 percentage points
Medical devices and medical diagnosis	2,069	1,028	50.31	6.59	2.28	decrease of 2.20 percentage points
Healthcare services	3,657	2,772	24.20	16.95	11.59	increase of 3.64 percentage points

Principal operations by products

By products	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross profit margin
Major products of an i-tumor and immune modulation	4,051	853	78.94	9.52	12.68	decrease of 0.60 percentage points
Major products of an i-infection (Note)	1,453	417	71.30	56.30	71.79	increase of 15.75 percentage points
Major products of metabolism and alimentary system	1,398	341	75.61	7.05	4.60	decrease of 2.71 percentage points
Major products of cardiovascular system	1,026	645	37.13	22.29	27.22	decrease of 2.44 percentage points
Major products of central nervous system	492	53	89.23	10.71	6.00	decrease of 1.70 percentage points
Major products of APIs and intermediates products	560	417	25.54	14.37	10.90	decrease of 2.90 percentage points

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 profit margin
Chinese Mainland	14,873	6,998	52.95	10.02	12.40	increase of 1.28 percentage points
Regions outside Chinese Mainland and other countries	5,510	3,465	37.11	15.13	27.86	decrease of 6.27 percentage points

Note: The decrease in revenue and cost of sales of major an i-infection products as compared to the same period last year is mainly due to the significant decline in revenue from COVID-related products, such as Jie Bei An (a medicine used for treating the respiratory tract infection) during the Reporting Period.

Management Discussion and Analysis

(III) A 1. Operation and Results of Major Subsidiaries of the Group

(1) Operation and Results of Major Subsidiaries

Uni : million Currenc : RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical R&D and manufacturing	197	8,227	6,282	2,813	544	461
Wanbang Pharma	Pharmaceutical R&D and manufacturing	480	7,005	4,151	4,012	400	351
Shanghai Henlius (Note 1)	Pharmaceutical R&D and manufacturing	543	9,980	2,578	2,746	397	386
Guilin Pharma	Pharmaceutical R&D and manufacturing	285	2,300	1,340	662	211	180
Gland Pharma (Note 2)	Pharmaceutical R&D and manufacturing	N/A	10,943	8,817	2,541	318	201

Note: The above data included appreciation of assets and amortization of appreciation of assets.

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

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

(2) Status of Other Major Subsidiaries

Uni : million Currenc : RMB

Name of subsidiary	Major business	Registered capital	Total assets	Net assets	Revenue	Net profit
Foshan Foshan Chancheng Hospital (Note 1)	Healthcare services	50	3,901	2,036	1,210	73
Sisram Medical (Note 2)	Medical devices R&D and manufacturing	N/A	4,467	3,368	1,199	94

Note 1: The data for Foshan Foshan Chancheng Hospital included appreciation of assets and amortization of appreciation of assets.

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

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

[illegible]

V. Outlook for Operations in the Second Half of 2024

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

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

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

In terms of the innovative drug business, the Group will continue to focus on its competitive resources to ensure the smooth advancement of key projects, comprehensively upgrade its R&D capabilities to consolidate its dominant position in hematological tumors, breast cancers, lung cancers and other tumors, expand the large opportunities of immune inflammation, chronic diseases (liver disease, metabolism, kidney disease, etc.) and central nervous system; by expanding industry-academia-research cooperation with world-class universities and scientific research institutes, the Group will capture the original innovative products in the early stage; at the same time, the Group will actively promote the export of quality products and promote global simultaneous development. On the marketing side, the Group will promote the upgrading of the marketing organization and strengthen product lifecycle management through a large access system and innovative all-area marketing, so as to maximize the commercial value of innovative products and strive to create a matrix of blockbuster products worth billions of RMB.

In terms of the established medicines manufacturing & supply business, in respect of R&D, the Group will establish R&D projects for first generic drugs, difficult generic drugs and differentiated products as well as improved new drugs, efficiently promote the development of pipeline products, and make deployment in high-end/complex preparations such as injectables, mini-tablets, oral fast-dissolving film, inhalation and sustained and controlled release, to form a differentiated R&D layout. In terms of operation, the Group will consolidate and plan the industrial layout, strengthen the integration of APIs and preparations, deploy characteristic APIs and emerging technology platforms, strengthen the capacity construction of international registration and marketing system of APIs, comprehensively improve operational efficiency, develop leadership in terms of cost, and focus on promoting the integration and international collaboration of the heparin industry. In terms of marketing, the Group will actively respond to centralized procurement, and accelerate the transformation of the marketing model. While further deepening its presence in the Chinese market and strengthening its presence in the U.S. market, the Group will achieve rapid breakthroughs through strategic layout in emerging markets such as Africa, the Middle East and Southeast Asia, so as to comprehensively promote global layout, form a regional focus, and accelerate international market expansion with the help of external mergers and acquisitions.

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

In the second half of 2024, in terms of the medical devices business, the Group will continue to focus on medical cosmetics, respiratory health, professional medical products and other business areas, systematically improve its marketing, product competitiveness and innovation capabilities, and further promote the professional, international and branding-oriented development of the medical devices business. In particular, the Group will strengthen the diversification of the medical cosmetics business and the active creation of the global network coverage through both internal and external expansion. The Group will continue to deeply integrate the respiratory health business, expand the business and enhance the quality of profitability. The professional medical products business focuses on tumor, nerve and other fields, strengthen professional marketing and create an advanced age-specific brand in the field of specialties.

In the second half of 2024, in terms of the medical diagnosis segment, the Group will continue to deepen the product line portfolios in the construction of product matrix, accelerate the launch of laboratory equipment platform of the testing center, immunological reagent combinations, and molecular reagent combination products, and improve its ability to provide integrated medical diagnosis solutions. It will also accelerate the promotion of the second-generation reagents such as high-speed chemiluminescence analyzer FCI-6200, hypersensitive troponin Hs-cTn (Chemical luminescence), CA199 tests (Chemical luminescence), etc., as well as respiratory virus joint inspection (PCR method).

Healthcare
In the second half of 2024, based on the continuous consolidation on its aging and advanced areas, the healthcare services business will focus on comprehensive medical inspections, will continue to improve specialized service capabilities and a full life cycle management system based on patients' disease process, so as to further enhance the standard of its medical services. It will also continue to strengthen its core capabilities, promote the innovation and application of medical technologies, and enhance the integrated operation efficiency. It will continue to enhance the cooperation in commercial insurance in terms of depth and breadth, increase the coverage of commercial insurance in healthcare services business, and accelerate the expansion of one-stop health management services for the integration of medicine, healthcare and insurance. It will continue to deepen the integrated online and offline smart healthcare services based on the digital platform. Meanwhile, it will explore capabilities of international medical services, with a focus on the Greater Bay Area.

In the second half of 2024, the rehabilitation special business will continue to develop an innovative, chain-based rehabilitation healthcare model of multiple locations in one city – in core regions and key cities. Centering on special development and featuring disease-specific treatment products, rehabilitation medical inspections will enhance lean operations, the medical quality and the professional standards of healthcare management. It will optimize the construction of information system and digital platform, deepen strategic supply chain cooperation, and refine digital and intelligent support solutions, so as to lay a solid foundation for interconnected management of operations, patient management and specialized services, enhance the construction of clinical-rehabilitation integration, and improve the healthcare experience for rehabilitation patients.

VI. Potential Risks

(I)

The medical healthcare industry is one of the industries most affected by national policies, including various ministries and commissions and industries such as national medical insurance, health, drug supervision and administration, industrialization and informatization, technology and intellectual property rights. With the intensified efforts in the reform of drug production and manufacturing, medical health and medical protection, the policies on medical healthcare market environment are basically shaped, leading to the innovative transformation, industry consolidation and transformation in business models becoming a matter of great urgency. As the connection between the elements in "Three Medical Linkages" grows stronger, the promotion and implementation of new policies on national and regional centralized procurement in order to reduce prices and payments, the introduction of new payment methods for medical insurance payments, dynamic adjustments to National Medical Insurance Drug Catalogue, and biosafety and environmental protection affect the production costs and profitability of the entire pharmaceutical industry and have brought about a renewed competitive pressure on the industry.

In the field of medical devices and medical diagnosis, the policies encourage the integration of the company's resources and advance complementary, and promote innovation as the development focus, which intensifies the support for the innovation of high-end medical devices, and helps the technology levels of clinical products are continuously improved. The centralized procurement in order to reduce prices for high-value consumables and diagnostic reagents also brings about a drastic change to the industry.

In the field of healthcare 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 main body of healthcare services to explore new areas of healthcare services.

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

(II)

With the deepening reform of the medical system, The National Healthcare Security Administration has initiated a comprehensive governance of drug and consumable prices, and extended it to retail terminals. Meanwhile, it increased the reform efforts in healthcare payments based on Diagnosis Related Groups (DRG) and Diagnosis Interim Payment Package (DIP), aiming to further optimize and reshape medical practices.

In the field of innovative drugs, since the market size of generic drugs has been drastically shrink, numerous generic drugs companies seek transformation. With China's entry into the ICH (i.e. The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use) and the domestic drug registration and approval system being gradually brought in line with international standards, more and more innovative drugs are being marketed at a faster pace. The internal competition among local innovative pharmaceutical companies has been increasingly fierce, and at the same time, they are also facing competition from international pharmaceutical companies. In addition, the development and launch of innovative products by domestic pharmaceutical companies in overseas markets also face challenges such as human resources and lack of familiarity with regulatory requirements. In the field of generic drugs, with the gradually higher control policy on medical insurance payments, and the consistent implementation and advancement of national and regional centralized procurement in order to reduce prices, the generic drugs industry will be further concentrated. Meanwhile, with the progressing supply-side reforms and the rapid launch of more innovative drugs, the market shares and profit margins of generic pharmaceutical products will be subject to further pressure.

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

In this regard, the Group will keep abreast of the changes in development trend of the industry, insist on innovation R&D, enrich product pipelines, optimize production process, and enhance the R&D efficiency. At the same time, the Group will enhance the benefits from economies of scale, and improve quality and increase productivity for production. In terms of marketing, the Group will increase efforts in market development and enhance the marketing ability of products, so as to expand market coverage.

(III) B

1. *R&D risks of drugs*

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

In this regard, the Group will continue to strengthen its project and early research capabilities, establish a lean R&D process and concept, scientifically employ Go/No-go decisions, and improve R&D efficiency and optimize the incentive and punishment mechanism. In addition, the Group will further strengthen the construction of BD and clinical registration capabilities, improve and develop product pipelines with high clinical value and strong innovative attributes, and accelerate the approval for launch of innovative products; at the same time, actively explore the layout of innovative technology platforms and new large-scale cooperative competitive product pipelines by virtue of various models such as industry-university-research cooperation and industrial investment.

2. *Quality control risks of products and services*

Management Discussion and Analysis

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

3. Safety and environmental risks

Manufacturing companies are also exposed to safety and environmental risks during the production process. In the process of production of drugs, medical devices and diagnostic products, due to the dangerous chemical substances involved in the APIs, improper operation or inadequate maintenance measures during loading, unloading, handling, storage and use may cause production safety incidents. Residue, as a gas, as a liquid and other pollutants produced during the manufacturing of products or provision of healthcare services will be harmful to the surrounding environment if they are not treated properly, which in turn will affect the normal production and operation of the Group. Although the Group has bioremediation and emitted pollutants strictly in compliance with the relevant environmental laws, regulations and standards, the environmental protection costs incurred by the Group may increase in light of the enhanced social awareness on environmental protection over time, and the potential implementation of more stringent environmental protection laws and regulations by central and local governments.

In this regard, the Group will continue to strengthen production safety management, reinforce staff training and implement relevant safe production measures to reasonably control risks. Meanwhile, the Company will attach importance and fulfill its social responsibility for environmental protection, to ensure the normal operation of environmental protection facilities and ensure that the target of emissions is met.

(II)

1. Risks of internationalization

Geopolitical uncertainty poses risks to the international operation of the biopharmaceutical industry. The Chinese Biopharmaceutical companies' international cooperation may be affected by the new pattern and new policies.

In addition, the Group may face various problems during the implementation of its internationalization strategy, including unfamiliarity with the overseas regulatory environment and markets, difference in the demands between overseas and domestic consumers, and implementation of trade protection policies in certain countries. At the same time, with the further expansion of the global sales network, the scale of sales and the scope of business here will be higher requirements on the operating and management capabilities of the Group. If the Group's capabilities in aspects such as production and operation, marketing, quality control, risk management, compliance in foreign, data protection and talent training does not align with the development pace of the internationalization and the requirements for the expansion of the Group, the Group will be exposed to operating and management risks.

