FOSUNPHARMA
复星医药

Innovation for good health

上海復星醫藥（集團）股份有限公司
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

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

Stock Code: 02196

INTERIM REPORT 2015

* *For identification purposes only*

Our Vision

To become the first-tier enterprise in the global mainstream pharmaceutical and healthcare market.

Our Mission

Fosun Pharma will continue to strengthen its innovation capability, service quality, integration capabilities and internationalization level through the investment, management and highly efficient operation of outstanding enterprises in the industry, so as to become the leading company in providing health products and services.

Contents

Corporate Information

Directors

Executive Directors
Mr. Chen Qiyu (陳啟宇) *(Chairman)*
Mr. Yao Fang (姚方) *(Vice Chairman, President, Chief Executive Officer)*

Non-executive Directors
Mr. Guo Guangchang (郭廣昌)
Mr. Wang Qunbin (汪群斌)
Mr. Wang Pinliang (王品良)
Ms. Kang Lan (康嵐)
Mr. John Changzheng Ma

Independent Non-executive Directors
Dr. Zhang Weijiong (張維炯)
Mr. Cao Huimin (曹惠民)
Mr. Jiang Xian (江憲)[1]
Dr. Wong Tin Yau Kelvin (黃天祐)[1]
Mr. Han Jiong (韓炯)[2]
Mr. Li Man-kiu Adrian David (李民橋)[3]

Supervisors
Mr. Zhou Wenyue (周文岳) *(Chairman)*
Mr. Cao Genxing (曹根興)
Mr. Guan Yimin (管一民)

Joint Company Secretaries
Mr. Zhou Biao (周飇)
Ms. Lo Yee Har Susan (盧綺霞)

Authorized Representatives
Mr. Chen Qiyu (陳啟宇)
Ms. Lo Yee Har Susan (盧綺霞)

Strategic Committee
Mr. Chen Qiyu (陳啟宇) *(Chairman)*
Mr. Yao Fang (姚方)
Mr. Guo Guangchang (郭廣昌)
Mr. Wang Qunbin (汪群斌)
Dr. Zhang Weijiong (張維炯)

Audit Committee
Mr. Cao Huimin (曹惠民) *(Chairman)*
Mr. Jiang Xian (江憲)[1]
Mr. Wang Pinliang (王品良)
Mr. Han Jiong (韓炯)[2]

Nomination Committee
Mr. Jiang Xian (江憲) *(Chairman)*[1]
Dr. Zhang Weijiong (張維炯)
Ms. Kang Lan (康嵐)
Mr. Han Jiong (韓炯)[2]

Remuneration and Appraisal Committee
Dr. Zhang Weijiong (張維炯) *(Chairman)*
Mr. Cao Huimin (曹惠民)
Ms. Kang Lan (康嵐)
Mr. Chen Qiyu (陳啟宇)
Mr. Jiang Xian (江憲)[1]
Mr. Han Jiong (韓炯)[2]

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Shanghai, 200233, China

Principal Place of Business in Hong Kong
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Legal Advisers in Hong Kong
Morrison & Foerster

Legal Advisers in the PRC
Grandall Law Firm (Shanghai)

Auditors
Ernst & Young

Principal Banks
The Export-Import Bank of China
Industrial and Commercial Bank of China Shanghai Branch
China Merchants Bank Shanghai Jiangwan Sub-branch
Bank of Beijing Shanghai Branch

Stock 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
China Insurance Building
166 East Lujiazui Road
Pudong District
Shanghai, China

H Share Registrar and Transfer Office in Hong Kong
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Company's Website
http://www.fosunpharma.com

1 Appointed on 29 June 2015
2 Retired on 29 June 2015
3 Resigned on 29 June 2015

Financial Highlights

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million (Restated)
Operating results		
Revenue	**5,871**	5,502
Gross profit	**2,942**	2,316
Operating profit	**760**	517
Profit before tax	**1,810**	1,359
Profit for the year attributable to owners of the parent	**1,303**	1,018
Profitability		
Gross margin	**50.11%**	42.09%
Operating profit margin	**12.94%**	9.40%
Net profit margin	**25.82%**	20.94%
Earnings per share		
(RMB)		
Earnings per share — basic	**0.56**	0.45
Earnings per share — diluted	**0.56**	0.45
Assets		
Total assets	**36,289**	35,279
Equity attributable to owners of the parent	**17,436**	16,618
Total liabilities	**16,484**	16,233
Cash and bank balances	**3,325**	3,696
Debt-to-asset ratio	**45.42%**	46.01%
Of which: Pharmaceutical manufacturing and R&D segment		
Revenue	**4,077**	3,360
Gross profit	**2,187**	1,649
Segment results	**602**	480
Segment profit for the year	**613**	501

Management Discussion and Analysis

FINANCIAL REVIEW

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

During the Reporting Period, revenue of the Group amounted to RMB5,871 million, representing an increase of 6.71% as compared to the corresponding period of 2014; excluding the impact of the disposal of three companies, namely Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy under pharmaceutical distribution and retail segment and the new acquisition of Erye Pharmaceutical, the revenue would have increased by 17.51% on the same basis as compared with the corresponding period of 2014.

During the Reporting Period, profit before tax and profit for the period attributable to owners of the parent of the Group were RMB1,810 million and RMB1,303 million, increased by 33.20% and 28.10% as compared to the corresponding period of 2014, respectively.

During the Reporting Period, earnings per share of the Group increased by 24.44% to RMB0.56 as compared to the corresponding period of 2014.

