FOSUN PHARMA
复星医药

上海復星醫藥（集團）股份有限公司

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

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

(Stock Code: 02196)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of the Company is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June 2023 **RMB'000** (Unaudited)	2022 *RMB'000* (Unaudited) Restated
REVENUE	*4*	**21,315,899**	21,282,131
Cost of sales		**(10,698,520)**	(11,578,145)
Gross profit		**10,617,379**	9,703,986
Other income	*5*	**220,140**	183,900
Selling and distribution expenses		**(5,071,296)**	(4,175,166)
Administrative expenses		**(2,103,288)**	(1,722,407)
Research and development expenses		**(2,134,279)**	(1,827,106)
Impairment losses on financial assets		**(57,976)**	(22,860)
Other gains	*6*	**857,069**	651,104
Other expenses		**(256,491)**	(911,508)
Interest income		**171,494**	118,424
Finance costs	*7*	**(603,375)**	(438,906)
Share of profits and losses of:			
Joint ventures		**(95,841)**	(99,564)
Associates		**1,118,104**	898,583
PROFIT BEFORE TAX	*8*	**2,661,640**	2,358,480
Income tax expense	*9*	**(610,245)**	(509,086)
PROFIT FOR THE PERIOD		**2,051,395**	1,849,394
Attributable to:			
Owners of the parent		**1,783,642**	1,541,885
Non-controlling interests		**267,753**	307,509
		2,051,395	1,849,394
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
— For profit for the period		**RMB0.67 Yuan**	RMB0.60 Yuan
Diluted			
— For profit for the period		**RMB0.67 Yuan**	RMB0.60 Yuan

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
PROFIT FOR THE PERIOD	**2,051,395**	1,849,394
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**549,556**	115,920
Share of other comprehensive income of joint ventures	**—**	48
Share of other comprehensive loss of associates	**(74,012)**	(71,933)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**475,544**	44,035
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income		
Changes in fair value	**73**	(8,121)
Income tax effect	**(11)**	1,218
	62	(6,903)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**62**	(6,903)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**475,606**	37,132
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,527,001**	1,886,526
Attributable to:		
Owners of the parent	**2,042,466**	1,610,753
Non-controlling interests	**484,535**	275,773
	2,527,001	1,886,526

Interim Condensed Consolidated Statement of Financial Position
30 June 2023

	Note	**30 June 2023** ***RMB'000*** **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**18,286,383**	15,718,789
Right-of-use assets		**2,871,063**	2,837,229
Goodwill		**11,059,458**	10,337,053
Other intangible assets		**14,658,696**	13,951,625
Investments in joint ventures		**136,060**	230,606
Investments in associates		**23,725,966**	22,863,449
Equity investments designated at fair value through other comprehensive income		**52,257**	15,451
Financial assets at fair value through profit or loss		**1,083,199**	2,388,829
Deferred tax assets		**457,421**	442,570
Trade receivables-non-current		**88,684**	91,663
Other non-current assets		**2,827,928**	2,956,749
Total non-current assets		**75,247,115**	71,834,013
CURRENT ASSETS			
Inventories		**7,866,867**	6,882,432
Trade and bills receivables	*12*	**8,882,652**	7,612,942
Prepayments, other receivables and other assets		**1,972,421**	2,635,453
Financial assets at fair value through profit or loss		**2,435,162**	928,532
Debt investments at fair value through other comprehensive income		**388,967**	558,927
Cash and bank balances		**14,885,382**	16,241,313
		36,431,451	34,859,599
Assets of a disposal group classified as held for sale		**419,578**	419,578
Total current assets		**36,851,029**	35,279,177

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*13*	**6,398,619**	6,284,041
Other payables and accruals		**7,597,309**	7,649,161
Interest-bearing bank and other borrowings		**20,888,422**	17,016,360
Lease liabilities		**198,483**	184,406
Contract liabilities		**1,210,488**	1,544,763
Tax payable		**525,483**	619,339
Total current liabilities		**36,818,804**	33,298,070
NET CURRENT ASSETS		**32,225**	1,981,107
TOTAL ASSETS LESS CURRENT LIABILITIES		**75,279,340**	73,815,120
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**11,677,280**	12,099,868
Lease liabilities		**760,883**	744,992
Deferred tax liabilities		**3,625,412**	3,362,940
Contract liabilities		**279,610**	354,413
Deferred income		**619,121**	632,433
Other long term liabilities		**2,912,666**	2,562,281
Total non-current liabilities		**19,874,972**	19,756,927
Net assets		**55,404,368**	54,058,193
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		**2,672,157**	2,672,157
Treasury shares		**(53,255)**	(53,255)
Reserves		**42,796,566**	41,912,839
		45,415,468	44,531,741
Non-controlling interests		**9,988,900**	9,526,452
Total equity		**55,404,368**	54,058,193

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

2.1 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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

2.2 PRIOR PERIOD RESTATEMENT

2.2.1 Restatement of Prior Period's Financial Statements as a Result of Business Combinations for Entities Under Common Control

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

In September 2022, Shanghai Fosun Health Technology (Group) Co., Ltd., the subsidiary of the Company, and Ningbo Fuji Medical Technology Co., Ltd. ("**Ningbo Fuji**"), an indirectly owned subsidiary of the Company, acquired 56.66% equity interest in Shanghai Fuyun Health Technology Co., Ltd. ("**Shanghai Fuyun**") held by Shanghai Fosun High Technology (Group) Co., Ltd through subscribing the registered capital at a consideration of RMB17,000,000. Shanghai Fuyun is mainly engaged in businesses including health consulting services (excluding diagnosis treatment services), electronic product sales and electronic product sales.

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

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

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

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

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

The opening balances as at 1 January 2022 and comparative information for the six months ended 30 June 2022 have been restated in the consolidated financial statements.

2.2.2 Quantitative Impact on the Consolidated Financial Statements

i. Restated consolidated statement of comprehensive income for the six months ended 30 June 2022:

	As previously reported *RMB'000*	**Effect of prior period adjustments** *RMB'000* *(note 2.2.1)*	**As restated** *RMB'000*
Profit for the period	1,869,495	(20,101)	1,849,394
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	44,035	—	44,035
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(6,903)	—	(6,903)
Total comprehensive income for the period	1,906,627	(20,101)	1,886,526
Attributable to:			
Owners of the parent	1,622,372	(11,619)	1,610,753
Non-controlling interests	284,255	(8,482)	275,773

Details of the restated consolidated statement of comprehensive income for the six months ended 30 June 2022 includes the followings:

	As previously reported	Effect of prior period adjustments	As restated
	RMB'000	*RMB'000*	*RMB'000*
Revenue	21,274,606	7,525	21,282,131
Cost of sales	(11,575,661)	(2,484)	(11,578,145)
Other income	183,645	255	183,900
Interest income	118,416	8	118,424
Selling and distribution expenses	(4,166,397)	(8,769)	(4,175,166)
Administrative expenses	(1,715,275)	(7,132)	(1,722,407)
Research and development expenses	(1,818,335)	(8,771)	(1,827,106)
Other expenses	(911,494)	(14)	(911,508)
Finance costs	(438,187)	(719)	(438,906)

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Six months ended 30 June 2023 (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	**15,921,190**	**2,215,367**	**3,127,263**	**—**	**52,079**	**—**	**21,315,899**
Intersegment sales	**253,786**	**36,867**	**14,485**	**—**	**18,355**	**(323,493)**	**—**
Total revenue	**16,174,976**	**2,252,234**	**3,141,748**	**—**	**70,434**	**(323,493)**	**21,315,899**
Segment results*	**1,660,146**	**55,696**	**(150,752)**	**—**	**(58,747)**	**26,194**	**1,532,537**
Other income	**150,863**	**29,391**	**21,492**	**—**	**7,915**	**—**	**209,661**
Other gains	**320,123**	**3,720**	**7,045**	**—**	**103,260**	**—**	**434,148**
Interest income	**107,917**	**16,180**	**11,607**	**—**	**1,546**	**(11,895)**	**125,355**
Finance costs	**(168,389)**	**(15,398)**	**(105,556)**	**—**	**(22,052)**	**66,375**	**(245,020)**
Other expenses	**(173,829)**	**(41,184)**	**(23,321)**	**—**	**(215)**	**841**	**(237,708)**
Share of profits and losses of:							
Joint ventures	**(104,457)**	**—**	**—**	**—**	**8,616**	**—**	**(95,841)**
Associates	**9,828**	**69,560**	**(1,341)**	**1,023,301**	**16,756**	**—**	**1,118,104**
Unallocated other income, interest income,other gains, finance cost, and expenses							**(179,596)**
Profit/(loss) before tax	**1,802,202**	**117,965**	**(240,826)**	**1,023,301**	**57,079**	**81,515**	**2,661,640**
Tax	**(373,730)**	**(3,514)**	**(27,413)**	**—**	**(2,674)**	**—**	**(407,331)**
Unallocated tax							**(202,914)**
Profit/(loss) for the period	**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**
Including:							
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**
Unallocated assets							**8,268,690**
Total assets							**112,098,144**
Segment liabilities:	**24,141,427**	**3,316,942**	**5,720,428**	**—**	**2,184,070**	**(16,401,114)**	**18,961,753**
Unallocated liabilities							**37,732,023**
Total liabilities							**56,693,776**
Other segment information:							
Depreciation and amortisation	**1,089,966**	**161,154**	**238,330**	**—**	**75,556**	**—**	**1,565,006**
Impairment losses recognised in the statement of profit or loss, net	**75,389**	**18,423**	**18,437**	**—**	**—**	**—**	**112,249**
Impairment losses recognised in the statement of profit or loss, net (unallocated)							**37,385**
Capital expenditure**	**2,011,412**	**333,465**	**268,328**	**—**	**110,180**	**—**	**2,723,385**

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

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

Six months ended 30 June 2022 (unaudited) (Restated)

	Pharmaceutical manufacturing *RMB'000*	Medical devices and medical diagnosis *RMB'000*	Healthcare Service *RMB'000*	Pharmaceutical distribution and retail *RMB'000*	Other business operations *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Segment revenue:							
Sales to external customers	14,270,930	4,034,954	2,916,662	—	59,585	—	21,282,131
Intersegment sales	140,363	214,035	43,313	—	9,334	(407,045)	—
Total revenue	14,411,293	4,248,989	2,959,975	—	68,919	(407,045)	21,282,131
Segment results*	1,889,837	439,669	(386,703)	—	21,757	(20,930)	1,943,630
Other income	103,862	11,334	15,396	—	11,268	—	141,860
Other gains	302,498	301,515	47,933	—	—	—	651,946
Interest income	83,261	7,596	12,901	—	118	(5,711)	98,165
Finance costs	(105,897)	(14,518)	(89,415)	—	(5,044)	49,853	(165,021)
Other expenses	(229,699)	(28,089)	(19,820)	—	14,628	305	(262,675)
Share of profits and losses of:							
Joint ventures	(96,979)	—	—	—	(2,585)	—	(99,564)
Associates	14,208	93,494	(16,446)	919,864	(112,537)	—	898,583
Unallocated other income, interest income,other gains, finance cost, and expenses							(848,444)
Profit/(loss) before tax	1,961,091	811,001	(436,154)	919,864	(72,395)	23,517	2,358,480
Tax	(382,366)	(111,764)	(5,670)	—	(23)	—	(499,823)
Unallocated tax							(9,263)
Profit/(loss) for the period	1,578,725	699,237	(441,824)	919,864	(72,418)	23,517	1,849,394
Segment assets:	51,748,370	10,007,104	11,108,724	16,774,252	5,037,837	(2,539,162)	92,137,125
Including:							
Investments in joint ventures	290,610	—	832	—	7,785	—	299,227
Investments in associates	1,318,013	1,250,089	893,241	16,774,252	2,599,526	—	22,835,121
Unallocated assets							6,633,308
Total assets							98,770,433
Segment liabilities:	22,453,057	3,539,092	5,408,677	—	1,530,697	(15,682,906)	17,248,617
Unallocated liabilities							33,854,545
Total liabilities							51,103,162
Other segment information:							
Depreciation and amortisation	722,087	115,279	206,588	—	20,402	—	1,064,356
Impairment losses recognised in the statement of profit or loss, net	65,473	20,319	11,628	—	—	—	97,420
Capital expenditure**	1,800,755	155,846	196,281	—	21,498	—	2,174,380

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

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

4. REVENUE

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Revenue from contracts with customers	**21,287,424**	21,266,285
Revenue from other sources		
Gross rental income	**28,475**	15,846
	21,315,899	21,282,131

5. OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Dividend income from financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income	**12,604**	36,451
Government grants	**207,536**	147,300
Others	**—**	149
	220,140	183,900

6. OTHER GAINS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Gain on disposal of investments in associates	**244,560**	186,594
Gain on disposal of financial assets at fair value through profit or loss	**200,124**	—
Fair value gain on financial assets at fair value through profit or loss, net	**387,374**	—
Gain on disposal of subsidiaries	**—**	382,978
Others	**25,011**	81,532
	857,069	651,104

7. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Interest on bank and other borrowings	**603,996**	444,963
Interest on lease liabilities	**21,367**	22,647
Less: Interest capitalised	**(21,988)**	(28,704)
Interest expenses, net	**603,375**	438,906

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Cost of inventories sold	**8,531,759**	9,674,633
Cost of services provided	**2,166,761**	1,903,512
Staff costs (including Directors', Supervisors' and Chief Executive's remuneration)		
Salaries and other staff costs	**4,678,614**	4,120,838
Retirement benefits:		
Defined contribution fund	**293,951**	261,459
Accommodation benefits:		
Defined contribution fund	**171,435**	153,680
Share-based payment	**32,178**	33,725
	5,176,178	4,569,702
Research and development expenses:		
Current period expenditure excluding amortisation of other intangible assets	**1,981,564**	1,730,993
Less: Government grants for R&D projects*	**(17,970)**	(50,780)
Rental expenses from short term and low value assets	**42,934**	29,708
Depreciation of property, plant and equipment	**701,576**	609,431
Depreciation of right-of-use assets	**136,291**	114,947
Amortisation of other intangible assets	**689,200**	339,978
Provision for impairment of inventories and deferred development costs	**21,477**	29,341
Impairment of financial assets		
Impairment of trade receivables	**55,847**	20,601
Provision of impairment of other receivables	**2,129**	2,259
Provision for other non-current assets	**8,899**	—
Impairment of prepayments and other assets	**—**	45,224
Impairment of investments in associates	**61,284**	—
Fair value (gain)/loss on financial assets at fair value through profit or loss, net	**(387,374)**	640,805
Foreign exchange loss/(gain), net	**97,838**	(72,842)
Loss on disposals of items of property, plant and equipment and other intangible assets	**1,411**	2,306
Provision for the loss contract	**—**	100,671

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

9. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 30 June 2022: 25%) of the taxable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 0% to 20%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated taxable profits arising in Hong Kong during the period. The provision of current income tax of Alma Lasers Ltd., a subsidiary of the Company incorporated in Israel, is based on a preferential rate of 6%. The provision of current income tax of Nova Medical Israel Ltd. ("**Nova**"), a subsidiary of the Company incorporated in Israel, is based on a statutory rate of 23%. The provision of current income tax of Gland Pharma Limited ("**Gland Pharma**"), a subsidiary of the Company incorporated in India, is based on a statutory rate of 25.17%. The provision of current income tax of Breas Medical Holdings AB ("**Breas**"), a subsidiary of the Company incorporated in Sweden, is based on a statutory rate of 20.6%. The provision of current income tax of Tridem Pharma S.A.S ("**Tridem Pharma**"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 25%. The provision of current income tax of Phixen S.A.S ("**Phixen**"), a subsidiary of the Company incorporated in France, is based on a statutory rate of 25%.

