

Our Vision

We strive to be a leading enterprise in the global pharmaceutical and healthcare markets.

Our Mission

Better health for families worldwide.

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Corporate Information

Directors

Executive Director

M . Wu Yifang (吳以芳)
(Independent Non-executive Director)

Non-executive Directors

M . Chen Qiyu (陳啟宇)
M . Yao Fang (姚方)
M . Xu Xiaoliang (徐曉亮)
M . Gong Ping (龔平)
M . Pan Donghui (潘東輝)
M . Zhang Houlin (張厚林)

Independent Non-executive Directors

M . Li Ling (李玲)
M . Tang Guoliang (湯谷良)
M . Wang Qian (王全弟)¹
M . Yu Zeshan (余梓山)¹
M . Jiang Xian (江憲)²
D . Wong Tin Yau (黃天祐)²

Supervisors

M . Ren Qian (任倩) (Independent Director)
M . Cao Genxing (曹根興)
M . Guan Yimin (管一民)

Joint Company Secretaries

M . Dong Xiaoliang (董曉嫻)
M . Kam Mei Ha Weng (甘美霞)

Authorized Representatives

M . Wu Yifang (吳以芳)
M . Kam Mei Ha Weng (甘美霞)

Strategic Committee

M . Chen Qiyu (陳啟宇) (Independent Director)
M . Wu Yifang (吳以芳)
M . Yao Fang (姚方)
M . Xu Xiaoliang (徐曉亮)
M . Li Ling (李玲)

Audit Committee

M . Tang Guoliang (湯谷良) (Independent Director)
M . Wang Qian (王全弟)¹
M . Gong Ping (龔平)
M . Jiang Xian (江憲)²

Nomination Committee

M . Wang Qian (王全弟)¹ (Independent Director)
M . Li Ling (李玲)
M . Pan Donghui (潘東輝)
M . Jiang Xian (江憲)²

Remuneration and Appraisal Committee

M . Yu Zeshan (余梓山)¹ (Independent Director)
M . Tang Guoliang (湯谷良)
M . Wang Qian (王全弟)¹
M . Chen Qiyu (陳啟宇)
M . Pan Donghui (潘東輝)
M . Jiang Xian (江憲)²
D . Wong Tin Yau (黃天祐)²

Environmental, Social and Governance Committee

M . Yu Zeshan (余梓山)¹ (Independent Director)
M . Li Ling (李玲)
M . Wu Yifang (吳以芳)
D . Wong Tin Yau (黃天祐)²

Registered Office

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

Principal Place of Business in the PRC

Building A
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Shanghai, 200233, China

¹ Appointed on 11 June 2021

² Resigned on 11 June 2021

Principal Place of Business in Hong Kong

Level 54, H K Trade Centre
183 Queen's Road East
Hong Kong

Legal Advisers in Hong Kong

Reed Smith Richards & Butler

Legal Advisers in the PRC

Goldman Sachs (Shanghai)

Auditors

Ernst & Young

Principal Banks

The Industrial Bank of China
China Development Bank
The Industrial and Commercial Bank of China
Bank of China
China Merchants Bank
HSBC

Company Name

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

Stock Abbreviation

FOSUN PHARMA

Share Listing

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

A Share Registrar and Transfer Office in the PRC

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

H Share Registrar and Transfer Office in Hong Kong

Tricor International Securities Limited
Level 54, H K Trade Centre
183 Queen's Road East
Hong Kong

Company's Website

<http://www.fosunpharma.com>

Financial Highlights

	For the six months ended 30 June	
	2021 RMB million	2020 RMB million
Operating results		
Revenue	16,878	13,965
Gross profit	8,767	7,749
Operating profit	1,343	1,292
Profit before tax	3,304	2,302
Profit after tax attributable to the parent	2,482	1,715
EBITDA	4,670	3,566
Profitability		
Gross margin	51.94%	55.49%
Operating profit margin	7.96%	9.25%
Net profit margin	16.32%	13.67%
Earnings per share (RMB Yuan)		
Earnings per share basic	0.97	0.67
Earnings per share diluted	0.97	0.67
Of which: Pharmaceutical manufacturing segment		
Revenue	12,179	9,952
Gross profit	7,072	6,198
Segment EBITDA	1,353	1,116
Segment profit after tax	1,257	1,115
Assets		
Total assets	88,422	83,629
Equity attributable to the parent	37,804	36,939
Total liabilities	41,383	37,702
Cash and bank balance	10,489	9,962
Debt-to-equity ratio	46.80%	45.08%

FINANCIAL REVIEW

During the Reporting Period, the Company delivered in excellent and comprehensive basic financial results. The Group's income increased in line with HKFRS as a result of:

During the Reporting Period, the revenue of the Group amounted to RMB16,878 million, representing a year-on-year increase of 20.86%.

During the Reporting Period, the Group recorded the following identifiable intangible assets: the acquired intangible assets amounted to RMB2,482 million, representing a year-on-year increase of 44.77%. Net cash flow from operating activities amounted to RMB1,707 million, representing a year-on-year increase of 16.79%. The total R&D expenditure amounted to RMB1,954 million, representing a year-on-year increase of 15.69%. In addition, the R&D expense amounted to RMB1,562 million, representing a year-on-year increase of RMB358 million, 29.73%. The increase in identifiable intangible assets is mainly due to the following reasons: (1) the newly acquired goodwill and other intangible assets were limited in the first half of the year; net cash flow from operating activities (excluding the acquisition of subsidiaries), including the acquisition of subsidiaries, such as Han Qiyi (a subsidiary of the Company), Sheng Ke Xin (a subsidiary of the Company) and Han Li Kang (a subsidiary of the Company), were launched in the market in the income statement. In addition, the revenue of Gland Pharmaceutical increased significantly year-on-year, and Sinha, an associate, recorded a significant year-on-year increase in performance; (2) the fair value of financial assets such as BiNTech held during the Reporting Period increased.

During the Reporting Period, earnings before the Group's income tax increased by 44.78% to RMB0.97 billion compared to the corresponding period of 2020.

REVENUE

During the Reporting Period, the revenue of the Group amounted to RMB16,878 million, representing a year-on-year increase of 20.86%. The Group recorded revenue from the Chinese Mainland in the amount of RMB11,680 million. Revenue from the rest of the world amounted to RMB5,198 million, accounting for 30.80% of the total revenue. The revenue of the Group's revenue from the Chinese Mainland is as follows:

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB12,179 million, representing a year-on-year increase of 22.38%. The segment also recorded RMB1,353 million, representing a year-on-year increase of 21.24%. The segment also recorded RMB1,257 million (excluding the gain from change in the fair value of the share of BiNTech), which increased by 12.74% year-on-year.

COST OF SALES

During the Reporting Period, the cost of sales of the Group increased by 30.49% to RMB8,111 million from RMB6,216 million in the corresponding period of 2020.

GROSS PROFIT

Based on the above, during the Reporting Period, the gross profit of the Group increased by 13.14% to RMB8,767 million from RMB7,749 million in the corresponding period of 2020. The gross margin of the Group for the Reporting Period and the corresponding period of 2020 were 51.94% and 55.49%, respectively.

Management

Discussion and Analysis

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, selling and distribution expenses of the Group increased by 10.84% (RMB4,357 million) from RMB3,931 million in the corresponding period of 2020.

R&D EXPENSES AND R&D EXPENDITURE

During the Reporting Period, the Group continued to increase R&D expenditure. The total R&D expenditure amounted to RMB1,954 million, representing an increase of 15.69%. In addition, the R&D expense amounted to RMB1,562 million, representing an increase of RMB358 million (29.73%). During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB1,777 million, representing an increase of RMB236 million (15.31%), accounting for 14.51% of the entire pharmaceutical manufacturing segment. In addition, R&D expense amounted to RMB1,385 million, representing an increase of RMB326 million (30.78%), accounting for 11.31% of the entire pharmaceutical manufacturing segment, which is mainly due to the increase in R&D expenditure in biological drugs, small molecule drugs and injected drugs, and the increase in investment in innovation-based pharmaceutical R&D during the Reporting Period.

SHARE OF PROFITS OF ASSOCIATES

During the Reporting Period, the share of profits of associates of the Group increased by 32.47% (RMB926 million) from RMB699 million in the corresponding period of 2020.

PROFIT FOR THE PERIOD

Due to the above reasons, during the Reporting Period, the profit for the period of the Group increased by 44.19% (RMB2,754 million) from RMB1,910 million in the corresponding period of 2020. The net profit for the period of the Group during the Reporting Period and the corresponding period of 2020 were 16.32% and 13.67%, respectively.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

During the Reporting Period, the profit attributable to owners of the parent of the Group amounted to RMB2,482 million, representing an increase of 44.77% to RMB1,715 million in the corresponding period of 2020. The increase in profit attributable to owners of the parent is mainly due to the following reasons: (1) the earnings of the subsidiaries and the investment income were limited in the first half of the year; the subsidiaries, such as Han Qi Yi (a subsidiary injected by Sike Xin (a subsidiary of Gland Pharmaceutical)) and Han Li Kang (injected by Sike Xin), were launched in the market; the earnings of Gland Pharmaceutical decreased significantly due to the increase in sales volume, and the earnings of Gland Pharmaceutical decreased significantly due to the increase in sales volume; (2) the fair value of financial assets such as Bi N Tech held during the Reporting Period increased.

DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

Total Debts

As at 30 June 2021, total debt of the Group increased to RMB25,213 million from RMB23,743 million as at 31 December 2020, mainly due to the borrowing of the Reinsurance Period. As at 30 June 2021, mid-term debt of the Group accounted for 36.57% of total debt, decreasing a decrease of 1.77 percentage points compared to 38.34% as at 31 December 2020. During the Reinsurance Period, the increase in mid-term debt decreased mainly because of the increase in the short-term commercial loan. As at 30 June 2021, cash and bank balance increased by 5.29% to RMB10,489 million from RMB9,962 million as at 31 December 2020.

As at 30 June 2021, the amount of RMB7,642 million (31 December 2020: RMB7,981 million) of the total debt of the Group is denominated in foreign currencies, and the remainder is denominated in RMB.

As at 30 June 2021, cash and bank balance of the Group denominated in foreign currencies amounted to RMB3,220 million (31 December 2020: RMB4,748 million).

Unit: million RMB

Cash and cash equivalents denominated in:	30 June 2021	31 December 2020
RMB	7,269	5,214
US dollar	164	2,194
Ryuan	2,564	2,305
HK dollar	72	41
Other	420	208
Total	10,489	9,962

Gearing Ratio

As at 30 June 2021, the gearing ratio, calculated as total interest-bearing bank and other borrowings and lease liabilities over total assets, was 28.51%, compared to 28.39% as at 31 December 2020.

Interest Rate

As at 30 June 2021, total interest-bearing bank and other borrowings available in the amount of RMB10,638 million (31 December 2020: RMB11,039 million).

Maturity Structure of Outstanding Debts

Unit: million RMB

	30 June 2021	31 December 2020
Within 1 year	15,992	14,640
1 to 2 years	2,847	7,801
2 to 5 years	4,564	548
Over 5 years	1,810	754
Total	25,213	23,743

Available Facilities

As at 30 June 2021, the identified cash and bank balance of RMB10,489 million, the Group had utilized banking facilities of RMB34,357 million in aggregate. The Group has all entered into credit agreements with major banks. According to the agreements, the bank granted the Group general banking facilities for its capital expenditures. The utilization of such bank facilities is subject to the annual financial review of the bank in accordance with banking regulations. As at 30 June 2021, the total available banking facilities under the agreements were approximately RMB50,198 million in aggregate, of which RMB15,841 million had been utilized.

Collateral and Pledged Assets

As at 30 June 2021, the Group had placed the following collateral for bank borrowing: equity, land and equipment amounting to RMB459 million (31 December 2020: RMB188 million), pledged land lease amounting to RMB565 million (31 December 2020: RMB529 million), debenture mortgage for the comprehensive income amounting to RMB63 million, pledgeable amounting to RMB4 million (31 December 2020: RMB4 million) and the pledgeable amounting to RMB6 million (31 December 2020: RMB5 million).

As at 30 June 2021, debenture mortgage for the comprehensive income amounting to RMB1 million (31 December 2020: Nil) were pledged to bank acceptance drafts.

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

Cash Flow

The cash flow of the Group is mainly derived from operating activities, decreasing in 2021 and financial depreciation, change in cash and cash equivalents, and financing activities and decrease in investment and business of the Group. The table below shows the cash flow of the Group generated from (used in) operating activities, investing activities and financing activities of the Reporting Period and the corresponding period of 2020.

Unit: million RMB

	January – June 2021	January – June 2020
Net cash flow from operating activities	1,707	1,461
Net cash flow used in investing activities	(2,450)	(2,379)
Net cash flow from financing activities	770	827
Net decrease in cash and cash equivalents	27	(91)
Cash and cash equivalents at the beginning of the year	7,325	8,284
Cash and cash equivalents at the end of the period	7,248	8,177

Capital Commitments and Capital Expenditures

During the Reporting Period, capital expenditure of the Group amounted to RMB2,041 million, which mainly consisted of additions in equipment, land and buildings, the intangible assets and the land lease payments of the Group.

RISK MANAGEMENT

Foreign Currency Exposure

The Group has an actual net exposure. Such net exposure mainly consists of operating, investing and financing activities in the form of net foreign currency assets.

Interest Rate Exposure

In the Group's management, fixed and floating interest rate management is carried out. The Group's net exposure to interest rate change in the future is relatively small. The Group's debt obligations are floating interest rate.

BUSINESS REVIEW

1. Discussion and Analysis on Operations

In 2021, despite the fact that the industry is still in a period of adjustment, the Group has adhered to the implementation of the "4IN" strategy and achieved a good performance in the overall business performance. (1) Innovation and development, all-around development, launching and implementation of innovation, and technology innovation. In addition, Yi Kai Daifeng, Ki, Ajin, etc., a series of new products in China and the Republic of Korea, CAR-T cell therapy, etc., a series of new products. In addition, the company's products are included in the Drug List of the People's Republic of China, etc. (2) The integration of each and every element (R&D, supply chain, production and commercialization, etc.) and the business collaboration have been implemented. The company has achieved a high level of efficiency. In the Republic of Korea, the initial integration of the diagnostic business and the medical commercial business, a complete high-level development of the pharmaceutical business. (3) The internationalization capability has been improved, the international market of the Mainland and the Chinese market accounted for 30.80% of the total revenue of the Republic of Korea.

In the Republic of Korea, the revenue of the Group amounted to RMB16,878 million, an increase of 20.86%. Profitable net income of the Group amounted to RMB2,482 million, an increase of 44.77%. Net cash flow from operating activities amounted to RMB1,707 million, an increase of 16.79%. The total R&D expenditure amounted to RMB1,954 million, an increase of 15.69%. In addition, the R&D expenditure amounted to RMB1,562 million, an increase of RMB358 million, 29.73%. The increase in financial performance of the Group is mainly due to the following reasons: (1) revenue increased significantly and contributed to the increase in the first half of the year: net revenue, such as Han Qiyi (antitumor antibody injection), Si Ke Xin (antitumor antibody injection) and Han Li Kang (antitumor antibody injection), etc. were launched in the market, increasing sales. In addition, the revenue of Gland Pharma exceeded a significant increase, and Sinohama, an associate, exceeded a significant increase in performance; (2) the favorable financial results of Biotech held in the Republic of Korea.

During the Reporting Period, the performance of the Company is as follows:

Unit: million RMB

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

The agreement entered into between the Group and the associate InVivoFusion (i.e. InVivoFusion Shanghai and InVivoFusion HK) in relation to the joint development of Da Vinci surgical robotic system in Chinese Mainland, Hong Kong and Macao ended at the end of 2020. Since 2021, the performance of the business has been transferred to InVivoFusion. Excepting the effect of the change in the business, the performance of the medical device and medical diagnosis segment increased by 14.29% on the same basis.

Segment Performance Overview

Performance Summary

During the Reporting Period, the pharmaceutical manufacturing segment of the Group generated revenue of RMB12,179 million, representing a period-to-period increase of 22.38%. The segment also amounted RMB1,353 million, representing a period-to-period increase of 21.24%. The segment also amounted RMB1,257 million (excluding the gain from change in the fair value of the share of BiNTech), which increased by 12.74% period-to-period. During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment of the Group amounted RMB1,777 million, representing an increase of 15.31%. Total R&D expenditure in the pharmaceutical manufacturing segment accounted for 14.51% of the revenue of the pharmaceutical manufacturing segment. In addition, R&D expenditure amounted RMB1,385 million, representing an increase of RMB326 million (30.78%), accounting for 11.31% of the revenue of the pharmaceutical manufacturing segment.

Management

Discussion and Analysis

During the Reporting Period, with the impact of the COVID-19 epidemic, the company's business operations were significantly affected. The company's main business, pharmaceutical manufacturing, faced a significant decline in sales volume, leading to a significant decline in operating income and a significant decline in net profit. The company's main business, pharmaceutical manufacturing, faced a significant decline in sales volume, leading to a significant decline in operating income and a significant decline in net profit. The company's main business, pharmaceutical manufacturing, faced a significant decline in sales volume, leading to a significant decline in operating income and a significant decline in net profit.