REVENUE

During the Reporting Period, revenue of the Group increased by 6.71% to RMB5,871 million as compared to the corresponding period of 2014; excluding the impact of the disposal of three companies, namely Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy under pharmaceutical distribution and retail segment and the new acquisition of Erye Pharmaceutical, the revenue would have increased by 17.51% on the same basis as compared with the corresponding period of 2014. The change in revenue was mainly due to the growth in revenue from the business segments of manufacturing, distribution of medical devices and healthcare services of the Group.

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group realized revenue of RMB4,077 million, representing an increase of 21.34% as compared to the corresponding period of 2014, segment results of RMB602 million, representing an increase of 25.40% as compared to the corresponding period of 2014 (excluding the contribution of the new acquisition of Erye Pharmaceutical, the segment results would have increased by 16.32% on the same basis as compared with the corresponding period of 2014) and segment profit of RMB613 million, representing an increase of 22.48% as compared to the corresponding period of 2014 (excluding the contribution of the new acquisition of Erye Pharmaceutical, the segment profit would have increased by 14.83% on the same basis as compared with the corresponding period of 2014).

COST OF SALES

During the Reporting Period, cost of sales of the Group decreased by 8.07% to RMB2,929 million from RMB3,187 million for the corresponding period of 2014.

GROSS PROFIT

Based on the above reasons, during the Reporting Period, gross profit of the Group increased by 27.03% to RMB2,942 million from RMB2,316 million for the corresponding period of 2014. The gross margin of the Group for the Reporting Period and the corresponding period of 2014 were 50.11% and 42.09%, respectively.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, selling and distribution expenses of the Group increased by 25.89% to RMB1,281 million from RMB1,017 million for the corresponding period of 2014, which was mainly due to the increase in revenue.

R&D EXPENSES AND R&D EXPENDITURE

During the Reporting Period, R&D expenses of the Group increased by 17.75% to RMB299 million from RMB254 million for the corresponding period of 2014, of which the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing a 19.64% increase from the corresponding period of 2014 and accounting for 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment. The increase was mainly due to the continuous increase in research and development efforts, with the focus on the research and development of generic biopharmaceutical drugs and innovative drugs of the Group.

During the Reporting Period, R&D expenditure of the Group amounted to RMB357 million, accounting for 6.0% of the revenue for the Reporting Period.

SHARE OF PROFITS OF ASSOCIATES

During the Reporting Period, share of profits of associates of the Group increased by 25.70% to RMB626 million from RMB498 million for the corresponding period of 2014, which was mainly due to continuous growth in the operating results of major associates of the Group.

PROFIT FOR THE PERIOD

Due to the above reasons, during the Reporting Period, profit for the period of the Group increased by 31.60% to RMB1,516 million from RMB1,152 million for the corresponding period of 2014. Net profit margins for the period of the Group during the Reporting Period and the corresponding period of 2014 were 25.82% and 20.94%, respectively.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT

During the Reporting Period, profit for the period attributable to owners of the parent of the Group increased by 28.10% to RMB1,303 million from RMB1,018 million for the corresponding period of 2014 mainly due to (1) the steady business growth maintained by the Group; (2) the rapid growth maintained by Sinopharm, an associate of the Company.

DEBT STRUCTURE, LIQUIDITY AND SOURCES OF FUNDS

Total Debts

As at 30 June 2015, total debts of the Group increased to RMB9,073 million from RMB8,796 million as at 31 December 2014 mainly due to the increase in domestic and overseas acquisitions. As at 30 June 2015, mid- to long-term debts of the Group accounted for 34.15% of its total debts as compared to 43.85% as at 31 December 2014. The decrease in proportion of the long-term debts was mainly due to the transfer of medium-term notes of RMB1,600 million expiring on 31 March 2016 from non-current liabilities to current liabilities during the Reporting Period. As at 30 June 2015, cash and bank balances decreased by 10.04% to RMB 3,325 million from RMB 3,696 million as at 31 December 2014.

As at 30 June 2015, the equivalent amount of RMB2,554 million (31 December 2014: RMB2,313 million) out of the total debt of the Group was denominated in foreign currencies, and the remainder was denominated in RMB.

As at 30 June 2015, cash and bank balances of the Group denominated in foreign currencies amounted to RMB436 million (31 December 2014: RMB941 million).

Unit: RMB million

Cash and bank balances denominated in:	30 June 2015	31 December 2014
RMB	2,889	2,755
US dollars	349	835
HK dollars	35	82
Others	52	24
Total	3,325	3,696

Gearing Ratio

As at 30 June 2015, the gearing ratio calculated as total interest-bearing bank and other borrowings over total assets, was 25.00%, as compared with 24.93% as at 31 December 2014.

Interest Rate

As at 30 June 2015, total interest-bearing bank and other borrowings at a floating interest rate amounted to RMB3,050 million (31 December 2014: RMB2,538 million).

As at 30 June 2015, the Group issued the 5-year medium-term notes with an aggregate amount of RMB2,600 million, which bore interest at a floating interest rate.