The major components of tax expenses for the six months ended 30 June 2023 and 2022 are as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		Restated
Current	**427,510**	603,241
Deferred	**182,735**	(94,155)
Total tax charge for the period	**610,245**	509,086

10. DIVIDENDS

The Board of Directors did not recommend the payment of an interim dividend in respect of the six months period ended 30 June 2023 (for the six months period ended 30 June 2022: Nil).

The proposed final dividend of RMB0.42 (inclusive of tax) per ordinary share for the year ended 31 December 2022 was approved by the Shareholders at the annual general meeting of the Company on 28 June 2023.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the Restricted A Share Incentive Scheme, and the weighted average number of ordinary shares of 2,669,655,211 (for the six months period ended 30 June 2022: 2,562,898,545) in issue during the period.

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

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		Restated
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,783,642**	1,541,885
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	**1,782,592**	1,541,885
Cash dividends distributed to the Restricted A Share Incentive Scheme	**1,050**	—
	1,783,642*	1,541,885

	Number of shares	
	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,669,655,211**	2,562,898,545
Effect of dilution — weighted average number of ordinary shares:		
— Restricted A Share Incentive Scheme	**133,916**	—
	2,669,789,127*	2,562,898,545

* Because the diluted earnings per share amount increased when taking the Restricted A Share Incentive Scheme into account, the Restricted A Share Incentive Scheme had an anti-dilutive effect on the basic earnings per share for the six months ended 30 June 2023 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit for the six months ended 30 June 2023 of RMB1,782,592,000, and the weighted average number of ordinary shares of 2,669,655,211 in issue for the six months ended 30 June 2023.

12. TRADE AND BILLS RECEIVABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**8,867,945**	7,588,099
Bills receivable	**14,707**	24,843
	8,882,652	7,612,942

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

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 1 year	**8,713,109**	7,519,069
1 to 2 years	**247,486**	198,235
2 to 3 years	**59,758**	29,153
Over 3 years	**57,732**	48,834
	9,078,085	7,795,291
Less: Provision for impairment	**(210,140)**	(207,192)
	8,867,945	7,588,099

13. TRADE AND BILLS PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**5,802,885**	5,426,162
Bills payable	**595,734**	857,879
	6,398,619	6,284,041

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

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within 1 year	**5,631,851**	5,267,809
1–2 years	**123,092**	119,022
2–3 years	**16,667**	19,691
Over 3 years	**31,275**	19,640
	5,802,885	5,426,162

14. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the Reporting Period, the revenue of the Group amounted to RMB21,316 million, representing an increase of 0.16% as compared to the same period of last year. The major factors affecting revenue included: (1) the revenue from new products and sub-new products such as Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection) and trastuzumab drug substance, as well as Su Ke Xin (avatrombopag maleate tablets) maintained rapid growth. Among which, upon being approved for launch in March 2022, Han Si Zhuang achieved revenue of RMB556 million during the Reporting Period; the revenue from Han Qu You grew by 57.1% period-on-period; and the revenue from Su Ke Xin grew by 32.7% period-on-period. Jie Bei An (Azvudine tablets) also contributed to sales at the beginning of the Reporting Period; (2) as the COVID-19 no longer constituted a "Public Health Emergency of International Concern", the revenue from anti-epidemic products such as Comirnaty (mRNA COVID-19 vaccine), COVID-19 antigen and nucleic acid test kits recorded a significant period-on-period decrease (excluding the anti-epidemic products, the revenue of the Group increased approximately 15% period-on-period during the Reporting Period).

During the Reporting Period, the Group's net profit attributable to shareholders of the listed company amounted to RMB1,784 million, representing a period-on-period increase of 15.69%. In particular, the net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB1,373 million, representing a period-on-period decrease of 26.28%. The period-on-period decrease in net profit after deducting extraordinary gain or loss was primarily due to: (1) the significant decrease in revenue of anti-epidemic products while there were still expenses arising from the team, medical and market activities; (2) the period-on-period decrease in operating results of Gland Pharma, a subsidiary, as a result of factors such as the intensified competition in the U.S. market and the suspension and upgrade of certain production lines; (3) an increase in finance expenses and exchange losses due to US$ interest hikes and US$ appreciation and other factors; (4) the increasing human resources cost, effects from newly acquired companies and the consultant fees for the proposed merger and acquisition project resulting in the period-on-period increase of management expense of RMB381 million; (5) an increase in R&D expenses as a result of the Group's continuous expenditure in relation to innovative drugs, biosimilars, innovative incubation platforms and early research stage projects, where the Group's R&D expenses had a period-on-period increase of RMB307 million. During the Reporting Period, the Group recorded extraordinary gain or loss of RMB411 million, representing a period-on-period increase of RMB731 million, which was mainly due to the factors including the gains from changes in fair value of financial assets such as YSB held and the gains from the disposal of non-core assets such as the partial equity interest in Tianjin Pharma (note: the extraordinary gain or loss amounted to RMB–320 million for the same period of last year due to the loss from changes in fair value of financial assets such as the BNTX shares held by the Group in the same period of last year). During the Reporting Period, the Group's net cash flow from operating activities amounted to RMB1,810 million, representing a period-on-period increase of 0.63%.

During the Reporting Period, the Group continued to increase its effort in R&D with the R&D expenditures amounted to RMB2,884 million, representing a period-on-period increase of 19.77%, among which the R&D expenses amounted to RMB2,134 million, representing a period-on-period increase of RMB307 million or 16.80%.

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

Unit: million Currency: RMB

	Revenue Jan–Jun 2023		Revenue Jan–Jun 2022		Period-on-period increase/ decrease (%)
	Amount	**Percentage of revenue (%)**	Amount	Percentage of revenue (%)	
By business segment					
Pharmaceutical manufacturing	**15,921**	**74.69**	14,271	67.06	11.56
Medical devices and medical diagnosis	**2,215**	**10.39**	4,035	18.96	–45.11*Note 1*
Healthcare services	**3,127**	**14.67**	2,917	13.71	7.20
By geographical locations					
Chinese mainland	**16,530**	**77.55**	13,690	64.33	20.75
Regions outside Chinese mainland and other countries	**4,786**	**22.45**	7,592	35.67	–36.97*Note 2*

Note 1: It was mainly due to the period-on-period decrease in the revenue from COVID-19 antigen and nucleic acid test kits, and the period-on-period decrease in the revenue from overseas sales of non-proprietary anti-epidemic products.

Note 2: It was mainly due to the factors such as a significant period-on-period decrease in the sales revenue from Comirnaty (mRNA COVID-19 vaccine) in Hong Kong, Macau and Taiwan region, the overseas sales revenue from non-proprietary anti-epidemic products, and the period-on-period decrease in the revenue of Gland Pharma, a subsidiary, in the U.S. market.

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

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

During the Reporting Period, a total of 5 innovative drugs (indications) and 10 generic drugs (indications) of the Group were approved for launch. 4 innovative drugs/biosimilars (indications)[1] and 34 generic drugs (indications) had applied for launch (NDA). 7 innovative

[1] Including the biologics license application (BLA) of trastuzumab injection (Han Qu You), which is self-developed by the Group, submitted by Accord BioPharma Inc., a partner of the Group, in the U.S.

drugs/biosimilars (indications) were approved for clinical trials (IND) in Chinese mainland. For details on the progress of major R&D pipelines of the Group during the Reporting Period, please refer to table 1.

With a number of innovative products (indications) of the Group have been approved for launch, the innovative products portfolio has further expanded. During the Reporting Period, Han Si Zhuang (serplulimab injection), the first self-developed biopharmaceutical innovative drug of the Group, had been approved for new indication for extensive-stage small cell lung cancer (ES-SCLC) in Chinese mainland (excluding Hong Kong, Macau and Taiwan region) and became the world's first monoclonal antibody drug targeting PD-1 approved for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC). The new second-line indication of Yi Kai Da (ejilunsai injection) for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy was approved in Chinese mainland, which will benefit more patients with tumor that is refractory to first-line immunochemotherapy or relapses.

During the Reporting Period, Bei Wen (倍穩) (keverprazan hydrochloride tablets), the first potassium ion competitive acid blocker (P-CAB) independently developed by China and exclusively commercialized by the Group, Pei Jin (珮金) (telpegfilgrastim injection), a long-lasting recombinant human granulocyte colony-stimulating factor product, and Pang Bi Fu (旁必福) (etelcalcetide hydrochloride injection), the new generation of calcimimetic, were approved for launch in Chinese mainland. In August 2023, Yi Xin Tan (sacubitril valsartan sodium tablets), exclusively commercialized by the Group, was approved for launch in China mainland. In addition, Otezla (apremilast tablets) and Akynzeo (netupitant and palonosetron hydrochloride capsules), which are exclusively commercialized by the Group, were included in the National Medical Insurance Drug Catalogue in January 2023, which was officially implemented in March 2023.

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

At the same time, the Group accelerated the development of pipelines under development. As at the date of this announcement, a number of products (indications) have successively entered the pre-launch approval stage. During the Reporting Period, the marketing authorization application (MAA) of serplulimab injection (PD-1 inhibitor), a self-developed biopharmaceutical innovative drug of the Group, in the EU had been accepted; the biologics license application (BLA) of trastuzumab injection (trade name in Chinese mainland: Han Qu You), the biosimilar self-developed by the Group, had been accepted by the U.S. FDA, which is expected to become the first domestic biosimilar approved in China, the EU and the United States, thus further covering the mainstream biopharmaceutical markets in Europe and the United States. In addition, the NDAs of aesthetic indication (temporary improvement on moderate to severe glabellar lines in adults caused by corrugator supercilii and/or procerus muscle activity) and medical indication (treatment for cervical dystonia in adults) of

DaxibotulinumtoxinA botulinum toxin (project code: RT002), a license-in drug of the Group, were accepted by the NMPA in April and July 2023, respectively. The NDA of tenapanor hydrochloride tablets (project code: Tenapanor) proposed for controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD) was also accepted by the NMPA in July 2023.

2. ***Continued to enhance global operation capabilities***

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

In the U.S. market, the Group has established a preliminary mature self-operated generic drug team, and cooperated with 5 major distributors and 16 group purchasing organizations to facilitate sales of preparations products. During the Reporting Period, the Group commenced the establishment of an innovative drug team in the United States, and initiated the preparation works on the commercialization of serplulimab injection (PD-1 inhibitor) by reaching a cooperation with Syneos Health to provide support for the commercialization of the product in the United States. The biologics license application (BLA) of the self-developed product, trastuzumab injection (trade name in Chinese mainland: Han Qu You), was accepted by the U.S. FDA[2]. In the European market, trastuzumab injection, a self-developed monoclonal antibody product of the Group, was also approved for launch in 2020 (trade name in the EU: Zercepac), becoming the first domestic monoclonal antibody biosimilar approved by both China and Europe. During the Reporting Period, the marketing authorization application of serplulimab injection (PD-1 inhibitor) (ES-SCLC indication) in Europe was accepted. In Hong Kong and Macau, the Group had preliminary established an innovative drug team, responsible for medical affairs, market access, sales and other functions. During the Reporting Period, the Group continued to pursue the registration and commercialization of products such as AKYNZEO (netupitant and palonosetron hydrochloride capsules, trade name in Chinese mainland: Akynzeo) and ALOXI (palonosetron hydrochloride).

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. During the Reporting Period, the Group had commenced the construction of a park integrating drug R&D, manufacturing, logistics and delivery in Cote d'Ivoire, aiming to realize local drug manufacturing and supply in Africa. Gland Pharma, a subsidiary in India, proactively advanced its transformation towards a biopharmaceutical CDMO, with the transformation of its products towards complex preparations and difficult injections, and continued to facilitate the NDAs of products in China. During the Reporting Period, Dexrazoxane for injection was approved for launch in

[2] The biologics license application (BLA) in the U.S. was submitted by Accord BioPharma Inc., a partner of the Group.

Chinese mainland. As at the date of this announcement, Shanghai Henlius, a subsidiary, had entered into a license and supply agreement with Boston Oncology, granting Boston Oncology the exclusive license to develop and commercialize rituximab injection in 16 emerging markets in Asia and Africa, so as to further improve the accessibility of such product in Asia and Africa. In August 2023, Shanghai Henlius also reached agreements with KGbio with regard to serplulimab injection (PD-1 inhibitor), enabling the cooperation scope of both parties to further expand to 12 countries in regions of the Middle East and North Africa from the original 10 countries in Southeast Asia, and thus will improve the accessibility and recognition of the product in the global market.

In addition, in the field of medical cosmetology, Sisram Medical, a subsidiary, continued to enhance its global channel capability. In the first half of 2023, the proportion of revenue from direct sales of Sisram Medical further increased to 72%. During the Reporting Period, Sisram Medical completed the acquisition of the brand and channels of "PhotonMed", thus achieving a direct sales layout in the Chinese market for the medical aesthetics business. In the field of respiratory health, Breas, a subsidiary, continued to explore the European and the U.S. markets in depth, and expanded the Chinese market. During the Reporting Period, the Vivo 1, 2 and 3 ventilators of Breas were successively approved for launch in Chinese mainland, and the localization progress continued to advance.

3. ***Enhanced the professionalism, branding, digitalization and compliance of commercialization system***

Through continuous enhancement of the construction and integration of the marketing system of the pharmaceutical manufacturing segment, the Group has formed a commercialization system featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched. As at the end of the Reporting Period, the pharmaceutical manufacturing segment of the Group had a commercialization team consisting of nearly 6,000 employees, covering more than 2,000 Class III hospitals, 10,000 Class I and Class II hospitals and nearly 200,000 retail pharmacies. In recent years, in order to keep pace with the launch of innovative products, the Group strategically deployed and continued to optimize the innovative drug team and retail team. Focusing on core departments such as hematology, lymphoma, breast, medical oncology, rheumatology, nephrology, dialysis and gastroenterologyn, the teams made deployment in the core market, the county-level market and DTP clinics. In addition, by virtue of the cooperation and linkage with its associate Sinopharm, the Group also fully utilized Sinopharm's advantage in distribution network and logistics to facilitate the expansion of sales channels of the Group's pharmaceutical products.

In terms of commercialization in overseas markets, the Group constructed a comprehensive supporting system covering aspects such as medical affairs, market access as well as brand and market promotion, aiming to maximize commercial value of products. As at the end of the Reporting Period, the pharmaceutical manufacturing segment had formed an overseas commercialization team of approximately 1,000 employees, which mainly covered markets including the U.S. and Africa. In the U.S. market, the Group has initiated the preparatory

work for the commercialization of serplulimab injection (PD-1 inhibitor), and commenced the building of an innovative drug commercialization team with comprehensive functions. In emerging markets such as Africa, the Group has set up 5 regional distribution centers, taken digitalization as the core, established and developed management capabilities, user operation capabilities and B2B2C model service capabilities, and was capable to provide a one-stop service of registration, circulation, academic promotion and post-launch safety alert and other services for customers, which laid a solid foundation for the market access and marketing of the Group's product in overseas markets.

In addition, as COVID-19 is no longer treated as a "Public Health Emergency of International Concern", the offline commercial activities are gradually resuming. During the Reporting Period, clinical data of several innovative drugs of the Group was disclosed at domestic and overseas medical academic meetings such as the meetings of American Society of Clinical Oncology (ASCO), Chinese Society of Clinical Oncology (CSCO) and European Hematology Association (EHA).