The increase in the main business is mainly attributable to: (1) the contribution of the launch and increasing sales of the new product: Han Li Kang (intravenous injection) achieved a significant sales growth, with the total sales amounting to RMB724 million in the first half of the year, representing an increase of 223.21% year-on-year; Han Qiyuan (intravenous injection) and Sike Xin (antibacterial agent), which were launched in the second half of 2020, recorded sales of RMB325 million and RMB206 million in the first half of the year, respectively; (2) benefited from the contribution of Micafungin, entecavir injection and new product launch, the sales of Gland Pharma during the Reporting Period increased by 32.08% year-on-year (excluding the financial impact of Gland Pharma's listing in the second quarter); (3) Cimivax (mRNA COVID-19 vaccine), which was included in the government

- 6 The enzyme for major drugs of API and intermediate drugs accounted for 27.65%, mainly the alkaline glycosylamine derivatives.
- 7 Major drugs of anti-infective and immunomodulatory: Han Li Kang (interferon injection), Han Qiyang (antibiotic injection), Sha Ke Xin (antibiotic), Di Kai Mei (antibiotic), Han Da Yuan (antibiotic), Ke Sheng (antibiotic), Zha Hui Xian (antibiotic), Kai Lai Zhi (antibiotic), and others, Yi Lu Ze (antibiotic), and others.
- Major drugs of medicine and food additive: Yuli Tong (antibiotic), Amoxicillin (antibiotic), Amoxicillin (antibiotic), animal insulin and others, Yiba (antibiotic), Ke Yi (antibiotic), Fan Ke Jia (antibiotic), Wan Shuping (antibiotic), Li Qing (antibiotic) and others.
- Major drugs of anti-infective: Cimin (mRNA COVID-19 vaccine), imalial (antibiotic), Xi Chang/Bi Li Shu (antibiotic), abicaccin (VERO cell) (antibiotic), Meishi Ling (antibiotic), Sha Dili Ka (antibiotic), Qiang Shu Xi/Lin/Qin Shu/E Yeqin (antibiotic), Dalpacam (antibiotic), dalmacin, camycin, micafungin, anibedol (antibiotic), He Ping Ding (antibiotic), Pai Shu Xi Lin (antibiotic), Ka Di (antibiotic), E Ye Bi (antibiotic), Si Ke Ni (antibiotic) and clindamycin hydrochloride.
- Major drugs of central nervous system: Qiwei (antibiotic), Qicheng (antibiotic), Changting Ning (antibiotic) and Adenine hydrochloride (antibiotic) and Adenine hydrochloride (antibiotic).
- Major drugs of calcium: Bangzhi (calcium), Bangtan (antibiotic), Keyuan (antibiotic), Xin Xian An (antibiotic), Yidi E (antibiotic), Yanian/Shi Li Da (antibiotic) and indamide.
- Major drugs of API and intermediate drugs: amine derivatives, amide, amine hydrochloride and clindamycin hydrochloride.
- * The data for January 2020 is based according to the data for January 2021, that is, the data for January 2020 included alkaline glycosylamine derivatives, camycin, and others.

R&D innovation

The Group upgraded and established the global R&D center at the beginning of 2020, conducted management and administrative and economic restructuring, initiated the major strategic drugs, strengthened clinical and engineering capabilities, and improved R&D efficiency. At the same time, leveraging the global brand development (BD) team, the Group had achieved the leading drugs and technology platform in the industry of commercialization. Through independent R&D, cooperation, license-in and independent investment, the Group has built and formed multiple innovative drugs, antibody drugs and cell gene technology platform covering new and immunomodulatory fields (hepatitis, hepatitis, dengue fever and hemolytic anemia, central nervous system and other major diseases, and advanced edge technology, such as RNA, nucleic acid, gene therapy and Pro, enhance innovation capabilities. At the end of the Reporting Period, the company had 2,600 R&D employees, of which it had obtained a major degree, the company had 7.45% of the total number of employees in the Group; it had 240 major innovative drugs, generic drugs, biologics and other new drugs (for details, please refer to Table 1 Major Innovative Drugs). During the Reporting Period, a total of 80 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 10 U.S. patents, 20 PCT patents, and 35 patents in other countries.

Management

Discussion and Analysis

Implementation.

In 2021, Yi Kai Da's F. n Ki e, a joint venture, became the first CAR-T cell therapy launched in China. It is mainly used for hematological malignancies, including large B-cell lymphoma and diffuse large B-cell lymphoma. Yi Kai Da's cell therapy F. n Ki e has achieved a clinical milestone in China following the launch of Yecaya, a CAR-T cell therapy for multiple myeloma.

The first-line overall response rate (ORR) was 82%, and the complete response rate (CR) reached 54%; the second-line (median follow-up 27.1 months) ORR was 83%, 58% and 39%, respectively; the fourth-line (median follow-up 51.1 months) ORR was 44%. Since the launch of Yecaya in 2017, the data from 4,600 patients in the real-world high-similarity clinical trials each day. In the case of Yi Kai Da, F. n Ki e has completed a multi-center bridging clinical trial in China, the data from which has achieved an ORR of 79.2%. The data from Yi Kai Da, Yecaya and the real-world high-similarity in the efficacy and effectiveness, indicating the significant improvement of the overall survival rate.

Yi Kai Da's medical development center has fully established and completed manufacturing and delivery. F. n Ki e has established the development of Yi Kai Da's identification chain and chain development. The completion of the hematological therapy manufacturing, the development will be completed and acceptable. In the future, F. n Ki e has established and officially entered a 10,000-square-meter GMP industrialized production base in the Shanghai Zhangjiang Inn-aided Development Industrial Base. According to CAR-T therapy center development, the center is providing first-class medical services for CAR-T therapy in medical, clinical, and research centers. After establishing the development of F. n Ki e and a high-quality manufacturing base, the hematological therapy of CAR-T therapy will begin and domestic manufacturing will be completed. Currently, the established certification of the high-quality hematological therapy center in China, in the future, will be the hematological therapy center. The center will meet the hematological therapy needs.

The first-line cell therapy launched in the domestic market, Yi Kai Da brings the possibility of a new era of hematological therapy. After the end-line hematological therapy. After the completion of F. n Ki e's acquisition and the indication, a new era of hematological therapy is being defined, a new era of hematological therapy, and increasing the accessibility of hematological therapy.

During the Reimbursement Period, the COVID-19 vaccine BNT162b2 developed by mRNA technology was first launched in China and other regions, including Hong Kong, Macao, and Taiwan, followed by emergency use in Hong Kong and the special administrative regions of Macao, and finally in the general population in Hong Kong and Macao. As of 2021, a total of 4.314 million doses and 0.087 million doses of the vaccine had been administered in Hong Kong and Macao, respectively. In addition, in 2021, the Government of the People's Republic of China approved the use of mRNA COVID-19 vaccine in Hainan, Fujian, Guangdong and other provinces. The vaccine will be distributed to the Beijing-Taiwan Economic Cooperation Area in the Taiwan region of China for local vaccination. The use of high-quality vaccine in Taiwan will help to control the epidemic and control the Taiwan region's ability to handle COVID-19 immunity.

Meanwhile, have all clinical trials of mRNA COVID-19 vaccine BNT162b2 in Chinese Mainland (excluding Hong Kong, Macao and Taiwan) and the key real-time sequencing in an ideal manner.

Besides, in order to further implement the called clinical mRNA COVID-19 vaccine, in May 2021, Fudan Pharmaceutical Industrial, a subsidiary of the Company, and BiNTech reached an agreement for the main pharmaceutical joint venture. According to the agreement, each of Fudan Pharmaceutical Industrial and BiNTech will contribute 50% of the registered capital of the joint venture, in addition: Fudan Pharmaceutical Industrial will make capital contribution in cash and/or in-angible (including land and manufacturing facilities), and BiNTech will make capital contribution in-angible (including licensing of the related manufacturing technology and know-how). As of the date of this report, the related matter of the joint venture is being subject to the negotiation and entering into final agreement between the parties, and the ultimate result of the final agreement shall be notified.

Table 1 — Major pipeline drug projects

Type	Number	Remarks
Innovative drug	72	/
Including: Small molecule innovative independent development	30	Five of the major independent clinical trial and a license sale, please refer to Table 2.
Biopharmaceutical innovative independent development	29	Five of the major independent clinical trial and a license sale, please refer to Table 3. Commencing 1 independent clinical trial and 6 independent phase III clinical trial.
License-in innovative drug	13	Five of the license sale, please refer to Table 4. Commencing 1 independent clinical trial.
Similar independent development	18	Five of the license sale, please refer to Table 5. Commencing 5 independent clinical trial and 3 independent phase III clinical trial.
Generic drug	103	/
Including: Imported generic drug	20	/
Convenience administration	38	/
Others	9	/
Subtotal	240	/

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

2. This table does not include Yi Kai Da (奕凱達) (ejiv) in the injection of the joint venture Fudan Ki e. The drug has been approved by the NMPA for the treatment of adenocarcinoma and effective against B-cell lymphoma.

Table 2 — Small molecular innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	SAF-189	Non-small cell lung cancer	Phase II clinical trial	Advanced clinical trial (in the U.S.)
2		FN-1501	Advanced head and neck squamous cell carcinoma	Advanced clinical trial	
3		FN-1501	Leukemia and lymphoma	Phase I clinical trial	Phase I clinical trial (in the U.S. and Australia)
4		FCN-159	Malignant melanoma	Phase I clinical trial	
5		FCN-159	Neurofibromatosis 1	Phase I clinical trial	Advanced clinical trial (in the U.S.)
6		ORIN1001	Solid tumor	Phase I clinical trial	Phase I clinical trial (in the U.S.)
7		FCN-647	Relapsed refractory malignant B-cell lymphoma	Phase I clinical trial	
8		FCN-011	Solid tumor	Phase I clinical trial	
9		FCN-338	Hematological malignancies	Phase I clinical trial	Advanced clinical trial (in the U.S.)
10		FCN-437c	Breast cancer	Phase II clinical trial	Phase I clinical trial (in the U.S.)
11		FCN-098	Advanced malignant tumor	Advanced clinical trial	
12		YP01001	Advanced solid tumor	Advanced clinical trial	
13		HLX-208	Solid tumor	Phase I clinical trial	
14	Metabolic and endocrine	Wanagliflozin (Table 1)	Diabetes	Phase I clinical trial	
15		FCN-207	Hemochromatosis	Phase I clinical trial	
16	Ophthalmology	ORIN103	Idiopathic macular fibrosis		Phase I clinical trial (in the U.S.)
17		ET-26	Anemia	Phase I clinical trial	

Table 3 — Biopharmaceutical innovative drugs under independent development

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period	R&D progress in other countries as at the end of the Reporting Period
1	Anti-tumor	Recombinant Anti-EGFR Humanized Monoclonal Antibody Injection (HLX07)	Solid tumor	Phase I/II clinical trial ⁽¹⁾	Advanced clinical trial (in the U.S.)
2		Recombinant Anti-PD-1 Humanized Monoclonal Antibody Injection (HLX10) (including combination therapies and chemotherapy)	Microrna-related inhibitory high-molecular weight (MSI-H)	New Drug Application ⁽²⁾	Advanced clinical trial (in the U.S.)
3			Lung advanced metastatic epithelial squamous cell carcinoma (ESCC)	Phase III clinical trial	
4			Squamous non-small cell lung cancer (NSCLC)	Phase III clinical trial	Phase III clinical trial (in the UK and the...)
5			Epithelial squamous cell lung cancer (ES-SCLC)	Phase III clinical trial	Phase III clinical trial (in the UK and the...)
6			Gene therapy/adjuvant	Phase III clinical trial	
7			Recurrent metastatic head and neck squamous cell carcinoma (HNSCC)	Phase II clinical trial	
8			Non-squamous non-small cell lung cancer (nNSCLC)	Phase III clinical trial	
9			Hepatocellular carcinoma (HCC)	Phase II clinical trial	
10			Metastatic colorectal cancer (mCRC)	Phase III clinical trial	
11	Recombinant Anti-PD-L1 Humanized Monoclonal Antibody Injection (HLX20)		Solid tumor	Advanced clinical trial	Phase I clinical trial (in Australia)
12	HLX22 Monoclonal Antibody Injection	Gastric cancer (GC) and breast cancer (BC)	Phase I clinical trial		
13	HLX55 Monoclonal Antibody Injection	Solid tumor	Phase I clinical trial		
14	Recombinant HER2 Humanized Monoclonal Antibody Injection Agent	HER2-related advanced breast cancer and advanced malignant solid tumor	Phase I clinical trial		
15	Recombinant Anti-LAG-3 Humanized Monoclonal Antibody Injection	Solid tumor and hematoma	Advanced clinical trial		
16	Recombinant Anti-CD73 Humanized Monoclonal Antibody Injection	Advanced solid tumor		Advanced clinical trial (in the U.S.)	
17	Anti-infection	Anti-S1 Humanized Monoclonal Neutralizing Antibody (HLX70)	COVID-19		Advanced clinical trial (in the U.S.)
18		ACE2-Fc Receptor Inhibitor (HLX71)	COVID-19		Phase I clinical trial (in the U.S.)
19	Blood disease	Recombinant Human Erythropoietin-Human Poin	Anemia	Phase I clinical trial	
20	Eye disease	Recombinant Anti-VEGF Humanized Monoclonal Antibody Injection	Wet age-related macular degeneration (AMD)	Advanced clinical trial	Advanced clinical trial (in Australia, the U.S. and the...)

1. The age of phase I/II clinical trial for each drug in China's Mainland. The phase I clinical trial is completed in Taiwan, China's special administrative region.

2. The age of phase I clinical trial for solid tumor indication in Taiwan, China; phase II clinical trial for each drug in the applicable metastatic microRNA-related inhibitory high-molecular weight miRNA chemotherapy deficiency solid tumor has failed to advance in phase in China's Mainland and has reached the end point.

Table 4 — License-in innovative drugs

No.	Therapeutic area	Drug name/code	Indications	R&D progress in China as at the end of the Reporting Period
1	Metabolism and nutrition	Tenaan Tablet	Irregular bowel movement constipation (IBS-C)	Phase I clinical trial
2		Felic Phosphate Cisplatin	Intubation-related infection	Phase III clinical trial
3	Anti-tumor	Baliacid	Breast cancer	Advanced clinical trial
4		Soma Injection	Malignant glioma	Phase I clinical trial application
5	Anti-infection	mRNA Vaccine BNT162b2	Prevention of COVID-19	Phase II clinical trial
6		PA-824	First-line treatment of extensively drug-resistant (XDR-TB) multidrug-resistant (MDR-TB) tuberculosis with high clinical efficacy	Phase I clinical trial
7	Central nervous system	Oicaine Cafedine	Parkinson's disease	Neurology application
8	Blood	Aambag Maleate Tablet	Chronic immune thrombocytopenia (ITP)	Phase III clinical trial
9		Tenaan Tablet	Hemodialysis-related dyslipidemia (ESRD-HD)	Phase III clinical trial
10	Ophthalmology	Bemelanide Injection	Immunofluorescence-related dyslipidemia (HSDD)	Phase I clinical trial
11		Facin S (Lidocaine Pilocarpine S)	Pterygium	Advanced clinical trial
12		RT002	Medication-related glaucoma (GL)	Phase III clinical trial
13			Cerebral dysfunction (CD)	Phase III clinical trial

Table 5 — Biosimilars under independent development

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

Management

Discussion and Analysis

The Group continued to promote the registration of drugs (drugs) (including imported drugs, and original drugs), the concentration of generic drugs, and accelerated in centralized and block change drugs. During the Reporting Period, the CAR-T cell therapy drug Yi Kai Da (奕凯达) of the joint venture Fosun Kier was approved for launch in Chinese Mainland, and a total of 11 generic drugs of Gland Pharma received approval from the U.S. FDA for launch (for details, please refer to Table 6 Major drugs approved for launch during the Reporting Period). In addition, at the end of the Reporting Period, a licenced medicine made in the top 4 drugs, lednic acid concentrate, vitamin, decapeptide injection, lednic acid injection and ndanone hydrochloride injection of Gland Pharma finished drug registration and Import Drug License (IDL).

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

No.	Name of drugs	Classification of registration	Indications	Remarks
1	Yi Kai Da (Ejivintinib injection) ⁽¹⁾	Class 1 hematological drug	Relapsed/refractory large B-cell lymphoma after first-line systemic therapy (DLBCL)	The first CAR-T drug approved for launch in China
2	Artemether-mefantrine (see Table)	WHO PQ	Malaria	
3	Emagliflozin (see Table) and the 9 drugs	Class 4 chemical drug		During the Reporting Period, a total of 10 generic drugs of the Group received approval from the NMPA for launch.
4	Tibamycin Injection and the 10 drugs	US 505(j) ⁽²⁾		During the Reporting Period, a total of 11 generic drugs of Gland Pharma received approval from the U.S. FDA for launch.

Footnote 1: Patent of Fosun Kier, approved.

Footnote 2: According to the US registration classification, 505(j) approved generic drug.

At the end of the Reporting Period, a total of 19 drugs of the Group have been deemed to have achieved the concentration of generic drugs have been selected in the batch of centralized drug bidding (see Appendix 7 Selected drugs of centralized bidding for details), among which, eintinib, febuxostat, and idarubicin are calcimimetics, all approved in the hospital batch of centralized bidding in 2020. For the existing drugs included in centralized bidding, the Group leveraged the advanced multi-channel marketing and refined drug joint engineering to enhance the lifecycle management of centralized bidding drugs, while accelerating the follow-up, and accelerated the incremental drugs, quickly enhance the market share of centralized bidding drugs and effectively improve the existing drugs' sales in centralized bidding.