Maturity Structure of Outstanding Debts

Unit: RMB million

	30 June 2015	31 December 2014
Within 1 year	5,975	4,940
1 to 2 years	1,670	1,676
2 to 5 years	616	2,123
Over 5 years	812	57
Total	9,073	8,796

Available Facilities

As at 30 June 2015, save for cash and bank balances of RMB3,325 million, the Group had unutilized banking facilities of RMB9,881 million in aggregate. The Group has also entered into cooperation agreements with various major banks (the "Banks") in China. According to such agreements, the Banks granted the Group with general banking facilities to support its capital requirements. The utilization of such bank facilities was subject to the approval of individual projects from the Banks in accordance with banking regulations in China. As at 30 June 2015, total available banking facilities under these arrangements were approximately RMB13,728 million in aggregate, of which RMB3,847 million had been utilized. Besides, the Group obtained the approval from the National Association of Financial Market Institutional Investors for issuing short-term commercial papers in tranches with the aggregate principal amount of not more than RMB2,000 million on 31 October 2012, and the balance of short-term bonds payable by the Group was RMB1,000 million on 30 June 2015. Besides, the Group obtained the approval from the National Association of Financial Market Institutional Investors on 26 March 2015 for issuing medium-term notes with the aggregate principal amount of not more than RMB2,000 million within the validity period of two years.

Collateral and Pledged Assets

As at 30 June 2015, the Group had pledged the following for bank borrowings: property, plant and equipment amounting to RMB78 million (31 December 2014: RMB65 million) and prepaid land lease payments amounting to RMB35 million (31 December 2014: RMB35 million). As at 30 June 2015, the Group had pledged the following for bank borrowings: interest in 268,371,532 shares of Guilin Pharma held by the Group (31 December 2014: interest in 268,371,532 shares of Guilin Pharma held by the Group) and 100% equity interest in Sisram Medical Ltd. held by the Group and Magnificent View Investment Limited (31 December 2014: 100% equity interest in Sisram Medical Ltd. held by the Group and Magnificent View Investment Limited). Details of the collateral and pledged assets are set out in note 15 to the financial statements.

Cash Flow

The cash of the Group is mainly used for meeting capital requirements, repaying interest and principals of debts due, paying for purchases and capital expenditures, and funding growth and expansion of facilities and businesses of the Group. The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for the Reporting Period and the corresponding period of 2014.

Unit: RMB million

	January–June 2015	January–June 2014
Net cash flows from operating activities	**677**	404
Net cash flows used in investing activities	**(627)**	(195)
Net cash flows from financing activities	**(201)**	776
Net increase/(decrease) in cash and cash equivalents	**(151)**	985
Cash and cash equivalents at the beginning of the year	**3,010**	2,416
Cash and cash equivalents at the end of the period	**2,855**	3,415

Capital Commitments and Capital Expenditures

During the Reporting Period, capital expenditures of the Group amounted to RMB476 million, which mainly consisted of additions to property, plant and equipment, other intangible assets and prepaid land lease payments, excluding the addition from acquisition of subsidiaries. Details of capital expenditures are set out in note 4 to the financial statements.

As at 30 June 2015, the Group's capital commitments contracted but not provided for and capital commitments authorized but not contracted amounted to RMB1,675 million and RMB84 million, respectively. These were mainly committed for reconstruction and renewal of plant and machinery as well as new investees. Details of capital commitments are set out in note 19 to the financial statements.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any contingent liabilities.

INTEREST COVERAGE

During the Reporting Period, the interest coverage, which is calculated by EBITDA divided by financial costs, was 10.55 times as compared with 9.74 times for 2014. The increase in interest coverage was mainly due to the increase in the Group's EBITDA by 29.16% from RMB1,821 million for 2014 to RMB2,352 million.

RISK MANAGEMENT

Foreign Currency Exposure

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

Interest Rate Exposure

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

BUSINESS REVIEW

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

In 2015, amidst the severe situation of global economic downturn and slowdown of the domestic economic growth, continuous reform of the medical system in the PRC and slowdown of pharmaceutical manufacturing industry growth have brought policy opportunities to the development of medical services. During the Reporting Period, the Group adhered to its business philosophy of "Innovation for Good Health", focused on its core pharmaceutical and healthcare businesses, continued to develop product innovation and improve management, actively promoted the strategies of organic growth, external expansion and integrated development, thereby maintaining the growth of its principal businesses.

During the Reporting Period, the Group realized revenue of RMB5,871 million, representing an increase of 6.71% as compared to the corresponding period of 2014; excluding the impact of the disposal of three companies, namely Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy under pharmaceutical distribution and retail segment and the new acquisition of Erye Pharmaceutical, the revenue would have increased by 17.51% on the same basis as compared with the corresponding period of 2014. Of which, the Group realized revenue of RMB4,077 million in pharmaceutical manufacturing and R&D segment, representing an increase of 21.34% as compared to the corresponding period of 2014. Revenue from healthcare service business amounted to RMB674 million, representing an increase of 22.55% as compared to the corresponding period of 2014. The increase in the revenue of the Group was mainly due to the growth in revenue from the business segments of manufacturing, distribution of medical devices and healthcare services.

During the Reporting Period, the revenue from each segment of the Group was as follows:

Unit: RMB million

Business segment	Revenue for January to June 2015	Revenue for January to June 2014	Year-on-year increase/decrease (%)
Pharmaceutical manufacturing and R&D *(note)*	**4,077**	3,360	21.34
Pharmaceutical distribution and retail	**—**	757	—
Healthcare services	**674**	550	22.55
Manufacturing of medical diagnosis and medical devices	**827**	709	16.64
Distribution of medical diagnosis and medical devices	**283**	118	139.83

Note: Excluding the contribution of the new acquisition of Erye Pharmaceutical, the revenue of pharmaceutical manufacturing and R&D would have increased by 12.56% on the same basis as compared with the corresponding period of 2014.