2. Risks arising from mergers, acquisitions and restructuring

Legal, policy and operating risks may also be confronted by the Group during the process of mergers, acquisitions and business consolidations. Upon completion of acquisitions, the requirements on the operation and management of the Group will become higher. If mergers and acquisitions could not bring about a synergistic impact, the operating results of the Group may be adversely affected.

In this regard, the Group will continue to improve its technologies and professionalism, the understanding of regulatory rules and policies of overseas markets so as to minimize the potential operational risks of operational activities.

(T) Exchange Rate

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

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

(T) Natural Disasters and Public Health Incidents

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

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

VII. Other Events

(I) Shareholding Increase Plan

On 13 September 2023, 22 September 2023 and 24 November 2023, the Company received written notifications by Fosun High Tech, a controlling shareholder, that Fosun High Tech planned to further increase its shareholding in the Company (including A Shares and/or H Shares) by a of, including by, no limited to, centralized price bidding or block trade after the stock exchange changes and transfer agreements (and/or through parties acting in concert with it) within the 12-month period commencing from 13 September 2023 (inclusive), if and where appropriate, and the total consideration hereof shall not be less than RMB100 million^{Note} (including the total consideration for an increase in shareholding of A Shares of not less than RMB100 million) and the additional shareholding in shares to be acquired in aggregate shall not exceed 2% of the total issued shares of the Company as at 13 September 2023 (i.e. 2,672,156,611 Shares, the same below) (and the aggregated number of shares in the Company to be acquired in the 12-month period, on a rolling basis shall not exceed 2% of the total issued shares of the Company) (the **Shareholding Increase Plan**). Fosun High Tech and/or parties acting in concert with it shall not reduce its/their shareholding in the Company during the implementation of the Shareholding Increase Plan and within the same or restricted period.

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

(I) Medium-Term Notes

The initial issuance amount of the first tranche of medium-term notes of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in 2022 is RMB500 million. Pursuant to the issuer's option to adjust the coupon rate and the issuer's sellback option as set out in the Prospectus for the First Tranche of Medium-Term Notes of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in 2022, the Company decided to increase the coupon interest rate of the medium-term notes from 3.50% to 4.20% from the third interest-bearing year. At the same time, some holders exercised the sellback option, and the sellback amount totaled RMB260 million. The balance of the medium-term notes was reduced to RMB240 million, and the par sold back was not resold. In March 2024, the payment of the current interest and the soldback amount was completed regarding the medium-term notes, and the par sold back was cancelled.

Note: The exchange rate of HKD against RMB is converted based on the central parity rate of HKD against RMB announced by the People's Bank of China on the date of the relevant shareholding increase.

Management Discussion and Analysis

On 24 June 2024, Fosun New Medicine (as the offeror and acquirer), a subsidiary, announced that it proposed to acquire and cancel all shares of Shanghai Henlius (including H shares and Unlisted shares) held by other existing shareholders of Shanghai Henlius through the cash and/or the share alternative (the **Merger**) and to privatise Shanghai Henlius, and on 23 August 2024, revised the relevant plan.

Upon the completion of the Merger, Fosun New Medicine (as existing entity after the Merger) will inherit and assume all assets, liabilities, interests, businesses, personnel, contracts and all rights and obligations of Shanghai Henlius, and the legal entity of Shanghai Henlius will be eventually deregistered.

As of the date of this report, the Merger is still subject to the approval, filing or registration of the NDRC, the MoF, the SAFE or the local authorities of such agencies, the securities regulator and/or stock exchange changes in the relevant jurisdictions and other relevant government authorities (if applicable), as well as the approval of the general meeting of shareholders and the H shareholders class meeting of Shanghai Henlius. The ongoing delisting application of Shanghai Henlius is also subject to the approval of the Hong Kong Stock Exchange. There is still significant uncertainty regarding the Merger and the ongoing delisting of Shanghai Henlius.

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the financial position of the Group as at 30 June 2024 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 70 to 99.

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

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

Repurchase of A Shares

On 26 March 2024, the Board considered and approved the A Share repurchase plan (the **A Share Repurchase Plan**), approving that the Company could repurchase its A Shares through centralized bidding trading on the SSE trading system in its own funds. The total repurchase funds shall be no less than RMB100 million and no more than RMB200 million (both inclusive). The repurchase period shall be 6 months from the date of approval of the A Share Repurchase Plan by the Board (i.e. from 26 March 2024 to 25 September 2024 (both dates inclusive)).

During the Reporting Period, pursuant to the A Share Repurchase Plan, the Company repurchased a total of 1,457,800 A Shares, representing approximately 0.0546% of the total number of Shares of the Company as of the end of the Reporting Period (i.e. 2,672,398,711 Shares). The total repurchase amount was approximately RMB32.3238 million (excluding transaction costs). As at the end of the Reporting Period, the Company held 1,457,800 A Shares as treasury shares through repurchase, which were intended to be used for the implementation of the employee incentive scheme and/or the employee share ownership scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2024 to the end of the Reporting Period.

DIRECTORS

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

Executive Directors

Mr. Wu Yifang (吳以芳) (Chairman)
 Mr. Wang Ke (王可心) (Co-Chairman)
 Ms. Guan Xiaohui (關曉暉) (Vice-Chairman)
 Mr. Wen De'ong (文德鏞) (Chief Executive Officer)

Non-executive Directors

Mr. Chen Qi (陳啟宇)
 Mr. Xu Xiaoliang (徐曉亮)
 Mr. Pan Donghui (潘東輝)

Independent Non-executive Directors

Ms. Li Ling (李玲)
 Mr. Tang Guoliang (湯谷良)
 Mr. Wang Qianli (王全弟)
 Mr. Ye Tieshan Hailson (余梓山)

Mr. Yao Fang resigned as a non-executive Director of the Company on 30 June 2024. On 1 July 2024, the Board nominated Mr. Chen Yiqing as the candidate for the non-executive Director of the Company, the election of which is proposed to be submitted to the extraordinary general meeting of the Company.

SUPERVISORS

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

Mr. Chen Bing (陳冰) (Chairman)

Mr. Guan Yimin (管一民)

Ms. Wang Lina (王麗娜)

Ms. Ren Qian resigned as the employee Supervisor and the chairman of the Supervisor Committee of the Company on 19 June 2024. At the employee representatives meeting held on 19 June 2024, Ms. Wang Lina was elected as the employee Supervisor of the Company in effect from 19 June 2024 and the expiration of the term of the current session of the Supervisor Committee. At the Supervisor Committee meeting held on 19 June 2024, Mr. Chen Bing was elected as the chairman of the Supervisor Committee of the Company in effect from 19 June 2024 and the expiration of the term of the current session of the Supervisor Committee.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Mr. Guan Yimin, a Supervisor, ceased to serve as the independent director of Yihai Kerry Arahana Holdings Co., Ltd.* (益海嘉里金龍魚糧油食品股份有限公司) (stock code: 300999), a company listed on the Shenzhen Stock Exchange in effect from 15 April 2024. He also ceased to serve as the independent director of Shanghai Huai (Group) Company* (上海華誼集團股份有限公司) (stock code: 600623), a company listed on the Shanghai Stock Exchange in effect from 29 June 2024.

Mr. Chen Qi, a non-executive Director, ceased to serve as the non-executive director of Gland Pharma (stock code: GLAND), a company listed on BSE and NSE in effect from 30 April 2024.

Save as disclosed above, during the period from 1 January 2024 to the date of this report, there was no change of information which is required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

SHARE INCENTIVE SCHEMES

2022 Restricted A Share Incentive Scheme

On 29 November 2022, the Shareholders of the Company approved the adoption of the 2022 Restricted A Share Incentive Scheme at the extraordinary general meeting, the A Shareholders class meeting and the H Shareholders class meeting. The Restricted A Share Incentive Scheme aims to further improve the corporate governance structure, promote the establishment and improvement of the incentive mechanism of the Group, fully mobilize the enthusiasm of the executive Directors and senior management personnel of the Company and employees of the Group, effectively align the interests of the Shareholders, corporate(s) and operators to focus on and work collectively for the long-term development of the Group.

The maximum number of Shares under the Restricted A Share Incentive Scheme is 3,434,300 restricted A Shares, representing approximately 0.13% of the total Shares of the Company (i.e. 2,672,398,711 Shares, the same below) as at the date of this report. Specifically, the maximum number of Shares under the first grant is 2,747,500 Shares, representing approximately 0.10% of the total Shares of the Company as at the date of this report; and the maximum number of Shares reserved for further grant is 686,800 Shares, representing approximately 0.03% of the total Shares of the Company as at the date of this report. The reserved grant portion represents up to 20% of the total restricted A Shares to be granted under the Restricted A Share Incentive Scheme. The total number of shares of the Company granted to any of the participants under all share incentive schemes currently in force does not in the aggregate exceed 0.1% of the total number of shares of the Company as at 29 April 2022 (i.e. 2,669,655,211 Shares), the date when the scheme was announced for the first time.

On 9 January 2024, the Board and the Supervisor Committee considered and approved, among other things, that under the first grant of the Restricted A Share Incentive Scheme, apart from (1) restricted A Shares granted to 10 participants but none of which had been repurchased and cancelled due to the retirement and resignation of those 10 participants, and (2) the conditions of the unlocking of restricted A Shares granted to 3 participants had not been fulfilled due to their resignations before and on the expiration date of the first restriction period (i.e. 12 December 2023) and such restricted A Shares will be repurchased and cancelled separately, the unlocking conditions of the first unlocking period under the Restricted A Share Incentive Scheme (including the Group level performance appraisal for 2022 being achieved and individual level performance appraisal of participants for 2022 being achieved) for a total of 774,114 restricted A Shares held by the remaining 113 participants had been fulfilled, and agreed to unlock such restricted A Shares. The relevant Shares have been traded on 16 January 2024 (i.e. the first unlocking date). The weighted average closing price of the A Shares of the Company on the trading date prior to the first unlocking date was RMB23.72 per share.

On 1 January 2024 and 30 June 2024, the maximum numbers of restricted A Shares to be granted under the Restricted A Share Incentive Scheme were both 0 share. During the Reporting Period, the number of restricted A Shares held by the Company under the Restricted A Share Incentive Scheme was 0 share. During the Reporting Period, no restricted A Shares have been granted under the Restricted A Share Incentive Scheme.

During the Reporting Period, details of changes in the relevant restricted A Shares under the Restricted A Share Incentive Scheme are set out as follows:

Participant(s)	Grant date	Grant price (RMB/share)	Lock-up period	Change during the Reporting Period					Number of restricted A Shares not yet unlocked as at 30 June 2024 (shares)
				Number of restricted A Shares granted and issued (shares)	Number of restricted A Shares not yet unlocked as at 1 January 2024 (shares)	Granted during the Reporting Period (shares)	Unlocked during the Reporting Period (shares)	Lapsed/ cancelled during the Reporting Period (shares)	
Wu Yifang	1 December 2022	21.29	From 13 December 2022 to 12 December 2025 ⁽¹⁾	257,200	257,200	0	84,876	0	172,324
Wang Keqiang	1 December 2022	21.29	From 13 December 2022 to 12 December 2025 ⁽¹⁾	215,200	215,200	0	71,016	0	144,184
Gao Xiaohui	1 December 2022	21.29	From 13 December 2022 to 12 December 2025 ⁽¹⁾	187,100	187,100	0	61,743	0	125,357
Wen Deng	1 December 2022	21.29	From 13 December 2022 to 12 December 2025 ⁽¹⁾	187,100	187,100	0	61,743	0	125,357
Subtotal				846,600	846,600	0	279,378	0	567,222
Other participants	1 December 2022	21.29	From 13 December 2022 to 12 December 2025 ⁽¹⁾	1,654,800	1,525,300	0	494,736	0	1,030,564
Other participants	1 September 2023	21.29	From 21 September 2023 to 20 September 2025 ⁽²⁾	371,600	371,600	0	0	0	371,600
Total				2,873,000	2,743,500	0	774,114	0	1,969,386

Notes:

- (1) Upon fulfilment of certain unlocking conditions of the Restricted A Share Incentive Scheme (including Group level performance appraisal and individual level performance appraisal of participants, please refer to the Company's circular dated 31 October 2022 for details), the arrangements for the unlocking of restricted A Shares granted on 1 December 2022 is as follows:

Lock-up period	Unlocking period	Maximum proportion of the unlocked restricted Shares in the total restricted A Shares granted
From 13 December 2022 to 12 December 2023	From 13 December 2023 to 12 December 2024	33%
From 13 December 2022 to 12 December 2024	From 13 December 2024 to 12 December 2025	33%
From 13 December 2022 to 12 December 2025	From 13 December 2025 to 12 December 2026	34%

- (2) Upon fulfilment of certain unlocking conditions of the Restricted A Share Incentive Scheme (including Group level performance appraisal and individual level performance appraisal of participants, please refer to the Company's circular dated 31 October 2022 for details), the arrangements for the unlocking of restricted A Shares granted on 1 September 2023 is as follows:

Lock-up period	Unlocking period	Maximum proportion of the unlocked restricted Shares in the total restricted A Shares granted
From 21 September 2023 to 20 September 2024	From 21 September 2024 to 20 September 2025	50%
From 21 September 2023 to 20 September 2025	From 21 September 2025 to 20 September 2026	50%

The impact of the implementation of the Restricted A Share Incentive Scheme on the Company's accounting costs for each period would be calculated and amortised in accordance with the requirements of the HKFRS.