Table 7 — Products won tenders for centralized procurement

No.	Round selected	Name of drugs	Indications	Specifications	Packaging specification (table/capsule)	Selected price (RMB/bottle)	Selected quantity ('0,000 table/capsule)
1	4+7. core analysis	Amlodipine Besilate Table.	High blood pressure	5mg	7	0.49	25,137
2		Eticlopramide Olanzapine Table.	Depression	10mg	7	27.86	1,600
3	The second round	Amoxicillin Capsule	Infection	0.25g	6	6.36	2,575
4		Clindamycin Hydrochloride Capsule	Infection caused by susceptible anaerobic bacteria	0.1g	10	1.4	465
5		Indinavir Sulfate Table.	HIV infection	0.25mg	10	0.69	5,386
6		Lithium Sulfate Table.	Bipolar disorder	0.1g	100	5.02	4,261
7	The third round	Febuxostat Table.	Long-term treatment of acute and chronic gout	40mg	16	16.48	4,667
8		Quetiapine Fumarate Table.	Manic depression, schizophrenia and bipolar disorder	0.1g	30	33.96	12,500
9		Piaglitazone Hydrochloride Table.	Diabetes mellitus and familial hypercholesterolemia	2mg	14	10.80	2,217
10		Ethambutol Hydrochloride Table.	Tuberculosis	0.25g	50	6.03	6,372
11		Memantine Hydrochloride Table.	Moderate to severe Alzheimer's dementia	10mg	14	15.26	446
12	The fourth round	Telmisartan Table.	Hypertension	40mg	32	19.17	9,600
13		Empagliflozin Table.	Type 2 diabetes	10mg	10	19.51	96
14		Calcium D-ribonate Capsule	1. Reinforcement of bone; 2. Osteoporosis, osteoarthritis, and kidney osteoporosis; 3. Osteoporosis; 4. Osteoporosis; 5. Osteoporosis; 6. Osteoporosis	0.5g	30	20.40	7,366.9
15		Sildenafil Citrate Table.	Erectile dysfunction and pulmonary hypertension	0.2g	30	798.00	157
16		Difenhydramine Hydrochloride Enanthate Capsule	General anesthesia and sedation	20mg	60	58.80	2,108
17		Pamidronate Table.	Tuberculosis	0.25g	100	19.49	5,984
18		The fifth round	Alfacalcidol Table.	1. Immature, mature, and chronic renal insufficiency, hypoparathyroidism, hypocalcemia, and osteomalacia; 2. Osteoporosis; 3. Osteoporosis; 4. Osteoporosis; 5. Osteoporosis; 6. Osteoporosis	0.25 g	30	36.90
19	Bicalutamide		1. 50mg daily: For the treatment of advanced prostate cancer; 2. 150mg daily: For the treatment of advanced prostate cancer; 3. 150mg daily: For the treatment of advanced prostate cancer; 4. 150mg daily: For the treatment of advanced prostate cancer; 5. 150mg daily: For the treatment of advanced prostate cancer; 6. 150mg daily: For the treatment of advanced prostate cancer	50mg	14	162.73	350

Management

Discussion and Analysis

Commercialization

The Group continued to enhance the commercialization and marketing capabilities and has established a marketing team for each line, machine and product. The marketing team has been established to adhere to the strategic decision of the final, branding and digital development. At the end of the Reporting Period, the Group:

In addition, building the independent chain and linkage in Shanghai, the Group will build the Shanghai independent network and logistic and eached all the factory in China.

Production and Quality

With a focus on improving the cost efficiency. First, the Group strengthened the overall efficiency and implemented the internalization strategy. By streamlining the cost efficiency in the production capacity and enhancing the supply chain management, the Group reduced the production cost base, and advanced the strategic integration in the production. In China, the Group strengthened the production supply chain management system. The delivery and production of the API base in Changde, Xin and Changhua entered the first API factory in the country, and the delivery of the finished product. Meanwhile, the Group deepened the CMO management system, and established a production management committee, a facility for the evaluation of the production line first. The Group established the production management committee in Xinhua (Wanbang Pharma) and Chongqing (Ya Pharma). In addition, the production capacity of the finished product of injection and all the main products of Chongqing base has reached a stable scale. The Group continued to accelerate the production of Shanghai Henli. The delivery of the finished product of the scale of production in a stable. The commercial production capacity of Shanghai Henli Xinhua base has reached 20,000 liters, and the base also received GMP certification from the EU; it has planned production capacity of 24,000 liters, Phase I of Shanghai base is expected to be completed in early 2022; Phase II of Shanghai base is under accelerated production, and is expected to reach production capacity of 36,000 liters after completion of production. In the meantime, due to the impact of the COVID-19, the new building of the finished product line, and the main production line of Gland Pharma had entered the commissioning and qualification stage, leading to a decline in production capacity.

In addition, the Group continued to improve production efficiency and speed, in the production process and the production technology, and facilitated the implementation of manufacturing system including LIMS (Laboratory Information Management System) and SCADA (Supervisory Control and Data Acquisition) to further enhance production efficiency and cost reduction.

The Group continued to advance and implement the First Pharma Overall Excellence (FOPEX). Through analysis and identification of each production stage, the Group established a main measure and formulated comprehensive quality management system to ensure the identification and handling of quality risk. The FOPEX system has been upgraded.

The Group placed greater emphasis on quality and risk management, through the life cycle first, and adhered to the implementation of the quality culture, to ensure the quality, ensure the quality and the excellence in the quality management. Quality management capabilities fully implemented and fulfilled the quality management system, and coordinated domestic and foreign resources to improve the quality management system. Meanwhile, the Group continued to strengthen the domestic and foreign production quality management, and established a formal quality management system to ensure the quality management in the production of the pharmaceutical manufacturing process in accordance with GMP.

Furthermore, the Group established the production quality management system. The management and internal quality management system has been improved, and the internal quality management system has been improved, especially in the production, the production, and the production management capabilities fully implemented. During the Reporting Period, all production lines of the domestic pharmaceutical members of the Group obtained domestic GMP certification, and received 20 official production licenses, all the 300 batches, all of which were approved.

Management Discussion and Analysis

During the Reporting Period, the Group recorded revenue of RMB2,832 million from the medical device and medical diagnosis equipment, increasing a year-on-year increase of 7.31%; revenue of RMB434 million, which decreased by 14.90% year-on-year; revenue of RMB454 million, which increased by 4.61% year-on-year. The agreements entered into between the Group and the Association of International in relation to the anti-fraud investigation of Da Vinci Surgical Robotic System in Chinese Mainland, Hong Kong and Macao ended at the end of 2020. Since 2021, the revenue from such business has been affected. In view of the effect of the change in business, the revenue from the medical device and medical diagnosis equipment increased by 14.29% year-on-year, revenue of RMB increased by 24.36% year-on-year, and revenue of RMB increased by 34.72% year-on-year. The increase in revenue and net profit from the equipment is mainly attributable to the strong business growth of Siyam Medical in the major markets of North America and China, as well as the significant growth in the international and global volume of Da Vinci Surgical Robotic System from the Association of International. In the first half of 2021, 42 Da Vinci Surgical Robotic System were introduced, an increase of 12 accounted for the corresponding increase.

The Group's medical device business has initially formed the major business divisions of medical consumables, general health and fertility medical care and etc. In the field of medical consumables, during the Reporting Period, the revenue of Siyam Medical amounted to US\$125 million and net profit amounted to US\$17 million (net based on the financial statement of Siyam Medical in the reporting period), becoming a significant year-on-year growth, the driving factor of which is the strong business growth in core regions such as North America and China. The rapid business recovery and growth have benefited from the labor market management and control during the pandemic, multi-dimensional distribution channels and expansion. During the Reporting Period, while achieving

During the Reporting Period, the diagnostic segment of the Group accelerated its medical diagnostic equipment and in vitro diagnostic reagents. According to the business development and characteristics of the subsidiaries under the diagnostic segment, the Group specified the positioning and functions of each of the subsidiaries as R&D and manufacturing centers, differentiated in terms of R&D platform, in vitro diagnostic platform and integrated manufacturing base. At the end of the Reporting Period, centering on the major areas (infectious diseases and metabolism, endocrinology, cardiovascular, and central nervous system), the medical diagnostic business of the Group has formed a comprehensive medical diagnostic platform, all-around R&D linking home and differentiated overseas fields under the same medical group. In the emerging discipline, genetic engineering of HPV and Thalassemia, continued a leading position in the market; the biochemical diagnostic line developed a complete and integrated alliance and achieved a high market share. In addition, the Group completed a number of special diagnostic products, such as the M-Cancer (monitoring kidney damage), NG-Test CARBA 5 (carbapenemase activity), I-SPOT TB (Mycobacterium tuberculosis specific cell wall immune response activity), full-automatic fluorescence gene chip system etc. Meanwhile, the Group accelerated its R&D and market launch of new products. During the Reporting Period, new products such as F-i3000 full-automatic chemiluminescence immunoassay, F-C800 full-automatic biochemical analysis and microbial management system (ASTA) were launched successfully. The product line included diagnostic products with high clinical value such as Glucose HCC Panel (early liver cancer diagnosis and screening), Vitamin and Vitamin (bone cancer early screening and genetic engineering, Vitamin).

Online Medical Care

After the COVID-19 pandemic, online consultation and online diagnosis have become a new trend in the industry. Online medical care. During the Reporting Period, the Group's medical Internet main business platform expanded online and offline integrated service model. In the first half of 2021, the Group's medical service platform and management main body Fudan Healthcare was renamed as Fudan Health. Taking medical-grade, net- and full-scenario health ecosystem as the main line and making families healthy and life better as the mission, after the strategic upgrade, Fudan Health provided comprehensive health service based on medical-grade and clinical. With high-quality team care. At the end of the Reporting Period, 5 independent medical institutions (including a specialized hospital) and Wanbang Clinical Health, an internet medical platform, have obtained 6 internet hospital licenses in total. Through the internet health care platform, it has built a complete online service capabilities such as online diagnosis and team care, health management and health management. The Group's self-developed flagship hospital is a leading internet platform in the integrated online and offline service center in the full-line digital health field. It implemented health file sharing and good all-round full-life cycle health service for the benefit of aging. The special diagnostic field. During the Reporting Period, the online business of a number of members of the hospital has obtained internet hospital licenses. It has launched the internet platform of the internet medical platform as a network, and online and offline service realized a closed loop.

During the Reporting Period, the overall performance of health care service segment amounted to RMB1,843 million, increasing year-on-year by 35.61%. Affected by increased investment in digital and online services, the initial investment increased year-on-year and the overall segment profit. During the Reporting Period, the investment amount was RMB19 million, increasing year-on-year by RMB50 million. Segment profit amounted to RMB15 million, increasing year-on-year by RMB17 million.

Management

Diagnosis and Analysis

During the Reporting Period, the Group continued to implement special measures to expand medical innovation, a full-line national integration and enhance the national medical center and a health service industrial chain. At the end of the Reporting Period, the Group completed strategic development of health service industry in special and general hospital diagnosis and treatment. The Group has completed the Gea'e Ba' A'ea and Yang'e Ri'e Del'a. The medical service innovation controlled by the Group has had been in the main included F. Han Chancheng Hospital, Shenzhen Hengheng Hospital* (深圳恒生醫院), Shijian Zhong Hospital/Shijian Cancer Hospital, Wuhuan Jihe Hospital, Chongqing Xingxing Medical Center Guang Hospital and Xinhongchen Women's and Children's Hospital, which a total of 4,732 advanced beds available for the public. With the continuous management of health service industry, the management of medical, nursing, technical and the medical fee and financial efficiency improved and improved, the economic and engineering management efficiency.

The Group has been adhering to the guideline of diagnosis and treatment, carrying out medical service - high quality health care. By integrating the special service facilities, the Group has established 12 major special alliance, including basic and general, cardiology, rehabilitation and health care, comprehensive health care center in Beijing, special service members, and family doctor mechanism. The diagnosis and treatment of cancer. Management of cancer diagnosis and treatment. The achievement of special service is a municipal level and provincial level in the region, while the application of special service from the National Natural Science Foundation of China basic research line is completed. At the end of the Reporting Period, the group and the business plan has been laid, which includes 9 Class II hospital and 4 Class III hospital in the business plan, and diagnosis and treatment, all the planning of health service industry in the region. The Pea' Ri'e Del'a and the Yang'e Ri'e Del'a, all the business plan is in the plan and the region.

Financial Performance

In the first half of 2021, Sinha made a profit of RMB249,120 million, net profit of RMB6,029 million and net profit attributable to shareholders of RMB3,583 million, respectively increased by 22.26%, 25.51% and 23.73% compared to the corresponding period last year.

In the second half of the financial diagnosis and treatment, Sinha has ended the audit of the main financial statement and the financial statement, conducted the audit of the financial statement and the financial statement in the Group, continued to expand the development of the main and facilitate the high-quality development of the service model. In the first half of 2021, Sinha's operating profit of the financial diagnosis and treatment increased by 20.92% compared to the corresponding period RMB190,446 million.

In the second half of the medical service, the Group continued to enhance the economic efficiency of the diagnosis and treatment. Sinha continued to improve the core competitiveness and service capabilities and made a good start of the medical service management. In the first half of 2021, the operating profit of Sinha's medical service business reached RMB47,780 million, respectively increased by 33.19%.

In the second half of the year, Sinha has implemented the development strategy of the hospital and the hospital - , conducted the development and logistics service, and made the development of the hospital and the hospital - , drug and service, and the financial management and financial management. Therefore, the Group continued to improve the accessibility of the service and the financial service in the hospital management. At the end of the Reporting Period, the total number of hospital beds of Sinha reached 9,782. In the first half of 2021, Sinha's total operating profit of the hospital management reached RMB13,722 million, respectively increased by 24.57% compared to the corresponding period last year.

During the Reporting Period, the Group continued to improve management measures, promoted digital technology innovation and centralized management, and deepened the implementation of overall efficiency.

In the field of digital technology innovation, the Group has promoted digital management comprehensive measures in digital transformation and upgrading, established a unified data platform and governance system, and promoted the implementation of the large middle-end platform. Aegha has met the business needs of the Group. During the Reporting Period, in the field of business middle-end platform, the Group built a R&D digital platform with R&D project management system as the core; completed the overall design and planning of major digital transformation projects, and established a data governance system; and completed a digital and intelligent manufacturing platform based on the industrial and network. In the field of middle-end platform management, the Group continued to push forward the Five Plan project, and promoted a digital management integration system with SAP technology as the core platform. In the field of a middle-end platform, the Group initially established a big data analysis and BI analysis platform for medicine, investment and making indicators analysis.

In the field of centralized management and strategic management, the Group has further promoted centralized management projects across and within business segments, expanded new centralized management categories, promoted digital and enhanced efficiency by fully leveraging the platform effect. During the Reporting Period, the Group launched a total of 16 in-house and in-house centralized management projects, further expanded the coverage of centralized management categories, promoted data-driven management and implementation of the main channel, and enhanced the network and management of the team and the network of the channel.

During the Reporting Period, the Group further built and improved the environment, health and safety (EHS) management system. The company fully engaged in the EHS Special Committee, established an implemented environment, health and safety management system, and implemented each of the EHS-related policies and formulated EHS management strategy. At the same time, in order to enhance the construction of the EHS management system, the Group carried out the education and upgrade of EHS management, education and training, and all the company's subsidiaries, implementation and training of the manufacturing members. In addition, the Group formulated the second round of EHS five-year strategic plan and the first round of five-year strategic plan. Based on the second round of EHS five-year strategic plan, the Group will continue to increase investment in environmental protection, safety and health management, and address climate change, and be committed to achieving the harmonious development between the environment, society and human.

Committed to environmental and socially responsible elements, we engaged in information construction, accelerated energy conservation and emission reduction, engaged in biodiversity and building an environmental-friendly community - in the environmental protection of the Group. During the Reporting Period, the Group has continued to improve the management of environmental protection, safety and health, packaging materials, greenhouse gases, waste management and environmental management, promote the use of renewable energy and the recycling of waste, facilitate the production of waste, accelerate the construction of the five-year plan, and improve environmental management.

In the field of overall health and safety, during the Reporting Period, the Group further enhanced and implemented the safety management system, established a mechanism for safety management, and implemented a safety management system in a step-by-step manner; established a comprehensive safety management system with national and local safety management system as the core, and established a safety management system and control system for safety and hidden danger management, enhanced the management of safety management, and promoted safety management and safety management.

Management Discussion and Analysis

Financing

During the Reporting Period, the Group continued to improve its debt structure and established the debt scale and comprehensive financing channels. In the first half of 2021, the Company successfully issued another foreign bond and another foreign high-yield commercial asset-backed securities, and issued domestic and foreign financial instruments, and obtained credit support of US\$200 million from the IFC (International Finance Corporation). The Company kept the stable financing channels at a high level, and improved the domestic and foreign capital market image.

2. Major Operations in the Reporting Period

A. Analysis on Principal Operations

(1) Analysis on the change in operating income

Unit: million RMB

Items	Amount for the period	Amount for the corresponding period of last year	Period-on-period change (%)
Revenue ⁽¹⁾	16,878	13,965	20.86
Cost of sale ⁽²⁾	8,111	6,216	30.49
Sale and distribution expense	4,357	3,931	10.84
Administrative expense	1,505	1,322	13.84
R&D expense ⁽³⁾	1,562	1,204	29.73
Finance cost	421	428	1.64
Net cash flow generated from operating activities	1,707	1,461	16.79
Net cash flow generated from investing activities	2,450	2,379	2.98
Net cash flow generated from financing activities	770	827	6.89

1. For the reason of the change in revenue, please refer to Segment Performance Quarterly Discussion and Analysis in Operating Income.

2. The cost of sale mainly increased along with the increase in revenue.

3. Mainly due to the continued increase in the R&D expenditure in biological drugs, small molecule drugs and immunomodulators, and the increase in investment in innovation-based pharmaceuticals during the Reporting Period.

(2) & R&D expenditure

Unit: million CNY; Currency: RMB

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

Discussion

During the Reporting Period, the R&D expenditure in the pharmaceutical manufacturing segment amounted to RMB1,777 million, representing an increase of RMB236 million (15.31%), accounting for 14.51% of the revenue from the pharmaceutical manufacturing segment. With the continuous advancement of the innovation and transformation strategy, the pipeline layout of biopharmaceutical drugs is gradually improving from similar biopharmaceutical innovation layout to small molecule innovation layout. A small molecule innovation layout entered the clinical stage, R&D expenditure also increased accordingly. The increase in R&D expenditure during the Reporting Period is mainly due to the increase in R&D expenditure in biopharmaceutical drugs, small molecule innovation layout and innovation layout, and the increase in investment in innovation layout in the pharmaceutical field.