The Group recorded profit before tax of RMB1,810 million and profit for the year attributable to owners of the parent of RMB1,303 million for January to June 2015, representing an increase of 33.20% and 28.10%, respectively, as compared with that in the consolidated financial statements for the corresponding period of 2014 that has been retrospectively adjusted. The increase in each of the profit before tax and profit for the year attributable to owners of the parent was mainly due to (1) the steady growth maintained by businesses of the Group; (2) the rapid growth maintained by Sinopharm, an associate of the Company.

During the Reporting Period, the Group continued to increase its investments in R&D, and jointly invested in Ambrx Inc., a clinical trial R&D company which focuses on discovery and R&D of innovative and cutting-edge protein medicines, with entities including Wuxi Pharma Tech (Cayman) Inc.. During the Reporting Period, the Group applied for 32 patents, including 3 U.S. patent applications, 3 EPO patent applications, 3 Japanese patent applications and 3 PCT applications, in its pharmaceutical manufacturing and R&D segment. The pharmaceutical manufacturing and R&D segment of the Group obtained 6 licensed patents, including 5 invention patents. In addition, since 2015, the "recombinant human-mouse chimeric anti-CD20 monoclonal antibody injection" for treatment of rheumatoid arthritis indications and the "recombinant humanized anti-HER2 monoclonal antibody" for the treatment of breast cancer indications developed by Shanghai Henlius as well as the recombinant human insulin ingredients of Wanbang Pharma obtained clinical trial approvals (the aforesaid two monoclonal antibody products have obtained three clinical trial approvals in aggregate), and clinical trial for insulin lispro injection fluid has been completed. Besides, the arginie APIs of Hubei Shine Star obtained production approval, and the venlafaxine hydrochloride tablets of Yao Pharma passed the launching approval of FDA. As at the end of the Reporting Period, the Group had 130 pipeline drug, generic drug, generic biopharmaceutical drug and vaccine projects. During the Reporting Period, the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing a 19.64% growth as compared with the corresponding period of 2014 and accounting for 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment.

During the Reporting Period, the Group continued to reinforce its substantially completed strategic deployment of healthcare services segment with high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC. A new complex of Chancheng Hospital (禪城醫院), "Excelsior Tower" (精進樓), was completed and commenced operation, establishing a foundation for creating differentiated healthcare service platform. The project in respect of establishment of a rehabilitation and body-check hospital initiated by Zhongwu Hospital (鐘吾醫院) have further diversified the healthcare service platform of the Group. Furthermore, the establishment of the Taizhou Zanyang Medical Care Project (i.e., Taizhou Zhedong Medical Care and its ancillary hospitals) have commenced, which will proactively explore new healthcare models.

Pharmaceutical Manufacturing and R&D

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group realized revenue of RMB4,077 million, representing an increase of 21.34% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, the revenue would have increased by 12.56% on the same basis as compared with the corresponding period of 2014. In the first half of 2015, the Group's pharmaceutical manufacturing and R&D business realized segment results of RMB602 million, representing an increase of 25.40% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, segment results would have increased by 16.32% on the same basis as compared with the corresponding period of 2014; segment profit was RMB613 million, representing an increase of 22.48% as compared to the corresponding period of 2014; excluding the contribution of the new acquisition of Erye Pharmaceutical, segment profit would have increased by 14.83% on the same basis as compared with the corresponding period of 2014.

During the Reporting Period, the pharmaceutical manufacturing and R&D segment of the Group continued to grow steadily and the development of its professional operational team was further strengthened. In 2015, the sales of the Group's major products in therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary system and anti-tumor maintained rapid growth. Among the new products, the sales of You Di Er (alprostadil dried emulsion), a product in the cardiovascular system therapeutic area, and You Li Tong (febuxostat tablets), a product in the metabolism therapeutic area, had experienced prominent growth.

Revenues of major products of the Group in the major therapeutic areas during the Reporting Period are set out in the following table:

Unit: RMB million

Pharmaceutical manufacturing and R&D	**January to June 2015**	January to June 2014	Year-on-year increase/decrease on the same basis (%)
Major products of cardiovascular system therapeutic area *(note 1)*	**395**	317	24.49
Major products of central nervous system therapeutic area *(note 2)*	**387**	331	16.93
Major products of blood system therapeutic area *(note 3)*	**112**	87	29.29
Major products of metabolism and alimentary system therapeutic area *(note 4)*	**816**	713	14.43
Major products of anti-infection therapeutic area *(note 5)*	**714**	647 *(note 8)*	10.33 *(note 8)*
Major products of anti-tumor therapeutic area *(note 6)*	**127**	88 *(note 8)*	43.69 *(note 8)*
Major products of APIs and intermediate products *(note 7)*	**456**	434	5.19

Note 1: Major products of cardiovascular system therapeutic area include Xin Xian An (meglumine adenosine cyclophosphate for injection), Ke Yuan (calcium dobesilate), Bang Tan (Telmisartan), Bang Zhi (pitavastatin) and You Di Er (alprostadil dried emulsion) and heparin series preparations;

Note 2: Major products of central nervous system therapeutic area include Ao De Jin (deproteinised calf blood injection) and quetiapine fumarate (quetiapine fumarate tablets);

Note 3: Major products of blood system therapeutic area include Bang Ting (hemocoagulase for injection);

Note 4: Major products of metabolism and alimentary system therapeutic area include Atomolan series, Wan Su Ping (glimepiride), animal insulin and its formulation, recombinant human erythropoietin (Yi Bao), compound aloe capsules, Mo Luo Dan and You Li Tong (febuxostat tablets);

Note 5: Major products of anti-infection therapeutic area include anti-tuberculosis series, artesunate series, Xi Chang (cefmetazole sodium) and Shaduolika (potassium sodium dehydroandrographolide succinate), Qiang Shu Xi Lin (Piperacillin Sodium and Sulbactam Sodium 1.5g), Qin Shu (Piperacillin Sodium and Sulbactam Sodium 3g), Gu Shu Xi Lin (Piperacillin Sodium and Tazobactam Sodium) and Er Ye Bi (Ceftizoxime Sodium);

Note 6: Major products of anti-tumor therapeutic area include Xihuang capsules, pemetrexed disodium and Zhao Hui Xian (bicalutamide);

Note 7: Major products of APIs and intermediate products include amino acid, tranexamic acid and clindamycin hydrochloride;

Note 8: Figures for January to June 2014 were restated by categories against those of January to June 2015 and figures for January to June 2014 included figures of new products for the same period.