Subsequent to the Reporting Period, on 7 August 2024, the Board and the Supervisor Committee considered and approved, among other things, the proposed repurchase and cancellation of a total of 1,072,246 Restricted A Shares at a total repurchase amount of RMB22,830,809.73. The actual repurchase date of those Restricted A Shares is subject to determination.

2022 H Share Employee Share Ownership Scheme

On 29 November 2022, the Shareholders of the Company approved the adoption of the 2022 H Share Employee Share Ownership Scheme at the extraordinary general meeting. The H Share Employee Share Ownership Scheme aims to further improve the corporate governance structure, promote the establishment and improvement of the incentive mechanism of the Group, fully mobilise the enthusiasm of the executive Directors and senior management personnel of the Company and employees of the Group, and effectively align the interests of the Shareholders, corporate(s) and operators to focus on and work collectively for the long-term development of the Group.

The source of funds of the H Share Employee Share Ownership Scheme is the Company's funds designated for incentive purposes with a size of RMB73,462,500, and the holders are not required to pay any consideration. The H Share Employee Share Ownership Scheme is denominated in PRC Renminbi, each being RMB1 in value, i.e. the maximum number of PRC Renminbi under the H Share Employee Share Ownership Scheme is 73,462,500. Amongst which, there are PRC Renminbi 58,770,000 under the first grant, and the remainder of PRC Renminbi 14,692,500 are reserved PRC Renminbi. The total number of H Shares to be held under the H Share Employee Share Ownership Scheme shall not in the aggregate exceed 0.5% of the total Shares of the Company, and the total number of H Shares corresponding to PRC Renminbi to be held by a holder under the H Share Employee Share Ownership Scheme shall not in the aggregate exceed 0.5% of the total Shares of the Company.

On 9 January 2024, the Board considered and approved, among other things, to designate 9 January 2024 as the first vesting date, and under the first grant of the H Share Employee Share Ownership Scheme, apart from (1) the H Share Employee Share Ownership Scheme units granted to 10 holders who were not entitled to have been forfeited due to the retirement and resignation of those 10 participants, and (2) the H Share Employee Share Ownership Scheme units held by 3 holders, failed to be vested due to their resignations before the beginning date of the first vesting period (i.e. 29 December 2023) and such units will be forfeited separately, the vesting conditions of the first vesting period under the H Share Employee Share Ownership Scheme (including Group level performance appraisal for 2022 being achieved and individual level performance appraisal of participants for 2022 being achieved) for a total of 16,556,200 H Share Employee Share Ownership Scheme units held by the remaining 113 holders had been fulfilled, and agreed on the vesting of such units. The weighted average closing price of the H Shares of the Company for the trading date prior to the first vesting date was HK\$16.02 per share.

On 1 January 2024 and 30 June 2024, the units to be granted under the H Share Employee Share Ownership Scheme were both 0. During the Reporting Period, no H Share Employee Share Ownership Scheme units have been granted under the H Share Employee Share Ownership Scheme.

During the Reporting Period, the details of the changes in the H Share Employee Share Ownership Scheme units are set out as follows:

Participant(s)	Grant date	Lock-up period	Number of units granted (in thousands)	Change during the Reporting Period					Not yet vested as at 30 June 2024 (in thousands)
				Not yet vested as at 1 January 2024 (in thousands)	Granted during the Reporting Period (in thousands)	Vested during the Reporting Period (in thousands)	Lapsed/ cancelled during the Reporting Period (in thousands)		
Wu Yifang	29 November 2022 ⁽¹⁾	From 29 December 2022 to 28 December 2025 ⁽²⁾	5,500,000	5,500,000	0	1,815,000	0	3,685,000	
Wang Kejin	29 November 2022 ⁽¹⁾	From 29 December 2022 to 28 December 2025 ⁽²⁾	4,600,000	4,600,000	0	1,518,000	0	3,082,000	
Guan Xiaohui	29 November 2022 ⁽¹⁾	From 29 December 2022 to 28 December 2025 ⁽²⁾	4,000,000	4,000,000	0	1,320,000	0	2,680,000	
Wen Deng	29 November 2022 ⁽¹⁾	From 29 December 2022 to 28 December 2025 ⁽²⁾	4,000,000	4,000,000	0	1,320,000	0	2,680,000	
Subtotal			18,100,000	18,100,000	0	5,973,000	0	12,127,000	
Other participants	29 November 2022 ⁽¹⁾	From 29 December 2022 to 28 December 2025 ⁽²⁾	35,400,000	32,630,000	0	10,583,200	0	22,046,800	
Other participants	1 September 2023	From 1 September 2023 to 31 August 2025 ⁽³⁾	7,994,000	7,994,000	0	0	0	7,994,000	
Total			61,494,000	58,724,000	0	16,556,200	0	42,167,800	

Notes:

- (1) The H Share Employee Share Ownership Scheme (including the first grant under the H Share Employee Share Ownership Scheme) was approved to be implemented by the Shareholders of the Company on 29 November 2022. Therefore, the grant date of the first grant under the H Share Employee Share Ownership Scheme was 29 November 2022.
- (2) The first grant under the first grant granted to holders under the H Share Employee Share Ownership Scheme shall be based as follows upon fulfilment of certain vesting conditions of the H Share Employee Share Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants, please refer to the Company's circular dated 31 October 2022 for details):

Lock-up period	Vesting period	Maximum proportion of the units that can be vested in the total number of units granted
From 29 December 2022 to 28 December 2023	From 29 December 2023 to 28 December 2024	33%
From 29 December 2022 to 28 December 2024	From 29 December 2024 to 28 December 2025	33%
From 29 December 2022 to 28 December 2025	From 29 December 2025 to 28 December 2026	34%

- (3) The first grant under the reserved grant granted to holders under the H Share Employee Share Ownership Scheme shall be based as follows upon fulfilment of certain vesting conditions of the H Share Employee Share Ownership Scheme (including Group level performance appraisal and individual level performance appraisal of the participants, please refer to the Company's circular dated 31 October 2022 for details):

Lock-up period	Vesting period	Maximum proportion of the units that can be vested in the total number of units granted
From 1 September 2023 to 31 August 2024	From 1 September 2024 to 31 August 2025	50%
From 1 September 2023 to 31 August 2025	From 1 September 2025 to 31 August 2026	50%

The impact of the implementation of the H Share Employee Share Ownership Scheme on the Company's accounting costs will be calculated and amortised in accordance with the requirements of the HKFRS.

Subsequent to the Reporting Period, on 7 August 2024, the Board considered and approved, among other things, the forfeiture of a total of 22,963,400 H Share Employee Share Ownership Scheme units.

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

As at 30 June 2024, the interests or short positions of the Directors, Supervisors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which should be recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Hong Kong Listing Rules were as follows:

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

Name	Capacity	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Mr. Wang Yifang	Beneficial owner	H Share	373,000 (L)	0.07%
	Beneficial owner	A Share	1,007,100 (L)	0.05%
Mr. Wang Kejin	Beneficial owner	H Share	20,000 (L)	0.004%
	Beneficial owner	A Share	447,700 (L)	0.02%
Ms. Gan Xiaohui	Beneficial owner	H Share	25,000 (L)	0.005%
	Beneficial owner	A Share	393,100 (L)	0.02%
Mr. Wen Deng	Beneficial owner	H Share	20,000 (L)	0.004%
	Beneficial owner	A Share	207,100 (L)	0.01%
Mr. Chen Qi	Beneficial owner	A Share	114,075 (L)	0.01%
Ms. Wang Lina	Beneficial owner	A Share	1,900 (L)	0.0003%

Note:

(1) (L) Long position

(2) Interests in the shares and underlying shares of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name	Name of associated corporation	Class of Shares	Capacity	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Mr. Wang Yifang	Foshan International	Ordinary share	Beneficial owner	760,000 (L)	0.01%
Mr. Wang Kejin	Foshan International	Ordinary share	Beneficial owner	1,460,000 (L)	0.02%
Ms. Gan Xiaohui	Foshan International	Ordinary share	Beneficial owner	1,400,000 (L)	0.02%
Mr. Chen Qijun	Foshan International	Ordinary share	Beneficial owner	36,380,400 (L)	0.44%
	Foshan Prism	Ordinary share	Beneficial owner	501,478 (L)	0.04%
Mr. Xiao Xiaoliang	Foshan International	Ordinary share	Beneficial owner	32,776,000 (L)	0.40%
	Foshan Prism	Ordinary share	Beneficial owner	4,302,328 (L)	0.35%
	Yip Pan Inc.	Ordinary share	Beneficial owner	612,800 (L)	0.02%
Mr. Pan Donghai	Foshan International	Ordinary share	Beneficial owner	17,314,484 (L)	0.21%
	Foshan Prism	Ordinary share	Beneficial owner	865,000 (L)	0.07%
Mr. Chen Bing	Foshan International	Ordinary share	Beneficial owner	3,323,453 (L)	0.04%
	Foshan Prism	Ordinary share	Beneficial owner	66,663 (L)	0.01%

Note:

(1) (L) Long position

(3) Interests in debentures of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name	Name of associated corporations	Capacity	Amount of debentures
Mr. Wang Yifang	For One Star (BVI) Limited ⁽¹⁾	Beneficial owner	USD36,440
	For One Star (BVI) Limited ⁽²⁾	Beneficial owner	USD36,440
Mr. Xiao Xiaoliang	For One Star (BVI) Limited ⁽¹⁾	Beneficial owner	USD251,933
	For One Star (BVI) Limited ⁽²⁾	Beneficial owner	USD251,933

Notes:

(1) Details of debentures: due on 29 October 2025.

(2) Details of debentures: due on 18 March 2026.

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

As at 30 June 2024, so far as is known to the Directors and Supervisors, the persons or entities, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be direct or indirect interests in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company were as follows:

Name of Shareholders	Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
Fosun High Tech	Beneficial owner	H Share	71,533,500 (L)	12.96%
Fosun International	Beneficial owner	A Share	886,315,955 (L) ⁽²⁾	41.80%
	Beneficial owner	H Share	6,000,000 (L)	1.09%
	Interest of a controlled corporation	H Share	71,533,500 (L) ⁽³⁾	12.96%
	Interest of a controlled corporation	A Share	886,315,955 (L) ⁽⁵⁾	41.80%
Fosun Holdings	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽⁴⁾	14.05%
	Interest of a controlled corporation	A Share	886,315,955 (L) ⁽⁵⁾	41.80%
Fosun International Holdings	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽⁴⁾	14.05%
	Interest of a controlled corporation	A Share	886,315,955 (L) ⁽⁵⁾	41.80%
Mr. Guo Guangchang	Interest of a controlled corporation	H Share	77,533,500 (L) ⁽⁴⁾	14.05%
	Interest of a controlled corporation	A Share	886,315,955 (L) ⁽⁵⁾	41.80%
	Beneficial owner	A Share	114,075 (L)	0.01%

Notes:

(1) (L) Long position

(2) As at the end of the Reporting Period, Fosun High Tech had pledged 707,900,000 A Shares, the proceeds from the loan(s) on which the share pledge relates are to be applied towards repayment of its own debt(s).

(3) The Shares are held by Fosun High Tech. Fosun High Tech is wholly owned by Fosun International and therefore Fosun International is deemed to be interested in these Shares.

(4) These Shares, of which 71,533,500 Shares are held by Fosun High Tech and of which 6,000,000 shares are held by Fosun International. Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 73.35% by Fosun Holdings, and Fosun Holdings is wholly owned by Fosun International Holdings. As Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang are deemed to be interested in these Shares.