B. Segment and Regional Operations

(1) Principal operations by segments

Unit: million CNY; Currency: RMB

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

Principal operations by products

By products	Revenue	Cost of sales	Gross profit margin (%)	Period-on-period change in revenue (%)	Period-on-period change in cost of sales (%)	Period-on-period change in gross margin
Maj. drugs for anti-infective and immunomodulation ⁽³⁾	1,705	383	77.54	256.69	208.87	increase of 3.48 percentage points.
Maj. drugs for metabolism and nutrition ⁽⁴⁾	1,415	283	80.00	19.92	1.80	decrease of 4.27 percentage points.
Maj. drugs for anti-infective ⁽⁵⁾	2,656	1,161	56.29	45.30	78.89	decrease of 8.21 percentage points.
Maj. drugs for central nervous system	616	43	93.02	18.41	10.42	decrease of 0.62 percentage points.
Maj. drugs for cardiovascular ⁽⁶⁾	1,024	602	41.21	17.95	24.38	decrease of 20.01 percentage points.
Maj. drugs for API and in the media	577	423	26.69	27.65	28.57	decrease of 0.52 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	11,680	5,289	54.72	18.05	29.22	decrease of 3.91 percentage points.
Region outside Chinese Mainland and Hong Kong	5,198	2,822	45.71	27.68	32.93	decrease of 2.13 percentage points.

1 The decline in the gross profit margin of the pharmaceutical manufacturing business is mainly due to: 1. The gross profit margin of the Yifan Yifan Li Tong (February available) and Bang Zhi (January available) decreased after being elected for central government; 2. Some core drugs were affected by the increase in price of main raw materials, and the net cost increased and the gross profit margin fell.

2 The agreement entered into between the Group and the American Injunctive Foundation in relation to the antifebrile ingredients Da Vinci Biologicals in China, Hong Kong and Macao has expired at the end of 2020. Since 2021, the enterprise has been affected by the Injunctive Foundation. Evidencing the effectiveness of the change in the business, the gross profit margin of medical devices and medical diagnosis business increased by 0.57 percentage points in the same period.

3 The increase in the gross profit margin of the major anti-infective and immunomodulation drugs is mainly due to the increase in sales of anti-infective drugs such as Han Li Kang (intramuscular injection), Han Qiyi (intramuscular injection) and Sike Xin (Ambag Malee Tablet).

4 The decrease in the gross profit margin of the major metabolism and nutrition drugs is mainly due to the decrease in the price of Yifan Yifan Li Tong (February available) after the election for central government.

5 The decrease in the gross profit margin of the major anti-infective drugs is mainly due to the change of the price of the anti-infective drugs.

6 The decrease in the gross profit margin of the major cardiovascular drugs is mainly due to the increase in the price of major raw materials, the net cost, and the net cost of sales and the gross profit margin fell.

7 For the reason of the change in enterprise level, the effective management of the Group in the major pharmaceuticals - Management Discussion and Analysis in Overview -.

C. Subsidiaries and Investees

(1)

Operations and Results of Major Subsidiaries

Unit: million CNY; Currency: RMB

Company name	Nature of business	Major products or services	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Ya Pha ma	Pharmaceutical manufacturing	Am lan inject ion (gly a hi nef inject ion), Y Di E (al . adil d jed em i n), Sha D Li Ka (a. m . d m deh d and g a h lide . f ccija e f inject ion), Xi Chang/Bi Li Sh (cefme a. le. d m f inject ion)	197	6,172	4,209	2,691	430	385
Wanbang Pha ma	Pharmaceutical manufacturing	Y Li T ng (fe b . a ble .), Yi Ba (ec mbinan h man e h ie in f inject ion (CHO cell)), Ke Sheng (Xih ang ca . le), Wan S Ping (glime i de able .), en a a in . d m . e ie , e c.	452	5,463	3,044	3,343	347	318
Gland Pha ma	Pharmaceutical manufacturing	He a in . d m . anc m cin, d n m b mide, e c.	N/A	8,495	7,102	1,803	618	461

The above data included a certain percentage of main and a certain percentage of main.

Summary of Other Major Subsidiaries

Unit: million CNY; Currency: RMB

Company name	Nature of business	Major products	Registered capital	Total assets	Net assets	Revenue	Net profit
Jir h A h ng	Pharmaceutical manufacturing	A De Jin (de einjed calf bl d inject ion), Bang Ting (hem c ag la e f inject ion), Chang T Ning (eneh chloride h chl ide inject ion), e c.	510	2,782	2,025	614	64
Shanghai Henli	Pharmaceutical manufacturing	Han Li Kang (i imab inject ion), Han Q Y (a imab inject ion)	543	6,930	2,871	634	394
F . han Chancheng H . ial	Healthcare service	Healthcare service	50	3,080	1,935	900	103
Si am Medical	Medical equipment	Medical equipment, medical device	N/A	2,944	2,223	811	112

The data of Jir h A h ng included a certain percentage of main and a certain percentage of main;

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- The data of Shanghai Henl... is based on financial information prepared in accordance with International Financial Reporting Standards;
- The data of Foshan Chancheng Hospital included additional fair value adjustments and additional fair value adjustments;
- The data of Siam Medical is based on financial information prepared in accordance with International Financial Reporting Standards.

(2)
 Unit: million RMB

Company name	Nature of business	Principal activities	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Siam Medical	Pharmaceutical	Pharmaceutical	100	344,274	94,590	249,120	7,694	6,033

(3)
 Unit: million RMB

According to the Shareholding Agreement of the Registered Capital
 On 9 November 2020, Shenzhen Hengheng Hospital, a subsidiary, entered into an equity subscription agreement with Lin Shaolin and Qiu Henghua, which Shenzhen Hengheng Hospital acquired 100% equity in Guangdong Huiyin Pharmaceutical Co., Ltd.* (廣東匯信藥業有限公司) (renamed as Shenzhen Xinheng) held by Lin Shaolin and Qiu Henghua. At the end of the Reporting Period, Shenzhen Hengheng Hospital held 100% equity in Shenzhen Xinheng.

On 5 April 2021, Foshan Medical, a subsidiary, entered into an equity subscription agreement with Anji Jianchi Medical Technology Partnership (Limited Partnership)* (安吉健齒醫療科技合夥企業(有限合夥)) and Anji Haiyue Medical Technology Partnership (Limited Partnership)* (安吉海躍醫療科技合夥企業(有限合夥)), which Foshan Medical acquired 70% equity in Xingfanda. At the end of the Reporting Period, Foshan Medical held 70% equity in Xingfanda.

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

Unit: million CNY; Currency: RMB

Name of subsidiary	Acquired through	Net assets (as at the end of the Reporting Period)	Net profit (from date of merger/ acquisition up to the end of the Reporting Period)	Date of acquisition/ merger
Shenzhen Xinheng	Equity purchase	3		29 March 2021
Xingyanda	Equity purchase	31	1	15 April 2021

The above data included a special information and a main financial information.

Disclosure of subsidiaries during the Reporting Period
On 1 February 2021, the de registration of Reeach Industry Pharmaceutical, a subsidiary, was completed.

On 26 March 2021, the de registration of Kelin Holdings, a subsidiary, was completed.

On 26 April 2021, the de registration of Shanghai Lilin, a subsidiary, was completed.

On 27 April 2021, the de registration of Shanghai Biya, a subsidiary, was completed.

On 9 April 2021, Wanbang Tianheng, a subsidiary, entered into an equity purchase agreement with Sheng Tianhengda, through which, Wanbang Tianheng acquired 100% equity interest in Faeracai Sheng Tianhengda. As at the end of the Reporting Period, Wanbang Tianheng no longer held an equity interest in Faeracai Sheng Tianhengda.

On 26 April 2021, Foshan Chancheng Hospital, Foshan Healthcare and Foshan Chanji, all of which are subsidiaries, entered into an equity purchase agreement with Yifan, through which, Foshan Chancheng Hospital and Foshan Healthcare acquired 100% equity interest in Foshan Chanji and assigned their respective shares held. As at the end of the Reporting Period, the Group no longer held an equity interest in Foshan Chanji.

On 31 May 2021, Foshan Healthcare, a subsidiary, entered into an equity purchase agreement with Taihe Zhedong Medical Care Taihe Zhedong, through which, Foshan Healthcare acquired 75% equity interest in Taihe Zhedong Medical Care Taihe Zhedong. As at the end of the Reporting Period, Foshan Healthcare no longer held an equity interest in Taihe Zhedong Medical Care.

E. Employees and Remuneration Policies

At the end of the Reporting Period, the Group had a total of 34,375 employees. The employees' remuneration policy of the Group is affected mainly by the level, knowledge and professional skills of the employees.

3. Outlook for Operations in the Second Half of 2021

A. Competition and Development Trends of the Industry

In the second half of 2021, the development of the pharmaceutical industry will be affected by both challenges and opportunities. The Group will endeavor to improve its production efficiency and enhance R&D efficiency. In addition, the Group will continue to improve operational efficiency in the healthcare service industry, accelerate the construction of the medicinal line, enhance quality management, further address the main issues of the pharmaceutical industry in the healthcare service and further improve the comprehensive quality of the products and services. In the regulatory and implementation capabilities in operation, management and innovation. Meanwhile, the Group will continue to actively merge and acquire innovative technologies and talents, and facilitate the construction of pharmaceutical and medical device distribution networks in China.

In addition, the Group will continue to actively respond to the impact of COVID-19 and address the epidemic prevention and control measures.

In the second half of 2021, the Group will continue to focus on innovation and innovation development, enhance global construction, enhance capabilities in innovation R&D and increase innovation development efficiency and declaration, and actively develop strategic cooperation. While actively seeking innovation in merger and acquisition, all-around construction in the industry, and establishing and strengthening cooperation and cooperation in the industry and supply chain, the Group will seek to achieve comprehensive growth and financial performance.

With a keen understanding of the central and clinical needs of the industry, the Group will focus on the pharmaceutical field including medicinal and nutritional supplements, anti-infective and immunomodulatory, anti-infective, central nervous system and cardiovascular, active ingredients, and further strengthen the comprehensive quality of the products and services. In addition, the Group will continue to actively develop and strengthen the global market and the global market in the emerging markets and the Group. At the same time, the Group will continue to actively develop the mRNA COVID-19 vaccine and Otc and the global market, and all-around global cooperation including the strategic cooperation with Shanghai Kin Pharma Pharmaceutical, Inc.* (蘇州開拓藥業股份有限公司) in the industry. The Group will continue to improve the construction and enhancement of the production capabilities in the Group, and the innovation of the pharmaceutical. Moreover, the Group will continue to improve the innovation and development of Gland Pharma. In China, all-around development and innovation in the industry. In the U.S. market, Gland Pharma will implement the commercialization of the R.ian, S.ijk V-vaccine at the Hyderabad plant in India. The Group will continue to strengthen efficiency in the manufacturing of the WHO-PQ certification and address effective production management, actively maintain and improve the leading position of each product in the market.

In the second half of 2021, the Group will continue to actively respond to the clinical trial of the product and the global development. The Group will continue to actively respond to the clinical trial of the product, including the self-developed

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In addition, the Group will also fully leverage and intensify its cooperation with leading pharmaceutical companies in the industry to jointly explore the advantages of combining men's medicine in China's global market, making innovations in the cooperation model and achieving new men's medicine.

In the second half of 2021, for the medical device business, the Group will further focus on foreign registration and commercialization and independent brand R&D to make breakthroughs. The highly diversified manufacturing including clinical trials, increase in R&D expenditure, license-in, etc. and cooperation, the foreign and local medical device market will be further developed. With the economic medical boom, the Group will continue to enhance the R&D diversified product lines, accelerate digital innovation and integration, deepen innovation and development in direct channel and commercial terminal, and accelerate the development of the international and local business model innovation. With the economic health, the Group will keep launching new products and commercialization. In the field of eye care and eye care and vision, accelerate the launch of ophthalmic products addressing the needs of the Chinese market, and improve the end-to-end medical high digital manufacturing. With the economic foreign health care, the Group will continue to increase R&D expenditure, and add development in clinical. In the special field of high-in-house R&D and license-in projects. The Group will also accelerate the increase in alliance investment and cooperation with the clinical academic development in the area of Da Vinci surgical robotics, etc.

With the economic medical diagnosis, the Group will continue to deepen the development and application of medical diagnosis in the second half of 2021 in order to enhance the competitiveness of products, improve the product line portfolio, and further develop the development, license-in and localization of a variety of products and emerging technologies. The Group will improve the accuracy and effectiveness of diagnostic equipment in terms of performance in infection, chronic disease and other fields, and provide medical services in cooperation. The Group will keep improving R&D capabilities and scientific and technological innovation capabilities for core technologies and key materials, accelerate the development of clinical and cross-field R&D cooperation, and make continuous innovation. The Group will also gain access to a variety of global BD capabilities and channels, and further enhance the strategic cooperation with leading companies in key technologies in the industry. In the field of medical device, the Group will continue to strengthen the R&D plan, aiming to complete the main team for medical device, and realize the main and intelligent central laboratory, commercialization of device going immediately into A&E/NI of major medical institutions. Regarding diagnostic equipment, the Group will quickly expand the R&D team and accelerate each foreign and local business. By leveraging both the national R&D and entrepreneurial capabilities, the Group can further develop health care services and products to achieve a global market. In addition, the Group will improve the product and service quality in precision medicine, maintain a first-class quality of the industry, continue to all-aroundly improve products and ignore products, increase differentiated competitiveness and enhance the brand and image.

In addition, the Group will continue to strengthen the medical device and foreign medical device and medical diagnosis business; improve the clinical application of medical equipment; improve the foreign service team; accelerate the building of the capabilities of middle and back office, improve the manufacturing capabilities, improve the supply chain, realize the management, centralization of the production process; improve the brand and quality building; intensify the integration of the industry's capabilities and efficiency, and achieve economic benefits, reduce costs and continue to enhance the quality.

The Group will continue to leverage its strength in inpatient care, and its high level of service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community.

In the second half of 2021, the Group will continue to make use of the features of a long-term financial management to enhance its capabilities in patient care. It will also accelerate the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community.

In addition, the Group will continue to enhance its long-term financial management and seek to enhance its service to the community. It will also accelerate the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community.

In the second half of 2021, the Group will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will also accelerate the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community.

In the second half of 2021, the Group will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will also accelerate the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community. It will continue to invest in the development of its inpatient care and seek to enhance its service to the community.

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4. Potential Risks

A. Risks in relation to industry policies and system reforms

The pharmaceutical industry in the industry is more affected by national policies in the PRC, including government departments, ministries and commissions and institutions such as national medical insurance, health drug regulation and administration, industrial administration and information technology, and intellectual property. With the intensified efforts in the reform of drug production and manufacturing, medical health and medical equipment, as well as the impact of COVID-19, the pharmaceutical market environment continues to change significantly, and innovation remains the core competitiveness and main business model of the industry. A close connection between the elements of the Three Medical Linkage – government, hospital and implementation of policies at national and regional centralized government, provincial government, enterprise and industry, and national, provincial, and regional government, including medical equipment, hospital, and pharmaceutical industry. The reform of medical insurance, National Essential Medicine List adjustment, and the trend of innovation in medicine with high cost efficiency in the Medical Insurance Catalogue affect the production

In the field of genetic drug, with the gradual high concentration in medical innovation, the advancement of clinical evaluation of genetic drug, and the implementation of centralized drug registration in January, the evaluation of genetic drug industry has been accelerated. With the emergence of pharmaceutical manufacturing companies, fragmented market and local market concentration will change. More and more international pharmaceutical companies are coming to China, leading to the competition. The local market will be affected by the concentration in the industry. With the emergence of local companies, the market share and financial performance of genetic pharmaceutical companies will be affected. In the field of innovation drug, since the market of genetic drug has been gradually linked, the genetic drug companies seek an alternative. In addition, in China, in the ICH (i.e. The International Council for Harmonization of Technical Requirements for Pharmaceutical Products) and the development of drug registration and approval system being gradually brought into line with international standards, more and more innovation drugs are being marketed as a favorable place. The international companies are gradually increasing their investment in pharmaceutical companies, and at the same time, the local companies are also facing competition from international pharmaceutical companies. The drug registration in China is gradually becoming more and more strict, and the local companies will be affected in adding new marketed drugs, which will affect the efficiency of the innovation drug companies.

In addition, the competition of genetic drug in the local market is fierce, the price of high quality drugs is falling. Meanwhile, drug regulatory agencies implement increased supervision and control. The effectiveness of national regulatory agencies in drug registration is gradually increasing. In emerging markets such as Africa, more and more Indian genetic drug companies have joined the competition, entering into intensified competition with local companies, and the local companies will be affected.

In this regard, the Group will keep abreast of the change in development of the industry, strengthen innovation in R&D expenditure, establish drug pipeline, improve drug quality, and enhance the R&D efficiency of drug companies. At the same time, the Group will enhance the benefit mechanism of sales, and accelerate the development of drug companies. In addition, the Group will increase efficiency in marketing and enhance drug sales, and achieve and make sales.

C. Business and operating risks

(1) **Research and Development**
 Drug market competition is increasing from clinical research, clinical trial, application registration and approval of drug registration, drug registration, and drug R&D investment, which are affected by the industry, market, and high risk. Drug R&D investment is an indispensable factor. In addition, if the R&D progress and direction of the drug do not match the market demand, if the sales of the new drug are not efficient in the intensified competition and the factors, the efficiency 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 implement the strategy of focusing on pharmaceutical R&D, clinical and clinical trial and conduct effective and efficient mechanism construction. It will improve R&D efficiency, and strengthen the development of drug registration. While strengthening innovation, the Group will accelerate the development of drug companies. It will accelerate the development of drug companies and in the development of drug companies. In addition, the Group will continue to accelerate the efficiency of R&D investment in the market demand and it will be better matched.