While enhancing the commercialization system, the Group continued to optimize its marketing compliance management system, and has formulated strict review and supervision procedures covering interactions and collaboration among different functional departments, so as to ensure compliance of marketing activities, marketing methods, marketing contents and marketing materials, etc. The Group continued to enhance the internal audit for responsible marketing, and conducted audit works on regulated management over execution of responsible marketing policies, sales procedures, signing of sales contracts and other matters of subsidiaries.

In terms of internal compliance supervision, the Group further enhanced the openness and transparency of its management systems. In January 2023, several internal systems, such as the Regulations on Anti-Corruption, Provisions on Integrity Administration of Engineering Construction Projects (Trial), the Regulations on the Management of Integrity in Practice, were published on the website of the Company. These systems clearly elaborate the red line mechanism, and bribery is strictly prohibited, aiming to create a fair and clean business environment and culture. In terms of internal staff training, the Group regularly provides responsible marketing special training to all employees in marketing-related positions, covering laws and regulations, internal rules and regulations and product knowledge, etc. The training adopts a combination of online and offline methods to help marketing personnel understand the marketing-related regulations of the Group to ensure a reasonable and compliant marketing process.

In addition, as at the date of this announcement, the Group has commenced the ESG Culture Month campaign, which covers different themes such as marketing compliance and anti-corruption, aiming to increase employees' understanding and recognition of compliance and enhance their awareness on risk control.

4. ***Digitally empowered business continued to grow***

During the Reporting Period, the Group continued to optimize its digital technologies and means, and continued to build a digital business middle-end platform, management middle-end platform and data middle-end platform.

In terms of the digital business middle-end platform, the Group continued to enhance its capability in the digitalization of drug R&D, and comprehensively improved the management procedures for R&D projects. During the Reporting Period, the Group completed major data governance for R&D projects, and actively explored new AI technologies to empower drug R&D scenario, thereby further improving R&D management efficiency. The Group deepened intelligent manufacturing, set intelligent manufacturing standards through top-level design and established a digital lighthouse factory. The development of the supply chain system was improved. With the newly launched SRM (Supplier Relationship Management) system, the Group established implementation models for SRM, so as to promote the implementation and application of SRM in the headquarters, the subsidiaries Shanghai Henlius and Wanbang Pharma, and support the management and development of R&D, procurement, financial operations and other operations. Subsequently, the Group will further deepen SRM application by establishing procurement operation platform at headquarters level, which will seamlessly integrate with existing management system, thus realizing close-looped management of S2P (Source to Pay) and building a sustainable, streamlined supply chain management system.

In terms of the digital management middle-end platform, the Group further improved the human resources and financial management system. In terms of the human resources management, the Group continued to improve the eHR platform for digital human resources management. In terms of financial management, the Group continued to advance the building of SAP core system, and completed the deployment and launch of system in overseas subsidiaries Gland Pharma and Tridem Pharma, thereby supporting the business operations in India, France, West Africa and other countries/regions. Domestically, the Group facilitated the implementation and application of vaccine business, thereby supporting the management of corporate R&D, manufacturing, supply chain, sales, financial operations and other operations. Meanwhile, during the Reporting Period, the Group established the expense control and management system, further improved financial review efficiency and quality, and established payment platform from multiple dimensions such as budgeting, application, contract, order and payment, thus improving financial analysis efficiency.

In terms of the digital data middle-end platform, the Group established a group database, connected human resources, finance, quality, operations, procurement, EHS and other data to the data platform for modeling and prepared visual analysis reports to provide guidance on corporate operation management and empower business development.

Table 1: Progress of major R&D pipelines during the Reporting Period

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug category[Note]	Approved for clinical trial	Phase I	Phase II	Phase III	NDA	Approved for launch	Remarks
NDA approved (5)	Han Si Zhuang (serplulimab injection)	PD-1	Therapeutic biological product	First-line treatment of extensive-stage small cell lung cancer (ES-SCLC)						In combination with chemotherapy (carboplatin and etoposide)
	Yi Kai Da [Note 1] *(ejilunsai injection)*	CD19	Therapeutic biological product	Treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy						—
	Bei Wen [Note 2] (keverprazan hydrochloride tablets)	P-CAB	Chemical drug	Duodenal ulcer (DU)						—
		P-CAB	Chemical drug	Reflux esophagitis (RE)						—
	Comirnaty Bivalent Vaccine [Note 3] (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine)	S protein	—	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection						—
NDA accepted (4)	Serplulimab injection	PD-1	—	First-line treatment of extensive-stage small cell lung cancer (ES-SCLC) [Note 4]						In combination with chemotherapy (carboplatin and etoposide)
	DaxibotulinumtoxinA botulinum toxin (RT002)	/	Therapeutic biological product	Temporary improvement on moderate to severe glabellar lines in adults caused by corrugator supercilii and/or procerus muscle activity						—
	Tenapanor hydrochloride tablets (Tenapanor)	NHE3	—	Irritable bowel syndrome with constipation [Note 5]						—
	Trastuzumab injection[Note 6] (trade name in Chinese mainland: Han Qu You, trade name in EU: Zercepac)	HER2	—	(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						—
Under phase III clinical study (1)	FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	HER2	Therapeutic biological product	HER2-positive locally advanced or metastatic breast cancer						—
Under phase II clinical study (2)	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	LAG-3	Therapeutic biological product	Metastatic colorectal cancer (mCRC)						In combination with Han Si Zhuang (serplulimab injection) and chemotherapy
	HLX208 (BRAF V600E inhibitor)	BRAF V600E	Chemical drug	Non-small cell lung cancer (NSCLC)						In combination with Han Si Zhuang (serplulimab injection)

Progress during the Reporting Period	Drug name/code	Target/mechanism	Drug category[Note]	Approved for clinical trial	Phase I	Phase II	Phase III	NDA	Approved for launch	Remarks
Under phase I clinical study (1)	HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	CD38	Therapeutic biological product	Multiple myeloma (MM)						—
IND approved (7)	HLX51 (recombinant anti-OX40 humanized monoclonal antibody for injection)	OX40	Therapeutic biological product	Advanced/ metastatic solid tumor and lymphoma						—
	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	LAG-3	Therapeutic biological product	First-line treatment of advanced non-small cell lung cancer (NSCLC)						In combination with Han Si Zhuang (serplulimab injection) and chemotherapy
	HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	CTLA-4	Therapeutic biological product	Liver cancer						—
	FCN-159	MEK1/2	Chemical drug	Langerhans cell histiocytosis in children						—
	FCN-338	BCL-2	Chemical drug	Treatment of myeloid malignancies						In combination with Azacitidine or chemotherapy
	FCN-016	ROCK	Chemical drug	Glaucoma or ocular hypertension						—
	SZEY-2108	PBPs	Chemical drug	Carbapenem-resistant Enterobacteriaceae (CRE) infection						—

Note: In the above table, drug category is classified in accordance with requirements under the Measures on the Registration Administration of Medicines.

Note 1: Yi Kai Da (ejilunsai injection) is a product of Fosun Kite, a joint venture. In June 2023, the second indication of the product for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy was conditionally approved by the NMPA.

Note 2: Bei Wen (keverprazan hydrochloride tablets) is a license-in innovative drug of the Group.

Note 3: Comirnaty Bivalent Vaccine is a license-in innovative drug (vaccine) of the Group, and was approved as a regular imported vaccine in Macau in January 2023.

Note 4: In March 2023, the marketing authorization application of serplulimab injection (PD-1 inhibitor) in combination with chemotherapy (carboplatin and etoposide) for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC) in adults was accepted by EMA.

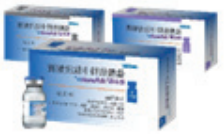
Note 5: In March 2023, the application for launch of tenapanor hydrochloride tablets (Tenapanor) for the treatment of irritable bowel syndrome with constipation was submitted and accepted in Hong Kong.

Note 6: In February 2023, the biologics license application (BLA) of trastuzumab injection, independently developed by the Group, submitted by our partner Accord BioPharma Inc. was accepted by U.S. FDA, and proposed for (1) adjuvant therapy for HER2-expressing breast cancer; (2) therapy for HER2-expressing metastatic breast cancer; and (3) therapy for HER2-expressing metastatic adenocarcinoma or gastroesophageal junctional adenocarcinoma.

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

No.	Therapeutic area	Product name	Description of product	Photo of product
1	Anti-tumor and immune modulation	Han Li Kang (rituximab injection)	This drug was approved for launch by the NMPA in February 2019, and is the first domestic biosimilar. Its approved indications include: (1) non-Hodgkin's lymphoma, (2) chronic lymphoblastic leukaemia, (3) rheumatoid arthritis (RA). It is also the first rituximab approved for rheumatoid arthritis (RA) indication in China.	
2		Han Qu You (trastuzumab injection)	This drug is the first trastuzumab biosimilar approved for launch in China, and also the first domestic monoclonal antibody biosimilar approved by both China and Europe. Its approved indications include: (1) HER2 positive early breast cancer, (2) metastatic breast cancer, (3) metastatic gastric cancer. Centering on such drug, the Group, in cooperation with international renowned biopharmaceutical enterprises including Accord Healthcare Limited, PT Kalbio Global Medika and Laboratorio ELEA Phoenix S.A., expanded its layout in Europe, the United States, Canada and numerous emerging countries. This drug has been approved for launch in around 40 countries and regions. The trade name of such drug in Europe is Zercepac, while its trade name in Australia is Tuzucip and Trastucip.	
3		Han Si Zhuang (serplulimab injection)	This drug (PD-1 inhibitor) was approved for launch by the NMPA in March 2023, and is the first innovative monoclonal antibody independently developed by the Group. Its approved indications include: (1) microsatellite instability-high (MSI-H) solid tumors (conditionally approved), (2) squamous non-small cell lung cancer, (3) extensive-stage small cell lung cancer. 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.	
4		Han Da Yuan (adalimumab injection)	This drug was approved for launch by the NMPA in December 2020, and is the first domestic adalimumab biosimilar with GMP certified production base approved by both China and Europe. Its approved indications include: (1) rheumatoid arthritis, (2) ankylosing spondylitis, (3) psoriasis, (4) uveitis.	

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

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

No.	Therapeutic area	Product name	Description of product	Photo of product
14	Anti-infection	Antimalarial series such as artesunate	This series include Artesun (artesunate for injection), SPAQ-CO (sulfadoxine pyrimidine dispersible tablets + amodiaquine dispersible tablets) and the D-ARTEPP series (dihydroartemisinin-piperaquine phosphate tablets) etc. In particular, artesunate is the first class 1 new drug in China. As of the date of this announcement, the Group has a total of 33 antimalarial drugs (including APIs and preparations) with WHO PQ. The second generation of artesunate for injection (Artesun) obtained WHO PQ in June 2023, and was registered and approved in 16 countries. As of June 2023, the Group has supplied over 300 million doses of artesunate for injection across the world.	
15		Jie Bei An* (azvudine tablets)	This drug (broad-spectrum RNA virus inhibitor) obtained the emergency conditional approval from the NMPA in July 2022 for use in treatment of adult patients suffering moderate COVID-19. This drug's approved indication also includes treatment for adult HIV-1 patients (AIDS patients) with high viral load in combination with other reverse transcriptase inhibitors (conditionally approved).	
16		Comirnaty* (mRNA COVID-19 vaccine)	Comirnaty (mRNA COVID-19 vaccine BNT162b2) and Comirnaty (Original/Omicron BA.4/BA.5-adapted bivalent vaccine) have been officially registered as drugs/products (biological products) in Hong Kong and approved as regular imported vaccines in Macau. The related dosage forms for children (for vaccination of children aged 5 to 11) and infants (for vaccination of infants of 6 months to 4 years old) have been authorized for emergency use (EUA) in Hong Kong and special license import in Macau.	
17	Cardiovascular system	Heparin series preparations	This series include enoxaparin sodium injection, heparin sodium injection, low molecular weight heparin for injection and nadroparin calcium injection etc. Heparin series preparations are mainly used for the prevention of thrombosis or treatment of embolism. The Group has the full industry chain supply capability for low-grade and high-grade heparin products, low-molecular heparin raw materials and preparations, and the sales network covers China, the United States, South America, Europe, the Middle East and Southeast Asia.	

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

II. Segment Performance Overview

1. *Pharmaceutical manufacturing*

Performance summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB15,921 million, representing a period-on-period increase of 11.56%. In the first half of 2023, the revenue from new products and sub-new products such as Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection) and trastuzumab drug substance as well as Su Ke Xin (avatrombopag maleate tablets) maintained rapid growth. Among which, upon being approved for launch in March 2022, Han Si Zhuang achieved revenue of RMB556 million during the Reporting Period; the revenue from Han Qu You grew by 57.1% period-on-period; and the revenue from Su Ke Xin grew by 32.7% period-on-period. In addition, Jie Bei An (azvudine tablets) also contributed to sales at the beginning of the Reporting Period, but the sales of Comirnaty (mRNA COVID-19 vaccine) recorded a significant period-on-period decrease.

During the Reporting Period, the segment results of the pharmaceutical manufacturing segment amounted to RMB1,660 million, representing a period-on-period decrease of 12.17%, and realized segment profits of RMB1,482 million, representing a period-on-period decrease of 9.56%, which was mainly due to (1) despite the contribution of Jie Bei An (azvudine tablets) at the beginning of the Reporting Period, the significant decrease of sales of Comirnaty (mRNA COVID-19 vaccine) and the expenses incurring by the corresponding team, medical and market activities; (2) the period-on-period decrease in operating results of Gland Pharma, a subsidiary, as a result of factors such as the intensified competition in the U.S. market and the suspension and upgrade of certain production lines; (3) the strategic investment such as market development and team enhancement in Han Si Zhuang (serplulimab injection), Bei Wen (keverprazan hydrochloride tablets) and other new products launched as well as the early layout and team investment of Han Si Zhuang (serplulimab injection) in overseas markets; (4) an increase in R&D expenses as a result of the Group's continuous expenditure in relation to innovative drugs, biosimilars, innovative incubation platforms and early research stage projects during the Reporting Period, where the Group's R&D expenses had a period-on-period increase of RMB301 million.

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of the Group amounted to RMB2,519 million, representing a period-on-period increase of 22.16%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 15.82% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB1,792 million, accounting for 11.26% of the revenue from the pharmaceutical manufacturing segment.

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

Unit: million Currency: RMB

Major therapeutic area	**Jan–Jun 2023**	Jan–Jun 2022*	Period-on-period increase on the same basis *(%)*
Major products of anti-tumor and immune modulation *(Notes 1, 3)*	**3,699**	2,550	45.05
Major products of anti-infection *(Note 3)*	**3,318**	3,646	–9.00
Major products of metabolism and alimentary system *(Note 3)*	**1,504**	1,383	8.76
Major products of cardiovascular system *(Notes 2, 3)*	**839**	1,095	–23.40
Major products of central nervous system *(Note 3)*	**551**	479	14.93
Major products of APIs and intermediate products *(Note 3)*	**654**	633	3.21

Note 1: The revenue from major products of anti-tumor and immune modulation recorded a period-on-period increase of 45.05%, mainly due to the revenue growth of Han Si Zhuang (serplulimab injection), Han Qu You (trastuzumab injection) and trastuzumab drug substance, and Su Ke Xin (avatrombopag maleate tablets), and the revenue contribution from new products, namely Otezla (apremilast tablets), Han Bei Tai (bevacizumab injection) and Akynzeo (netupitant and palonosetron hydrochloride capsules).