(5) These Shares are held by Fosun High Tech, Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 73.35% by Fosun Holdings, and Fosun Holdings is wholly owned by Fosun International Holdings. As Fosun International Holdings is owned as to 85.29% by Mr. Guo Guangchang, Fosun International Holdings, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang are deemed to be interested in these Shares.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, during the Reporting Period, none of the Company, its subsidiaries, the Company’s controlling shareholders and their subsidiaries is a party to an arrangement that would enable the Directors or Supervisors to acquire benefits by means of acquisition of shares or debentures in the Company or any other body corporate, and none of the Directors, Supervisors or their spouses or children under the age of 18, had an right to subscribe for securities of the Company, or had exercised an such right for the year.

USE OF PROCEEDS

Pursuant to the Approval in relation to the Non-public Issuance of Shares by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. – by the CSRC (Zheng Jian Xue Ke [2021] No. 2501), the Company completed the issuance of 106,756,666 new A Shares (with a nominal value of RMB1.00 per share) in July 2022. The issuance price of the 2022 Non-public Issuance of A Shares was RMB42.00 per share, and the total amount of proceeds raised was RMB4,483.78 million. The net amount of the aforementioned total proceeds after deducting the issuance expenses was RMB4,456.20 million.

In order to speed up the progress of R&D of innovative drugs, and improve the efficiency of the use of proceeds, taking into account the progress of the innovative R&D projects of the Group, as approved by the 2023 first extraordinary general meeting of the Company convened on 13 October 2023, the Company made adjustments to the use of proceeds from the 2022 Non-public Issuance of A Shares, including (1) the proposed application of the proceeds originally planned for use in the in-house comprehensive base for APIs and preparations – project amounting to RMB193.14 million (being the portion that has not been invested) of the innovative drug clinical, license in, and relevant marketing preparation – project; and (2) the proposed optimization of the investment allocation among the sub-projects under the innovative drug clinical, license in and relevant marketing preparation – project, i.e. (a) reducing the investment amount from proceeds of RMB257.73 million and RMB72.32 million (being the portion that has not been invested) in sub-projects – Bali aforide – and – Noelcorona in mRNA vaccines – , respectively, (b) adding the investment amount from proceeds of RMB194.07 million for sub-project – FS-1502 – , and (c) adding sub-projects – FCN-338 – and – SAF-189 – hereunder their investment amount from proceeds of RMB186.21 million and RMB142.90 million, respectively. For details, please refer to the announcement dated 18 August 2023 and the circular dated 14 September 2023 of the Company.

According to the aforementioned adjusted usage of proceeds, regarding the net proceeds raised from the 2022 Non-public Issuance of A Shares, RMB333.27 million had been utilized during the Reporting Period, and an aggregate of RMB4,004.65 million had been utilized as at the end of the Reporting Period. The aggregated utilization details as at the end of the Reporting Period are as follows:

Uni : million Currenc : RMB		
Project name	Proposed investment amount from the proceeds	Accumulated amount of the proceeds invested as at 30 June 2024
Innovative drug clinical, license in and relevant marketing preparation	2,067.62	1,700.11
In-house comprehensive base for APIs and preparations	1,156.16	1,072.13
Replenishment of working capital	1,232.42	1,232.42
Total	4,456.20	4,004.65

Note: Any discrepancies between totals and sums of figures listed in the above table are due to rounding.

As at 30 June 2024, the remaining net proceeds raised from the Non-public Issuance was RMB451.55 million, which will be invested in the proposed projects in the second half of 2024.

MODEL CODE AND WRITTEN GUIDANCE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code regarding securities transactions for Directors as set out in Appendix C3 of the Hong Kong Listing Rules and formulated the Written Guidance as its codes of conduct regarding securities transactions. Having made specific enquiry of the Directors, all the Directors have confirmed that they have complied with the standards for securities transactions for Directors as set out in the Model Code and the Written Guidance throughout the Reporting Period.

COMPLIANCE WITH THE CG CODE

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

The corporate governance practices adopted by the Company are based on the principles and Code Provisions under the CG Code contained in Appendix C1 of the Hong Kong Listing Rules.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable Code Provisions as set out in the CG Code.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT BY THE AUDIT COMMITTEE

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

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

The audit committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended 30 June 2024.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	5	20,383,158	21,315,899
Cost of sales		(10,463,386)	(10,698,520)
Gross profit		9,919,772	10,617,379
Other income	6	167,638	220,140
Selling and distribution expenses		(4,266,271)	(5,071,296)
Administrative expenses		(2,149,000)	(2,103,288)
Impairment losses on financial assets		(38,038)	(57,976)
Research and development expenses		(1,861,736)	(2,134,279)
Other gains	7	272,781	857,069
Other expenses		(434,689)	(256,491)
Interest income		188,969	171,494
Finance costs	8	(709,545)	(603,375)
Share of profits and losses of:			
Joint ventures		(105,878)	(95,841)
Associates		947,198	1,118,104
PROFIT BEFORE TAX	9	1,931,201	2,661,640
Income tax expense	10	(381,469)	(610,245)
PROFIT FOR THE PERIOD		1,549,732	2,051,395
Attributable to:			
Owners of the parent		1,224,799	1,783,642
Non-controlling interests		324,933	267,753
		1,549,732	2,051,395
Earnings per share attributable to ordinary equity holders of the parent:	12		
Basic and Diluted			
For profit for the period		RMB0.46	RMB0.67

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	1,549,732	2,051,395
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	125,725	549,556
Share of other comprehensive income of joint ventures	3,287	
Share of other comprehensive loss of associates	(10,075)	(74,012)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	118,937	475,544
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity instruments designated at fair value through other comprehensive income:		
Changes in fair value	(6,768)	73
Income tax effect	251	(11)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(6,517)	62
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	112,420	475,606
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,662,152	2,527,001
Attributable to:		
Owners of the parent	1,321,337	2,042,466
Non-controlling interests	340,815	484,535
	1,662,152	2,527,001

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	13	20,446,847	20,846,458
Right-of-use assets		4,130,816	4,248,080
Goodwill		10,880,283	10,851,999
Other intangible assets		15,716,170	15,301,788
Investments in joint ventures		20,227	78,910
Investments in associates		25,046,121	23,802,113
Equity investments designated at fair value through other comprehensive income		13,514	52,774
Financial assets at fair value through profit or loss		1,029,426	1,040,114
Deferred tax assets		660,090	624,471
Trade receivables - non-current		85,574	85,323
Other non-current assets		2,672,455	2,706,628
Total non-current assets		80,701,523	79,638,658
CURRENT ASSETS			
Interventions		7,511,699	7,537,768
Trade and bills receivables	14	8,246,247	7,668,229
Contract assets		129,766	145,887
Prepayments, other receivables and other assets		2,265,827	2,216,029
Financial assets at fair value through profit or loss		2,020,552	1,888,496
Derivatives at fair value through other comprehensive income		471,389	642,569
Cash and bank balances		14,080,459	13,693,591
Assets of a disposal group classified as held for sale		34,725,939	33,792,569
		71,976	
Total current assets		34,797,915	33,792,569
CURRENT LIABILITIES			
Trade and bills payables	15	6,525,945	6,159,619
Other payables and accruals		6,709,101	6,748,494
Interest-bearing bank and other borrowings	16	22,534,879	19,068,818
Lease liabilities		299,694	329,525
Contract liabilities		1,082,437	1,200,496
Tax payable		249,805	250,629
Total current liabilities		37,401,861	33,757,581
NET CURRENT (LIABILITIES)/ASSETS		(2,603,946)	34,988
TOTAL ASSETS LESS CURRENT LIABILITIES		78,097,577	79,673,646

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Notes		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	9,799,301	13,504,923
Lease liabilities		1,957,876	2,049,589
Deferred tax liabilities		3,406,680	3,445,191
Contract liabilities		374,707	319,785
Deferred income		613,686	639,399
Other long-term liabilities		3,121,761	3,136,874
Total non-current liabilities		19,274,011	23,095,761
Net assets		58,823,566	56,577,885
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,672,399	2,672,399
Treasury shares		(74,256)	(41,928)
Reserves		44,330,681	43,015,915
Non-controlling interests		46,928,824	45,646,386
Total equity		11,894,742	10,931,499
		58,823,566	56,577,885

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent									
	Share capital	Treasury shares	Share premium	Fair value reserve	Statutory surplus reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (Audited)	2,672,399	(41,928)	15,786,270*	(147,067)*	2,958,415*	1,208,049*	(1,141,453)*	24,351,701*	45,646,386	56,577,885
Profit for the Period	—	—	—	—	—	—	—	1,224,799	1,224,799	1,549,732
Other comprehensive income for the Period:										
Change in fair value of equity investments at fair value through other comprehensive income, net of a share of other comprehensive loss of joint ventures and associates	—	—	—	(6,651)	—	—	—	(6,651)	134	(6,517)
Exchange differences on translation of foreign operations	—	—	—	(6,788)	—	—	—	(6,788)	—	(6,788)
	—	—	—	—	—	—	109,977	—	109,977	125,725
Total comprehensive income for the period	—	—	—	(13,439)	—	—	109,977	1,224,799	1,321,337	1,662,152
Acquisition of non-controlling interests	—	—	—	—	—	(5,688)	—	(5,688)	(8,942)	(14,630)
Acquisitions of subsidiaries	—	—	—	—	—	—	—	—	1,751	1,751
Repurchase of restricted A shares	—	(32,328)	—	—	—	—	—	(32,328)	—	(32,328)
Deemed disposal of partial interests in subsidiaries in losing control	—	—	—	—	—	526,926	—	526,926	846,147	1,373,073
Disposal of associates	—	—	—	—	—	(5,741)	—	(5,741)	—	(5,741)
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	14,915	—	14,915	108,200	123,115
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(191,083)	(191,083)
Disposal of subsidiaries	—	—	—	—	(1)	—	—	1	(169,431)	(169,431)
Equity-settled share-based payments	—	—	—	—	—	—	—	—	16,683	16,683
Fair value adjustments on the share redemption option granted to non-controlling shareholders of subsidiaries	—	—	—	—	—	177,243	—	177,243	19,052	196,295
Share of changes in equity of other companies' comprehensive income and distributions received of associates	—	—	—	—	—	7,123	—	7,123	51	7,174
Fair value reserve to retained profits	—	—	—	3,875	—	—	—	(3,875)	—	—
Final 2023 cash dividend declared (note 11)	—	—	—	—	—	—	—	(721,349)	(721,349)	(721,349)
At 30 June 2024 (Unaudited)	2,672,399	(74,256)	15,786,270*	(156,631)*	2,958,414*	1,922,827*	(1,031,476)*	24,851,277*	46,928,824	58,823,566

* The reserve accounts comprise the consolidated reserves of RMB44,330,681,000 (31 December 2023: RMB43,015,915,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Fair value reserve	Surplus reserve	Other reserve	Exchange difference	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
At 1 January 2023 (Audited)	2,672,157	(53,255)	15,781,357*	71,007*	2,952,929*	1,351,646*	(1,257,801)*	23,013,701*	44,531,741	9,526,452	54,058,193	
Profit for the Period								1,783,642	1,783,642	267,753	2,051,395	
Other comprehensive income for the Period:												
Change in fair value of equity instruments at fair value through other comprehensive income, net of tax				(130)					(130)	192	62	
Share of other comprehensive loss of joint ventures and associates				(74,012)					(74,012)		(74,012)	
Exchange differences on translation of foreign operations							332,966		332,966	216,590	549,556	
Total comprehensive income for the period				(74,142)			332,966	1,783,642	2,042,466	484,535	2,527,001	
Acquisition of non-controlling interests						(13,632)			(13,632)	(2,051)	(15,683)	
Acquisitions of subsidiaries										106,630	106,630	
Establishment of new subsidiaries										1,870	1,870	
Deemed disposal of partial interests in subsidiaries in a loss-making control						131			131	329	460	
Disposal of associates						(15,521)			(15,521)		(15,521)	
Capital injections from non-controlling shareholders of subsidiaries										29,987	29,987	
Dividends declared to non-controlling shareholders of subsidiaries										(187,103)	(187,103)	
Cancellation of subsidiaries										(677)	(677)	
Equity-settled share-based payments						10,310			10,310	21,868	32,178	
Fair value adjustments on the share redemption option granted to non-controlling shareholders of subsidiaries						(30,940)			(30,940)	7,060	(23,880)	
Share of changes in equity of other joint ventures and associates received of associates						13,219			13,219		13,219	
Transfer of fair value reserve upon the disposal of interests in associates				(33,142)				33,142				
Final 2022 cash dividend declared (note 11)								(1,122,306)	(1,122,306)		(1,122,306)	
At 30 June 2023 (Unaudited)	2,672,157	(53,255)	15,781,357*	(36,277)*	2,952,929*	1,315,213*	(924,835)*	23,708,179*	45,415,468	9,988,900	55,404,368	