B. The Mandate to Issue Inter-bank Market Debt Financing Instruments

The issuance of the financial asset-secured inter-bank market debt financing instruments in February 2021 in an aggregate principal amount of RMB1.5 billion. The average yield of the financial asset-secured inter-bank market debt financing instruments issued in February 2021, with the final coupon rate of 3.10% and a term of 90 days.

The issuance of the secured financial asset-secured inter-bank market debt financing instruments in March 2021 in an aggregate principal amount of RMB1.5 billion. The average yield of the financial asset-secured inter-bank market debt financing instruments issued in March 2021, with the final coupon rate of 2.90% and a term of 120 days.

C. The Public Issuance of Corporate Bonds to Qualified Investors

The Company completed the public issuance of corporate bonds (financial asset-secured) in 2021 on 2 February 2021, with the aggregate principal amount of RMB1.6 billion and a final coupon rate of 3.98%. The bond had a term of 3 years. With the Company's independent coupon rate and the independent coupon rate, the bond was sold at a discount at the end of the period.

D. Proposed non-public issuance of A shares

On 29 December 2020, the non-public issuance of A shares, among other things, was approved by the Board of Directors and the 2020 Annual General Meeting. On 15 January 2021, the Company received the Acceptance Form for Application of Administrative License of China Securities Regulatory Commission (《中國證監會行政許可申請受理單》) issued by the CSRC (Acceptance No.: 210079), through which the CSRC accepted the application for administrative license for non-public issuance of A shares submitted by the Company in accordance with the law.

On 6 April 2021, the Company made the adjustment to the proceeds and the issuance plan in the plan for the non-public issuance of A shares. The total proceeds were adjusted to more than RMB4,483.78 million (including the net proceeds of more than RMB4,982.83 million (including the proceeds before the adjustment), and the proceeds were adjusted accordingly. Meanwhile, the Company submitted a revised feedback (amended) to the CSRC.

On 27 April 2021, the CSRC issued the Administrative License for the Non-public Issuance of Shares of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Zheng Jian Xue Ke [2021] No. 2501) and the Company undertook the non-public issuance of more than 128,144,927 new shares (A shares). The total number of shares issued is 12 million shares of the total (i.e. 27 April 2021).

E. 2021 Restricted Share Incentive Scheme

The plan for the 2021 restricted share incentive scheme and the related grant were approved by the Shareholders' General Meeting, and if the financial asset-secured inter-bank market debt financing instruments issued in February 2021 in an aggregate principal amount of RMB1.5 billion are sold at a discount, the plan for the 2021 restricted share incentive scheme will be adjusted accordingly. The plan for the 2021 restricted share incentive scheme was approved by the Board of Directors and the Shareholders' General Meeting of the Company on 11 June 2021. However, the financial asset-secured inter-bank market debt financing instruments issued in March 2021 in an aggregate principal amount of RMB1.5 billion were sold at a discount, the plan for the 2021 restricted share incentive scheme will be adjusted accordingly. The effect of the 2021 restricted share incentive scheme will be determined.

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the related affairs of the Group as at 30 June 2021 are set out in the interim condensed consolidated financial statements and the accompanying notes on page 58-90.

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

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

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

DIRECTORS

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

Executive Director

M. Wu Yifang (吳以芳) (non-executive Director)

Non-executive Directors

M. Chen Qi (陳啟宇)
 M. Yao Fang (姚方)
 M. Xu Xiaoliang (徐曉亮)
 M. Gong Ping (龔平)
 M. Pan Donghui (潘東輝)
 M. Zhang Houlin (張厚林)

Independent Non-executive Directors

M. Li Ling (李玲)
 M. Tang Guojiang (湯谷良)
 M. Wang Quanli (王全弟)
 M. Yu Shanshan (余梓山)

On 11 June 2021, each of M. Jiang Xian and D. Wang Tingyao resigned as an independent non-executive Director and each of them had been elected as an independent non-executive Director of the Company respectively. At the Annual General Meeting held on 11 June 2021, M. Wang Quanli and M. Yu Shanshan were elected as the Shareholders' representatives as independent non-executive Directors of the eight members of the Board.

SUPERVISORS

At the end of the Reporting Period, the Supervisory Committee consisted of the following Supervisors. The Supervisors are as follows:

M. Ren Qian (任倩) (女)

M. Cao Genxing (曹根興)

M. Guan Yimin (管一民)

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

M. Wu Yifang, an Independent Director, ceased to be a Supervisor and chairman of the Supervisory Committee of Sinoharm (stock code: 01099), a company listed on the Hong Kong Stock Exchange, with effect from 10 June 2021.

M. Ya Fang, a non-Independent Director, was appointed as the vice-chairman of Beijing San Yuan Food Co., Ltd.* (北京三元食品股份有限公司) (stock code: 600429), a company listed on the Shanghai Stock Exchange, with effect from 21 May 2021.

M. Gong Ping, a non-Independent Director, ceased to be a director of Shanghai Bailian Group Co., Ltd.* (上海百聯集團股份有限公司) (stock code: 600827), a company listed on the Shanghai Stock Exchange, with effect from 14 June 2021.

M. Jiang Xian resigned as an independent non-Independent Director with effect from 11 June 2021.

D. Wong Tin Yau Kelvin ceased to be an independent non-Independent Director of I.T LIMITED (delisted from the Hong Kong Stock Exchange on 30 April 2021) with effect from 30 April 2021, and resigned as an independent non-Independent Director with effect from 11 June 2021.

Save as disclosed above, during the Reporting Period and afterwards, there has been no change in the main particulars of the independent non-Independent Directors and Supervisors. For an additional (a) (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

SHARE INCENTIVE SCHEMES

Gland Pharma Share Option Incentive Scheme

Shareholders of the Company are advised, among others, the Gland Pharma Share Option Incentive Scheme on 25 June 2019. The purpose of the Gland Pharma Share Option Incentive Scheme is (i) to attract and retain the staff and improve performance, (ii) align the interests of the employees with the shareholders of Gland Pharma, (iii) to further enhance the performance of the employees, and (iv) to attract and retain the staff.

Subject to the provisions of the Gland Pharma Share Option Incentive Scheme, the maximum number of Gland Pharma shares that may be issued under the Gland Pharma Share Option Incentive Scheme shall not exceed 170,444 Gland Pharma shares, representing 1.1% of the authorized number of Gland Pharma shares as at the date hereof. Gland Pharma authorized and adopted the Gland Pharma Share Option Incentive Scheme. Subject to the limitations and conditions of the Gland Pharma Share Option Incentive Scheme, Gland Pharma may exercise the right to issue shares under the Gland Pharma Share Option Incentive Scheme.

On 27 June 2019, a total of 154,950 shares were granted to 103 directors under the Gland Pharma Share Option Incentive Scheme at an exercise price of INR5,420 per share. 102 directors accepted the grant of shares under the Scheme at a total of 154,650 shares. The number of shares granted to each director is set out in the table below. The exercise price of the shares granted is 1% of the fair value of the shares at the date of grant of the shares under the Scheme.

On 17 March 2020, Gland Pharma completed the buyback of shares in the market of (1) outstanding shares and (2) shares held by the company. According to the provisions of the Gland Pharma Share Option Incentive Scheme, the company will be required to make adjustments to the number of shares granted to each director and the number of shares to be allocated and issued to each director in accordance with the terms of the Gland Pharma Share Option Incentive Scheme.

The details of the changes in the outstanding shares under the Gland Pharma Share Option Incentive Scheme during the Reporting Period are as follows:

Participant	Date of Grant (dd-mm-yyyy)	Vesting Date (dd-mm-yyyy) ⁽¹⁾	Option share ⁽¹⁾	Exercise period ⁽¹⁾	Outstanding options as at 1 January 2021	Exercise price per share	Granted	Exercised	Forfeited or	Outstanding options as at 30 June 2021
							during the Reporting Period	during the Reporting Period	lapsed during the Reporting Period ⁽²⁾	
Employees of Gland Pharma	27-6-2019	20-11-2020	40%	20-11-2020 - 26-6-2029	1,480,500	INR542	0	954,350	2,100	524,050
		31-3-2021	30%	31-3-2021 - 26-6-2029						
		31-3-2022	30%	31-3-2022 - 26-6-2029						

(1) The vesting of the shares granted shall be subject to the achievement of a minimum number of performance targets and the overall performance of the company under the Gland Pharma Share Option Incentive Scheme.

(2) During the Reporting Period, a total of 2,100 shares were granted to employees of Gland Pharma, the exercise price of the shares granted is 1% of the fair value of the shares at the date of grant of the shares under the Scheme.

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

As at 30 June 2021, the interests of each Director, Supervisor and chief executive of the Company in the shares, underlying shares and debentures of the Company are as follows (within the meaning of Part XV of the SFO) which should be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, and which should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code of Conduct in Appendix 10 of the Hong Kong Listing Rules set out below:

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

Name of Directors/ chief executive	Capacity	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
M. Wu Yifang	Beneficial owner	H Share	342,000 (L)	0.06%
	Beneficial owner	A Share	718,900 (L)	0.04%
M. Chen Qi	Beneficial owner	A Share	114,075 (L)	0.01%
M. Ya Fang	Beneficial owner	A Share	458,300 (L)	0.02%

(1) (L) Long position

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

Name of Directors/ chief executive	Name of associated corporation	Class of Shares	Capacity	Number of Shares ⁽¹⁾	Approximate percentage of Shares in relevant class of Shares
M. Chen Qi	Fosun International	Ordinary share	Beneficial owner	22,998,000 (L) ⁽²⁾	0.27%
	Fosun Tsim	Ordinary share	Beneficial owner	1,478 (L)	0.00%
M. Ya Fang	Fosun International	Ordinary share	Beneficial owner	640,000 (L) ⁽³⁾	0.01%
M. Xu Xiaoliang	Fosun International	Ordinary share	Beneficial owner	20,077,800 (L) ⁽⁴⁾	0.24%
	Fosun Tsim	Ordinary share	Beneficial owner	2,328 (L)	0.00%
M. Gong Ping	Fosun International	Ordinary share	Beneficial owner	11,280,000 (L) ⁽⁵⁾	0.13%
	Fosun Tsim	Ordinary share	Beneficial owner	988 (L)	0.00%
M. Pan Donghui	Fosun International	Ordinary share	Beneficial owner	11,160,000 (L) ⁽⁶⁾	0.13%
M. Zhang Hailin	Fosun International	Ordinary share	Beneficial owner	11,180,000 (L) ⁽⁷⁾	0.13%

(1) (L) Long position

(2) On 31 March 2021, Fosun International granted M. Chen Qi 1,920,000 ordinary shares and 1,500,000 shares in.

(3) On 31 March 2021, Fosun International granted M. Ya Fang 240,000 ordinary shares and 400,000 shares in.

(4) On 31 March 2021, Fosun International granted M. Xu Xiaoliang 1,920,000 ordinary shares and 1,500,000 shares in.

(5) On 31 March 2021, Fosun International granted M. Gong Ping 470,000 ordinary shares and 1,000,000 shares in.

(6) On 31 March 2021, Fosun International granted M. Pan Donghui 590,000 ordinary shares and 1,000,000 shares in.

(7) On 31 March 2021, Fosun International granted M. Zhang Hailin 590,000 ordinary shares and 1,000,000 shares in.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT BY THE AUDIT COMMITTEE

On 11 June 2021, Mr. Jiang Xian, an independent non-executive Director and a member of the Audit Committee of the Company, the chairmanship of the eighth meeting of the Board held on 11 June 2021, the chairman of Mr. Wang Qiangdi, an independent non-executive Director, an additional member of the Audit Committee of the eighth meeting of the Board was held.

At the end of the Reporting Period, the Audit Committee of the Company comprised Mr. Tang Guoliang (chairman), an independent non-executive Director, Mr. Wang Qiangdi, an independent non-executive Director, and Mr. Gong Ping, a non-executive Director.

The main objective of the Audit Committee of the Company is to review and monitor the financial reporting process, risk management and internal control system of the Company, and provide recommendations and advice to the Board.

The Audit Committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the interim month ended 30 June 2021.

On Behalf of the Board

Wu Yifang

Chairman

Shanghai, the PRC
23 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

For the interim period ended 30 June 2021

		For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE			
Cost of sales	5	16,877,537 (8,110,878)	13,965,179 (6,215,872)
Government grants		8,766,659	7,749,307
Other income		141,714	180,429
Selling and distribution expenses	6	(4,356,975)	(3,931,067)
Administrative expenses		(1,505,057)	(1,322,239)
Research and development expenses		(1,561,885)	(1,204,425)
Impairment losses on financial assets		(14,804)	(42,765)
Other gains	7	1,645,255	603,622
Other expenses		(338,367)	(52,138)
Interest income		116,605	96,436
Finance costs	8	(420,725)	(427,878)
Share of profit and losses of: Joint ventures Associates		(93,817) 925,626	(46,558) 698,964
PROFIT BEFORE TAX	9	3,304,229	2,301,688
Income tax expense	10	(550,647)	(392,081)
PROFIT FOR THE PERIOD		2,753,582	1,909,607
Attributable to: Owners of the parent Non-controlling interests		2,482,373 271,209	1,714,710 194,897
		2,753,582	1,909,607
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic Profit per share	12	RMB0.97 Yuan	RMB0.67 Yuan
Diluted Profit per share		RMB0.97 Yuan	RMB0.67 Yuan

Interim Condensed Consolidated Statement of Comprehensive Income

For the interim period ended 30 June 2021

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Interim Condensed Consolidated Statement of Financial Position

30 June 2021

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	11,986,909	12,579,873
Right-of-use assets		2,574,667	2,666,402
Goodwill		8,622,217	8,677,249
Other intangible assets		9,730,364	9,577,741
Intangible assets in progress		349,077	381,616
Intangible assets		22,447,860	21,870,966
Equity instruments designated as fair value through other comprehensive income		6,243	1,043
Financial assets at fair value through profit or loss		1,459,128	1,460,769
Deferred tax assets		232,984	244,937
Other non-current assets		1,807,055	1,083,724
		59,216,504	58,544,320
CURRENT ASSETS			
Inventory		5,485,618	5,162,800
Trade and bill receivable	14	6,028,237	4,807,059
Prepayments, other receivable and other assets		3,462,140	2,554,165
Financial assets at fair value through profit or loss		3,267,854	1,970,096
Derivative financial assets at fair value through other comprehensive income		472,998	628,881
Cash and bank balance		10,489,133	9,961,802
		29,205,980	25,084,803
CURRENT LIABILITIES			
Trade and bill payable	15	3,745,584	3,289,021
Other payable and accrual		6,582,248	5,597,564
Interest-bearing bank and other borrowings	16	15,852,411	14,488,946
Lease liabilities		140,052	151,084
Contract liabilities		1,447,288	1,020,309
Tax payable		389,670	325,429
		28,157,253	24,872,353
NET CURRENT ASSETS		1,048,727	212,450
TOTAL ASSETS LESS CURRENT LIABILITIES		60,265,231	58,756,770

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	8,513,509	8,475,685
Lease liabilities		706,945	627,291
Deferred tax liabilities		2,935,378	2,852,997
Deferred income		506,250	482,201
Other long-term liabilities		277,854	269,488
Contract liabilities		285,708	121,712
		13,225,644	12,829,374
Net assets		47,039,587	45,927,396
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		2,562,899	2,562,899
Reserves		35,241,150	34,375,748
		37,804,049	36,938,647
Non-controlling interests		9,235,538	8,988,749
Total equity		47,039,587	45,927,396

Interim Condensed Consolidated Statement of Change in Equity

For the interim period ended 30 June 2021

	Attributable to owners of the parent									
	Share capital	Share premium	Fair value reserve	Statutory surplus reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (Audited)	2,562,899	11,385,162*	139,710*	2,728,604*	3,888,329*	(1,061,719)*	17,295,662*	36,938,647	8,988,749	45,927,396
Profit for the period	—	—	—	—	—	—	2,482,373	2,482,373	271,209	2,753,582
Other comprehensive income for the period:										
Change in fair value of investment in equity instruments at fair value through comprehensive income	—	—	2,698	—	—	—	—	2,698	1,722	4,420
Share of comprehensive income of joint ventures and associates	—	—	64,833	—	—	—	—	64,833	—	64,833
Exchange difference on translation of foreign currency	—	—	—	—	—	(164,832)	—	(164,832)	(36,880)	(201,712)
Total comprehensive income for the period	—	—	67,531	—	—	(164,832)	2,482,373	2,385,072	236,051	2,621,123
Acquisition of non-controlling interests	—	—	—	—	(460,551)	—	—	(460,551)	(67,129)	(527,680)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	9,600	9,600
Establishment of subsidiaries	—	—	—	—	—	—	—	—	169,710	169,710
Deemed disposal of associates in subsidiaries through liquidation	—	—	—	—	9,104	—	—	9,104	37,128	46,232
Disposal of associates	—	—	—	—	(17,557)	—	—	(17,557)	—	(17,557)
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	35,420	35,420
Dividend declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(65,723)	(65,723)
Disposal of subsidiaries	—	—	—	(2,449)	—	—	2,449	—	(175,821)	(175,821)
Elimination of related party transactions	—	—	—	—	—	—	—	—	58,179	58,179
Fair value adjustments in the consolidated financial statements of non-controlling shareholders of subsidiaries	—	—	—	—	6,469	—	—	6,469	(4,166)	2,303
Share of change in equity of the comprehensive income and dividends received from associates	—	—	—	—	45,862	—	—	45,862	13,540	59,402
Final 2020 cash dividend declared (note 11)	—	—	—	—	—	—	(1,102,997)	(1,102,997)	—	(1,102,997)
At 30 June 2021 (Unaudited)	2,562,899	11,385,162*	207,241*	2,726,155*	3,471,656*	(1,226,551)*	18,677,487*	37,804,049	9,235,538	47,039,587

* The effective accounting net assets of RMB35,241,150,000 (31 December 2020: RMB34,375,748,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Change in Equity