Note 2: The revenue from major products of cardiovascular system recorded a period-on-period decrease of 23.40%, which was mainly due to the decline in sales of heparin series preparations.

Note 3: Major products of anti-tumor and immune modulation comprise: Han Qu You (trastuzumab injection) and trastuzumab drug substance, Han Li Kang (rituximab injection), Han Si Zhuang (serplulimab injection), Su Ke Xin (avatrombopag maleate tablets), Ke Sheng (Xihuang capsules), Kai Lai Zhi (epinastine hydrochloride capsules), Akynzeo (netupitant and palonosetron hydrochloride capsules), Han Da Yuan (adalimumab injection), Otezla (apremilast tablets), Yi Luo Ze/Tu Mei Si (pemetrexed disodium for injection), Zhao Hui Xian (bicalutamide tablets), Han Bei Tai (bevacizumab injection), ondansetron, paclitaxel, oxaliplatin and Di Kai Mei (sorafenib tosylate tablets).

Major products of anti-infection comprise: Jie Bei An (azvudine tablets), antimalarial series such as artesunate, Cravit (levofloxacin tablets), Sha Duo Li Ka (potassium sodium dehydroandrographolide succinate for injection), rabies vaccine (VERO cell) for human use (non-freeze dried), Pai Shu Xi Lin (piperacillin sodium and tazobactam sodium for injection), Cravit (levofloxacin injection), Qiang Shu Xi Lin/Qin Shu/Er Ye Qin (piperacillin sodium and sulbactam sodium for injection), caspofungin,

antituberculosis series, Xi Chang/Bi Li Shu (cefmetazole sodium for injection), Sai Fu Nuo (cefminox sodium for injection), He Pu Ding (lamivudine tablets), daptomycin, Comirnaty (mRNA COVID-19 vaccine), Micafungin, Er Ye Bi (ceftizoxime sodium for injection), vancomycin, Si Ke Ni (azithromycin capsules), Ka Di (flucloxacillin sodium for injection) and Rui Sai Ni (clindamycin hydrochloride capsules).

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

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

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

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

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

Important events

- Progress of serplulimab injection (PD-1 inhibitor, trade name in Chinese mainland: Han Si Zhuang)

  During the Reporting Period, Han Si Zhuang (serplulimab injection), the innovative PD-1 inhibitor independently developed by the Group, has been approved for new indication for extensive-stage small cell lung cancer (ES-SCLC) in Chinese mainland (excluding Hong Kong, Macau and Taiwan region), and has become the world's first monoclonal antibody drug targeting PD-1 approved for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), and its marketing authorization application (MAA) in the EU has also been accepted. As at the date of this announcement, Han Si Zhuang had been approved for three indications, i.e. microsatellite instability-high (MSI-H) solid tumors, squamous non-small cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC). The NDA for the fourth indication (esophageal squamous cell carcinoma (ESCC)) in Chinese mainland has also been accepted. In February 2023, the results of phase III clinical research of Han Si Zhuang on esophageal squamous cell carcinoma (ESCC) (ASTRUM-007) were published in Nature Medicine (impact factor: 82.9), an international journal, and the research result of the trial was selected in the 2023 American Society of Clinical Oncology (ASCO) Annual Meeting.

Based on the differentiated development strategy of "Combo+Global" (combination therapy + globalization), the Group proactively facilitated the synergy between Han Si Zhuang (serplulimab injection) and other self-owned pipeline products, and approval has been obtained for clinical trials in China, the United States and other countries and regions. As at the date of this announcement, apart from the indications approved for launch, 11 combination therapies centering on the product are undergoing clinical trials around the world, covering indications such as lung cancer, esophageal cancer, head and neck squamous cell carcinoma and gastric cancer. In particular, international multi-center clinical trials for the three indications of squamous non-small cell lung cancer (sqNSCLC), extensive-stage small cell lung cancer (ES-SCLC) and limited-stage small cell lung cancer (LS-SCLC) have been carried out, including a head-to-head bridging trial comparing to first-line standard of care with Atezolizumab for extensive-stage small cell lung cancer (ES-SCLC) already been initiated in the United States. The first patient dosing in the phase III of the international multi-center clinical study of limited-stage small cell lung cancer (LS-SCLC) has also been completed in Chinese mainland, the United States and Australia, and clinical approvals have been obtained in Spain. In addition, with its outstanding performance, serplulimab injection (PD-1 inhibitor) for the treatment of small cell lung cancer (SCLC) was successively granted Orphan Drug Designation by the U.S. FDA and the European Commission (EC).

With the successive approval for various indications of serplulimab injection (PD-1 inhibitor, trade name in Chinese mainland: Han Si Zhuang) in China and the smooth progress of overseas clinical trials, the Group will continue to promote the global commercialization of this product and enhancing the accessibility of such product. As at the end of the Reporting Period, Han Si Zhuang had completed online bidding in 29 provinces, autonomous regions and municipalities across Chinese mainland. It was included in the customized commercial insurance catalogue in various cities, including Shanghai, Ningbo and Zhuhai. As at the end of the Reporting Period, a special marketing team for Han Si Zhuang comprising of around 500 personnel has been established in China, covering nearly 1,500 hospitals. During the Reporting Period, revenue from such product amounted to RMB556 million, and achieved monthly sales of over RMB100 million for the first time in March 2023. In terms of overseas commercialization, the Group reached collaboration with KGbio in 2019, granting KGbio the exclusive right to commercialize the first monotherapy and two combination therapies of serplulimab injection (PD-1 inhibitor) in ten countries in Southeast Asia; in August 2023, Shanghai Henlius further expanded the cooperation of the product to 12 countries in regions of the Middle East and North Africa. In addition, the Group continued to facilitate the works for the commercialization of the product in the market of the United States, established its own U.S. innovative drug team covering medical affairs, market access, sales and other functions, and reached a cooperation with Syneos Health to provide support for the commercialization of the product in the United States.

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

  During the Reporting Period, a second-line indication of Yi Kai Da (ejilunsai injection) of Fosun Kite, a joint venture, for the treatment of adult patients with large B-cell lymphoma (r/r LBCL) that is refractory to first-line immunochemotherapy or that relapses within 12 months of first-line immunochemotherapy was approved in Chinese mainland (excluding Hong Kong, Macau and Taiwan region).

  Yi Kai Da, the first CAR-T cell therapy product approved for domestic launch, is authorized to carry out the product's localized production in China following the technology transfer of Yescarta, a CAR-T cell therapy product, from Kite Pharma. Its first approved indication is the treatment of adult patients with relapsed or refractory large B-cell lymphoma (r/r LBCL) after prior second-line or higher systemic therapy. Yi Kai Da, an innovative cell therapy drug for one-off treatment, can relieve burden on patients and improve their quality of life. As at the end of the Reporting Period, benefitting over 500 patients with lymphoma in total, Yi Kai Da has been included in over 90 urban customized commercial health insurances and over 60 commercial insurances, while the number of treatment centers on record exceeded 140, covering more than 25 provinces and municipalities across China.

  According to a multi-center real-world research data in China released in June 2023, the real-world efficacy of Yi Kai Da on patients with relapsed refractory non-Hodgkin's lymphoma in Chinese mainland was in line with that of global patients. The 12-month overall survival rate was 84.3%, the best overall response rate was 83.2%, the best complete response rate was 58.4%, performing better in terms of safety. The survival analysis data of ZUMA-7 clinical trial research of Yescarta was published in New England Journal of Medicine (impact factor: 176.082), a medical journal. According to the results of the research: the death rate of r/r LBCL second-line treatment using ejilunsai injection reduced by 27.4% as compared to that of standard second-line treatment (SOC). Ejilunsai injection significantly extended the overall survival of patients. In respect of efficacy, Yi Kai Da was recommended by domestic and overseas authoritative guidelines. Its treatment on patients with diffuse large B-cell lymphoma (DLBCL) previously receiving second-line or higher therapy was recommended by the NCCN Guidelines in the U.S., the Guidelines of National Health Commission, the Lymphoma Guidelines of National Health Commission and the Guidelines of Chinese Society of Clinical Oncology (CSCO). Its treatment on patients with second-line diffuse large B-cell lymphoma (DLBCL) received grade I recommendation from the NCCN Guidelines in the U.S. and the Guidelines of Chinese Society of Clinical Oncology (CSCO).

  The third indication of Yi Kai Da (for the treatment of adult patients with relapsed or refractory inert non-Hodgkin's lymphoma (r/r iNHL) containing follicular lymphoma and marginal zone lymphoma) was approved for clinical trials in Chinese mainland (excluding

Hong Kong, Macau and Taiwan region) and was also included in the breakthrough therapy drug program in 2021. As at the date of this announcement, this indication is undergoing a bridging clinical trial in Chinese mainland.

In addition, as for Fosun Kite's second CAR-T cell therapy product FKC889, its first indication (for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (r/r MCL) after prior second-line or higher systemic therapy) and second indication (relapsed or refractory adult precursor B-cell acute lymphoblastic leukaemia (adult r/r ALL)) received approval for clinical trials in Chinese mainland in March 2022 and December 2022, respectively. As at the date of this announcement, the two indications are undergoing bridging clinical trial in Chinese mainland.

- Progress of other pipeline products

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

During the Reporting Period, the phase III clinical research of FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection), an innovative antibody drug conjugate originally license-in and subsequently independently developed by the Group, for the treatment of HER2 positive locally advanced or metastatic breast cancer that cannot be removed through surgery has commenced in Chinese mainland. Based on the phase I clinical trial data on HER2 positive advanced breast cancer, among 67 assessable patients with HER2 positive breast cancer, the ORR is 53.7% and the medium PFS is 15.5 months, with good drug tolerance. The phase II clinical trials of FS-1502 for the treatment of HER2-expressing advanced malignant solid tumors and FS-1502 in combination with serplulimab and/or chemotherapy for the treatment of HER2-expressing advanced gastric cancer, have commenced in China.

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

159 on neurofibromatosis type I in adults is 45.1%, performing well in terms of safety. FCN-159 for the treatment of low-grade gliomas and treatment for arteriovenous malformations, are at the stage of phase II clinical trial in China.

During the Reporting Period, the Group continued to promote the industrialization of vaccines in its pipeline. In April 2023, the 13-valent pneumococcal conjugate vaccine, which is independently developed by the Group, completed patient enrollment for phase III clinical trial. In January 2023, Fosun Antejin received the Drug Manufacturing Certificate (《藥品生產許可證》), laying a foundation for its subsequent commercial production of pipeline vaccine products. In addition, during the Reporting Period, each of the registration and GMP compliance 2-in-1 on-site inspection and clinical trial on-site inspection of rabies vaccine (Vero cell) for human use (freeze dried) and quadrivalent influenza virus lysate vaccine, both independently developed by the Group, had been completed.

At the same time, during the Reporting Period, the established medicines manufacturing & supply business of the Group continued to optimize the life cycle management of established medicines on the product end, focused on the independent R&D of first generic drugs, first three generic drugs and difficult and complex preparations, grasped highly fit expansion opportunities, enriched pipelines, improved the capability and efficiency of the system, and actively promoted the overseas commercialization of preparations. During the Reporting Period, Gland Pharma, a subsidiary, completed the acquisition of Cenexi, a European CDMO company, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe. During the Reporting Period, a total of 10 generic drugs (indications) of the Group were approved for launch by NMPA and 2 generic drugs passing consistency evaluation. In particular, Li Tuo Ning (力妥寧) (urapidil hydrochloride injection) of Avanc Pharma, a subsidiary, is the first domestic urapidil hydrochloride product passing consistency evaluation. Chlorpheniramine maleate injection of Wanbang Pharma, a subsidiary, is also the first product passing consistency evaluation among similar products in China. In addition, a total of 7 generic drugs of Gland Pharma, a subsidiary, were approved for launch by the U.S. FDA.

In addition, as at the date of this announcement, the NDA of several pipeline drugs, including DaxibotulinumtoxinA botulinum toxin (project code: RT002) and tenapanor hydrochloride tablets (project code: Tenapanor), in Chinese mainland and the biologics license application (BLA) of trastuzumab injection in the U.S. have been accepted as well.

- Integrated production and streamlined operation

  In order to further improve the competitiveness of the production system of pharmaceutical manufacturing business, improve operational efficiency and implement the internationalization strategy, the Group continued to streamline and discover its

internal competitive production capacity, deepened the integration of the production side, and realized the rapid transformation of products through the construction of API and preparation bases and engineering technology centers. By building internationally competitive star production lines and production bases, the Group established a CMO/MAH management system, promoted the integration of its product line resources, and actively facilitated the concentration of star production lines and professional production bases for its products.

The Group continued to consolidate production lines on manufacture end and build regional production centers to gather production capacity and achieve the integration of APIs and preparations, further improved production and operation efficiency, and expanded production cost advantages. During the Reporting Period, the Group built regional production centers in Xuzhou and Chongqing, continuously advanced the construction of three major APIs bases, namely Xuzhou Xingnuo, Hunan Dongting and Yaoyou Longevity, and vertically integrated the APIs and preparation industry chains, realizing intensive mass production capacity and covering various formulations and disease areas. The Group expedited the construction of Shanghai Henlius's Songjiang Base to continuously expand the production capacity. As at the end of the Reporting Period, the trial production of the first tranexamic acid production line in Hunan Dongting API Base had commenced; the transfer of relevant products from Xuzhou Xingnuo API Base and Xuzhou Industrial Park Preparation Base had commenced, and new products will be continuously introduced with increased production capacity in the subsequent stage; the installation works of stock solution and preparation building in Shanghai Henlius's Songjiang Base had completed and entered the commissioning stage. In addition, the Group commenced the construction of Cote d'Ivoire medical production base located near Abidjan, aiming to realize local drug manufacturing and supply in Africa.

At the same time, the Group continued to promote the certification of international production quality standards to consolidate the foundation for the exportation of preparations. The Group through different means including gap analysis, special inspection, special training, etc., actively promoted its subsidiaries to establish a quality system in line with the domestic and international requirements, and enhanced the quality risk awareness and quality management capabilities of all employees. During the Reporting Period, the second generation of artesunate injection (Argesun) independently developed by the Group passed the WHO PQ, and became the first artesunate injection with one-step preparation passing the WHO PQ. As at the end of the Reporting Period, all production lines of the domestic subsidiaries under the pharmaceutical manufacturing segment of the Group obtained domestic GMP certifications. During the Reporting Period, those production lines received over 50 official inspections as well as official sample tests on over 400 batches, all of which were passed smoothly, and 9 production lines had passed GMP certification in major regulatory markets such as the U.S. FDA and the EU. In August 2023, Shanghai Henlius's Songjia Base (phase I) accepted the pre-

license inspection in respect of trastuzumab injection by the U.S. FDA (Pre-License Inspection); in the same month, sertraline hydrochloride tablets and compound sulfamethoxazole tablets of Guilin Pharma had accepted the pre-approval inspection by the U.S. FDA (Pre-Approval Inspection).