* The reserve accounts comprise the consolidated reserves of RMB42,796,566,000 (31 December 2022: RMB41,912,839,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash generated from operations	2,371,507	2,333,113
Income tax paid	(464,503)	(523,105)
Net cash flows from operating activities	1,907,004	1,810,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment, prepaid land lease payments, other intangible assets and other non-current assets	(2,093,357)	(2,942,564)
Acquisitions of subsidiaries, net of cash paid	(41,980)	(1,104,282)
Acquisitions of interests in associates	(551,633)	(270,571)
Purchases of financial assets at fair value through profit or loss	(86,405)	(168,174)
Purchases of equity investments designated at fair value through other comprehensive income	—	(37,395)
Disposal and partial disposal of associates and joint ventures	100	93,438
Disposal of financial assets at fair value through profit or loss	15,151	573,399
Disposal of equity investments designated at fair value through other comprehensive income	23,895	—
Disposal of subsidiaries	134,053	—
Dividends from associates	140,458	68,464
Dividends received from financial assets at fair value through profit or loss	13,581	12,757
Proceeds from disposal of items of property, plant and equipment, prepaid land lease payments, other intangible assets and other non-current assets	8,706	2,969
Change of the deposit for construction projects	9,168	17,264
(Increase)/decrease in non-pledged time deposits with original maturity of three months or more when acquired and restricted cash, net	(305,544)	1,371,635
Interests received from time deposits	81,682	125,847
Payments of loans to associates and joint ventures, net	—	(60,464)
Other receipts/(payments) relating to investing activities	2,177	(44,349)
Net cash flows used in investing activities	(2,649,948)	(2,362,026)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	15,874,396	13,661,290
Repayment of bank and other borrowings	(15,728,585)	(11,511,955)
Principal portion of lease payments	(200,497)	(115,309)
Interest paid	(664,298)	(625,160)
Capital injections from non-controlling shareholders of subsidiaries	106,070	34,316
Receipt of capital contribution from limited partners of consolidated SPCs and redemptions	106,000	231,000
Dividends paid to owners of the parent	(325)	
Dividends paid to non-controlling shareholders of subsidiaries	(182,018)	(156,733)
Acquisitions of non-controlling interests	(6,721)	(29,559)
Partial disposal of subsidiaries in which losing control	1,381,724	
Other receipts/(payments) relating to financing activities	404,818	(87,981)
Net cash flows from financing activities	1,090,564	1,399,909
NET INCREASE IN CASH AND CASH EQUIVALENTS	347,620	847,891
Cash and cash equivalents at beginning of period	9,502,389	11,170,067
Effect of foreign exchange rate changes, net	17,131	41,415
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,867,140	12,059,373
Analysis of balances of cash and cash equivalents:		
Cash and bank balances at end of the Period	14,080,459	14,885,382
Less: Pledged bank balances and time deposits with original maturity of more than three months	(4,213,319)	(2,826,009)
Cash and cash equivalents at end of the Period	9,867,140	12,059,373

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

1. CORPORATE AND GROUP INFORMATION

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

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

During the six months ended 30 June 2024 (the Period), the Company and its subsidiaries (collectively referred to as the Group) were principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and the provision of related and other consulting services and investment management.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

None of these amendments had a material impact on the financial position or performance of the Group. The Group has not applied any new interpretation that is not effective for the current accounting period.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

4. OPERATING SEGMENT INFORMATION

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

- (a) the pharmaceutical manufacturing segment mainly engages in the R&D, production and sale of medicine;
- (b) the medical devices and medical diagnosis segment mainly engages in the 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 consistent with the Group's profit or loss after tax except that a fair share gain or loss on financial assets at fair value through profit or loss, as well as head office and in-house management expenses income and expenses are excluded from such measurement.

In intersegment transfers are eliminated on consolidation. In 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, employee loan recorded in current assets and unallocated head office and in-house management expenses 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 in-house management expenses liabilities as these liabilities are managed on a group basis.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

4. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2024 (unaudited)

	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare Service RMB'000	Pharmaceutical distribution and retail RMB'000	Other business operations RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	14,600,938	2,068,583	3,657,174	—	56,463	—	20,383,158
Intra-segment sales	120,272	15,226	11,437	—	13,475	(160,410)	—
Total segment revenue	14,721,210	2,083,809	3,668,611	—	69,938	(160,410)	20,383,158
Segment results*							
Other income	1,691,714	(57,490)	74,328	—	(45,362)	(30,659)	1,632,531
Other gains	118,182	21,931	13,230	—	1,598	—	154,941
Other gains	263,725	2,871	3,066	—	9	—	269,671
Interest income	125,495	11,625	13,790	—	412	(4,485)	146,837
Finance costs	(131,361)	(21,573)	(137,947)	—	(21,983)	56,753	(256,111)
Other expenses	(43,728)	(45,869)	(81,770)	—	2,903	—	(168,464)
Share of profits and losses of:							
Joint ventures	(97,730)	—	(1,094)	—	(7,054)	—	(105,878)
Associates	5,400	40,269	496	943,372	(42,339)	—	947,198
Unallocated other income, interest income, other gains, finance costs, and expenses							(689,524)
Profit/(loss) before tax	1,931,697	(48,236)	(115,901)	943,372	(111,816)	21,609	1,931,201
Tax	(360,233)	(6,040)	(23,826)	—	(2,448)	—	(392,547)
Unallocated tax							11,078
Profit/(loss) for the period	1,571,464	(54,276)	(139,727)	943,372	(114,264)	21,609	1,549,732
Segment assets	61,412,897	10,392,791	14,907,398	19,913,442	5,407,210	(3,043,657)	108,990,081
Including:							
Investments in joint ventures	5,401	—	6,877	—	7,949	—	20,227
Investments in associates	399,551	1,467,557	680,547	19,913,442	2,585,024	—	25,046,121
Unallocated assets							6,509,357
Total assets							115,499,438
Segment liabilities:	22,472,857	3,014,088	5,939,532	—	1,690,483	(14,378,936)	18,738,024
Unallocated liabilities							37,937,848
Total liabilities							56,675,872
Other segment information:							
Depreciation and amortisation	982,611	157,786	327,189	—	79,404	—	1,546,990
Impairment losses recognised in the statement of profit or loss, net	4,669	22,581	30,961	—	(2,952)	—	55,259
Impairment losses recognised in the statement of profit or loss, net (unallocated)							2,953
Capital expenditure**	1,958,527	256,596	517,557	—	19,358	—	2,752,038

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

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

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

4. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2023 (unaudited)

	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare Services RMB'000	Pharmaceutical distribution and retail RMB'000	Other business operations RMB'000	Eliminations RMB'000	To al RMB'000
Segment revenue:							
Sales o e e m a l s o m e r s	15,921,190	2,215,367	3,127,263		52,079		21,315,899
In e r s e g m e n t s a l e s	253,786	36,867	14,485		18,355	(323,493)	
To al s e g m e n t r e v e n u e	16,174,976	2,252,234	3,141,748		70,434	(323,493)	21,315,899
Segment results*							
O h e r i n c o m e	1,660,146	55,696	(150,752)		(58,747)	26,194	1,532,537
O h e r g a i n s	150,863	29,391	21,492		7,915		209,661
O h e r g a i n s	320,123	3,720	7,045		103,260		434,148
I n e r e s i n c o m e	107,917	16,180	11,607		1,546	(11,895)	125,355
F i n a n c e c o s t s	(168,389)	(15,398)	(105,556)		(22,052)	66,375	(245,020)
O h e r e p e n s e s	(173,829)	(41,184)	(23,321)		(215)	841	(237,708)
Share of profits and losses of:							
Join e n t e r p r i s e s	(104,457)				8,616		(95,841)
A s s o c i a t e s	9,828	69,560	(1,341)	1,023,301	16,756		1,118,104
Unalloca d o h e r i n c o m e, i n e r e s i n c o m e, o h e r g a i n s, f i n a n c e c o s t s, a n d e p e n s e s							(179,596)
Profi t/(loss) before a	1,802,202	117,965	(240,826)	1,023,301	57,079	81,515	2,661,640
Ta	(373,730)	(3,514)	(27,413)		(2,674)		(407,331)
Unalloca d a							(202,914)
Profi t/(loss) for h e p e r i o d	1,428,472	114,451	(268,239)	1,023,301	54,405	81,515	2,051,395
Segment assets	60,706,554	10,816,045	11,563,857	18,386,423	5,983,591	(3,627,016)	103,829,454
I n c l u d i n g:							
Investments in joint ventures	122,920				13,140		136,060
Investments in associates	479,667	1,396,309	683,887	18,386,423	2,779,680		23,725,966
Unalloca d a s s e t s							8,268,690
To al a s s e t s							112,098,144
Segment liabilities	24,141,427	3,316,942	5,720,428		2,184,070	(16,401,114)	18,961,753
Unalloca d l i a b i l i t i e s							37,732,023
To al l i a b i l i t i e s							56,693,776
Other segment information:							
Deprecia ion and amor isa ion	1,089,966	161,154	238,330		75,556		1,565,006
Impairmen losses recognised in h e s a e m e n t o f p r o f i t o r l o s s, n e	75,389	18,423	18,437				112,249
Impairmen losses recognised in h e s a e m e n t o f p r o f i t o r l o s s, n e (u n a l l o c a t e d)							37,385
Capi al e p e n d i t u r e**	2,011,412	333,465	268,328		110,180		2,723,385

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

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

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

5. REVENUE

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	20,345,730	21,287,424
Revenue from other sources	37,428	28,475
Gross revenue	20,383,158	21,315,899

Revenue from contracts with customers

30 June 2024 ()

Segments	Pharmaceutical manufacturing RMB'000	Medical devices and medical diagnosis RMB'000	Healthcare Service RMB'000	Other business operations RMB'000	Total RMB'000
Types of goods or services					
Sale of medical products	13,890,835	1,989,281	154,294	22,102	16,056,512
Rendering of services and others	698,543	76,777	3,499,200	12,535	4,287,055
Sale of materials	1,587	366	210	—	2,163
To total	14,590,965	2,066,424	3,653,704	34,637	20,345,730
Geographical markets					
Chinese Mainland	10,494,845	655,704	3,653,135	33,492	14,837,176
Regions outside Chinese Mainland and other countries	4,096,120	1,410,720	569	1,145	5,508,554
To total	14,590,965	2,066,424	3,653,704	34,637	20,345,730
Timing of revenue recognition					
Goods and materials transferred at a point in time	13,892,422	1,989,647	154,504	22,102	16,058,675
Services transferred at a point in time	432,950	6,183	3,499,200	12,535	3,950,868
Services transferred over time	265,593	70,594	—	—	336,187
To total	14,590,965	2,066,424	3,653,704	34,637	20,345,730

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

	30 J 2023 (RMB'000)		30 J 2024 (RMB'000)		
Segments	Pharmaceutical manufacturing	Medical devices and medical diagnosis	Healthcare Service	Other business operations	Total
Types of goods or services					
Sale of medical products	15,116,386	2,077,953	442,048	16,956	17,653,343
Rendering of services and others	798,421	130,033	2,683,374	12,410	3,624,238
Sale of materials	3,100	6,743			9,843
Total	15,917,907	2,214,729	3,125,422	29,366	21,287,424
Geographical markets					
Chinese Mainland	12,556,992	792,113	3,125,422	28,639	16,503,166
Regions outside Chinese Mainland and other countries	3,360,915	1,422,616		727	4,784,258
Total	15,917,907	2,214,729	3,125,422	29,366	21,287,424
Timing of revenue recognition					
Goods and materials transferred at a point in time	15,119,486	2,084,696	442,048	16,956	17,663,186
Services transferred at a point in time	639,595	6,345	2,683,374	12,410	3,341,724
Services transferred over time	158,826	123,688			282,514
Total	15,917,907	2,214,729	3,125,422	29,366	21,287,424

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

6. OTHER INCOME

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Dividend income from financial assets at fair value through profit or loss	14,158	12,604
Governments grants	153,480	207,536
Total	167,638	220,140

7. OTHER GAINS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Gain on disposal of investments in associates	238,963	244,560
Gain on disposal of financial assets at fair value through profit or loss	4,244	200,124
Fair value gain on financial assets at fair value through profit or loss, net of others	—	387,374
	29,574	25,011
Total	272,781	857,069

8. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank loans and other borrowings (excluding lease liabilities)	679,305	603,996
Interest on lease liabilities	49,128	21,367
Subtotal	728,433	625,363
Less: Interest capitalised	(18,888)	(21,988)
Total	709,545	603,375

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

10. INCOME TAX

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

Taxes on profits assessable elsewhere have been calculated at the 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 assessable profits arising in Hong Kong during the period, the first HKD2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of current income tax of Alma Lasers Ltd., a subsidiary of the Company incorporated in Israel, enjoyed a preferential effective rate of 6% for being a Special Preferred Technological Enterprise (SPT-). The provision of current tax of Gland Pharma Limited, a subsidiary of the Company incorporated in India, is based on a statutory rate of 25.17%. The provision of current tax of Breas Medical Holdings AB, a subsidiary of the Company incorporated in Sweden, is based on a statutory rate of 20.60%. The provision of current tax of Tridem Pharma S.A.S, a subsidiary of the Company incorporated in France, is based on a statutory rate of 25.83%. The provision of current income tax of Phien S.A.S, a subsidiary of the Company incorporated in France, is based on a statutory rate of 25.83%.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current	463,700	427,510
Deferred	(82,231)	182,735
Total	381,469	610,245

11. DIVIDENDS

The Board of Directors did not recommend the payment of an interim dividend in respect of the six months period ended 30 June 2024 (for the six months period ended 30 June 2023: Nil).