For the interim period ended 30 June 2021

	Attributable to the equity holders									
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Share premium RMB'000	Other reserves RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total RMB'000
At 1 January 2020 (Audited)	2,562,899	11,385,162*	(35,546)*	2,523,799*	899,356*	(420,878)*	14,916,387*	31,831,179	7,316,147	39,147,326
Profit for the Period							1,714,710	1,714,710	194,897	1,909,607
Other comprehensive income for the Period:										
Change in fair value of investments at fair value through comprehensive income, net of tax			3,819					3,819	(68)	3,751
Share of comprehensive income from joint ventures and associates			96,891					96,891		96,891
Exchange difference on translation of foreign currency						(154,873)		(154,873)	(100,736)	(255,609)
Total comprehensive income for the period			100,710			(154,873)	1,714,710	1,660,547	94,093	1,754,640
Acquisition of non-controlling interest					159,607			159,607	(521,291)	(361,684)
Deemed disposal of financial instruments at fair value through profit or loss					(784)			(784)	62	(722)
Disposal of associates					(2,433)			(2,433)		(2,433)
Other									56	56
Capital injection from non-controlling shareholders of subsidiaries									24,495	24,495
Dividend declared to non-controlling shareholders of subsidiaries									(241,721)	(241,721)
Dividend paid to non-controlling shareholders of subsidiaries									162,645	162,645
Fair value adjustments on the acquisition of joint ventures and associates					5,346			5,346	(18,356)	(13,010)

Interim Condensed Consolidated Statement of Cash Flows

For the interim period ended 30 June 2021

	For the six months ended	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash generated from operations	2,094,337	1,928,625
Income tax paid	(387,696)	(467,328)
Net cash flow from operating activities	1,706,641	1,461,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets, land and equipment, the intangible assets and the non-current assets	(2,286,070)	(1,904,148)
Acquisition of subsidiary	17 (21,391)	(8,400)
Purchase of fixed intangible assets and joint venture	(100,172)	(192,431)
Purchase of financial assets at fair value through profit or loss	(191,752)	(435,607)
Disposal of fixed intangible assets	537,242	151,917
Disposal of financial assets at fair value through profit or loss	80,764	474,449
Disposal of subsidiary, net cash paid	18 237,609	
Dividend received from associates	61,154	67,961
Dividend received from financial assets at fair value through profit or loss	8,009	18,718
Dividend received from equity investments designated at fair value through other comprehensive income	—	1,708
Proceed from disposal of intangible assets, land and equipment, the intangible assets and the non-current assets (Income)/decrease in derivative financial instrument	18,421 (12,392)	5,439 3,754
Proceed from disposal of equity investments designated at fair value through other comprehensive income	—	50,228
Increase in non-logged time deposits, original margin of the non-current assets when acquired and derivative financial instruments	(819,125)	(570,138)
Other	37,959	(42,383)
Net cash flow used in investing activities	(2,449,744)	(2,378,933)

Interim Condensed Consolidated Statement of Cash Flows

For the interim period ended 30 June 2021

	For the six months ended	
	30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	14,330,459	6,798,841
Repayment of bank and other borrowings	(12,723,895)	(4,736,755)
Interest paid	(419,549)	(441,635)
Repayment of lease liabilities	(68,914)	(67,643)
Capital injection from non-controlling shareholders of subsidiaries	251,362	61,253
Liability related change of subsidiaries	—	(26,524)
Dividend paid from non-controlling shareholders of subsidiaries	(69,024)	(194,183)
Acquisition from non-controlling interest	(530,770)	(566,651)
Net cash flow from financing activities	769,669	826,703
Net increase/(decrease) in cash and cash equivalents	26,566	(90,933)
Cash and cash equivalents at beginning of the period	7,324,881	8,284,371
Effect of foreign exchange change, net	(103,270)	(16,493)
Cash and cash equivalents at end of the period	7,248,177	8,176,945
Analysis of balances of cash and cash equivalents:		
Cash and bank balance at end of the period	10,489,133	9,750,416
Less: Pledged bank balance and time deposits held in original maturity of more than three months	(3,240,956)	(1,573,471)
Cash and cash equivalents at end of the period	7,248,177	8,176,945

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

1. CORPORATE AND GROUP INFORMATION

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

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

During the interim period ended 30 June 2021 (the Period), the Group is principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and the distribution of related and the consulting, service and investment management.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the interim period ended 30 June 2021 has been prepared in accordance with HKAS 34. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the interim financial information are consistent with those applied in the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (HKFRS) for the first time for the interim financial information.

Amendment HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Amendment to HKFRS 9, HKFRS 7, HKFRS 4 and HKFRS 16

Amendment HKFRS 16

Amendment to HKFRS 16
-1 - Interim Condensed Consolidated Financial Information for the Period ended 30 June 2021 (Unaudited)

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2021 (unaudited)

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

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

** Capital expenditures include additions to property, plant and equipment, intangible assets and leasehold improvements included in high-value-added (not including the addition of machinery and equipment).

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2020 (unaudited)

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

* Segment revenue is obtained from sales, distribution, administration and each and every other business.

** Capital expenditure includes land and buildings, leasehold land lease payments included in other receivables (including the addition of machinery and equipment).

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from contracts with customer	16,864,028	13,951,418
Revenue from other operations	13,509	13,761
Group revenue	16,877,537	13,965,179

Disaggregated revenue information for revenue from contracts with customer

For the six months ended 30 June 2021 (unaudited)

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

5. REVENUE (Continued)

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

For the six months ended 30 June 2020 (unaudited)

Segment	Pharmaceutical manufacturing RMB'000	Medical device and medical diagnosis RMB'000	Healthcare service RMB'000	Other business RMB'000	Total RMB'000
Types of goods or services					
Sale of goods	9,610,123	2,421,881	26,807		12,058,811
Renting service	283,734	198,601	1,331,147	3,726	1,817,208
Sale of material	57,385	18,014			75,399
Total revenue from contracts with customers	9,951,242	2,638,496	1,357,954	3,726	13,951,418
Geographical markets					
Mainland China	7,192,189	1,327,295	1,357,954	2,804	9,880,242
Overseas countries and regions	2,759,053	1,311,201		922	4,071,176
Total revenue from contracts with customers	9,951,242	2,638,496	1,357,954	3,726	13,951,418
Timing of revenue recognition					
Goods transferred at a point in time	9,667,508	2,439,895	26,807		12,134,210
Service transferred at a point in time	216,071	167,057	1,331,147	3,726	1,718,001
Service transferred over time	67,663	31,544			99,207
Total revenue from contracts with customers	9,951,242	2,638,496	1,357,954	3,726	13,951,418

Notes to Interim Condensed Consolidated Financial Information

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6. OTHER INCOME

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

7. OTHER GAINS

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

8. FINANCE COSTS

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

9. PROFIT BEFORE TAX

The following table sets out the profit before tax (after adjusting/correcting):

	For the six months ended	
	30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations	6,433,620	4,932,900
Discontinued operations	1,677,258	1,282,972
Staff costs (including Directors', Senior Management' and Chief Executive's remuneration)		
Salaries and benefits	3,070,335	2,468,297
Retirement benefits:		
Defined contribution fund	180,142	66,453
Accumulation benefits:		
Defined contribution fund	101,061	83,795
Share-based payment	39,619	39,516
	3,391,157	2,658,061
Research and development expense:		
Goodwill impairment loss in financial year	1,494,528	1,167,594
Rental expense from lease and land use rights	21,673	12,963
Decrease in fair value of land and buildings	564,429	490,945
Decrease in fair value of financial assets	101,351	91,076
Amortisation of financial assets	279,667	254,247
Provision/(Reversal) of impairment loss on lease and land use rights	16,953	(917)
Impairment of financial assets:		
Impairment of trade receivable	15,022	40,079
(Reversal)/Provision of impairment loss on trade receivable	(218)	2,686
Impairment of investment in associates	190,379	
Gain on fair value change of financial assets at fair value through profit or loss, net	(1,182,759)	(23,394)
Gain on disposal of financial assets at fair value through profit or loss, net	(47,549)	(415,708)
Foreign exchange gain, net	(41,939)	(69,551)
Loss/(Gain) on disposal of land and buildings and leasehold interest in financial year	10,166	(1,621)

Notes to Interim Condensed Consolidated Financial Information

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10. INCOME TAX

The Group in Mainland China's income, as based on a rate of 25% (for the interim period ended 30 June 2020: 25%) of the taxable profit of the Group is determined in accordance with the PRC Corporate Income Tax Law which is applicable and effective on 1 January 2008, except for the subsidiaries of the Group in Mainland China, which are assessed at effective rates of 0%–20%.

Tax on financial results have been calculated at the applicable rate prevailing in the jurisdiction in which the Group operates. Hong Kong financial results have been calculated at the rate of 16.5% on the taxable profit arising in Hong Kong during the period. The Group's income of Alma Labs Ltd., a subsidiary of the Company incorporated in Israel, is based on a effective rate of 6%. The Group's income of Nua Medical Ltd. (Nua), a subsidiary of the Company incorporated in Israel, is based on a rate of 23%. The Group's income of Gland Pharma Limited (Gland Pharma), a subsidiary of the Company incorporated in India, is based on a rate of 25.17%. The Group's income of Beas Medical Holding AB (Beas), a subsidiary of the Company incorporated in Sweden, is based on a rate of 20.6%. The Group's income of Tidem Pharma S.A.S (Tidem Pharma), a subsidiary of the Company incorporated in France, is based on a rate of 26.5%.

The major components of expense for the interim period ended 30 June 2021 and 2020 are as follows:

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

11. DIVIDENDS

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

The proposed final dividend of RMB0.43 (an included) per share has been declared on 31 December 2020 and is payable on the annual general meeting of the Company on 11 June 2021.

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

The calculation of the basic earnings per share amount is based on the number of ordinary shares outstanding at the end of the period, and the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the period is 2,562,898,545 (for the period ended 30 June 2020: 2,562,898,545) in the period.

The calculation of the diluted earnings per share amount is based on the number of ordinary shares outstanding at the end of the period, and the weighted average number of shares outstanding during the period, adjusted for the effect of all dilutive potential ordinary shares. The weighted average number of shares outstanding during the period is 2,562,898,545 (for the period ended 30 June 2020: 2,562,898,545) in the period.

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

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

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

The Group had no potential dilutive shares in the period ended 30 June 2021.

Notes to Interim Condensed Consolidated Financial Information

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13. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Carrying amount at 1 January	12,579,873	10,720,960
Addition	1,481,681	1,191,624
Accrual in fair value	790	14,953
Disposal	(46,840)	(77,353)
Disposal fair value	(1,434,727)	
Depreciation charge for the period	(564,429)	(490,945)
Exchange realignment	(29,439)	(45,393)
Carrying amount at 30 June	11,986,909	11,313,846

The Group's net plant and equipment had a net carrying amount of RMB459,285,000 (31 December 2020: RMB188,426,000), which is pledged as collateral for the bank loan and are included in the interim condensed consolidated financial statements.

14. TRADE AND BILLS RECEIVABLES

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

The credit risk of trade receivable is generally low, which may be evidenced by the fact that the trade and bill receivable are non-interest-bearing.

14. TRADE AND BILLS RECEIVABLES (Continued)

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

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

As at 30 June 2021, trade receivable and bill receivable is held at bank, all of RMB4,300,000 (2020: RMB4,300,000) are evidenced by bank in electronic banking.

15. TRADE AND BILLS PAYABLES

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

Trade and bill payable are non-interest-bearing and are normally settled on a cash basis.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

15. TRADE AND BILLS PAYABLES (Continued)

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Outstanding balance by age:		
Within 1 ea.	3,152,144	2,881,516
1-2 ea.	39,361	44,525
2-3 ea.	12,770	8,999
Over 3 ea.	4,154	7,051
	3,208,429	2,942,091

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank loans:			
Secured	(1)	1,302,115	1,094,631
Unsecured		16,335,918	15,249,893
		17,638,033	16,344,524
Short-term commercial paper	(2)	1,500,000	
Convertible	(3)	5,227,887	6,620,107
Total		24,365,920	22,964,631
Provisioned against liabilities		(15,852,411)	(14,488,946)
Net amount in		8,513,509	8,475,685

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Receivable:		
Within 1 year	15,852,411	14,488,946
1 to 2 years	2,664,956	7,542,933
2 to 5 years	4,226,672	256,387
Over 5 years	1,621,881	676,365
	24,365,920	22,964,631
Provisioned against liabilities	(15,852,411)	(14,488,946)
Net amount	8,513,509	8,475,685

(1) Bank loans

The bank loan bears an effective ranging from 0.3000% to 5.2700% (31 December 2020: 0.3000% to 6.2000%) effective annual.

As at 30 June 2021, the main of the Group's bank loan are secured by the mortgage of certain of the Group's land and equipment (note 13) amounting RMB459,285,000 (31 December 2020: RMB188,426,000), the aid and lease agreement included in the financial statements amounting RMB565,373,000 (the aid and lease agreement included in the financial statements on 31 December 2020: RMB528,904,000).

As at 30 June 2021, the main of the Group's bank loan are secured by the pledge of the Group's accounts receivable and bill receivable amounting RMB4,300,000 (31 December 2020: RMB4,300,000) and the receivable amounting RMB6,455,000 (31 December 2020: RMB5,305,000).

As at 30 June 2021, the main of the Group's bank loan are secured by the pledge of the Group's debenture. The available amount of the Group's debenture is RMB30,090,000 (31 December 2020: Nil).

As at 30 June 2021, the Group's debenture is available to the Group's debenture holders. The available amount of the Group's debenture is RMB32,740,000 (31 December 2020: Nil) and the debenture is not secured.

As at 30 June 2021, the Group's debenture is available to the Group's debenture holders. The available amount of the Group's debenture is RMB983,000 (31 December 2020: Nil) and the debenture is not secured.

(2) Super Short-term Commercial Paper

On 25 May 2021, the Company issued the super short-term commercial paper in an aggregate amount of RMB1,500,000,000, which bears an effective 2.90% effective annual. The interest of the super short-term commercial paper is payable on 22 September 2021.

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

(continued)

(3) Corporate bonds

On 14 March 2017, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,250,000,000, which bear an interest rate of 4.50% per annum. The interest is payable annually in arrears and the maturity date is 14 March 2022. On 14 March 2020, a total redemption amount of RMB158,050,000 was paid by the Company, and the remaining balance of the bonds is RMB1,091,950,000 as at 30 June 2021. In the remaining interest-bearing period, the interest rate changed to 3.48%. The corporate bonds are recorded as financial liabilities as at 30 June 2021.

On 13 August 2018, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,300,000,000, which bear an interest rate of 5.10% per annum. The interest is payable annually in arrears and the maturity date is 13 August 2023. Since the date of the completion of the bonds, the Company has not yet received any interest payments. In the remaining interest-bearing period (namely 2021), the corporate bonds are recorded as financial liabilities as at 30 June 2021.

On 30 November 2018, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB500,000,000 and corporate bonds with a maturity of five years in an aggregate amount of RMB1,000,000,000, which bear an interest rate of 4.47% and 4.68% per annum respectively. The interest of the corporate bonds with a maturity of five years is payable annually in arrears and the maturity date is 30 November 2022. On 29 November 2020, a total redemption amount of RMB260,000,000 was paid by the Company, and the remaining balance of the bonds is RMB2,240,000,000 as at 30 June 2021. In the remaining interest-bearing period, the interest rate changed to 3.83%. The interest of the corporate bonds with a maturity of five years is payable annually in arrears and the maturity date is 30 November 2023. Since the date of the completion of the bonds, the Company has not yet received any interest payments. In the remaining interest-bearing period (namely 2021), the corporate bonds are recorded as financial liabilities as at 30 June 2021.

On 2 February 2021, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,600,000,000, which bear an interest rate of 3.98% per annum. The interest is payable annually in arrears and the maturity date is 2 February 2025.

17. BUSINESS COMBINATION

On 29 March 2021, Shenzhen Hengheng Healthcare, a subsidiary of the Company, acquired 100% equity interest in Shenzhen Xinheng Pharmaceutical Co., Ltd.* (深圳信生藥業有限公司) from Shenzhen Xinheng. The consideration for the acquisition was RMB3,450,000. After the acquisition, the Group holds 100% equity interest in Shenzhen Xinheng.

On 15 April 2021, Shanghai Fulin Medical Science Co., Ltd., a subsidiary of the Company, acquired 70% equity interest in Shanghai Xingfanda Medical Technology Co., Ltd.* (上海星苑達醫療科技有限公司) from Shanghai Xingfanda. The consideration for the acquisition was RMB22,400,000. After the acquisition, the Group holds 70% equity interest in Shanghai Xingfanda.

* The English name of the companies registered in the PRC is the best effort made by the management of the Company in disclosing the Chinese name of the companies.

17. BUSINESS COMBINATION (Continued)

The fair value of the identifiable intangible assets and liabilities of the subsidiary acquired during the period are detailed as follows:

		Fair value recognised on acquisition RMB'000 (Unaudited)
Patents, trademarks and other intangible assets	13	790
Other intangible assets		34,306
Intangible assets		7,348
Cash and bank balance		7,099
Trade and bill receivables		(4,641)
Deferred liabilities		(9,452)
Total identifiable intangible assets and liabilities		35,450
Non-controlling interest		(9,600)
		25,850
Satisfied by:		
Controlling interest		25,850

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

		RMB'000 (Unaudited)
Cash consideration paid		(12,950)
Cash and cash equivalents acquired		7,099
		(5,851)
Payment for non-cash consideration as at 31 December 2020		(15,540)
Net cash flow from cash and cash equivalents included in cash flows from financing activities		(21,391)

Notes to Interim Condensed Consolidated Financial Information

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17. BUSINESS COMBINATION (Continued)

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

	RMB'000 (Unaudited)
Goodwill carrying amount	
At 1 January 2021	9,034,749
Exchange realignment	(55,032)
At 30 June 2021	8,979,717
Accumulated impairment losses	
At 1 January 2021	(357,500)
Impairment losses recognized during the period	
At 30 June 2021	(357,500)
Net book value	
At 1 January 2021	8,677,249
At 30 June 2021	8,622,217

Since the acquisition, the acquired subsidiary contributed RMB288,000 to the Group's revenue and a loss of RMB177,000 to the consolidated financial results ended 30 June 2021.