The Group has placed great emphasis on quality and risk management of the life cycle of its products and implemented stringent quality and safety control mechanisms and adverse drug reaction monitoring mechanisms at each stage of the production chain from R&D to pulling off shelf of products, so as to ensure the R&D, registration, production, sales, pulling off shelf and recall of pharmaceutical products are conducted safely and properly. The Group's pharmaceutical manufacturing segment fully implemented the concept of quality and risk management and focused on quality control mechanisms such as annual quality review, change management, Corrective and Preventive Actions (CAPA) deviation management, out-of-specification (OOS) investigation and audit on suppliers. The Group's pharmaceutical manufacturing segment continued to push forward qualification certifications, ensure fulfillment of the new GMP in China, push forward international Current Good Manufacturing Practice (cGMP) certifications such as the U.S., European Union and World Health Organization (WHO), and encourage voluntary adoption of international standards such as the European Directorate for the Quality of Medicines (EDQM), the United States Pharmacopeia (USP) and International Pharmacopeia (InP) in the production processes. As at the end of the Reporting Period, 13 APIs of the Group received certifications from the U.S. FDA, EU Certification, Ministry of Health, Labour and Welfare of Japan, Federal Ministry of Health of Germany. 1 production line for oral solid dosage formulation, 4 production lines for injection and 2 production lines for APIs of Guilin Pharma also obtained PreQualification from the World Health Organization (WHO-PQ), and 1 production line of oral solid dosage formulation of Yao Pharma was recognized by the Canada FDA and the U.S. FDA.

The Group has focused on innovation and R&D in long run and continued to increase investment in R&D. During the Reporting Period, the capitalised R&D expenditures were RMB299 million, increased by 17.75% as compared to the corresponding period of 2014, of which the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment. During the Reporting Period, the Group continued to optimize its pharmaceutical R&D system that integrates imitation and innovation, increased investment in the "4+1" R&D Platform, improved its innovation system, enhanced R&D capabilities, launched new products, and strengthened the core competitiveness of the Group. The Group owned national-level enterprise technical centers and established highly-efficient international R&D teams in Shanghai, Chongqing, San Francisco and Taiwan. In order to leverage its competitive strengths, the Group focused its R&D on therapeutic areas including metabolism and alimentary system, cardiovascular system, central nervous system, anti-tumor and immune modulating and anti-infection, and the major products have gained leading position in their respective market segments.

As at the end of the Reporting Period, the Group had 130 pipeline drugs, generic drugs, generic biopharmaceutical drugs and vaccine projects; among which, the Group has tendered applications for clinical trial to China Food and Drug Administration for recombinant anti-VEGF monoclonal antibody, 2 generic biopharmaceutical drugs of recombinant human-mouse chimeric anti-EGFR monoclonal antibody, 1 type 1.1 innovative drug FC-110 project and 5 domestically unlaunched type 3.1 new drugs, obtained approval of clinical trial for 2 monoclonal antibody generic biopharmaceutical drugs (rituximab biosimilars and trastuzumab biosimilars) and recombinant human insulin ingredients, and completed clinical trial for insulin lispro injection fluid. In addition, during the Reporting Period, the arginie APIs of Hubei Shine Star obtained production approval and the venlafaxine hydrochloride tablets of Yao Pharma passed the launching approval of FDA. During the Reporting Period, the Group applied for a total of 32 patents, including 3 U.S. patent applications, 3 EPO patent applications, 3 Japanese patent applications and 3 PCT applications, in its pharmaceutical manufacturing segment. The Group obtained 6 licensed patents, including 5 invention patents.

Meanwhile, the Group creatively integrated domestic resources and continued to enhance its R&D capabilities. The Group created an innovative Chinese medicine R&D platform and established "Fosun Pharmaceutical Innovation Fund on Chinese Medicine Technology" (復星醫藥中藥科技創新基金) in Shanghai University of Traditional Chinese Medicine to formulate an innovative Chinese medicine R&D platform under the cooperation between schools and enterprises, and also entered into a strategic cooperation framework agreement with Shanghai Institute of Materia Medica to formulate cooperation among production, academic and research parties in a bid to accelerate the pace of putting technological results into practice.

Pharmaceutical Distribution and Retail

In the beginning of 2015, the Group and Sinopharm have completed the integration of drug distribution and retail business as well as the optimization of resource allocation among Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy. In addition, the Group attempted to explore a new business model via the cooperation with Guahao.com Limited (掛號網).