The proposed final dividend of RMB0.27 (inclusive of tax) per ordinary share for the year ended 31 December 2023 was approved by the Shareholders at the annual general meeting of the Company on 26 June 2024.

Notes to Interim Condensed Consolidated Financial Statements

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the Restricted A Share Incentive Scheme, and the weighted average number of ordinary shares of 2,672,398,711 (for the six months period ended 30 June 2023: 2,669,655,211) in issue during the period.

The calculation of the diluted earnings per share amount 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 in ordinary shares.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	1,224,799	1,783,642
Less: Cash dividends distributed to the Restricted A Share Incentive Scheme	—	(1,050)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,224,799	1,782,592
Cash dividends distributed to the Restricted A Share Incentive Scheme	—	1,050
Total	1,224,799	1,783,642

	Number of shares For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,672,398,711	2,669,655,211
Effect of dilution: weighted average number of ordinary shares: the Restricted A Share Incentive Scheme	—	133,916
Total	2,672,398,711	2,669,789,127

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13. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Carrying amount at 1 January	20,846,458	15,718,789
Additions	1,463,530	1,820,621
Acquisitions of a subsidiary	—	1,367,672
Disposals	(68,808)	(26,425)
Disposal of subsidiaries	(915,969)	—
Classified as assets held for sale	(20,262)	—
Depreciation charge for the Period	(838,069)	(722,336)
Impairment loss	(1,106)	—
Exchange realignment	(18,927)	128,062
Carrying amount at 30 June	20,446,847	18,286,383

As at 30 June 2024, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB2,455,000,000 (31 December 2023: RMB2,117,025,000) were pledged to secure certain of the Group's bank and other borrowings (note 16).

14. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	8,162,575	7,643,737
Bills receivable	83,672	24,492
Total	8,246,247	7,668,229

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

Notes to Interim Condensed Consolidated Financial Statements

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14. TRADE AND BILLS RECEIVABLES (Continued)

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	7,939,372	7,436,979
1 to 2 years	304,348	333,408
2 to 3 years	99,496	77,594
Over 3 years	83,312	64,952
	8,426,528	7,912,933
Less: Loss allowance for impairment	(263,953)	(269,196)
Net Carrying Amount	8,162,575	7,643,737

15. TRADE AND BILLS PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	5,806,793	5,507,366
Bills payable	719,152	652,253
Total	6,525,945	6,159,619

Trade and bills payables are non-interest-bearing. Trade payables are normally settled on a 30-month term, and bills payable are normally settled on 90 to 180-day terms.

Notes to Interim Condensed Consolidated Financial Statements

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15. TRADE AND BILLS PAYABLES (Continued)

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	6,273,262	5,844,073
1 to 2 years	103,997	223,314
2 to 3 years	90,472	57,124
Over 3 years	58,214	35,108
Total	6,525,945	6,159,619

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans:			
Secured	(1)	2,256,188	2,115,700
Unsecured		29,773,992	29,958,133
		32,030,180	32,073,833
Other loans:			
Unsecured		64,000	
Corporate bonds	(2)	240,000	499,908
Total		32,334,180	32,573,741
Portion classified as current liabilities		(22,534,879)	(19,068,818)
Non-current portion		9,799,301	13,504,923

Notes to Interim Condensed Consolidated Financial Statements

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

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Repayable:		
Within 1 year	22,534,879	19,068,818
1 to 2 years	2,957,745	6,264,630
2 to 5 years	6,545,365	6,193,279
Over 5 years	296,191	1,047,014
	32,334,180	32,573,741
Portion classified as current liabilities	(22,534,879)	(19,068,818)
Non-current portion	9,799,301	13,504,923

Notes:

(1) Bank loans

The bank loans bear interest rates ranging from 0.1000% to 7.0410% (31 December 2023: 0.1000% to 7.0410%) per annum.

As at 30 June 2024, certain of the Group's bank loans are secured by the mortgage of certain of the Group's property, plant and equipment (note 13) amounting to RMB1,619,411,000 (31 December 2023: RMB1,487,653,000), construction in progress amounting to RMB835,589,000 (31 December 2023: RMB629,372,000), prepaid land lease payments included in right-of-use assets amounting to RMB622,391,000 (31 December 2023: RMB614,613,000), patent included in other intangible assets amounting to RMB255,000 (31 December 2023: RMB355,000).

As at 30 June 2024, the Group pledged 58.67% equity of its subsidiary, Shao Baidao Medical Technology Co., Ltd. to obtain bank loans (31 December 2023: 58.67% equity of Shao Baidao) and 6.00% equity of its subsidiary, Jianjia Medical Investment Management Co., Ltd. (31 December 2023: nil).

(2) Medium-term notes

In March 2022, the Company issued medium-term notes in an aggregate amount of RMB500,000,000, which bear interest at 3.50% per annum. The interest is payable annually in arrears and the maturity date is 9 March 2026. As at 30 June 2024, the book value of the medium-term notes is RMB240,000,000 at an interest rate of 4.20%.

Notes to Interim Condensed Consolidated Financial Statements

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17. COMMITMENTS

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepared land lease payments, plant and machinery investments	2,482,167 2,189,932	2,805,800 1,476,998
Total	4,672,099	4,282,798

18. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the period:

(a) Sales of products and rendering of services

	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Sinopharm Group Co., Ltd. and its subsidiaries (notes 4 & 7 & 9)	2,856,097	3,919,643
C. Q. Pharmaceutical Holding Co., Ltd. and its subsidiaries (notes 3 & 7 & 11)	436,400	575,001
Fosun International Limited and its subsidiaries (notes 6 & 7 & 11 & 12)	32,468	8,646
Fosun United Health Insurance Company Ltd. (notes 3 & 7)	14,531	—
Shanghai Fudan Xingji Venture Investment Partnership (Limited Partnership) (notes 1 & 7 & 20)	8,302	7,439
Tianjin Fosun Haihe Healthcare Investment Fund Partnership (Limited Partnership) (notes 1 & 7 & 20)	3,089	3,031
Shanghai Fosun Public Welfare Foundation (notes 3 & 7)	3,034	12,413
Fosun Kie Biological Technology Co., Ltd. (notes 2 & 7)	2,173	1,762
Huailai Hospital Management Co., Ltd. (notes 1 & 7)	2,052	1,646
Shanghai Lingjian Information Technology Co., Ltd. (notes 1 & 7)	473	2,927
Tongde Fudi Investment and Management (Shanghai) Co., Ltd. (notes 5 & 7)	34	27
Intelligence Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (notes 1 & 7)	26	6
SINNOWA Medical Science & Technology Co., Ltd. (notes 1 & 7)	3	13
Beijing Jintang Fosun Pharmaceutical Joint Stock Co., Ltd. (notes 1 & 7)	—	2,858
Shanghai Yaokang Pharmaceutical Technology Co., Ltd. (notes 2 & 7 & 18)	—	1,306
Pramerica Fosun Life Insurance Co., Ltd. (notes 3 & 7)	—	36
Total	3,358,682	4,536,754

Notes to Interim Condensed Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (Continued)

(b) Purchases of products and services

	For the six months ended	
	30 June	2023
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sinopharm Group Co., Ltd. and its subsidiaries (notes 4 & 7 & 9)	191,707	188,028
Fosun International Limited and its subsidiaries (notes 6 & 7 & 11 & 13)	14,815	18,508
Tongde Eosun Investment and Management (Shanghai) Co., Ltd. (notes 5 & 7)	4,936	4,910
C.Q. Pharmaceutical Holding Co., Ltd. and its subsidiaries (notes 3 & 7 & 11)	4,139	107,911
Invisio Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (notes 1 & 7)	1,700	857
Anhui Sinhere Pharmaceuticals Enterprise Co., Ltd. (notes 1 & 7 & 19)	921	311
Salada Biomedical, Inc. (notes 1 & 7)	298	6,625
SINNOWA Medical Science & Technology Co., Ltd. (notes 1 & 7)	118	345
Fosun United Health Insurance Company Ltd. (notes 3 & 7)	61	2,025
Shanghai Lingjian Information Technology Co., Ltd. (notes 1 & 7)	31	31
Beijing Jintang Fosun Pharmaceutical Joint Stock Co., Ltd. (notes 1 & 7)	7	30
Hanghai Hospital Management Co., Ltd. (notes 1 & 7)	2	154
Fosun Kie Biological Technology Co., Ltd. (notes 2 & 7)	—	1,390
Total	218,735	331,125

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Notes to Interim Condensed Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans from/to related parties

The Company entered into a financial service agreement with Fosun Finance, pursuant to which Fosun Finance shall provide financial services to the Company and its subsidiaries, including deposit service, credit service, settlement service and other financial services as approved by the China Banking Regulatory Commission for the period from 1 January 2023 to 31 December 2025. The maximum daily outstanding balance of deposits placed by the Group with Fosun Finance is RMB2,000,000,000. The maximum daily outstanding balance of the loans granted by Fosun Finance to the Group is RMB2,000,000,000.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Deposits in Fosun Finance		
Fosun Finance (notes 6 & 10 & 11)	1,794,103	1,890,321

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Loans from Fosun Finance		
Fosun Finance (notes 6 & 10 & 11)	150,992	140,847

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Others from/to Fosun Finance		
Other receivables Fosun Finance (notes 6 & 10 & 11)	8,808	19,248
Accrued interest expenses Fosun Finance (notes 6 & 10 & 11)	173	181

Notes to Interim Condensed Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (Continued)

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

Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. provided a loan with a principal amount of RMB196,743,000 to Fosun Kie Biotechnology Co., Ltd. The annual interest rate is 4.73%. As at 30 June 2024, the loan interest receivable is RMB258,000. (31 December 2023: RMB284,000).



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

18. RELATED PARTY TRANSACTIONS (Continued)

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

During the six months ended 30 June 2024, the interest rate for deposits, loans, and discounts in Fosun Finance will be calculated according to the agreement terms, reference benchmark interest rates, and market interest rate levels. The interest rate of demand deposits is 0.35% (For the year of 2023: 0.35%), the interest rate of seven-day call deposits is 1.485%–1.755% (For the year of 2023: 1.485%–1.755%), the interest rate of agreed deposits is 1.15%–1.35% (For the year of 2023: 1.15%–1.35%), and the interest rate of time deposits is 1.55%–2.25% (For the year of 2023: 1.55%–2.1%). There were no discounting transactions during the six months ended 30 June 2024. At the end of 30 June 2024, Fosun Finance provided short-term loans of RMB149,833,000 to the company at an interest rate of 2.50%–4.50% (For the year of 2023: 3.80%–4.50%), and Fosun Finance provided loan of RMB1,160,000 to the company at an interest rate of 4.5%.