Had the combination taken place at the beginning of the period, the revenue and the financial results of the period would have been RMB16,877,537,000 and RMB2,753,582,000, respectively.

18. DISPOSAL OF SUBSIDIARIES

During the period ended 30 June 2021, the Group entered into an agreement to sell its subsidiary, which held a 100% shareholding in Far East Food Co., Ltd.* (遠東腸衣食品有限公司), for a consideration of RMB3,540,000.

During the period ended 30 June 2021, the Group entered into an agreement to sell its subsidiary, which held a 75% shareholding in Taihu Zhedong Medical Care Management Co., Ltd.* (台州市立浙東醫養投資管理有限公司), for a consideration of RMB531,467,000.

During the period ended 30 June 2021, the Company's subsidiary Foshan Chancheng District General Hospital Co., Ltd.* (Chancheng Hospital), Shanghai Foshan Health Technology Co., Ltd.* (Foshan Health Group), Foshan Chanxi Real Estate Development Co., Ltd.* (Foshan Chanxi) and Shanghai Yifan Tiyu Management Co., Ltd.* (Yifan Garden), the Company's related parties, signed the consolidated financial and debt agreement with Foshan Chanxi.

Notes to Interim Condensed Consolidated Financial Information

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18. DISPOSAL OF SUBSIDIARIES (Continued)

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

	RMB'000
Cash consideration	711,120
Cash received	345,693
Cash and bank balance disposed	(108,084)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	237,609

19. COMMITMENTS

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracted, but not provided for:		
Prepaid land lease payments	2,334,273	2,672,447
Lease payments in subsidiaries and associates	834,921	807,635
Lease payments in Financial assets available for sale	498,805	342,798
Advanced, but not recognized:		
Prepaid land lease payments included in right-of-use assets, prepaid land lease payments	3,193,706	4,003,225
	6,861,705	7,826,105

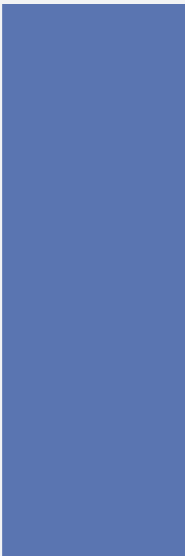
20. RELATED PARTY TRANSACTIONS

(a) Sales of pharmaceutical products and services

	For the six months ended	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sin'ha m G... C., L.d. and i... b. idia ie (... 4 & 6 & 15)	1,809,891	1,395,932
C.Q. Phama ce... ical H lding C., L.d. and i... b. idia ie (... 1 & 4 & 16)	326,501	188,335
Shanghai Lingjian Inf ma j n Techn l g C., L.d. (... 1 & 4)	7,936	4,030
Shanghai F... jian Xing i Ven... e In... e men Pa ne. hi (Limi ed Pa ne. hi) (... 1 & 4)	5,139	
Tianjin F... n Haihe Heal hca e Ind... F... nd Pa ne. hi (Limi ed Pa ne. hi) (... 1 & 4)	2,436	
Ne... F... nie Heal h C... a i n and i... b. idia ie (... 1 & 4 & 6)	2,039	737
F... n Ki e Bi l gical Techn l g, C., L.d. (... 2 & 4)	2,030	14
Jingf... kang Phama ce... ical G... C., L.d. (... 1 & 4)	1,251	1,777
Shanghai L... a F... n Phama ce... ical Science and Techn l g De... el... men L.d. (... 2 & 4)	671	406
Shanghai Di'ai Medical In... men C., L.d. (... 1 & 4)	637	2,555
F... n In e na i nal Limi ed and i... b. idia ie (... 3 & 4 & 10 & 16)	252	98,576
Gland Chemical P... L.d. (... 4 &)	148	4,315
Shanghai F... n P... blic Welfa e F... nda i n (... 4 &)	40	84,471
Shanghai Xjngmai Inf ma i n Techn l g C., L.d. (... 1 & 4)	26	13
T... ngde E... i In... e men and Managemen (Shanghai) C., L.d. (... 4 & 7)	19	16
In... i... e S... gical... F... n Medical Techn l g (Shanghai) C., L.d. (... 1 & 4)	6	68,855
Shanghai F... n B... nd P... e C., L.d. (... 4 &)	6	16
F... n Uni ed Heal h In... ance c., L.d. (... 4 &)	4	42
S... a Kid... Child en'. H... jial Shanghai (... 1 & 4)	3	3
In... i... e S... gical... F... n (H... ng K... ng) C., L.d. (... 1 & 4)	—	92,686
Zhejiang Di'an Diagn... ic C., L.d. and i... b. idia ie (... 4 &)	—	7,036
Shanghai Xing a... Medical Techn l g De... el... men C., L.d. (... 2 & 4 & 17)	—	1,612
Salada Bi... medical, Inc. (... 1 & 4)	—	1,262
	2,159,035	1,952,689

20. RELATED PARTY TRANSACTIONS (Continued)

(b) Purchase of pharmaceutical products and services (For the six months ended 30 June 2021)



20. RELATED PARTY TRANSACTIONS (Continued)

(c) Leasing and property management services (Continued)

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
As lessee		
Fosun International Limited and subsidiaries (Notes 3 & 5 & 13 & 16)	5,242	2,952
Dhananja Properties LLP (Notes 5 &)	114	117
Saikala Properties LLP (Notes 5 &)	41	43
	5,397	3,112

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Property management services		
Fosun International Limited and subsidiaries (Notes 3 & 5 & 14 & 16)	6,818	6,904

(d) Loans from/to a related parties

The Company entered into a financial service agreement with Fosun Group Finance Company Limited (Fosun Finance), through which Fosun Finance shall provide financial services to the Company and subsidiaries, including deposits, credit services, lending services and the financial services as a regulated by the China Banking Regulatory Commission from 1 January 2020, and ended 31 December 2022. The maximum daily outstanding balance of deposits placed by the Group with Fosun Finance is RMB1,000,000,000. The maximum daily outstanding balance of loans granted by Fosun Finance to the Group is RMB1,000,000,000.

	30 June		31 December 2020
	2021 RMB'000 (Unaudited)	RMB'000 (Audited)	
Deposits in Fosun Finance			
Fosun Finance (Notes 3 & 16)	965,024	447,750	

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20. RELATED PARTY TRANSACTIONS (Continued)

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
A loan from a related party		
Fujian Finance (Notes 3 & 16)	73,450	59,300
<p>Fujian Industrial Company Limited (Fujian Industrial) offered Naifei Software (Fujian) Limited a one-year loan of RMB5,814,000 at a rate of 3%.</p> <p>Shanghai Fujian Pharmaceutical Industrial Development Company Limited offered Fujian Key Biological Technology Company Limited a five-year loan of RMB188,840,000 at a rate of 10% higher than the benchmark lending rate of the same period.</p> <p>Shanghai Fujian Health Technology (Group) Company Limited offered SAKID Children's Hospital Shanghai a short-term loan of RMB3,400,000 at a rate of 3.85%.</p> <p>Shanghai Fujian Children's Hospital Management Company Limited offered SAKID Children's Hospital Shanghai a short-term loan of RMB4,291,000 at a rate of the benchmark lending rate of the same period.</p>		

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Loans to related parties		
Naifei Software (Fujian) Limited (Note 1)	5,814	7,830
Fujian Key Biological Technology Company Limited (Note 2)	188,840	188,840
SAKID Children's Hospital Shanghai (Note 1)	7,691	
	202,345	196,670

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

	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest income		
Fujian Key Biological Technology Company Limited (Note 2)	4,678	4,706
Fujian Finance (Notes 3 & 16)	4,560	3,358
SAKID Children's Hospital Shanghai (Note 1)	182	
Naifei Software (Fujian) Limited (Note 1)	112	160
	9,532	8,224

20. RELATED PARTY TRANSACTIONS (Continued)

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

The interest rate of deposits in Foshun Finance is made reference to the benchmark interest rate and the market interest rate. The annual interest rate of demand deposits is 0.35% (for the month ended 30 June 2020: 0.35%), the 6-month time deposit interest rate is 1.89% (for the month ended 30 June 2020: 1.89%), the agreed deposit interest rate is 1.15% (for the month ended 30 June 2020: 1.15%), and the fixed deposit interest rate is 1.55% - 1.755% (for the month ended 30 June 2020: 1.55% - 3.85%).

Interest expense	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Foshun Finance (Notes 3 & 16)	1,432	1,058

- (1) The associate of the Group.
- (2) The joint venture of the Group.
- (3) The subsidiary of Foshun Ine n a i n a l L i m i t e d , t h e i n t e r m e d i a t e h o l d i n g c o m p a n y o f t h e G r o u p .
- (4) The sale and purchase of the undertaken commercial emulations have effected / be effected directly / indirectly in the daily course of business of the related companies.
- (5) The fee for the leasing and the management service received from the related companies are determined based on the available market price for the related companies.
- (6) The subsidiary of the associate of the Group.
- (7) The subsidiary of joint venture of the Group.
- (8) The related party of the Group.
- (9) In April 2021, the Company's subsidiary Chancheng Hospital, Foshun Health Group, Foshan Chanxi and Yifan Garden signed the contract of equity and debt transfer of Foshan Chanxi. It is agreed that Chancheng Hospital and Foshun Health Group have acquired 100% equity of Foshan Chanxi and completed the registration. Yifan Garden, subsidiary of Foshun Ine n a i n a l L i m i t e d , F o s h u n G a d i R e a l E s t a t e M a n a g e m e n t C o . , L t d . , e f f e c t e d o n t h e 18. D i c e m b e r s u b s i d i a r y .
- (10) During the period, the Group effected Foshun Ine n a i n a l L i m i t e d a n d i t s s u b s i d i a r y i n h o u s e a n d t h e s e r v i c e a s m a k e r s . T h e F o s h u n I n e n a i n a l L i m i t e d a n d i t s s u b s i d i a r y i n c l u d e S h a n g h a i F o s h u n H i g h T e c h (G r o u p) C o . , L t d . , S h a n g h a i G a d i R e a l E s t a t e M a n a g e m e n t C o . , L t d . , B e i j i n g G a d i R e a l E s t a t e M a n a g e m e n t C o . , L t d . , S h a n g h a i Y i n j i I n f o r m a t i o n T e c h n o l o g y C o . , L t d . , S h a n g h a i P i n g ' a n I n t e r m e n M a n a g e m e n t C o . , L t d . , S h a n g h a i F o s h u n Z h i j i a n I n f o r m a t i o n T e c h n o l o g y C o . , L t d . , S h a n g h a i F o s h u n V e n t u r e C a p i t a l M a n a g e m e n t C o . , L t d . , S h a n g h a i F o s h u n T e c h n o l o g y M a n a g e m e n t C o . , L t d . , S h a n g h a i X i n g c h a n g H e a l t h T e c h n o l o g y C o . , L t d . , S h a n g h a i F o s h u n C h a n g f a n g I n t e r m e n M a n a g e m e n t C o . , L t d . , S h a n g h a i X i n g i H e a l t h M a n a g e m e n t C o . , L t d . , S h a n g h a i H e n g I n t e r n a t i o n a l B e n e f i t C o o p e r a t i v e I n t e r i g a i n M a n a g e m e n t C o . , S h a n g h a i A i k o I n f o r m a t i o n T e c h n o l o g y C o . , L t d . , Z h a n g i n g b a (S h a n g h a i) N e t w o r k T e c h n o l o g y C o . , L t d . , F o s h u n I n d u s t r i a l I n t e r m e n C o . , L t d . , S h a n g h a i X i n g i a n m a n a g e m e n t C o n s u l t i n g C o . , L t d . , G l o b a l T a d e S . A . , L t d . a n d
- (11) During the period, the Group received directly and indirectly from Foshun Ine n a i n a l L i m i t e d a n d i t s s u b s i d i a r y a s m a k e r s . T h e F o s h u n I n e n a i n a l L i m i t e d a n d i t s s u b s i d i a r y i n c l u d e F o s h u n H i g h T e c h (G r o u p) C o . , L t d . , S h a n g h a i Y i n j i I n f o r m a t i o n C o . , L t d . , Z h e j i a n g H e i C o m e i c C o . , L t d . , H a i n a n F o s h u n T a d i n g C o . , L t d . , S h a n g h a i X i n g i H e a l t h M a n a g e m e n t C o . , L t d . , S h a n g h a i G a d i R e a l E s t a t e M a n a g e m e n t C o . , L t d . , a n d S h a n g h a i Y i l i a n E n e r g y M a n a g e m e n t C o . , L t d .

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

20. RELATED PARTY TRANSACTIONS (Continued)

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

- (12) During the period, the Group leased the office building from the Foshan Ine na i nal Limi ed and i . b idia ie . The Foshan Ine na i nal Limi ed and i . b idia ie i ncl de Foshan High Tech (Grou p) C ., L d., Shanghai Ping'ao Ine men Managemen C ., L d., Shanghai Foshan Zhijian Inf ma i n Techn I g C ., L d., Liang He C edi Ine i ga i n Managemen C ., L d. and Shanghai Zhongkang Inf ma i n Techn I g C ., L d.
- (13) During the period, the Group leased office building from the Foshan Ine na i nal Limi ed and i . b idia ie . The Foshan Ine na i nal Limi ed and i . b idia ie i ncl de Shanghai Neishi'ao Ine men and Managemen C ., L d. and Changfeng Finance Leasing C ., L d.
- (14) During the period, the Group received management service from the Foshan Ine na i nal Limi ed and i . b idia ie . The Foshan Ine na i nal Limi ed and i . b idia ie i ncl de Shanghai Gaodi Real Estate Managemen C ., L d. and Beijing Gaodi Real Estate Managemen C ., L d.
- (15) Sinham Group C ., L d. i a maj i b idia f Sinham Industrial Ine men C ., L d., an a . cia e f he Grou p .
- (16) The related party transaction is connected transaction concerning connected transaction as defined in Chapter 14A of the Listing Rules. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the respective transaction.
- (17) Shanghai Xingao Medical Technology Development C ., L d. a acq i ed b he Grou p i n 19 March 2020, and became a i b idia f he C m an .

(f) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Performance related bonus	49,724	50,051
Salary, allowance and benefits in kind	17,451	15,410
Pension scheme contribution	526	243
	67,701	65,704

(g) Guarantees

	Guarantee amount	Start date	End date	Fulfilled or not
Foshan Ine na i nal C ., L d.	108,952,000	2021/6/22	2021/12/2	N
Foshan Ine na i nal C ., L d.	43,606,000	2021/6/17	2021/12/2	N

For the period ended 30 June 2021, Foshan Ine na i nal C ., L d. and the group obtained a loan from bank in a secured manner. The related party Foshan medical holding AB.

20. RELATED PARTY TRANSACTIONS (Continued)

(h) Donations

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Fosun Charity Fund	8,708	17,959

For the six months ended 30 June 2021, the Group had donated RMB8,708,000 (for the six months ended 30 June 2020: RMB17,959,000) to the charity Fosun Charity Fund.

(i) Outstanding balances with related parties:

- (i) As at 30 June 2021, the Group had a balance due from the media holding company and its subsidiaries of RMB1,832,622,000 (31 December 2020: RMB453,466,000). The balance is evidenced, in evidence and had no fixed elements, except for in Fosun Finance.
- (ii) As at 30 June 2021, the Group had a balance due from i. a. cia ec manie and hei subsidiaries of RMB1,007,723,000 (31 December 2020: RMB999,726,000). The balance is evidenced, in evidence and had no fixed elements, except for Lanffeed Na'e. S'n hine (Fa Ea) Limited and Sa Kid Children's Hospital Shanghai.
- (iii) As at 30 June 2021, the balance due from i. j in _en'e and hei subsidiaries of RMB195,567,000 (31 December 2020: RMB192,914,000) is evidenced, in evidence and had no fixed elements, except for Lanffeed Fosun Ka e.
- (iv) As at 30 June 2021, the balance due from the related company of RMB4,041,000 (31 December 2020: RMB2,570,000) is evidenced, in evidence and is payable on demand.
- (v) As at 30 June 2021, the Group had a balance due from the media holding company and its subsidiaries of RMB186,447,000 (31 December 2020: RMB132,698,000). The balance is evidenced, in evidence and had no fixed elements, except for borrowing from Fosun Finance.
- (vi) As at 30 June 2021, the balance due from i. a. cia ec manie and hei subsidiaries included an amount of RMB235,923,000 (31 December 2020: RMB300,538,000) which is evidenced, in evidence and had no fixed elements.
- (vii) As at 30 June 2021, the balance due from i. j in _en'e and hei subsidiaries included an amount of RMB9,439,000 (31 December 2020: RMB9,446,000) which is evidenced, in evidence and had no fixed elements.
- (viii) As at 30 June 2021, the balance due from the related company included an amount of RMB139,000 (31 December 2020: RMB10,563,000) which is evidenced, in evidence and had no fixed elements, except for lease liabilities.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

20. RELATED PARTY TRANSACTIONS (Continued)

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

(i) Certain liabilities of the Group entered into arrangements with related parties. The settlement of these liabilities may be made by the related parties on behalf of the Group.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, together with the carrying amounts, have been determined as follows:

	Carrying amounts		Fair values	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Financial Assets:				
Equity instruments designated at fair value through the comprehensive income	6,243	1,043	6,243	1,043
Derivative financial assets through the comprehensive income	472,998	628,881	472,998	628,881
Financial assets at fair value through profit or loss	4,726,982	3,430,865	4,726,982	3,430,865
Other non-derivative assets	294,076	188,840	297,354	188,840
	5,500,299	4,249,629	5,503,577	4,249,629
Financial liabilities:				
Non-derivative financial liabilities-bearing bank	6,674,021	7,145,884	6,694,426	7,172,117
Other borrowings (including related parties)	5,227,887	6,620,107	5,195,438	6,673,003
Financial liabilities included in the long-term liabilities	248,335	241,773	248,335	241,773
Other payable and accruals	71,200	73,503	71,200	73,503
	12,221,443	14,081,267	12,209,399	14,160,396

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

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

The fair value of the financial assets and liabilities are included at the amount at which they are reported in the financial statements. The following methods and assumptions are used to estimate the fair value of the financial assets and liabilities measured at fair value:

The fair value of the non-current receivables from bank and the borrowings have been calculated by discounting the expected cash flows using a rate that is available for instruments with similar terms, credit risk and remaining maturity. The Group's non-current receivables from bank and the borrowings at 30 June 2021 are considered to be insignificant.