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

R&D innovation

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

In order to enhance scientific and innovation strategy and improve R&D efficiency, the Company has established the Scientific Advisory Board (**SAB**) at group level during the Reporting Period. Serving as external think tank, the SAB will assist the management of the Group in formulating and optimizing the medium- to long-term scientific innovation and R&D strategies, and provide additional strategic guidelines and insights. The first session of SAB has a total of 9 members, comprising of globally renowned academicians, scientists and clinical experts with outstanding academic attainments from China and overseas, with area of expertise covering tumors, cardiovascular, immunology, clinical medicine development and other fields. The first SAB meeting was held in June 2023. Members of the SAB conducted discussion and evaluation on the global R&D overall strategic planning, pipeline products and R&D resources allocation of the Group, and provided valuable recommendations on development goals of products at early stage, strategy and route for internalization and innovation, as well as external collaboration in R&D investment.

Through independent R&D, cooperative development, license-in projects and in-depth incubation, the Group focused on core therapeutic areas such as oncology (solid tumors and hematological tumors), self-immunology, central nervous system, chronic disease (liver disease/metabolic disease/kidney disease) and mainly strengthened core technology platforms such as small molecule, antibody/ADC, cell therapy and RNA, creating an open and global innovative R&D system. The Group also actively explored edge-cutting technologies such as nucleic acid drugs, cancer vaccine and AI drug R&D to continuously enhance its core R&D capabilities and pipeline value, and facilitate the R&D and commercialization of more FIC (First-in-class) and BIC (Best-in-class) products.

During the Reporting Period, a total of 5 innovative drugs (indications) and 10 generic drugs (indications) of the Group were approved for launch. 4 innovative drugs/biosimilars (indications)[3] and 34 generic drugs (indications) had applied for launch (NDA). 7 innovative drugs (indications) were approved for clinical trials (IND) in Chinese mainland. During the Reporting Period, a total of 54 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 2 U.S. patent applications and 2 PCT applications; 34 licensed invention patents were obtained.

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

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

3 Including the biologics license application (BLA) of trastuzumab injection, independently developed by the Group, submitted by Accord BioPharma Inc., a partner of the Group, in the United States.

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 (in the U.S.)
2			Relapsed or refractory B-cell lymphoma	Phase I clinical trial	
3			Treatment of myeloid malignancies in combination with Azacitidine or chemotherapy	Approved for clinical trial	—
4		FCN-159*Note 2*	Neurofibromatosis type I	Phase II clinical trial (international multi-center)*Note 1*	
5			Low-grade gliomas	Phase II clinical trial	—
6			Histiocytic tumors	Phase II clinical trial	—
7			Langerhans cell histiocytosis in children	Approved for clinical trial	—
8		ORIN1001	Solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S.)
9		SAF-189	Non-small cell lung cancer (ROS1+)	Phase II clinical trial	Approved for clinical trial (in the U.S.)
10			Non-small cell lung cancer (ALK+)	Phase III clinical trial	
11		FCN-437c	Breast cancer 1L	Phase III clinical trial	*Note 3*
12			Breast cancer 2L	Phase III clinical trial	
13		YP01001	Advanced solid tumor	Phase I clinical trial	—
14		FH-2001	Advanced malignant solid tumor	Phase I clinical trial	—
15	Metabolism and alimentary system	FCN-342	Gout	Phase I clinical trial	—
16	Others	ORIN1001	Idiopathic pulmonary fibrosis (IPF)	Approved for clinical trial	Phase I clinical trial (in the U.S.)
17		ET-26	Anesthesia	Phase II clinical trial	—
18		FCN-159	Arteriovenous malformations	Phase II clinical trial	—
19		FCN-016 eyedrop	Glaucoma or ocular hypertension	Approved for clinical trial	—
20		SZEY-2108 for injection	Carbapenem-resistant Enterobacteriaceae (CRE) infection	Approved for clinical trial	—

Note 1: In July 2023, the phase III clinical study of FCN-159 tablets for treatment for adult patients with neurofibromatosis type I has commenced in Chinese mainland.

Note 2: Two indications of FCN-159 tablets, i.e. treatment of histiocytic tumors and treatment for adult patients with NF1 (neurofibromatosis type I) related plexiform neurofibroma who are unable to undergo surgery or encounter postoperative residual/recurrence, were included in the breakthrough therapy drug program in April 2023 and July 2023, respectively.

Note 3: The phase I clinical trial of FCN-437c for breast cancer initiated in the U.S. has suspended.

Table 4 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese mainland as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Han Si Zhuang (serplulimab injection)	Microsatellite instability-high (MSI-H) solid tumor	Approved for launch	Approved for clinical trial[Note]
2		Han Si Zhuang (serplulimab injection) + chemotherapy	Squamous non-small cell lung cancer (sqNSCLC)	Approved for launch	Phase III clinical trial (international multi-center)
3			Extensive-stage small cell lung cancer (ES-SCLC)	Approved for launch	Marketing authorization application (in the EU) Bridging trial (in the U.S.)
4			Esophageal squamous cell carcinoma (ESCC)	NDA	—
5			Neo-/adjuvant treatment of GC	Phase III clinical trial	—
6		Han Si Zhuang (serplulimab injection) + chemotherapy + radiotherapy	Limited-stage small cell lung cancer (LS-SCLC)	Phase III clinical trial (international multi-center)	
7		Han Si Zhuang (serplulimab injection) + Han Bei Tai (bevacizumab injection)	Non-squamous non-small cell lung cancer (nsNSCLC)	Phase III clinical trial	—
8			Metastatic colorectal cancer (mCRC)	Phase II/III clinical trial	—
9		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Recurrent or metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	—
10			Squamous non-small cell lung cancer (sqNSCLC)	Phase II clinical trial	—
11		Han Si Zhuang (serplulimab injection) + HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection) + Han Bei Tai (bevacizumab injection)	Hepatocellular carcinoma (HCC)	Approved for clinical trial	—
12		HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Metastatic colorectal cancer (mCRC)	Phase II clinical trial	—
13		HLX07 (recombinant anti-EGFR humanized monoclonal antibody injection)	Solid tumor	Phase Ib/II clinical trial	Approved for clinical trial (in the U.S.)
14			Locally advanced or metastatic cutaneous squamous cell carcinoma (CSCC)	Phase II clinical trial	Approved for clinical trial (in the U.S.)

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
15	Anti-tumor	HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
16		HLX26 (recombinant anti-LAG-3 humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection) + chemotherapy	Advanced non-small cell lung cancer (NSCLC)	Approved for clinical trial	—
17		HLX301 (recombinant anti-PD-L1 and anti-TIGIT bispecific antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	Phase I clinical trial (in Australia)
18		HLX51 (recombinant anti-OX40 humanized monoclonal antibody for injection)	Solid tumor and lymphoma	Approved for clinical trial	—
19		HLX53 (anti-TIGIT Fc fusion protein)	Solid tumor and lymphoma	Phase I clinical trial	—
20		HLX60 (recombinant anti-GARP humanized monoclonal antibody injection)	Solid tumor and lymphoma	Phase I clinical trial	—
21		HLX60 (recombinant anti-GARP humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection)	Solid tumor	—	Phase I clinical trial (in Australia)
22	Blood system	Recombinant human erythropoietin-HyFc fusion protein injection	Anemia	Phase Ib/II clinical trial	—
23	Others	HLX04-O (recombinant anti-VEGF humanized monoclonal antibody injection)	Wet age-related macular degeneration (wAMD)	Phase III clinical trial	Phase III clinical trial (international multi-center)
24		GC101	Recessive dystrophic epidermolysis bullosa (RDEB)	Approved for clinical trial	—

Note: Serplulimab injection (PD-1 inhibitor) received the IND approval in the United States, the EU and other countries and regions.

Table 5 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
1	Anti-tumor	FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection)	HER2-positive locally advanced or metastatic breast cancer	Chinese mainland: Phase III clinical trial
2			HER2-expressing advanced malignant solid tumors	Chinese mainland: Phase II clinical trial
3		FS-1502 (recombinant HER2 humanized monoclonal antibody-monomethyl auristatin F conjugate for injection) in combination with serplulimab and/or chemotherapy	HER2-expressing advanced gastric cancer	Chinese mainland: Phase II clinical trial
4		HLX208*Note1*	Solid tumor (metastatic colorectal cancer, non-small cell lung cancer, etc.), LCH and ECD	Chinese mainland: Phase II clinical trial
5		HLX208 (BRAF V600E inhibitor) + Han Si Zhuang (serplulimab injection)	BRAF V600E or BRAF V600 mutation-positive advanced solid tumor (non-small cell lung cancer)	Chinese mainland: Phase II clinical trial
6		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Qu You (trastuzumab injection)	Gastric cancer (GC)	Chinese mainland: Phase II clinical trial
7		HLX22 (anti-human epidermal factor receptor-2 (HER2) humanized monoclonal antibody injection) + Han Si Zhuang (serplulimab injection) + Standardized treatment (trastuzumab in combination with chemotherapy)	Gastric cancer (GC)	Chinese mainland: Approved for clinical trial
8		SVN53–67/M57-KLH peptide vaccine (SurVaxM)	Primary diagnosis of glioblastoma	Chinese mainland: Approved for clinical trial
9	Metabolism and alimentary system	Keverprazan Hydrochloride tablets (trade name in Chinese mainland: Bei Wen (倍穩))	Duodenal ulcer (DU)	Chinese mainland: Approved for launch U.S.: Phase I clinical trial
10			Reflux esophagitis (RE)	Chinese mainland: Approved for launch U.S.: Phase I clinical trial
11		Tenapanor tablets (tenapanor hydrochloride tablets)	Irritable bowel syndrome with constipation (IBS-C)	Chinese mainland: Phase I clinical trial Hong Kong: Application for launch
12	Anti-infection	Comirnaty BNT162b2 (mRNA vaccine BNT162b2), Comirnaty Bivalent Vaccine (mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine)	Prevention of disease (COVID-19) caused by novel coronavirus (SARS-CoV-2) infection	Chinese mainland: Phase II clinical trial completed Hong Kong: Officially registered Macau: Approved as a regular imported vaccine Taiwan, China: Obtained special approval for emergency use
13		Pretomanid tablets	Extensively drug-resistant (XDR) or multidrug-resistant tuberculosis (MDR-TB) with treatment intolerance/low efficacy of treatment	China: Phase I clinical trial
14		OP0595 (Nacubactam for injection) + cefepime or aztreonam	Treatment of adults infected by aerobic gram-negative bacteria with limited options	Chinese mainland: approved for clinical trail*Note 2*

No.	Therapeutic area	Drug name/code	Indications	R&D progress in major licensed territory as at the end of the Reporting Period
15	Central nervous system	Opicapone capsules	Parkinson syndrome	Chinese mainland: NDA
16	Blood system	Avatrombopag maleate tablets	Chronic immune thrombocytopenia (ITP)	Chinese mainland: NDA
17		Tenapanor tablets (tenapanor hydrochloride tablets)	Hyperphosphatemia in end-stage renal disease dialysis patients (ESRD-HD)	Chinese mainland: Phase III clinical trial[Note 3]
18	Others	RT002 (DaxibotulinumtoxinA botulinum toxin)	Moderate to severe glabellar lines in adults (GL)	Chinese mainland: NDA
19			Cervical dystonia in adults (CD)	Chinese mainland: Phase III clinical trial[Note 4]
20		Fortacin spray (lidocaine prilocaine spray)	Premature ejaculation	Chinese mainland: Phase III clinical trial

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

Note 2: In July 2023, the phase I and Phase III clinical trial application of combination dosing of OP0595 and cefepime or aztreonam for the treatment of adults infected by aerobic gram-negative bacteria with limited options was approved by NMPA.

Note 3: The NDA of tenapanor hydrochloride tablets (project code: Tenapanor) for controlling hyperphosphatemia in adult patients receiving hemodialysis treatment for chronic kidney disease (CKD) was accepted by the NMPA in July 2023.

Note 4: The NDA of DaxibotulinumtoxinA botulinum toxin (project code: RT002) for the treatment of cervical dystonia in adults was accepted by the NMPA in July 2023.

Table 6 — Biosimilars under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in Chinese mainland as at the end of the Reporting Period
1	Anti-tumor	HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection)	Neoadjuvant treatment of BC	Phase III clinical trial (international multi-center)
2		HLX05 (recombinant anti-EGFR human/murine chimeric monoclonal antibody injection)	Metastatic colorectal cancer (mCRC) and metastatic head and neck squamous cell carcinoma (HNSCC)	Phase I clinical trial
3		HLX13 (recombinant anti-CTLA-4 fully human monoclonal antibody injection)	Melanoma, renal cell carcinoma (RCC), metastatic colorectal cancer (mCRC) and liver cancer	Approved for clinical trial
4		HLX15 (recombinant anti-CD38 fully human monoclonal antibody injection)	Multiple myeloma (MM)	Phase I clinical trial
5	Metabolism and alimentary system	Mixed protamine zinc recombinant insulin lispro injection (50R)	Diabetes	NDA
6		Mixed protamine zinc recombinant insulin lispro injection (25R)	Diabetes	NDA
7		Semaglutide injection	Diabetes	Approved for clinical trial
8		Liraglutide injection	Diabetes	Phase III clinical trial
9	Others	HLX14 (recombinant anti-RANKL fully human monoclonal antibody injection)	Osteoporosis (OP)	Phase III clinical trial (international multi-center)

As at the end of the Reporting Period, a total of 31 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in eight batches of national centralized drug procurement bidding (for details, please refer to Table 7 — Products won tenders for centralized procurement). In particular, the eighth batch of centralized procurement was implemented since July 2023. For the existing products included in centralized procurement, the Group leveraged the advantages of multi-channel marketing and lean production to strengthen the life cycle management of centralized procurement products while sacrificing price for volume, and actively promoted incremental products to quickly enter the market through centralized procurement and effectively smoothen the impact of existing products participating in centralized procurement.