	For the six months ended	
	30 June	2023
	2024	2023
	RMB'000	RMB'000
Interest expense	(Unaudited)	(Unaudited)
Fosun Finance (notes 6 & 10 & 11)	3,341	3,507
Shanghai Fosun High Tech (Group) Co., Ltd. (note 6)	976	666
Total	4,317	4,173

Notes:

- The are associates of the Group.
- The are joint ventures of the Group.
- The are other related companies of the Group.
- The are the subsidiaries of the Group's associates.
- The are the subsidiaries of the Group's joint ventures.
- The are the subsidiaries of Fosun International Limited, the holding company of the Company.
- The sales and purchases were undertaken on commercial terms similar to those offered to/from unrelated customers/suppliers in the ordinary course of business of the related companies.
- The fees for the leasing and property management services received from or paid to these related companies were determined based on prices available to third party customers of these related companies.
- Sinopharm Group Co., Ltd. is a major subsidiary of Sinopharm International, an associate of the Group.
- Fosun Finance is a subsidiary of Fosun High Tech, the holding company of the Company.
- The related party transactions also consist of connected transactions as defined in Chapter 14A of the Listing Rules. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

18. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (12) During the six months ended 30 June 2024, the Group offered Fosun International Limited and its subsidiaries' products and other services at market prices. Fosun International Limited and its subsidiaries include Shanghai Fosun High Technology (Group) Co., Ltd., Hainan Fosun International Business Travel Co., Ltd., Hainan Fosun Trading Co., Ltd., Shanghai Gol e Proper Management Co., Ltd., Beijing Gol e Proper Management Co., Ltd., Shanghai Yijun Information Technology Co., Ltd., Shanghai Xingchong Business Consulting Co., Ltd., Shanghai Yilian Enterprise Management Co., Ltd., Shanghai Fosun Venture Capital Management Co., Ltd., Shanghai Fosun Industrial and Technology Development Co., Ltd., Shanghai Fosun Tourism Management Co., Ltd., K&I International Travel Agency (Shanghai) Co., Ltd., Shanghai Fosun Industrial Investment Co., Ltd., Shanghai Fosun Venture Capital Management Co., Ltd., Shanghai Meibo Culture Development Co., Ltd., Shanghai Xingpian Management Consulting Co., Ltd., Shanghai Fosun Hainan International Trade Co., Ltd., Shanghai Zhiqia Information Technology Service Co., Ltd., Xinai Cloud Chain (Wuxi) Information Technology Development Co., Ltd., Xinai Yiliankang (Shanghai) Information Technology Development Co., Ltd., Shanghai Zhifeng Information Technology Co., Ltd., Shanghai Sarservice Enterprise Management Consulting Co., Ltd., Hainan Fosun International Logistics Co., Ltd., Shanghai Fosun Xinghai Business Consulting Co., Ltd., Shanghai Xingyi Human Resources Management Co., Ltd., Xinai Cloud Chain (Hangzhou) Information Technology Development Co., Ltd., Xinai Cloud Chain (Shanghai) Information Technology Development Co., Ltd., Xingheng Insurance Agency Co., Ltd., Shanghai Zilamai Trading Co., Ltd., Great China Finance Leasing Co., Ltd., Shanghai Fuheng Insurance Brokerage Co., Ltd., Shanghai Yifan Jewelry & Fashion Group Limited, Shanghai Sarcasle Senior Living Services Limited, Shanghai Fore Industries Development Group Co., Ltd., and Xi'ang Fosun Investment Management Co., Ltd..
- (13) During the six months ended 30 June 2024, the Group received services and purchased products from Fosun International Limited and its subsidiaries of Fosun International Limited at market prices. The subsidiaries of Fosun International Limited include Hainan Fosun Trading Co., Ltd., Hainan Fosun International Business Travel Co., Ltd., Shanghai Yijun Information Technology Co., Ltd., K&I International Travel Agency (Shanghai) Co., Ltd., Shanghai Zhifeng Information Technology Co., Ltd., Shanghai Fosun Hainan International Trade Co., Ltd., Shanghai Xingyi Human Resources Management Co., Ltd., Shanghai Zhiqia Information Technology Service Co., Ltd., Shanghai Yilian Enterprise Management Co., Ltd., Shanghai Sarservice Enterprise Management Consulting Co., Ltd., Fosun Life Science and Technology (Jiangsu) Co., Ltd., Shanghai Zilamai Trading Co., Ltd., Beijing Fosun Xingong Technology Co., Ltd., Xinai Cloud Chain (Hangzhou) Information Technology Development Co., Ltd., Shanghai Gol e Proper Management Co., Ltd., Shanghai Fosun Xinghai Business Consulting Co., Ltd., Shanghai Fosun Venture Capital Management Service Co., Ltd., Shanghai Xingkang Commercial Management Co., Ltd., Shanghai Xingji Information Technology Co., Ltd. and Hainan Fosun International Logistics Co., Ltd..
- (14) During the six months ended 30 June 2024, the Group leased from the office buildings of Fosun International Limited and its subsidiaries. Fosun International Limited and its subsidiaries include Shanghai Fosun High Tech (Group) Co., Ltd. and Shanghai Fosun Industrial and Technology Development Co., Ltd..
- (15) During the six months ended 30 June 2024, the Group leased from the office buildings of Fosun International Limited and its subsidiaries. Fosun International Limited and its subsidiaries include Shanghai Ne Shiba Investment Management Co., Ltd., Shanghai Fosun High Tech (Group) Co., Ltd., Shanghai Fosun Brand Proper Co., Ltd. and Chengdu For e Proper Co., Ltd..
- (16) During this period, the Group received management services from subsidiaries of Fosun International Limited. The subsidiaries of Fosun International Limited include Shanghai Gol e Proper Management Co., Ltd., Beijing Gol e Proper Management Co., Ltd. and Shanghai Xingkang Commercial Management Co., Ltd..
- (17) Fosun International Limited is the holding company of the Group.
- (18) Shanghai Yaokang Pharmaceutical Technology Co., Ltd. as a joint venture of the Group before October 2023 and as included in the scope of consolidation from October 2023.
- (19) Anhui Sphenere Pharmaceuticals Etipiens Co., Ltd. had ceased to be a related party of the Group since May 2024 and as an associate company of the Group until May 2024.
- (20) The transaction with Shanghai Xingyi Venture Investment Partnership (Limited Partnership), Tianjin Fosun Haihe Healthcare Industries Fund Partnership (Limited Partnership) consists of continuing connected transactions as defined in Chapter 14A of the Listing Rules before December 2023, and no longer consists of continuing connected transactions from December 2023.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

18. RELATED PARTY TRANSACTIONS (Continued)

(f) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	19,845	18,792
Performance-related bonuses	29,098	43,653
Pension scheme contributions	699	667
Total	49,642	63,112

(g) Donations

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Shanghai Fosun Foundation	24,978	39,812
GX Foundation Company Limited	—	5,000
Total	24,978	44,812

For the six months ended 30 June 2024, the Group donated RMB24,978,000 to social welfare projects through Shanghai Fosun Foundation (For the six months ended 30 June 2023, the Group donated RMB44,812,000 to social welfare projects through Shanghai Fosun Foundation and GX Foundation Company Limited).

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

18. RELATED PARTY TRANSACTIONS (Continued)

(h) Outstanding balances with related parties:

- (i) As at 30 June 2024, the Group had a balance due from the internet media holding company and its subsidiaries of RMB24,611,000 (31 December 2023: RMB9,701,000). The balances were unsecured, interest-free and had no fixed terms of collection, except for deposits in Fosun Finance.
- (ii) As at 30 June 2024, the Group had a balance due from its associate companies and their subsidiaries of RMB1,102,253,000 (31 December 2023: RMB1,037,217,000). The balances were unsecured, interest-free and had no fixed terms of collection.
- (iii) As at 30 June 2024, the balances due from its joint ventures and their subsidiaries of RMB583,000 (31 December 2023: RMB4,000) were unsecured, interest-free and had no fixed terms of collection, except for loan offered to Fosun Ki e.
- (iv) As at 30 June 2024, the balances due from other related companies of RMB158,573,000 (31 December 2023: RMB182,023,000) were unsecured, interest-free and repayable on demand.
- (v) As at 30 June 2024, the Group had a balance due to internet media holding company and its subsidiaries of RMB54,419,000 (31 December 2023: RMB51,230,000). The balances were unsecured, interest-free and had no fixed terms of repayment, except for borrowings from Fosun Finance and Shanghai Fosun High Tech (Group) Company Limited.
- (vi) As at 30 June 2024, the balances due to its associate companies and their subsidiaries include an amount of RMB126,550,000 (31 December 2023: RMB70,949,000) which was unsecured, interest-free and had no fixed terms of repayment.
- (vii) As at 30 June 2024 and 31 December 2023, there was no balance due to the Group's joint ventures and their subsidiaries.
- (viii) As at 30 June 2024, the balances due to other related companies include an amount of RMB9,913,000 (31 December 2023: RMB27,867,000) which was unsecured, interest-free and had no fixed terms of repayment.

Notes to Interim Condensed Consolidated Financial Statements

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19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets:				
Equity investments designated at fair value through other comprehensive income	13,514	52,774	13,514	52,774
Debt investments at fair value through other comprehensive income	471,389	642,569	471,389	642,569
Financial assets at fair value through profit or loss	3,049,978	2,928,610	3,049,978	2,928,610
Trade receivables - non-current	85,574	85,323	86,595	86,341
Total	3,620,455	3,709,276	3,621,476	3,710,294
Financial liabilities:				
Non-current portion of interest-bearing bank borrowings	9,559,301	13,504,923	8,522,329	13,806,197
Interest-bearing other borrowings	240,000	499,908	245,010	497,804
Financial liabilities included in other long-term liabilities	2,890,576	2,964,353	2,890,576	2,964,353
Total	12,689,877	16,969,184	11,657,915	17,268,354

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at 30 June 2024 was assessed to be insignificant.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

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

The fair values of listed corporate bonds issued by the Company and equity investments in short-term lock-up period are based on quoted market prices. The fair values of listed equity investments in short-term lock-up period have been estimated based on assumptions that are supported by observable market prices and discounts for lack of marketability. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they are the most appropriate values at the end of the reporting period.

Below is a summary of significant observable inputs to the valuation of financial instruments as at 30 June 2024:

Unobservable inputs for Level 3 assets

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

For the fair value of the listed equity investments is based on valuation techniques for which the inputs have a significant effect on the fair value measurement is unobservable. For certain listed equity investments, the Group adopts quotations from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments mainly of unobservable inputs such as liquidity discounts. Fair value change resulting from changes in the unobservable inputs is not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments to measure the fair values of financial instruments in Level 3.

Unobservable inputs for Level 3 liabilities

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of subsidiaries included in other long-term liabilities of RMB1,405,074,000 (31 December 2023: RMB1,601,368,000 included in other long-term liabilities) is the progress of research and development activities or net profit of the subsidiaries.

Significant unobservable valuation inputs for other financial liabilities included in other long-term liabilities is value of net assets of subsidiaries.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

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

Fair value hierarchy

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

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	1,064,239	307,012	1,678,727	3,049,978
Equity investments designated at fair value through other comprehensive income	13,514	—	—	13,514
Debt investments at fair value through other comprehensive income	—	471,389	—	471,389
Total	1,077,753	778,401	1,678,727	3,534,881

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	1,192,643	98,723	1,637,244	2,928,610
Equity investments designated at fair value through other comprehensive income	52,774	—	—	52,774
Debt investments at fair value through other comprehensive income	—	642,569	—	642,569
Total	1,245,417	741,292	1,637,244	3,623,953

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

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

Fair value hierarchy (Continued)

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
As at 1 January	1,637,244	2,053,017
Transferred to	—	(880,419)
Total (loss)/gain recognised in the statement of profit or loss included in other expenses	(55,983)	369,926
Total gains recognised in other comprehensive income	5,471	36,290
Addition	97,799	155,420
Settlement	(5,804)	(147,966)
As at 30 June	1,678,727	1,586,268

During the period, there were no financial assets at fair value through profit or loss held by the Group transferred from Level 3 to Level 2 (for the six months ended 30 June 2023: RMB880,419,000, due to the fact that the investee companies were listed by us still in the restricted sale period). And there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers in or out of Level 3 for financial assets (six months ended 30 June 2023: Nil).

As at 30 June 2024 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Amounts included in other long-term liabilities	—	—	2,348,254	2,348,254

As at 31 December 2023 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Amounts included in other long-term liabilities	—	—	2,479,775	2,479,775

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers in or out of Level 3 for financial liabilities (31 December 2023: Nil).