During the Reporting Period, Sinopharm, an associate of the Group, put continuous efforts in accelerating industry consolidation, expanding distribution network of pharmaceutical products and maintaining rapid growth in business. In the first half of 2015, Sinopharm realized operating income of RMB111,057 million, net profit of RMB2,889 million and net profits attributable to shareholders of the parent of RMB1,914 million, which represented an increase of 17.11%, 25.15% and 30.60% as compared to the corresponding period of 2014, respectively. As at the end of the Reporting Period, the distribution network of Sinopharm covered 31 provinces, autonomous regions and municipalities in China. Its direct customers included 12,850 hospitals (only referring to hospitals with ranking, including 1,752 of the tier-three hospitals, which are the largest and most highly-ranked hospitals). During the Reporting Period, Sinopharm's revenue from pharmaceutical distribution business increased by 16.38% as compared to the corresponding period of 2014 to RMB105,414 million. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB4,102 million realized during the Reporting Period, representing an increase of 46.58% as compared to the corresponding period of 2014, while its pharmaceutical retail network further expanded with retail pharmacies owned by GuoDa Drug Store, its subsidiary, amounted to 2,932 as at the end of the Reporting Period.

Healthcare Services

In 2015, the Group, based on its substantially completed deployment of its healthcare services business integrating high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC, further strengthened the operating capabilities and profitability of the Group. During the Reporting Period, a new complex of Chancheng Hospital (禪城醫院), "Excelsior Tower" (精進樓), was completed and commenced operation, establishing a foundation for creating the differentiated healthcare service platform. The establishment of a rehabilitation and body-check hospital initiated by Zhongwu Hospital (鐘吾醫院) have further diversified the healthcare service platform of the Group. The establishment of the Taizhou Zanyang Healthcare and Rehabilitation Project (台州市贊揚醫養項目) (i.e., Taizhou Zhedong Medical Care and its ancillary hospitals) have been initiated for exploration of new healthcare models. During the Reporting Period, the healthcare services entities controlled by the Group realized total revenue of RMB674 million, representing an increase of 22.55% as compared to the corresponding period of 2014, segment results of RMB116 million, representing an increase of 38.51% as compared to the corresponding period of 2014, and segment profit of RMB67 million, representing an increase of 17.79% as compared to the corresponding period of 2014. In 2015, Chancheng Hospital (禪城醫院) realized revenue of RMB467 million, representing an increase of 29.01% as compared to the corresponding period of 2014. As at the end of the Reporting Period, the total number of beds available for the public in Chancheng Hospital (禪城醫院), Jimin Cancer Hospital (濟民腫瘤醫院), Guangji Hospital (廣濟醫院) and Zhongwu Hospital (鐘吾醫院), controlled by the Group, was 2,770.

In addition, during the Reporting Period, the Group actively supported and facilitated the development and deployment of hospital and clinic network under "United Family Hospital", a leading premium healthcare services brand under Chindex. In the first half of 2015, the United Family Hospital maintained its brand awareness and prominent positions in high-end healthcare segment in major cities such as Beijing and Shanghai. Qingdao United Family Hospital commenced its operation during the Reporting Period, and the construction of Guangzhou United Family Hospital was at full steam.

While devoting itself to the domestic healthcare services industry, the Group also paid close attention to exploring new service models in healthcare services segment of the overseas mainstream market. In the first half of 2015, the Group invested in approximately 30% equity interest of Sovereign Medical Services, Inc., a day surgery centre in the United States, for further studies for exemplars and implementation of new healthcare services model in the PRC market in the future.

Medical Diagnosis and Medical Devices

In respect of the medical devices segment, during the Reporting Period, the Group actively fostered the business development of Alma Lasers and enhanced the expansion of the distribution business of CML, in particular, the volume of surgery by Da Vinci surgical robotic system experienced a significant increase in the first half of 2015. In 2015, Alma Lasers accelerated in developing the international market and especially key emerging markets such as China and India and recorded revenue of RMB331 million for the first half of 2015, representing an increase of 12.17% as compared to the corresponding period of 2014. Alma Lasers also strengthened its new product portfolio, in particular, by increasing R&D of medical devices and extending its production line into the clinical treatment area.

During the Reporting Period, the Group realized revenue of RMB827 million from the manufacturing of medical diagnosis and medical devices segment, representing an increase of 16.64% as compared to the corresponding period of 2014. The revenue of distribution business amounted to RMB283 million, representing an increase of 139.83% as compared to the corresponding period of 2014; the increase in revenue of distribution business was mainly due to an increase in sales of consumables brought by the accelerated sales of Da Vinci surgical robotic system and the increased volume of surgery.

Environment, Health and Safety

During the Reporting Period, on the basis of maintaining the structural construction of environment, health and safety (EHS), the Group has strengthened the assessment, support and improvement of various expertise. The Group has made comprehensive and systematic progress in the establishment of EHS organizations, recruitment of professional personnel, provision of professional training, intervention, resolution and support for compliance controls as well as implementation and progress tracking of improvement for all of its business segments, including manufacturing and R&D, healthcare services and medical devices and medical diagnosis. Meanwhile, the Group also commenced its annual EHS inspection.

As of the end of the Reporting Period, the Group initiated the examination and assessment on mechanical risks and prevention for its pharmaceutical manufacturing and R&D segment, and has arranged trainings on lock listing and power isolation to enhance the management of regulated operation by its staff. With regards to its rapid development and internationalization, the Group thoroughly implemented EHS due diligence on all domestic and foreign investments as well as merger and acquisition projects, and regarded EHS as one of the key considerations for investment decisions. All new projects in the Group have taken into account EHS compliance at the early design stage and capture all opportunities for improvement, so as to ensure its operations complied with EHS while achieving continuous improvement.