Table 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
1	4+7 scope expansion	Amlodipine Besylate Tablets	High blood pressure	5mg*7 tablets/box	Box
2		Escitalopram Oxalate Tablets	Depression disorder	10mg*7 tablets/box, 10mg*10 tablets/box, 10mg*14 tablets/box	Box
3	The second round	Azithromycin Capsules	1. Acute pharyngitis and acute tonsillitis caused by streptococcus pyogenes; 2. sinusitis, otitis media, acute bronchitis and acute exacerbation of chronic bronchitis caused by susceptible bacteria; 3. pneumonia caused by streptococcus pneumoniae, haemophilus influenzae and mycoplasma pneumonia; 4. urethritis and cervicitis caused by chlamydia trachomatis and non-multidrug-resistant neisseria gonorrhoeae; 5. skin and underlying tissue infection caused by susceptible bacteria.	0.25g*6 capsules/box	Box
4		Clindamycin Hydrochloride Capsules	Infection caused by susceptible strains such as streptococci, staphylococci and anaerobic bacteria	0.15g*10 capsules/box	Box
5		Indapamide Tablets	Essential hypertension	2.5mg*10 tablets/box	Box
6		Isoniazid Tablets	Tuberculosis	0.1g*100 tablets/bottle	Bottle
7	The third round	Febuxostat Tablets	Long-term treatment of gout patients with hyperuricemia	40mg*16 tablets/box	Box
8		Quetiapine Fumarate Tablets	Manic episodes of schizophrenia and bipolar disorder	0.1g*10 tablets/strip *3 strips/box, 25mg*14 tablets/strip *2 strips/box, 0.2g*8 tablets/strip *2 strips/box	Box
9		Pitavastatin Calcium Tablets	Hypercholesterolemia and familial hypercholesterolemia	2mg*14 tablets/box	Box
10		Ethambutol Hydrochloride Tablets	Applicable to tuberculosis caused by treatment of mycobacterium tuberculosis in combination of other anti-tuberculosis drugs. It can also be used for the treatment of tuberculous meningitis and atypical mycobacterium infection	0.25g*50 tablets/box	Box
11		Memantine Hydrochloride Tablets	Moderate to severe Alzheimer's dementia	10mg*14 tablets/box	Box
12	The fourth round	Telmisartan Tablets	Essential hypertension	40mg*8 tablets/strip*4 strips/box	Box
13		Empagliflozin Tablets	Type 2 diabetes	10mg*10 tablets/strip *1 strip/box	Box
14		Calcium Dobesilate Capsules	1. Treatment of microangiopathy: Diabetic microangiopathy — retinopathy and glomerulosclerosis (Kimmerstiel-Wilson syndrome); microvascular injury — accompanying with increased capillary fragility and permeability, capillary diseases and acrocyanosis. 2. adjuvant therapy for chronic venous insufficiency (varicose vein syndrome) and its sequelae (including post-embolism syndrome, leg ulcers, purpuric dermatitis and other stagnant skin diseases, peripheral vascular stasis edema etc.)	0.5g*10 tablets/strip *3 strips/box	Box
15		Sorafenib Tosylate Tablets	Inoperable or distant metastasis of hepatocellular carcinoma	0.2g*10 tablets/strip *3 strips/box	Box
16		Duloxetine Hydrochloride Enteric Capsules	Generalized anxiety disorder and depression	20mg*60 capsules/bottle, 30mg*90 capsules/bottle, 60mg*30 capsules/bottle	Bottle
17		Pyrazinamide Tablets	This product is only effective for mycobacterium, and can be used for treatment of tuberculosis in combination with other anti-tuberculosis drugs (such as streptomycin, isoniazid, rifampin and ethambutol)	0.25g*100 tablets/bottle	Bottle
18	The fifth round	Alfacalcidol Tablets	1. Improve the symptoms of patients with chronic renal insufficiency, hypoparathyroidism, vitamin D-resistant rickets and osteomalacia due to abnormal vitamin D metabolism, such as hypocalcemia, convulsions, ostealgia and bone damage. 2. Osteoporosis.	0.25μg*10 tablets/strip *3 strips/box	Box
19		Bicalutamide Tablets	1. 50mg per day: For the treatment for advanced prostate cancer together with luteinizing hormone-releasing hormone (LHRH) analogue or surgical orchiectomy. 2. 150mg per day: For the treatment of patients with locally advanced prostate cancer without distant metastasis who are not suitable or unwilling to receive surgical castration or other medical treatments.	50mg*14 tablets/strip/box	Box
20	The sixth round	Human Insulin Injection	Diabetes	3ml:300 unit (refill) *1 vial	Vial
21		Protamine Recombinant Human Mixed Insulin Injection (30/70)	Diabetes	3ml:300 unit (refill) *1 vial	Vial

No.	Round selected	Name of drugs	Indications	Specifications	Charge unit
22	The seventh round	Cefmetazole Sodium for injection	Among staphylococcus aureus, escherichia coli, pneumococcus, proteus (indole positive and negative) bacteroides, peptococcus and peptostreptococcus, the following infections caused by susceptible bacteria to this product: sepsis; bronchitis, bronchitis dilated infection, pneumonia, secondary infection of chronic respiratory disease, pulmonary suppuration (lung abscess), empyema; cholangitis, cholecystitis; peritonitis; pyelonephritis, cystitis; bartholinitis, intrauterine infection, uterine adnexitis, parametritis; cellulitis around the jaw, jaw inflammation.	1g*10 bottles/box, 0.25g*10 bottles/box, 0.5g*10 bottles/box, 2g*10 bottles/box	Box
23		Cefminox Sodium for injection	1. Respiratory system infection: tonsillitis, peritonsillar abscess, bronchitis, bronchiolitis, bronchiectasis (in the case of infection), secondary infection of chronic respiratory disease, pneumonia, pulmonary suppuration; 2. Urinary system infection: pyelonephritis, cystitis; 3. Abdominal infection: cholecystitis, cholangitis, peritonitis; 4. Pelvic infection: pelvic peritonitis, uterine adnexitis, intrauterine infection, pelvic dead space inflammation, parametritis; 5. Sepsis.	0.25g*10 bottles/box, 0.5g*10 bottles/box, 1g*10 bottles/box	Box
24		Lidocaine Hydrochloride Injection	This product is a local anesthetic and an antiarrhythmic drug. Mainly used for infiltration anesthesia, epidural anesthesia, topical anesthesia (including mucosal anesthesia during thoracoscopy or abdominal surgery) and nerve conduction block. This product can be used for ventricular premature beats and ventricular tachycardia after acute myocardial infarction, and can also be used for ventricular arrhythmia caused by digitalis poisoning, cardiac surgery and cardiac catheterization. This product is usually ineffective for supraventricular arrhythmias.	5ml:0.1g*5 vials/box, 10ml:0.2g*5 vials/box, 20ml:0.4g*5 vials/box	Box
25		Roxithromycin Tablets	For the treatment of infections caused by roxithromycin-sensitive pathogens	150mg*6 tablets/strip/box	Box
26	The eighth round	Enoxaparin Sodium Injection	1. Prevention of venous thromboembolic diseases (prevention of venous thrombosis), especially for thrombosis related to orthopedic or general surgery; 2. Treatment of established deep vein thrombosis, with or without pulmonary embolism, without severe clinical symptoms, excluding pulmonary embolism requiring surgery or thrombolytic agent treatment; 3. Treatment of unstable angina and non-Q wave myocardial infarction, in combination with aspirin; 4. Prevention of thrombosis in extracorporeal circulation of hemodialysis; 5. For the treatment of acute ST-elevation myocardial infarction, in combination with thrombolytics or concurrently in combination with percutaneous coronary intervention (PCI).	0.6ml:6000AxaIU (prefilled) *2 vials/box	Box
27		Piperacillin Sodium and Tazobactam Sodium for injection	For the treatment of the following systemic and/or local infections caused by detected or suspected susceptible bacteria: 1. Lower respiratory tract infection; 2. Urinary tract infection (mixed infection or single bacterial infection); 3. Intra-abdominal infection; 4. Skin and underlying tissue infection; 5. Bacterial sepsis; 6. Gynecological infection; 7. Treatment for bacterial infection in patients with neutropenia in combination with aminoglycosides; 8. Bone and joint infection; 9. Mixed infection of various bacteria.	2.25g(2.0g Piperacillin and 25g Tazobactam) *8 bottles/box	Box
28		Oseltamivir Phosphate for oral suspension	For the treatment of influenze A and influenze B in adults and children aged 2 weeks or above. Prevention of influenze A and influenze B in patients aged 1 year or above.	0.36g*1 bottle/box	Box
29		Cefoperazone Sodium and Sulbactam Sodium for injection	Monotherapy: Cefuroxime/Sulbactam is indicated for the treatment of the following infections caused by susceptible bacteria: 1. Upper and lower respiratory tract infection; 2. Upper and lower urinary tract infection; 3. Peritonitis, cholecystitis, cholangitis and other intra-abdominal infections; 4. Septicemia; 5. Meningitis; 6. Skin and soft tissue infection; 7. Bone and joint infection; 8. pelvic inflammatory disease, endometritis, gonorrhea and other reproductive tract infections. Combination medication: Cefuroxime/sulbactam should be used in combination with other antibiotics.	1g(1:1)*10 bottles/box	Box
30		Furosemide Injection	1. Edema disease; 2. Hypertension; 3. Prevention of acute renal failure; 4. Hyperkalemia and hypercalcemia; 5. Dilutional hyponatremia; 6. Hypersecretion of antidiuretic hormone (SIADH); 7. Acute drug poisoning.	2ml:20mg*10 vials/box	Box
31		Rifampicin Capsules	1. For the initial treatment and retreatment of various tuberculosis, including tuberculous meningitis, in combination with other anti-tuberculosis drugs. 2. for the treatment of leprosy and non-tuberculous mycobacterium infection in combination with other drugs. 3. for the treatment of severe infections caused by methicillin-resistant staphylococci in combination of vancomycin (intravenous). Rifampin in combination with erythromycin can be used for the treatment of severe Legionella infections. 4. for the treatment of asymptomatic Neisseria meningitidis carriers to eliminate Neisseria meningitidis in the nasopharynx; not suitable for the treatment of Neisseria meningitidis infection.	0.15g*100 capsules/bottle	Bottle

2. ***Medical Devices and Medical Diagnosis***

During the Reporting Period, the Group recorded revenue of RMB2,215 million from the medical devices and medical diagnosis segment, representing a period-on-period decrease of 45.11%. Segment results amounted to RMB56 million, representing a period-on-period decrease of 87.27%, and segment profit amounted to RMB114 million, representing a period-on-period decrease of 83.69%. The decline in results of medical devices and medical diagnosis segment was attributable to the significant decrease in revenue from COVID-19 antigen and nucleic acid test kits and the overseas sales of non-proprietary anti-epidemic products.

(1) *Medical Devices*

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

In the field of medical cosmetology, during the Reporting Period, the revenue of Sisram Medical, a subsidiary, amounted to US$172 million and net profit amounted to US$19 million (based on the financial statements of Sisram Medical in its reporting currency), recording a period-on-period decrease of 1.71% and 8.50%, respectively. The change of revenue was mainly affected by the cyclical fluctuations of business in regions such as Europe, the Middle East and Africa, and the temporary side effect due to the transition process from distribution model to direct sale model in certain regions; the decrease in net profit was mainly due to the increase in selling expenses, including the increase in the direct sales business expenses and the expenses related to a newly employed brand ambassador to enhance brand awareness.

While actively expanding its existing energy-based medical aesthetics equipment business, Sisram Medical continued to deepen its business deployment and integration on strategic tracks such as aesthetic dentistry, injectables and personal care. During the Reporting Period, two new products named Soprano Titanium and Alma Opus were launched to new market by Sisram Medical; each of the two complementary accessories for BeautiFill intended for laser assisted liposuction and skin tightening achieved U.S. FDA regulatory clearance; Alma Veil, a pioneering new product targeting common dermatological and vascular conditions, has achieved market introduction readiness in North America. In June 2023, the acquisition of the "PhotonMed" brands and channels was completed, thus achieving a direct sales layout in Chinese market for the medical aesthetics business, which is conductive to Sisram Medical's further focus on the Chinese market and the continuous enhancement of beauty and healthcare ecosystem.

In the field of respiratory health, the Group continued to increase its efforts to expand into the Chinese market while exploring the European and the U.S. markets in depth. Meanwhile, the Group is accelerating its efficiency improvement and digitalization.

During the Reporting Period, the Vivo1, 2 and 3 ventilators of Breas were approved for launch in Chinese mainland, and the R&D of the new generation of respiratory health product has been initiated.

In the field of professional medical devices, the Group accelerated integration, and continued to enrich its product pipeline and enhance the closed loop of R&D, production and marketing industry chain through license-in, incubation and the "Intelligently Manufactured in China" policy. During the Reporting Period, the installation volume of "Da Vinci Surgical Robot" of Intuitive Fosun, an associated company, was 34. In June 2023, the domestic medical device registration of "thoracic and abdominal endoscopy surgical control system" was approved by NMPA, marking the forthcoming launch of domestically-manufactured Da Vinci Surgical Robot. As the fourth generation of Da Vinci Surgical System, the system can be applied in endoscopic surgeries in urology, general surgery, obstetrics and gynecology, thoracic surgery etc.

In addition, the medical devices segment has formed a global marketing network that combines direct sales and distribution. During the Reporting Period, Sisram Medical, through strengthening its digital channels and diversifying its global marketing strategies and methods, continuously expanded the global direct sales market. As at the end of the Reporting Period, the marketing network of Sisram Medical covers more than 90 countries and regions across the world. In the first half of 2023, the proportion of direct sales revenue further increased to 72%. At the same time, the respiratory health sales network of the Group also covered markets such as Europe, the U.S., China, Japan, India and Australia.

(2) *Medical Diagnosis*

During the Reporting Period, revenue from COVID-19 antigen and nucleic acid test kits significantly decreased, and the short-term revenue and profit of medical diagnosis segment were substantially affected as a result. As the COVID-19 no longer constituted a "Public Health Emergency of International Concern", the business focus of medical diagnosis segment was adjusted towards non anti-epidemic products. During the Reporting Period, reagents products such as hepatitis B quantitative virus nucleic acid test kit (PCR-Fluorescence probe method), myocardial calciumin T test kit (Chemical luminescence), brain sodium peptide test kit (Chemical luminescence) and new devices such as F-A7000 Series assembly line system and chemistry immunoassay integrated analyzer were launched successively. As at the end of the Reporting Period, among the chemiluminescence products, several reagent products for tumor marker, hormone, thyroid function and infection had entered the stage of mass production and commercialization; R&D of diagnostic reagents with high clinical value in the product pipeline such as high-speed biochemical testing instruments, high-speed chemiluminescence analyzer, fully automated molecular workstations, Glycotest HCC

Panel (early liver cancer diagnosis and screening solution), several joint inspection panels on Molecular POCT respiratory testing and infectious pathogen detection panels on the immunofluorescence chromatography platform were proactively in progress.

At the same time, the medical diagnosis segment of the Group specified the functions and positioning of each bases as R&D and manufacturing center, differentiated instrument R&D platform, inspection service business platform and reagent manufacturing base in accordance with the business focus and characteristics of each base, and continued to promote the integration and operation integration process of the medical diagnosis segment.

3. ***Healthcare services***

During the Reporting Period, the revenue from the healthcare services segment amounted to RMB3,127 million, representing a period-on-period increase of 7.20%. Segment results amounted to RMB–151 million, representing a period-on-period decrease in loss of RMB236 million. Segment profit amounted to RMB–268 million, representing a period-on-period decrease in loss of RMB174 million. The main reasons for the decrease in loss included the revenue recovery of offline hospitals and the further focus and optimization of online business.

During the Reporting Period, the Group continued to integrate internal and external high-quality medical resources to deepen its professional services, and promoted the integrated development of professional medical and health management to expand one-stop services. As the digital channel has become one of the major ways for residents to access medical care, the Group proactively improved the connection of online, offline, inside and outside the hospital, expedited medical digital transformation centering on its professional medical capabilities, and provided services such as medical centers and regional medical institution alliance, smart healthcare and insurance empowerment. As at the end of the Reporting Period, the hospitals controlled by the Group had a total of 6,448 authorized beds, and the Group held 9 internet hospital licenses.

Regarding medical centers and regional medical institution alliance, through the continuous establishment of high-level medical disciplines, the facilitation of the integrated operation, the promotion of the integration of online and offline medical institutions and the expansion of primary medical services, the Group cultivated a regional healthcare model to form a regional healthcare services network surrounding key regions such as the Greater Bay Area and the Yangtze River Delta. During the Reporting Period, the Group took hospitals controlled by it as the starting point to collaborate with regional medical institutions to integrate prevention, diagnosis, treatment and rehabilitation service, thereby meeting the diversified medical needs of the users throughout the cycle from prevention, diagnosis, treatment to recovery. Meanwhile, the Group continued to improve disciplines and set up key specialty committees. The Group continued to enhance its medical strength through the "Doctor Group" model by introducing expert partners in key specialties to medical institutions controlled by the Group.