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

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

Fair value hierarchy (Continued)

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

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Amounts included in other long-term liabilities:		
At 1 January	2,479,775	2,182,394
Total gains recognised in other expenses	(41,227)	(31,020)
Total (gains)/losses recognised in other reserve	(196,294)	23,880
Addition	106,000	230,757
At 30 June	2,348,254	2,406,011

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Trade receivables - non-current	—	86,595	—	86,595

As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Trade receivables - non-current	—	86,341	—	86,341

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

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

Fair value hierarchy (Continued)

As at 30 June 2024 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank borrowings	—	8,522,329	—	8,522,329
Interest-bearing other borrowings	—	241,902	—	241,902
Amounts included in other long-term liabilities	—	2,890,576	—	2,890,576
Total	—	11,654,807	—	11,654,807

As at 31 December 2023 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank borrowings		13,806,197		13,806,197
Interest-bearing other borrowings		497,804		497,804
Amounts included in other long-term liabilities		484,578		484,578
Total		14,788,579		14,788,579

20. CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any contingent liabilities.

Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

21. EVENTS AFTER THE REPORTING PERIOD

(a) Land repurchase of Jisikai

On 15 July 2024, Jisikai (Shanghai) Pharmaceutical Co., Ltd. (Jisikai Pharma), a subsidiary of the Company, signed the Repurchase Contract with the Shanghai Industrial Park Jinji Lake Business District Repurchase Office (Jinji Lake Repurchase Office). Jinji Lake Repurchase Office intends to acquire Jisikai Pharma's aforementioned construction land use rights, buildings, some facilities and equipment, and seedlings located at No. 40 Shong West Road, Shanghai Industrial Park, at a total price of RMB440,319 thousand. According to the contract, the payment will be made in three milestones.

(b) Merger by Absorption and Privatization of Shanghai Henlius

On 24 June 2024, Shanghai Fosun New Medicine Research Co., Ltd. (Fosun New Medicine), a subsidiary of the Company, (as the offeror and acquirer), announced that it proposed to acquire and cancel all shares of Shanghai Henlius Bioech, Inc. (Shanghai Henlius, a subsidiary of the Company) (including H shares and Renminbi shares) held by other existing shareholders of Shanghai Henlius through the cash and/or the share exchange (the Merger) and to privatize Shanghai Henlius, and on 23 August 2024, released the relevant plan. Upon the completion of the Merger, Fosun New Medicine (as the existing entity after the Merger) will inherit and assume all assets, liabilities, interests, businesses, personnel, contracts and all rights and obligations of Shanghai Henlius, and the legal entity of Shanghai Henlius will be eventually deregistered. As of the date of this interim report, the Merger is still subject to the approval, filing or registration of the National Development and Reform Commission, the Ministry of Commerce, the State Administration of Foreign Exchange, or the local authorities of such agencies, the securities regulator authorities and/or stock exchanges in the relevant jurisdictions and other relevant government authorities (if applicable), as well as the approval of the general meeting of shareholders and the H shareholders class meeting of Shanghai Henlius. The privatization application of Shanghai Henlius is also subject to the approval of the Hong Kong Stock Exchange. There is still significant uncertainty regarding the Merger and the privatization of Shanghai Henlius.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorized for issue by the board of Directors on 27 August 2024.

Definitions

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

2022 H Share Employee Share Ownership Scheme— or H Share Employee Share Ownership Scheme—	the 2022 H Share Employee Share Ownership Scheme of the Company, the adoption of which was approved by the Shareholders at the extraordinary general meeting of the Company held on 29 November 2022
2022 Non-public Issuance of A Shares—	the non-public issuance of an aggregate of 106,756,666 new A shares of the Company to subscribers at the issue price of RMB42.00 per share in July 2022
2022 Restricted A Share Incentive Scheme— or Restricted A Share Incentive Scheme—	the 2022 Restricted A Share Incentive Scheme of the Company, the adoption of which was approved by the Shareholders at the extraordinary general meeting, A Shareholders class meeting and H Shareholders class meeting of the Company held on 29 November 2022, respectively
A Share(s)—	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
ADC—	An ibodying Confguration
ANDA—	Abbreviated New Drug Application
API—	Active Pharmaceutical Ingredient
Articles of Association—	the articles of association of the Company
Board—	the board of Directors
Breas—	Breas Medical Holdings AB, a company incorporated in Sweden and a subsidiary of the Company
BSE—	BSE Limited
CDMO—	Contract Development and Manufacturing Organization
Cenei—	Pharm, soci, par actions simplified, a company incorporated in France and a subsidiary of the Company
CG Code—	the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules
CMC—	Chemical Manufacturing and Control
Code Provisions—	code provisions under the CG Code

▶ Compan –	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
▶ controlling shareholder(s) –	has the meaning given to it under the Hong Kong Listing Rules
▶ CSRC –	China Securities Regulatory Commission (中國證券監督管理委員會)
▶ Director(s) –	director(s) of the Company
▶ EMA –	European Medicine Agency
▶ EU –	European Union
▶ Foshan Chan i Ci In es men –	Foshan Chancheng District Chan i Ci Investment and Construction Co., Ltd.* (佛山市禪城區禪西新城投資建設有限公司)
▶ Foshan Fosun Chancheng Hospi al –	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), a subsidiary of the Company
▶ Fosun Heal h –	Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司), a subsidiary of the Company
▶ Fosun High Tech –	Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司), a direct wholly-owned subsidiary of Fosun International and a controlling Shareholder of the Company
▶ Fosun Holdings –	Fosun Holdings Limited, a company incorporated in Hong Kong, a direct wholly-owned subsidiary of Fosun International Holdings and a controlling shareholder of the Company
▶ Fosun International –	Fosun International Limited, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange (stock code: 00656), an indirect subsidiary of Fosun International Holdings and a controlling Shareholder of the Company
▶ Fosun International Holdings –	Fosun International Holdings Limited, a company incorporated in the British Virgin Islands, which was held as to 85.29% and 14.71% by Mr. Guo Guangchang and Mr. Wang Qianbin, respectively, as at the end of the Reporting Period, and a controlling Shareholder of the Company
▶ Fosun Ki e –	Fosun Kie Biological Technology Co., Ltd.* (復星凱特生物科技有限公司), a joint venture of the Company
▶ Fosun Insign ec –	Fosun Insignec Medical Technology (Jiangsu Xuzhou) Co., Ltd.* (復星醫視特醫療科技(江蘇徐州)有限公司), a subsidiary of the Company
▶ Fosun Ne Medicine –	Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究股份有限公司) (formerly known as Shanghai Fosun New Medicine Research Company Limited* (上海復星新藥研究有限公司)), converted into a joint stock company and renamed in April 2024), a subsidiary of the Company

Definitions

Rebo Zhida—	Shanghai Rebo Zhida Healthcare Technology Co., Ltd.* (上海復拓知達醫療科技有限公司), a subsidiary of the Company
Gland Pharma—	Gland Pharma Limited, a company incorporated in India and listed on the BSE and NSE (stock code: Gland), and a subsidiary of the Company
GMP—	Good Manufacturing Practices
Group—	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
Guangzhou Xinshi Hospital—	Guangzhou Xinshi Hospital Co., Ltd.* (廣州新市醫院有限公司), a subsidiary of the Company
Guilin Pharma—	Guilin Pharmaceutical Co., Ltd.* (桂林南藥股份有限公司), a subsidiary of the Company
H Share(s)—	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
HKFRS—	the Hong Kong Financial Reporting Standards
Hong Kong—	the Hong Kong Special Administrative Region of the PRC
Hong Kong dollar— or HK dollar—	Hong Kong dollar, the local currency of Hong Kong
Hong Kong Listing Rules—	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange—	The Stock Exchange of Hong Kong Limited
Hunan Dongying—	Hunan Dongying Pharmaceutical Co., Ltd.* (湖南洞庭藥業股份有限公司), a subsidiary of the Company
IND—	indicational new drug
Insightec—	Insightec Ltd., a company incorporated in Israel
Innovative Fusion—	Innovative Surgical-Fusion Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associated company of the Company
Jianjia Healthcare—	Jianjia Healthcare Investment Management Co., Ltd.* (健嘉醫療投資管理有限公司), a subsidiary of the Company
Macao—	the Macao Special Administrative Region of the PRC
Meiji Seika Pharma—	Meiji Seika Pharma Co., Ltd., a company incorporated in Japan

MoF–	the Ministry of Commerce of the PRC
Model Code–	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Hong Kong Listing Rules
NDRC–	the National Development and Reform Commission of the PRC
National Medical Insurance Drugs Catalogue–	National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (《國家基本醫療保險、工傷保險和生育保險藥品目錄》)
NDA–	new drug application
NMPA–	National Medical Products Administration (中國國家藥品監督管理局)
NSE–	The National Stock Exchange of India Limited
PCT–	Patent Cooperation Treaty
PRC– or, China–	The People's Republic of China
R&D–	research and development
Reporting Period–	the 6-month period from 1 January 2024 to 30 June 2024
restricted A Share(s)–	the A Share(s) granted by the Company to a participant according to the conditions and prices stipulated under the 2022 Restricted A Share Incentive Scheme which are subject to the restriction period and can only be unlocked and transferred after the unlocking conditions are satisfied
RMB–	Renminbi, the lawful currency of the PRC
SAFE–	the State Administration of Foreign Exchange of the PRC
SFO–	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Henlius–	Shanghai Henlius BioTech, Inc.* (上海復宏漢霖生物技術股份有限公司), a company incorporated in the PRC and listed on the Hong Kong Stock Exchange (stock code: 02696) and a subsidiary of the Company
Shanghai Listing Rules–	the Stock Listing Rules of the Shanghai Stock Exchange (《上海證券交易所股票上市規則》)
Shanghai Stock Exchange–	the Shanghai Stock Exchange (上海證券交易所)
Shareholder(s)–	holder(s) of Shares
Shares–	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares

Definitions

Shen hen Biopharma Ind&s rial Fund–	Shen hen Pengf& Biopharmace& ical Ind&s rial Pri a e Eo&i In es men Fund Par nership En erprise (Limi ed Par nership)* (深圳市鵬復生物醫藥產業私募股權投資基金合夥企業(有限合夥)), an associa e of he Compan as a he end of he Repor ing period
Sinopharm–	Sinopharm Group Co. L d.* (國藥控股股份有限公司), a compan incorpora ed in he PRC and lis ed on he Hong Kong S ock E change (s ock code: 01099), a subsidiar of Sinopharm Ind&s rial
Sinopharm Ind&s rial–	Sinopharm Ind&s rial In es men Co., L d.* (國藥產業投資有限公司), an associa e of he Compan
Sisram Medical–	Sisram Medical L d, a compan incorpora ed in Israel and lis ed on he Hong Kong S ock E change (s ock code: 01696), a subsidiar of he Compan
Super isor(s)–	he member(s) of he Super isor Commi ee
Super isor Commi ee–	he Super isor commi ee of he Compan
Su ho& Abcar a–	Su ho& Abcar a Medical Technolog Co., L d.* (蘇州百道醫療科技有限公司), a subsidiar of he Compan
Tianjin Pharma–	Tianjin Pharma Group Co., L d* (天津藥業集團有限公司)
U.S.– or Uni ed S a es–	Uni ed S a es of America, is erri ories and possessions, an s a e of he Uni ed S a es and he Dis ric of Columbia
U.S. FDA–	U.S. Food and Drug Adminis ra ion
US\$– or US dollars–	Uni ed S a es dollars, he la l currenc of he Uni ed S a es
Wanbang Pharma–	Jiangsu Wanbang Biopharmace& ical Compan Limi ed* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiar of he Compan
WHO PQ–	World Heal h Organi a ion-Prequalifica ion
Wri en Guidance–	Wri en Guidance for Securi es Transac ions b Direc ors/Rele an Emplo ees of Shanghai Fosun Pharmace& ical (Group) Co., L d. (《上海復星醫藥(集團)股份有限公司董事／有關僱員進行證券交易的書面指引》)
Xingno Pharma–	Jiangsu Xingno Pharmace& ical Technolog Compan Limi ed* (江蘇星諾醫藥科技有限公司), a subsidiar of he Compan
Yao Pharma–	Chongqing Yao Pharmace& ical Compan Limi ed* (重慶藥友製藥有限責任公司), a subsidiar of he Compan
YSB–	YSB Inc., a compan incorpora ed in he Ca man Islands and lis ed on he Hong Kong S ock E change (s ock code: 09885)
%–	per cen

In his repor , if here is an inconsis enc be een he Chinese names of he en i es, a& hori es, organi a ions, ins i& ions or en erprises es ablished in China or he a ards or cer ifica es gi en in China and heir English ransla ions, he Chinese ersion shall pre ail.

* For iden ifica ion purposes onl