The fair value of listed securities is determined by the closing bid price and listed price in the market. The fair value of listed securities in the market which have been estimated based on a minimum has been determined by the bid price and discount factor, if available. The fair value of unlisted securities in the market has been determined in an active market as determined by using valuation techniques. The Directors believe that the estimated fair value reflecting the market valuation techniques, which are recorded in the consolidated statement of financial position, and the related change in fair value, which are recorded in the consolidated income statement, are reasonable, and have been determined as a result of the ending period.

Belonging to the significant non-observable inputs in the valuation of financial instruments at 30 June 2021:

Unobservable inputs for Level 3 assets

The financial assets measured at fair value held by the Group which are classified in Level 3 include unlisted securities in the market determined in an active market.

The fair value of the unlisted securities in the market is based on valuation techniques for which the inputs have significant unobservable measurement inputs. For unlisted securities in the market, the Group adopted the valuation techniques to determine the fair value. Valuation techniques include adjusted cash flow analysis, the market comparison approach, etc. The fair value measurement of the financial instruments mainly determined in the market price book, price earnings ratio, liquidity discount, etc. Fair value change reflecting the change in the non-observable inputs is not significant. The Finance Department periodically reviews all significant non-observable inputs and valuation adjustments made to the fair value of financial instruments in Level 3.

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

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

Unobservable inputs for Level 3 liabilities

Significant unobservable inputs in the measurement of the liability are the discount rate and the credit risk adjustment. The liability is included in the available and accrual and the long-term liability of RMB71,200,000 (31 December 2020: RMB73,503,000) in EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the year ended 30 June 2021.

Fair value hierarchy

The following table shows the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

30 June 2021 (continued)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	3,017,461	206,237	1,503,284	4,726,982
Equity instruments designated at fair value through the comprehensive income	—	6,243	—	6,243
Debt instruments at fair value through the comprehensive income	—	472,998	—	472,998
	3,017,461	685,478	1,503,284	5,206,223

31 December 2020 (continued)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	1,215,451	701,386	1,514,028	3,430,865
Equity instruments designated at fair value through the comprehensive income	—	1,043	—	1,043
Debt instruments at fair value through the comprehensive income	—	628,881	—	628,881
	1,215,451	1,331,310	1,514,028	4,060,789

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

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The measurement in fair value measured in Level 3 of the fair value hierarchy:

Continued from page 30 June 2021

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

The measurement in fair value measured in Level 3 of the fair value hierarchy:

Continued from page 30 June 2020

	Financial assets at fair value through profit and loss RMB'000 (Unaudited)	Equity investments Designated at fair value through other comprehensive income RMB'000 (Unaudited)
As at 1 January 2020	1,825,724	53,246
Total gain recognised in the statement of financial results included in the gain	118,774	—
Total gain recognised in the comprehensive income	—	6,284
Addition	68,397	—
Disposal	(321,675)	—
Exchange alignment	2,787	—
As at 30 June 2020	1,694,007	59,530

During the period, the fair value measured of financial assets at fair value through profit and loss held by the Group in the carrying amount of RMB354,697,000 were transferred from Level 2 to Level 1 (in million ended 30 June 2020: Nil) due to the fact that the investee companies were listed and have a quoted market value. And the transferred amount of Level 3 financial assets (in million ended 30 June 2020: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2021

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

Fair value hierarchy (Continued)

Liabilities measured at fair value:

30 June 2021 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active Markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Amount included in the table and accounted	—	—	71,200	71,200

31 December 2020 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active Markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Amount included in the table and accounted			73,503	73,503

The movement in fair value measurement in Level 3 during the period are as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
At 1 January	73,503	2,818,244
Loss recognized in the P&L	(2,303)	
Addition	—	35,026
Settlement	—	(209,286)
At 30 June	71,200	2,643,984

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 of financial liabilities (in million) ended 30 June 2020: Nil).

22. CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, the Group did not have any contingent liabilities.

23. EVENTS AFTER THE REPORTING PERIOD

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

The bondholders of 18 Fosun Pharma 01- registered, sold back of all of the holding of 18 Fosun Pharma 01- during the period from 19 July 2021 to 23 July 2021. The sold back price at the average of the bond at RMB100 each. According to the notice of the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on the sold back of the bond, 974,999 lots of 18 Fosun Pharma 01- (bond code: 143422) were registered to be sold back during the sold back period, which were amounted to RMB974,999,000. The coupon rate of the bond is adjusted to 3.50% and the maturity date is 12 August, 2023. The remaining of 18 Fosun Pharma 01- were transferred to the issuing bank and the corresponding contingent liability at 30 June 2021 in the issuing bank and the corresponding contingent liability at the date of the financial statements.

Placing of new shares of Sisram Medical Ltd

A total of 24,000,000 new shares (Placing Shares) of Sisram Medical Ltd, a subsidiary of the Company, have been placed on the mainland. The Company's holding decreased from 74.76% to 70.91% as a result of the placing of the Shares.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorized by the Board of Directors on 23 August, 2021.

Definitions

- In this interim financial statement, unless the context clearly indicates otherwise, the following definitions shall have the meaning ascribed below.
- % – Percentage
 - A Share(s) – A 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
 - A Shareholder(s) – A shareholder(s) of the Company
 - Annual General Meeting – The annual general meeting of the Company
 - Article of Association – The articles of association of the Company
 - Auditor – Chartered accountants
 - BI – Business Intelligence
 - BiNTech – BiNTech SE, a company registered in Germany, which is listed on the National Association of Securities Dealers Automated Quotation (Stock Code: BNTX)
 - Board – The Board of Directors
 - Beas – Beas Medical Holding AB, a company registered in Sweden, and a subsidiary of the Company
 - BSE – BSE Limited, an Indian stock exchange located in Mumbai
 - CG Code – The Code of Governance Code and the Code of Governance Recommendations contained in Appendix 14 to the Hong Kong Listing Rules
 - cGMP – Good Manufacturing Practice
 - Chongqing Xingxing Medical Company Limited – Chongqing Xingxing Medical Company Limited* (重慶星榮醫美醫院管理有限公司), a subsidiary of the Company
 - CMO – Contract Manufacturing Organization
 - Company – Shanghai Fuxing Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
 - controlling shareholder(s) – Having the meaning given in the Hong Kong Listing Rules and in the context of the Company, mean Mr. Guo Guangchang, Wang Qunbin, Fuxin International Holding, Fuxin Holding, Fuxin International and Fuxin High Tech

Definitions

➤ CSRC–	China Securities Regulatory Commission* (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities market
➤ Di ec ()–	di ec () f C m an
➤ DTP–	Di ec Pa ien
➤ EU–	E u r o p e a n U n i o n
➤ Fa ea Ca ing –	Fa -Ea e n Ca ing C ., L d.* (遠東腸衣食品有限公司)
➤ F . han Chancheng H . i al–	F . han F . n Chancheng H . i al Limi ed* (佛山復星禪誠醫院有限公司), f me l kn n a F . han Chancheng Cen al H . i al C m an Limi ed* (佛山市禪城區中心醫院有限公司), a f - fi medical in i i n e abli hed i h he a _ al f he P / la i n, Heal h and D / g Admi n i a i n f Chancheng Di ic, F . han (佛山市禪城區人口和衛生藥品監督管理局), a . b idia f he C m an
➤ F . han Chan i –	F . han Chan i Real E a e De el men C ., L d.* (佛山禪曦房地產開發有限公司)
➤ F . hi n Medical–	Shanghai F . hi n Medical S . em C ., L d.* (上海復星醫療系統有限公司), a . b idia f he C m an
➤ F . n Heal hca e–	Shanghai F . n Heal h Techn l g (G) C ., L d.* (上海復星健康科技(集團)有限公司), f me l kn n a Shanghai F . n Heal hca e (G) C ., L d.* (上海復星醫療(集團)有限公司), a . b idia f he C m an
➤ F . n High Tech–	Shanghai F . n High Techn l g (G) C m an Limi ed* (上海復星高科技(集團)有限公司), a di ec h ll - ned . b idia f F . n In e na i nal and a c n lling . ha eh lde f he C m an . F . n High Tech i a c n nec ed e . n nde R / le 14A.07(1) f he H ng K ng Li ng R / le
➤ F . n H lding –	F . n H lding Limi ed (復星控股有限公司), a di ec h ll - ned . b idia f F . n In e na i nal H lding and a c n lling . ha eh lde f he C m an
➤ F . n In e na i nal H lding –	F . n In e na i nal H lding Limi ed (復星國際控股有限公司), hich i held a 85.29% and 14.71% b Me . . G / G angchang and Wang Q / nbin a a he end f he Re i ng Pe id, e ec i el, and a c n lling . ha eh lde f he C m an
➤ F . n In e na i nal–	F . n In e na i nal Limi ed (復星國際有限公司), an indi ec . b idia f F . n In e na i nal H lding and a c n lling . ha eh lde f he C m an , hich i li ed n he H ng K ng S ck E change (S ck C de: 00656)
➤ F . n Ki e–	F . n Ki e Bi l gical Techn l g C ., L d.* (復星凱特生物科技有限公司), a j in _ en e f he C m an
➤ F . n Pha mace i cal Ind . i al–	Shanghai F . n Pha mace i cal Ind . i al De el men C m an Limi ed* (上海復星醫藥產業發展有限公司), a . b idia f he C m an

➤ Gland Pharma Share Option Incentive Scheme–	The share option incentive scheme adopted by Gland Pharma, the adoption of which was approved by the Shareholders, at the Annual General Meeting held on 25 June 2019 and the Shareholders of F.F. International at its annual general meeting held on 5 June 2019
➤ Gland Pharma–	Gland Pharma Limited, a company registered in India and a subsidiary of the Company, which is listed on the BSE and NSE (Stock Code: GLAND)
➤ GMP–	Good Manufacturing Practice
➤ GMP–	The Company and its subsidiaries (the Company and its subsidiaries, collectively)
➤ H Share(s)–	Unredeemed 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.
➤ H Shareholder(s)–	holder(s) of H Share
➤ HKFRS–	the Hong Kong Financial Reporting Standards
➤ Hong Kong dollar.– HK\$–	Hong Kong dollar, the legal tender of Hong Kong
➤ Hong Kong Listing Rule–	the Listing Rules governing the Listing of Securities on the Hong Kong Stock Exchange
➤ Hong Kong Stock Exchange–	The Stock Exchange of Hong Kong Limited
➤ Hong Kong–	the Hong Kong Special Administrative Region of the PRC
➤ INR–	Rupee, the legal tender of India
➤ Innovative F.F. in HK–	Innovative Surgical-F.F. (Hong Kong) Co., Limited, a company registered in Hong Kong and an associate of the Company
➤ Innovative F.F. in Shanghai–	Innovative Surgical-F.F. Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associate company of the Company
➤ Innovative F.F. in–	Innovative F.F. in HK and Innovative F.F. in Shanghai
➤ Jaan–	Jaan
➤ Jinhua Ahong–	Jinhua Ahong Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司), a subsidiary of the Company
➤ Kelin Huidai–	Shanghai Kelin International Freight Forwarding Co., Ltd.* (上海科麟國際貨運代理有限公司), de registered on 26 March 2021

Definitions

- Ki e Pha ma– KP EU C.V., a c m an egi e ed in he Ne he land
- LIMS– Lab a Inf ma i n Managemen S. em
- Maca – he Maca S ecial Admini a i e Regi n f he PRC
- M del C de– he M del C de f Seg i ie Tan aci n b Di ec . f Li ed l. e. e i n A endi 10 he H ng K ng Li ng R le
- NMPA– Na i nal Medical P d . Admini a i n* (中華人民共和國國家藥品監督管理局), he PRC g_ e nmen al a h i e nible f he eg/ la i n f d / g
- NSE– The Na i nal S ck E change f India Limi ed, an Indian . ck e change l ca ed in M / mbai
- R&D– e ea ch and de el men
- Re ing Pe i d– he 6-m n h e i d f m 1 Jan / a 2021 30 / ne 2021
- Re ea ch In i e Pha mace ical– Ch ng ng Re ea ch In i e Pha mace ical C ., L d.* (重慶醫工院製藥有限責任公司), de egi e ed n 1 Feb / a 2021
- RMB– Renminbi, he la f l d enc f he PRC
- SFO– he Seg i ie and F / e O dinance (Cha e 571 f he La . f H ng K ng), a amended, f lemen ed he i e m dified f m ime ime
- Shanghai B i a– Shanghai B i a Medical E i men C ., L d.* (上海博億雅醫療器械有限責任公司), de egi e ed n 27 A il 2021
- Shanghai Heni . – Shanghai Heni . Bi ech, Inc.* (上海復宏漢霖生物技術股份有限公司), a c m an li ed n he H ng K ng S ck E change (S ck c de: 02696) and a. / b idia f he C m an
- Shanghai Lilin– Shanghai Lilin Medical Managemen Pa ne. hi (Limi ed Pa ne. hi)* (上海礪麟醫療管理合夥企業(有限合夥)), de egi e ed n 26 A il 2021
- Shanghai Li ng R le – he S ck Li ng R le f he Shanghai S ck E change* (《上海證券交易所股票上市規則》)
- Shanghai S ck E change– he Shanghai S ck E change* (上海證券交易所)
- Sha eh Ide ()" h Ide () f Sha e
- Sha e – dina . ha e in he ca i al f he C m an i h a n minal_ a / e f RMB1.00 each, c m i ng A Sha e and H Sha e
- Shen ang Tian hengda– Shen ang Tian hengda T ading C m an * (瀋陽天晟達商貿有限公司)

- Shenzhen Xin heng— Shenzhen Xin heng Pharmaceutical Co., Ltd.* (深圳信生藥業有限公司), former known as Guangdong Huiin Pharmaceutical Co., Ltd.* (廣東匯信藥業有限公司), and a subsidiary of the Chairman of the Board of Directors
- Sin ham Industrial— Sin ham Industrial Investment Co., Ltd.* (國藥產業投資有限公司), an associate of the Chairman
- Sin ham— Sin ham Group Co., Ltd.* (國藥控股股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 01099) and a subsidiary of Sin ham Industrial
- Siam Medical— Siam Medical Ltd, a company listed on the Hong Kong Stock Exchange (stock code: 01696) and a subsidiary of the Chairman
- Substantial holding— has the meaning given in the Hong Kong Listing Rules
- Subsidiary— the member of the Subsidiary Committee
- Subsidiary Committee— the Subsidiary Committee of the Chairman
- Suzhou Zhongwu Hospital / Suzhou Cancer Hospital— Suzhou Zhongwu Hospital Co., Ltd.* (宿遷市鐘吾醫院有限責任公司)/Suzhou Cancer Hospital* (宿遷市腫瘤醫院), a subsidiary of the Chairman
- Taizhou Investment— Taizhou Investment Co., Ltd.* (台州市投資有限公司)
- Taizhou Zhongyuan Medical Care Investment Management— Taizhou Zhongyuan Medical Care Investment Management Co., Ltd.* (台州浙東醫養投資管理有限公司)
- The Trust— The Republic of Trust
- U.S.— United States— United States of America, including its territories and possessions, and the District of Columbia
- U.S. FDA— U.S. Food and Drug Administration
- US dollar— US\$— United States dollar, the legal tender of the United States
- Wanbang Cloud Health— Jiangsu Wanbang Cloud Health Technology Co., Ltd.* (江蘇萬邦雲健康科技有限公司), a subsidiary of the Chairman
- 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 Chairman
- Wanbang Tianheng— Shenyang Wanbang Tianheng Biological Technology Co., Ltd.* (瀋陽萬邦天晟生物科技有限公司), a subsidiary of the Chairman
- WHO-PQ— World Health Organization Prequalification
- Written Code— Written Code of Securities Transaction and Related Matters of the Chairman* (《董事/有關僱員進行證券交易的書面指引》)

Definitions

- Wúhàn Jíhé Hóuyuǎn— Wuhan Jihe Hospital Co., Ltd.* (武漢濟和醫院有限公司), a subsidiary of the Company
- Xīngyuǎn Dá— Shanghai Xingyuan Medical Technology Co., Ltd.* (上海星苑達醫療科技有限公司), a subsidiary of the Company and the Registered Provider
- Xúzhōu Xīngchén Fù'ér Hóuyuǎn— Xuzhou Xingchen Women's and Children's Hospital Co., Ltd.* (徐州星晨婦兒醫院有限公司), a subsidiary of the Company
- Yáopha— Chongqing Yaopharmaceutical Company Limited* (重慶藥友製藥有限責任公司), a subsidiary of the Company
- Yù'yuán— Shanghai Yuyuan Travel Retail (Group) Co., Ltd.* (上海豫園旅遊商城(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600655)

In this case, if the relevant entity has been the Chinese name of the entity, a subsidiary, joint venture, or wholly owned subsidiary established in China or a duly incorporated entity in China and the English translation, the Chinese name shall prevail.