Some of the medical institutions controlled by the Group have set up key specialties at a municipal level and provincial level in their regions. During the Reporting Period, Foshan Fosun Chancheng Hospital became the first medical institution in Foshan designated by the measure of using HK registered drugs and medical devices used in HK public hospitals in Guangdong-Hong Kong-Macao Greater Bay Area; Guangzhou Xinshi Hospital entered into a strategic cooperation with Guangdong Pharmaceutical University to establish close cooperation; Shanghai Xingchen Children's Hospital formally commenced its business in the gynecology and pediatrics sector; while Chongqing Xingrong Plastic Surgery Hospital became the first dual-base for drug and medical device clinical trials in China registered as a socially-organized medical institution. In addition, the Group continued to strengthen its integrated operation. The healthcare services segment continued to enhance asset management efficiency and quality control compliance, and reduced costs significantly through the centralized procurement of drugs and devices.

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

Regarding insurance empowerment, the Group continued to promote the two-way empowerment of healthcare and insurance. During the Reporting Period, the Group continued to establish the commercial insurance system for its member medical institutions. Leveraging the specialty departments and cutting-edge medical technologies of medical centers and regional medical associations, the Group created customized innovative insurance payment solutions, allowing more patients with specialized needs to enjoy specialized medical services. The Group also deepened its cooperation with retail pharmacies, insurance companies and pharmaceutical companies. At the same time, the Group explored in covering TPA (i.e. third party administrator) capacity for commercial insurance with relevant insurance companies,

which connected high-end customers in the insurance ecosystem, strengthened the service capacity for hospital commercial insurance, and established a long-term and stable cooperation model.

4. ***Pharmaceutical Distribution and Retail***

During the Reporting Period, Sinopharm recorded a revenue of RMB300,950 million, a net profit of RMB6,893 million and the profit attributable to owners of the parent of RMB4,104 million, representing a period-on-period increase of 15.10%, 10.67% and 11.12%, respectively.

In respect of pharmaceutical distribution, during the Reporting Period, Sinopharm focused on core and key regions to further enhance the share of its business in relevant markets. The pharmaceutical distribution business achieved rapid growth in northwest, northeast and north China and other regions. During the Reporting Period, the revenue of the pharmaceutical distribution business of Sinopharm was RMB225,433 million, representing a period-on-period increase of 14.71%.

In respect of medical devices, during the Reporting Period, Sinopharm actively followed the policy direction of updating and upgrading of medical devices and seized the trend change of "expansion of quality medical resources and balanced regional layout" to effectively strengthen the integrated management of internal centralized procurement and supply chain and continuously improve the business scale and network coverage. During the Reporting Period, the revenue of the medical devices business of Sinopharm was RMB62,954 million, representing a period-on-period increase of 17.27%.

In respect of retail pharmacy, during the Reporting Period, facing the rapid transformation of the retail pharmacy market, Sinopharm continued to focus on the change of C-side demand, and created a full-scenario, full-cycle and full-channel business model that integrates online and offline, and continued to promote the rapid development of retail business. As at the end of the Reporting Period, the total number of retail stores of Sinopharm was 11,352, representing a net increase of 599 in total compared with the end of 2022. During the Reporting Period, the revenue of the retail pharmacy business of Sinopharm was RMB17,697 million, representing a period-on-period increase of 15.86%.

5. ***Financing***

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

The Group actively enhanced its good cooperation with domestic and foreign financial institutions. In particular, the Group continued to deepen its cooperation with International Finance Corporation (IFC). During the Reporting Period, both parties reached agreements on

loans of EUR50 million in aggregate to support the construction of the Group's projects, such as the Cote d'Ivoire medical production base located in Africa. In addition, as at the end of the Reporting Period, the Company had registered quota to issue super short-term commercial paper in interbank market of RMB6,000 million and quota to issue medium-term notes in the interbank market of RMB4,000 million.

III. Core Competence Analysis

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

1. Advantages in R&D and innovation. The Group connected with teams with outstanding scientific talents, leading technologies and high-value products worldwide through diversified and multi-level cooperation models such as independent R&D, co-development, license-in projects and deep incubation. In addition, the Group continued to enrich its innovative product pipelines, enhanced the research and clinical development capabilities of FIC and BIC new drugs, and promoted the research and practice of innovative technologies and products through the integrated management of the innovative R&D projects by the global R&D center. As at the end of the Reporting Period, the Group had more than 3,500 R&D personnel, of which over 1,800 persons obtained a master's degree or above. During the Reporting Period, the R&D expenditure of the Group amounted to RMB2,884 million, accounting for 13.53% of the Group's revenue.

2. Advantages in internationalization. The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, two-way license, production and operation as well as commercialization. The global BD team kept enhancing the two-way license of products and IP, and deploys in frontier areas through R&D cooperation and license-in projects, while drug clinical and registration teams in the U.S., Africa, Europe and India continued to strengthen overseas drug registration and application capabilities. The Group also accelerated the international quality system certification of domestic production lines, and further deepened its international marketing capabilities so as to further expand the international market.

3. Advantages in commercialization. The Group continuously enhanced the construction and integration of marketing system, and had formed a marketing system by product lines featured by professionalism, branding, digitalization and compliance that supported existing products and products to be launched. As at the end of the Reporting Period, the Group had built up a comprehensive supporting system covering aspects such as medical affairs, market access, medical strategic alliance, brand and market promotion, etc.

IV. Major Operations in the Reporting Period

(I) *Analysis on Principal Operations*

1. *Analysis of Changes in Relevant Items of Financial Statements*

Unit: million Currency: RMB

Items	Amount for the period	Amount for the corresponding period of last year	Period-on-period change *(%)*
Revenue *(Note 1)*	21,316	21,282	0.16
Cost of sales *(Note 1)*	10,699	11,578	–7.59
Selling and distribution expenses *(Note 2)*	5,071	4,175	21.46
Administrative expenses *(Note 3)*	2,103	1,722	22.13
R&D expenses *(Note 4)*	2,134	1,827	16.80
Finance costs *(Note 5)*	603	439	37.36
Other gains *(Note 6)*	857	651	31.64
Other expenses *(Note 6)*	256	912	–71.93
Net cash flow generated from operating activities	1,810	1,799	0.63
Net cash flow generated from investment activities	–2,362	–2,485	–4.95
Net cash flow generated from financing activities *(Note 7)*	1,400	2,441	–42.65

Note 1: For the reasons for the change in revenue, please refer to "Segment Performance Overview" in "Management Discussion and Analysis". With the increasing proportion of new products and sub-new products with higher gross profit margin in total revenue, the gross profit margin of the Group was 49.81% during the Reporting Period, representing a period-on-period increase of 4.21 percentage points.

Note 2: During the Reporting Period, selling expense ratio was 23.79%, representing an increase of 4.17 percentage points as compared to the same period last year. The gross profit margin less selling expense ratio increased by 0.04 percentage point period-on-period. The period-on-period change in selling expense ratio was mainly due to: (1) the effect of selling expenses of anti-epidemic products, as there were still expenses arising from the team, medical and market activities during the Reporting Period in spite of the significant decrease in revenue generated from anti-epidemic products; (2) the increase in overseas market expenses, such as the investment in the preparation for the launch of serplulimab injection (PD-1 inhibitor) in the market of the United States, and the increase in Sisram Medical's direct sales business expenses and the expenses related to a newly employed brand ambassador to enhance brand awareness; and (3) the investment such as team building and enhancement and market development in Han Si Zhuang (serplulimab injection), Bei Wen (keverprazan hydrochloride tablets) and other new products.

Note 3: During the Reporting Period, administrative expenses increased by RMB381 million period-on-period, representing an increase of 22.13% as compared to the same period last year. The period-on-period increase in administrative expenses was mainly due to the increased human resources cost, effects from newly acquired companies and consultant fees for the proposed merger and acquisition projects.

Note 4: During the Reporting Period, R&D expenses increased by RMB307 million period-on-period, representing an increase of 16.80% as compared to the same period last year. The period-on-period increase in R&D expenses was mainly due to the Group's continuous investments in innovative drugs, biosimilars, innovative incubation platforms and early research stage projects.

Note 5: During the Reporting Period, the increase in finance costs was mainly due to the increase in interest-bearing debts, as well as the increase in finance expenses and exchange losses arising from USD interest hike and appreciation and other factors.

Note 6: During the Reporting Period, the increase in other gains and other expenses was mainly due to the fair value change of financial assets held such as shares in YSB and investment gains from disposal of financial assets.

Note 7: During the Reporting Period, the decrease in net cash flow generated from financing activities was mainly due to the repayment for "21 Fosun 01" corporate bonds.

2. *R&D expenditure*

(1) R&D expenditure

Unit: million Currency: RMB

R&D expenditure expensed for the period	2,134
R&D expenditure capitalized for the period	750
Total R&D expenditure	2,884
Total R&D expenditure as a percentage of revenue (%)	13.48
R&D expenditure in the pharmaceutical manufacturing segment as a percentage of the revenue from the pharmaceutical manufacturing segment (%)	15.82
Percentage of R&D expenditure capitalized (%)	26.01

(2) Descriptions

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB2,519 million, representing a period-on-period increase of RMB457 million or 22.16%, accounting for 15.82% of the revenue from the pharmaceutical manufacturing segment. In particular, the R&D expenses amounted to RMB1,792 million, representing a period-on-period increase of RMB301 million or 20.19%, accounting for 11.26% of the revenue from the pharmaceutical manufacturing segment. The increase in R&D expenditure during the Reporting Period was mainly due to the Group's continuous investments in innovative drugs, biosimilars, innovative incubation platforms and early research stage projects.

(II) *Segment and Regional Operations*

Principal Operations by Segments, Products and Regions

Unit: million Currency: RMB

Principal operations by segments

By segments	Revenue	Cost of sales	Gross profit margin *(%)*	Period-on-period change in revenue *(%)*	Period-on-period change in cost of sales *(%)*	Period-on-period change in gross margin
Pharmaceutical manufacturing *(Note 1)*	15,921	7,115	55.31	30.73	9.31	increase of 0.92 percentage point
Medical devices and medical diagnosis *(Note 2)*	2,215	1,052	52.51	–45.11	–60.30	increase of 18.19 percentage points
Healthcare services	3,127	2,484	20.56	7.20	3.41	increase of 2.90 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 margin
Major products of anti-tumor and immune modulation *(Note 3)*	3,699	757	79.54	45.05	53.31	decrease of 1.11 percentage points
Major products of anti-infection	3,318	1,462	55.94	–9.00	–14.93	increase of 3.06 percentage points
Major products of metabolism and alimentary system	1,504	326	78.32	8.76	12.95	decrease of 0.79 percentage point
Major products of cardiovascular system	839	507	39.57	–23.40	–28.19	increase of 4.07 percentage points
Major products of central nervous system	551	50	90.93	14.93	3.97	increase of 0.97 percentage point
Major products of APIs and intermediate products	654	468	28.44	3.21	–1.67	increase of 3.59 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 margin
Chinese Mainland	16,530	7,989	51.67	20.75	16.42	increase of 1.79 percentage points
Regions outside Chinese Mainland and other countries	4,786	2.710	43.38	–36.96	–42.54	increase of 5.50 percentage points

Note 1: The increase in gross profit margin of the pharmaceutical manufacturing segment as compared with the same period last year was mainly due to the increase in proportion of new products and sub-new products with higher gross profit margin in total revenue during the Reporting Period.

Note 2: The decrease in revenue and operating cost of the medical devices and medical diagnosis segment as compared with the same period last year was mainly due to the decrease in the revenue from COVID-19 antigen and nucleic acid test kits, and the decreased overseas sales of non-proprietary anti-epidemic product during the Reporting Period. Excluding anti-epidemic products, the revenue of the medical devices and medical diagnosis segment increased by 9.32% period-on-period.

The increase in gross profit margin of the medical devices and medical diagnosis segment as compared with the same period last year was mainly due to the lower gross profit margin of overseas sales of non-proprietary anti-epidemic products in the same period last year.

Note 3: The increase in revenue and cost of sales of the major products of anti-tumor and immune modulation as compared with the same period last year was mainly due to the launch of new products in therapeutic areas.

(III) *Subsidiaries and Investees Analysis*

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

(1) Operation and Results of Major Subsidiaries

Unit: million Currency: RMB

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical R&D and manufacturing	197	7,867	5,692	2,974	476	433
Wanbang Pharma	Pharmaceutical R&D and manufacturing	492	7,015	4,067	4,166	486	434
Gland Pharma *(Note 1)*	Pharmaceutical R&D and manufacturing	N/A	10,745	8,513	1,690	191	137

Note 1: The data for Gland Pharma is prepared in accordance with India Generally Accepted Accounting Reporting Standards.

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

(2) Status of Other Major Subsidiaries

Unit: million Currency: RMB

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Net profit
Shanghai Henlius *(Note 1)*	Pharmaceutical R&D and manufacturing	543	9,592	1,890	2,500	240
Foshan Fosun Chancheng Hospital *(Note 2)*	Healthcare services	50	3,800	2,046	1,133	68
Sisram Medical *(Note 3)*	Medical devices R&D and manufacturing	N/A	4,370	3,294	1,196	131

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

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

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

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

Unit: million Currency: RMB

Company name	Major business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial	Pharmaceutical investment	100	417,635	114,713	300,950	8,847	6,886

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

(1) Acquisition of Subsidiaries during the Reporting Period

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

Unit: million Currency: RMB

Company/asset name	Acquired through	Net assets (as at the end of Reporting Period)	Net profit (from date of merger/ acquisition up to the end of Reporting Period)	Date of acquisition/merger
Cenexi	Equity transfer	842	–2	27 April 2023
PhotonMed	Asset acquisition *(Note 2)*	123	—	28 June 2023

Note 1: The above data included appreciation of asset valuation and amortization of appreciation of asset valuation.

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

(2) Disposal of Subsidiaries during the Reporting Period

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

Unit: million Currency: RMB

Company name	Disposed through	Net assets as at date of disposal	Net profit from beginning of Reporting Period to date of disposal	Date of disposal
Fosun Health Pharmacy (Zhejiang)	Deregistration	—	—	30 June 2023

(IV) *Employees and Remuneration Policies*

As at the end of the Reporting Period, the Group had a total of 38,591 employees. The employee's remuneration policies of the Group are formulated on the basis of the performance, work experience and salary level prevailing in the market.

(V) *Assets and Liabilities Analysis*

As at the end of the Reporting Period, the Group's gearing ratio, calculated as total interest-bearing bank and other borrowings over total assets, was 29.05%, as compared with 27.18% as at 31 December 2022.

As at the end of the Reporting Period, the Group's net current assets amounted to RMB32 million, as compared with RMB1,981 million as at 31 December 2022. The period-on-period decrease in net current assets was mainly due to the new acquisition of companies during the Reporting Period.

V. Outlook for Operations in the Second Half of 2023

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

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

Pharmaceutical Manufacturing

In the second half of 2023, the Group will continue to implement the "4IN" strategy (Innovation, Internationalization, Intelligentization and Integration), enhance capabilities in innovative R&D, strive to develop strategic products and expand global market opportunities. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, the Group seeks to achieve steady growth of its revenue and profit.

In terms of innovative drug business, the Group will continue to optimize its R&D strategy, focus on its competitive resources to ensure the smooth advancement of key projects, and increase international BD cooperation to expand its early and late pipelines and consolidate its dominant position in hematological tumors, solid tumors and other fields. By actively cooperating with world-class universities and scientific research institutes, the Group will strengthen the layout of chronic diseases (liver disease, metabolism, kidney disease) and central nervous system in the early research stage. At the same time, the Group will actively promote the overseas export of quality

products and promote global simultaneous development. Meanwhile, through innovative all-area marketing, the Group will strengthen product life cycle management, maximize the commercial value of innovative products, and strive to create a matrix of billion – RMB blockbuster products.