Each subsidiary of the Group has also been required to take the initiatives to conduct voluntary EHS improvement pursuant to their respective EHS risk characteristics. Overall energy conservation and consumption reduction have been initiated and continuous investment in the upgrading of environmental friendly facilities, such as sewage treatment and air emission from boilers, has been made in the pharmaceutical manufacturing and R&D segment. Besides, security and fire control have been continuously improved in the healthcare services segment. The Group also proactively explored the cultivation of EHS culture by requiring its enterprises to adhere to self-discipline, implement accountability of chief officers and encourage staff's participation. Risk hazards were proactively identified, while more efforts were also placed on the enhancement of transparency and accountability. Besides, the Group concurrently established its EHS electronic data platform, and attained its target on governing EHS through the advancement of EHS risk control and integration of detailed and professional control.

Financing

During the Reporting Period, the proposal on the Proposed Non-Public Issuance of A Shares was considered and passed by the general meeting, pursuant to which it was proposed to issue new A Shares to 8 institutional investors to raise a total of approximately RMB5.8 billion for the purposes of the repayment of interest-bearing debts and replenishment of working capital. The proposal on issuance is subject to the approval of CSRC. Meanwhile, during the Reporting Period, the Company registered medium-term notes of RMB2.0 billion with the National Association of Financial Market Institutional Investors, which could be issued at its discretion within two years from the date of issuance of registration notice. The Company also extended cooperation with the Export-Import Bank of China and International Finance Corporation (IFC) to obtain loans at low interest rates, and maintained solid partnerships and credit facilities with major principal banks domestically and overseas, enabling the Company to continually further its mergers and acquisitions of domestic and overseas pharmaceutical companies, enhance the construction of international R&D platform, and strengthen the development of its principal businesses.

A Analysis on Principal Operations

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

Unit: RMB million

Items	January to June 2015	January to June 2014	Year-on-year change (%)
Revenue	**5,871**	5,502	6.71
Cost of sales	**2,929**	3,187	(8.07)
Selling and distribution expenses	**1,281**	1,017	25.89
Administrative expenses	**602**	527	14.07
R&D expenses	**299**	254	17.75
Finance costs	**223**	187	19.25
Net cash flow generated from operating activities	**677**	404	67.83
Net cash flow generated from investment activities	**(627)**	(195)	(221.44)
Net cash flow generated from financing activities	**(201)**	776	(125.96)
R&D expenditure	**357**	297	20.22

Note: Items (other than R&D expenditures) are extracted from the consolidated income statement and consolidated statement of cash flows.

The increase in finance costs was mainly due to the increase in interest-bearing debts of the Group and the changes in foreign exchange loss and gain during the Reporting Period;

The increase in net cash flow generated from operating activities was mainly due to the outstanding sales performance and operational enhancement of the Group during the Reporting Period;

The decrease in net cash flow generated from investment activities was mainly due to the increase in investment payment of the Group during the Reporting Period;

The decrease in net cash flow generated from financing activities was mainly due to the corresponding figures during the period including the proceeds raised from the issuance of overseas listed foreign shares in April 2014.

(2) R&D Expenditures

① Table for R&D expenditures

Unit: RMB million

R&D expenditures expensed for the period	299
R&D expenditures capitalized for the period	58
Total R&D expenditures	357
Percentage of total R&D expenditures on net assets (%)	1.8
Percentage of total R&D expenditures on revenue (%)	6.0

② Description

During the Reporting Period, R&D expenses amounted to RMB299 million, representing an increase of 17.75% as compared with the corresponding period of the previous year, of which the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB233 million, representing a 19.64% growth from the corresponding period of 2014 and accounting for 5.7% of the revenue of the pharmaceutical manufacturing and R&D segment. The increase was mainly due to the continuous increase in research and development efforts, with the focus on the research and development of generic biopharmaceutical drugs and innovative drugs.

(3) *Introduction on the progress of operation plans*

During the Reporting Period, the Group adhered to its strategies of "organic growth, external expansion and integrated development", focused its competitive strengths and resources on its major business of pharmaceutical manufacturing and R&D, insisted on product innovation and further enhanced the competitiveness of its products. Meanwhile, the Group continued to increase its investment in the healthcare services segment and substantially completed the strategic deployment of its healthcare services segment to combine high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC. In addition, the Group actively promoted its internationalization strategies, accelerated the pace of its international mergers and acquisitions and increased its business scale.

B Industry, Products and Regional Operations

(1) *Principal Business by Segment and Product*

Unit: RMB million

Business by segment						
Segments	**Revenue**	**Cost of sales**	**Gross margin** (%)	**Year-on-year change in revenue** (%)	**Year-on-year change in cost of sales** (%)	**Year-on-year change in gross margin** (%)
Pharmaceutical manufacturing and R&D	4,077	1,890	53.64	21.34	10.48	4.55
Healthcare services	674	478	29.08	22.55	16.10	3.93
Medical diagnosis and medical devices	1,110	547	50.72	34.22	33.89	0.12

(2) *Business by Geographical Location*

Unit: RMB million

Region	**Revenue**	**Year-on-year change in revenue** (%)
Mainland China	5,143	7.39
Overseas countries or regions	728	2.10

C Analysis on Major Subsidiaries and Investee Companies

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

① Operation and Results of Major Subsidiaries

Unit: RMB million

Name	Nature of business	Main products or services	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Yao Pharma	Pharmaceutical manufacturing	Atomolan, You Di Er, Potassium Sodium Dehydroandrographolide Succinate	197	1,858	1,021	1,167	126	107
Wanbang Pharma	Pharmaceutical manufacturing	Wan Su Lin, Wan Su Ping, Xihuang capsules, EPO, heparin series, etc.	440	2,239	1,006	1,013	116	100
Hubei Shine Star	Manufacturing of amino acid	Amino acid series products	51	1,038	518	537	39	36
Aohong Pharma *(note)*	Pharmaceutical manufacturing	Ao De Jin, Bang Ting	108	1,250	942	398	263	224

Note: Aohong Pharma's data include fair value adjustment and relevant amortization.