In terms of the established medicines manufacturing & supply business, the Group will continue to focus on integration, R&D, industrial collaboration and efficiency improvement under the influence of factors such as the normalization of centralized procurement and the restructuring of the global supply chain. In terms of R&D, the Group will establish R&D projects for first/first three generic drugs, difficult generic drugs and differentiated products, efficiently promote the development of pipeline products, and make deployment in high-end/complex preparations such as in situ gels, minitablets, oral fast dissolving film, inhalation and sustained and controlled release, to form a differentiated R&D layout and create the strategic goals to be "fast", "specialized" and "novel". In terms of operation, the Group will consolidate and plan the industrial layout, strengthen the integration of APIs and preparations, deploy in characteristic APIs and emerging technology platforms, strengthen the capacity construction of international registration and marketing system of APIs, comprehensively improve operational efficiency, and develop leadership in terms of cost. In terms of marketing, the Group will actively respond to centralized procurement and accelerate the transformation of the marketing model. Focusing on markets such as the United States, Europe, Africa, the Middle East, India, Southeast Asia and Latin America, the Group will comprehensively advance its global layout, form a regional focus, and accelerate international market expansion with the help of external mergers and acquisitions. In terms of organization and personnel, the Group will also strengthen the reserve and team construction of professional and management talents, and establish a cohesive, agile and refined organization to promote the implementation of strategies and create an internationally competitive generic drug industry chain.

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

Medical Devices and Medical Diagnosis

In the second half of 2023, in terms of the medical devices business, the Group will continue to focus on integration and concentration towards independent R&D to make more breakthroughs. Through diversified means including continuous increase in R&D expenditure, license-in and cooperation, and introducing investment funds, the Group will enrich its business and product layout and further promote the professional and platform development of the medical devices business. In particular, the Group will strengthen the diversity of medical cosmetic business to achieve an extensive global network coverage through both internal and external expansion to gain a higher global leading position. The Group will accelerate integration and efficiency

improvement, digital empowerment and localized expansion in China of the respiratory health business to create a leading brand. The Group will strengthen professional marketing of high-value devices business and create an advantageous brand in the field of specialties through the combination of incubation and introduction with "intelligently manufactured in China".

In the second half of 2023, in terms of the medical diagnosis business, the Group will continue to deepen the product line portfolios in the construction of product matrix, so as to promote the development, introduction and localization of strategic products and emerging technologies. The Group will foster a closed-loop model in application in order to enhance the competitiveness of the products. At the same time, the Group will focus on infection, tumor, maternal and child, reproductive, digestion and metabolism, central nervous system and other fields, further enrich its product and service mix, and provide customers with comprehensive solutions.

In addition, the Group will continue to leverage its strengths in international operations, use the existing overseas enterprises as a platform, and vigorously expand business cooperation with overseas enterprises and seek investment opportunities on the basis of active integration. By introducing cutting-edge technology and innovative products, the Group will also continue to enhance the competitiveness of overall clinical solutions to achieve the business growth of the medical devices and medical diagnosis segment.

Healthcare Services

In the second half of 2023, based on its existing advantageous medical resources and digital platforms, in terms of the healthcare services business, the Group will continue to deepen its business deployment in the fields of medical groups, intelligent medical care and insurance empowerment. The Group will integrate online and offline services, improve specialized service capabilities and a full life cycle management system based on patients' disease process, and accelerate the expansion of one-stop health management services for the integration of medicine, healthcare and insurance. At the same time, the Group will continue to strengthen its core capabilities, consolidate its doctor resource system, optimize its special supply chain, and enhance the integrated operation efficiency.

Pharmaceutical Distribution and Retail

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

VI. Potential Risks

(I) *Industry policies adjustments*

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

With respect to medical devices and medical diagnosis, the policies encourages the integration of the company's resources and advantage complementation, and putting innovation as the development focus, which intensifies the support for the innovation of high-end devices, and thus the technology levels of clinical products are continuously improved. The centralized procurement in quantity for high-value consumables brings about a drastic change in the supply side. The demand for remote intelligence, internet-based medical equipment and service mode is significant. The equipment installation of primary hospitals is much more funded and the needs for the enhancement of the public health system and establishment of a contingency mechanism obviously drive the development of the industry.

In the field of medical and 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 mainstay of healthcare services to explore new areas of healthcare services.

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

(II) ***Market risks***

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

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

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

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

(III)*Business and operating risks*

(1) *R&D risks of drugs*

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

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

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

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

The medical and healthcare services segment may be subject to risks of medical malpractice claims or disputes, including complaints and disputes between doctors and patients arising from surgical errors, medical misdiagnosis and incidents relating to defects of treatment and diagnostic devices. In the event of serious medical malpractice,

relevant compensation and loss may be incurred by the Group, which may in turn affect the operation results, brand and market reputation of the Group's healthcare services institutions.

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

(3) *Safety and environmental risks*

Manufacturing companies are also exposed to safety and environmental risks during the production process. In the process of production of drugs, medical devices and diagnostic products, due to the dangerous chemical substances involved in the APIs, improper operation or inadequate maintenance measures during loading, unloading, handling, storage and use may cause production safety incident. Residue, waste gas, waste liquid and other pollutants produced during the manufacturing of products or provision of healthcare services will be harmful to the nearby environment if they are not treated properly, which in turn will affect the normal production and operation of the Group. Although the Group has bioremediate and emitted pollutants 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 government.

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

(IV) ***Management risks***

(1) *Risks of internationalization*

Amid the high inflation in Europe and the United States, the United States promulgated the Inflation Reduction Act in 2022 and the European Union announced a proposed regulation on accelerating the marketing authorization application of innovative drugs, thus creating new challenges in cost, innovation competition, regulatory barriers and other aspects for Chinese enterprises to expand overseas. At the same time, regulatories of different countries are considering regulating the application of technologies such as

artificial intelligence. The U.S. FDA has issued discussion paper on the application of AI/ML (artificial intelligence/machine learning) in drug R&D and biological products, aiming to re-establish relevant regulatory concepts.

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

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

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

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

(V) ***Foreign exchange risks***

With the implementation of internationalization strategies, the Group continued to expand its operation scale, and the proportion of purchases, sales, and mergers and acquisitions denominated in foreign currencies has continued to increase. Changes in exchange rates will affect the value of assets and liabilities denominated in foreign currencies and the value of invested overseas entities, thereby indirectly causing changes in the Group's income or cash flow over a period of time. With the continuous deepening of the reform of exchange rate marketization, the exchange rate between the RMB and other convertible currencies fluctuates in a greater range during the exchange rate settlement process and therefore brings the risk of greater exchange rate fluctuations. In this regard, the Group will keep paying attention to fluctuations of the foreign exchange, optimizing the structure of domestic and overseas assets, and reasonably controlling foreign exchange exposure so as to improve the ability to deal with foreign exchange fluctuation risks.

(VI) *Force majeure risks*

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

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

VII. Other Events

Approved by CSRC for the Potential Issuance of H Shares or/and H Share Convertible Bonds

On 30 March 2023, the CSRC issued the "Approval in relation to the Issuance of Overseas Listed Foreign Shares and Corporate Bonds Convertible to the Overseas Listed Foreign Shares by Shanghai Fosun Pharmaceutical (Group) Co., Ltd." (Zheng Jian Xu Ke [2023] No. 724) (the "**Approval**"), approving the issuance by the Company of no more than 110,388,100 H Shares (the "**Approved Quota**") by way of either or both: (1) issuance of H Shares and placing to investors including institutional investors and professional investors; and (2) issuance of corporate bonds convertible into such number of H shares in the principal amount of no more than US$600 million (or the equivalent in other foreign currencies) by the Company or its offshore wholly-owned subsidiary and guaranteed by the Company. The Company may proceed with the issuance in one or more tranches within the Approved Quota and validity period under the Approval. The Approval will be valid within 12 months from the date of the Approval (i.e. 30 March 2023).

As at the date of the announcement, no H Shares or any bonds convertible to H Shares have been issued pursuant to the Approval.

Delist of "18 Fosun 01" Corporates Bonds

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

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

Sell back of "21 Fosun 01" Corporate Bonds

The total initial offering size of "21 Fosun 01"* (21復藥01) corporate bonds was RMB1,600 million. The bondholders exercised their put option at the end of the second interest-bearing year during the term of such corporate bonds according to the right of adjustment to the coupon rate of the issuer and investors' put option as provided in the "Offering Memorandum for the Public Issuance of Corporate Bonds (First Tranche) to Qualified Investors in 2021 by Shanghai Fosun Pharmaceutical (Group) Co., Ltd."* (《上海復星醫藥(集團)股份有限公司2021年公開發行公司債券(第一期)募集説明書(面向專業投資者)》). Such sell back amounted to RMB1,600 million. As at 1 March 2023, the full amount of such corporate bonds was registered for selling back and has not been resold. Therefore, such corporate bonds were cancelled in full amount and delisted on 13 March 2023.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the period from 1 January 2023 to the date of this announcement.

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 initial grant under the Restricted A Share Incentive Scheme was completed in December 2022. During the Reporting Period, no restricted A Shares have been granted under the Restricted A Share Incentive Scheme.

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 mobilize 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 initial grant under the H Share Employee Share Ownership Scheme was completed in December 2022. During the Reporting Period, no units under the H Share Employee Share Ownership Scheme have been granted under the H Share Employee Share Ownership Scheme.

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 strict compliance with the Articles of Association, relevant laws and regulations, 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 of the CG Code contained in Appendix 14 to 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 Code Provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules and formulated the Written Code as its codes of conduct regarding securities transactions.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code and the Written Code throughout the Reporting Period.

No incident of non-compliance of the Written Code by the Directors and relevant employees is noted by the Company.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2023 have been reviewed by the Audit Committee of the Company.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.fosunpharma.com) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The 2023 Interim Report will be dispatched to the Shareholders and will be published on the websites of the Company and the Hong Kong Stock Exchange as and when appropriate.

DEFINITIONS

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

"2022 H Share Employee Share Ownership Scheme" or "H Share Employee Share Ownership Scheme"	the 2022 H Share Employee Share Ownership Scheme of the Company, the adoption of which was approved by the Shareholders at the extraordinary general meeting of the Company held on 29 November 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"	Antibody-drug Conjugate
"Alma HK"	Alma Hong Kong 2023 Limited, a company incorporated in Hong Kong and a subsidiary of the Company
"Alma Lasers"	Alma Lasers Ltd., a company incorporated in Israel and a subsidiary of the Company
"API"	Active Pharmaceutical Ingredient
"Articles of Association"	the articles of association of the Company
"Avanc Pharma"	Jinzhou Avanc Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司), a subsidiary of the Company

"BIC"	Best-in-class
"BNTX"	BioNTech SE, a company incorporated in Germany and listed on the NASDAQ (stock code: BNTX)
"Board"	the board of Directors
"Boston Oncology"	Boston Oncology,LLC, a company incorprated in U.S.
"Breas"	Breas Medical Holdings AB, a company incorporated in Sweden and a subsidiary of the Company
"BSE"	BSE Limited
"Carephar"	Jiangsu Carephar Pharmaceutical Co., Ltd.* (江蘇柯菲平醫藥股份有限公司)
"CDMO"	Contract Development and Manufacturing Organization
"Cenexi"	Phixen, société par actions simplifiée, a company incorporated in France and a subsidiary of the Company as at the end of the Reporting Period
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules
"CMC"	Chemical Manufacturing and Control
"CMO"	Contract Manufacture Organization
"Code Provision"	code provisions under the CG Code
"Company"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company 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
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of the Company
"DTP"	Direct to Patient
"EHS"	environment, health and safety
"EMA"	European Medicine Agency

"EU"	European Union
"FIC"	First-in-class
"Foshan Fosun Chancheng Hospital"	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), a subsidiary of the Company
"Fosun Antejin"	Fosun Antejin (Chengdu) Biomedical Co., Ltd.* (復星安特金(成都)生物製藥有限公司), a subsidiary of the Company
"Fosun Health Pharmacy (Zhejiang)"	Fosun Health Pharmacy (Zhejiang) Co., Ltd* (復星健康藥房(浙江)有限公司), deregistered on 30 June 2023
"Fosun Kite"	Fosun Kite Biological Technology Co., Ltd.* (復星凱特生物科技有限公司), a joint venture of the Company
"Gland Pharma"	Gland Pharma Limited, a company incorporated in India and listed on the BSE and NSE (stock code: GLAND), a subsidiary of the Company
"GMP"	Good Manufacture Practices
"Group"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Intuitive Fosun HK"	Intuitive Surgical-Fosun (Hongkong) Co., Limited, a company incorporated in Hong Kong and an associated company of the Company
"Intuitive Fosun Shanghai"	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associated company of the Company
"Intuitive Fosun"	Intuitive Fosun HK and Intuitive Fosun Shanghai

"KGbio"	PT Kalbe Genexine Biologics, a company incorporated in Indonesia
"Kite Pharma"	KP EU C.V., a company incorporated in the Netherlands
"Macau"	the Macau Special Administrative Region of the PRC
"MAH"	Marketing Authorization Holder
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"NASDAQ"	National Association of Securities Dealers Automated Quotation
"National Medical Insurance Drugs Catalogue"	National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (2022) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2022年)》)
"NCCN"	National Comprehensive Cancer Network
"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
"ORR"	objective response rate
"PCT"	Patent Cooperation Treaty
"PFS"	progression free survival
"PhotonMed HK"	PhotonMed International Limited, a company incorporated in Hong Kong
"POCT"	Point-Of-Care Testing
"PRC" or "China"	The People's Republic of China
"R&D"	research and development
"Reporting Period"	the 6-month period from 1 January 2023 to 30 June 2023
"restricted A Share(s)"	the A Share(s) granted by the Company to a participant according to the conditions and price stipulated under the 2022 Restricted A Share Incentive Scheme which are subject to the restriction period and can only be unlocked and transferred after the unlocking conditions are satisfied

"RMB"	Renminbi, the lawful currency of the PRC
"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
"Sinopharm Industrial"	Sinopharm Industrial Investment Co., Ltd.* (國藥產業投資有限公司), an associate of the Company
"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company incorporated in the PRC and listed on the Hong Kong Stock Exchange (stock code: 01099), a subsidiary of Sinopharm Industrial
"Sisram Medical"	Sisram Medical Ltd, a company incorporated in Israel and listed on the Hong Kong Stock Exchange (stock code: 01696), a subsidiary of the Company
"Syneos Health"	Syneos Health, Inc., a company incorporated in United States
"Tianjin Pharma"	Tianjin Pharma Group Co., Ltd* (天津藥業集團有限公司)
"Tridem Pharma"	Tridem Pharma S.A.S, a company incorporated in France, a subsidiary of the Company
"U.S." or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. FDA"	U.S. Food and Drug Administration
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"Wanbang Pharma"	Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiary of the Company
"WHO PQ"	World Health Organization – Prequalification

"Written Code"	Written Code for Securities Transactions by Directors/Relevant Employees of Shanghai Fosun Pharmaceuticals (Group) Co., Ltd. (《上海復星醫藥(集團)股份有限公司董事/有關僱員進行證券交易的書面守則》)
"Yao Pharma"	Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司), a subsidiary of the Company
"YSB"	YSB Inc., a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange (stock code: 09885)
"%"	per cent

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

Shanghai, the PRC
29 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui and Mr. Wen Deyong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson.

* *For identification purposes only*