② Status of Major Subsidiaries of Other Business Segments

Unit: RMB million

Name	Nature of business	Major products	Registered Capital	Total assets	Net assets	Net profit
Alma Lasers *(note)*	Medical Devices	Medical devices for beauty treatment and medical devices for medical purposes	N/A	998	780	52
Chancheng Hospital *(note)*	Healthcare services	Healthcare services	5,000	1,385	935	59

Note: The figures of Alma Lasers and Chancheng Hospital included appreciation of asset evaluation and amortization of appreciation of asset evaluation.

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

Unit: RMB million

Name	Nature of business	Main products or services	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司)	Pharmaceutical investment	Pharmaceutical investment	100	136,577	39,040	110,860	3,627	2,882

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

Unit: RMB million

Name	Method of acquisition	Net assets (as at 30 June 2015)	Net profit (from acquisition date to the end of June)	Acquisition date
Hainan Kai Ye	Equity transfer	7	—	26 June 2015

Unit: RMB million

Name	Method of disposal	Net assets (disposal date)	Net profit (from the beginning of the Reporting Period to disposal date)	Disposal date
Fosun Pharmaceutical	Equity transfer	97	—	9 January 2015
For Me Pharmacy	Equity transfer	101	—	9 January 2015
Golden Elephant Pharmacy	Equity transfer	195	—	4 January 2015

D Analysis on Core Competence

The Group has formed a relatively complete product portfolio in the six major therapeutic areas (being areas of cardiovascular system, metabolism and alimentary system, central nervous system, blood system, anti-infection and anti-tumor) which are areas with the greatest potential to grow in China's pharmaceutical market. Each of the major pharmaceutical products of the Group has its own competitive advantages in their respective segments. In 2014, there were 17 formulation products and series of the Group that each recorded revenue of over RMB100 million.

The Group has developed internationalized R&D structure and strong R&D capabilities. It has set up interactive and integrated R&D systems in Shanghai, Chongqing, San Francisco and Taiwan. It has also established an efficient R&D platform in areas of small molecular innovative chemical drugs, large molecular biosimilars, generic drugs with high entry barriers and special formulation technology. During the Reporting Period, the Group also strengthened its presence in the production of anti-tumor drugs. There were over 22 pipeline generic biopharmaceutical drugs (mainly monoclonal antibodies) and chemical drugs after years of research and development. As at the end of the Reporting Period, there were 130 pipeline drugs, generic drugs, biosimilars and vaccine projects, 37 projects under clinical trial applications, 13 projects under clinical trial, and 33 projects awaiting official approval for sales. It is expected that these projects under development will provide a solid foundation to maintain sustainable growth of the Group in the future. As at the end of the Reporting Period, there were 866 staff in the R&D team. Meanwhile, the Group diversified its innovative research through strategic alliances, cooperative projects, joint ventures and other means so as to further strengthen its R&D capabilities.

Whilst enhancing the competitiveness of its products, the Group also focused on developing its marketing capabilities. With a marketing team consisting of nearly 3,000 employees and a sales network covering most of the major domestic markets, the Group has been improving its capabilities in sales and marketing. Sinopharm, an investee of the Group for over a decade, has developed into the largest pharmaceutical and healthcare distributor and a leading supply chain service provider in China possessing and operating China's largest drug distribution and delivery network. The Group, leveraging its long-established strategic cooperation with Sinopharm, put the synergy into full play.

The Group is one of the first enterprises in the PRC pharmaceutical industry to develop internationally, and its production capacity has met the international standards, with several production lines recognized by relevant international certifications and some of the formulations and APIs have also entered into the international markets in a considerable scale. Globally, it is the leading provider of anti-malaria medicines. The solid dosage formulation production line of Yao Pharma was recognized by the FDAs in Canada and the U.S.. The dietary supplement amino acid of Hubei Shine Star was recognized by the U.S. FDA.

The Group has taken the lead in entering into the healthcare service segment in China and has completed the strategic deployment of its healthcare services business with high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC.

In addition, the Group's capabilities in investment, merger and acquisition activities and consolidation have been widely recognized in the pharmaceutical industry, providing a solid foundation for the Group to make a leap-forward development in the future. A-share market and the H-share market have created favorable condition for the Group to rapidly expand its scale of operation and enhance its competitiveness through merger and acquisition activities. In order to maintain its rapid growth, the Group will follow the direction of China's Twelfth Five-year Plan in relation to the pharmaceutical industry, take advantage of its competitive strengths and adhere to the strategies of organic growth, external expansion and integrated development.

E Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had a total of 17,666 employees. The employee's remuneration policies of the Group are formulated on the basis of the results, work experience and salary level prevailing in the market.

2. Business Outlook for the Second Half of 2015

Development Strategies of the Group

In 2015, the Group will continue to be committed to its mission of improving human health, adhere to its corporate philosophy of "Innovation for Good Health", and endeavor to capture the opportunities presented by the development of the pharmaceutical market in China as well as the rapid growth of generic drugs in mainstream markets such as Europe and the U.S.. It will adhere to the development strategies of organic growth, external expansion and integrated development, and enhance the innovation and strengthen product marketing. In addition to proactively implementing internationalization of the business and strengthening the Group's core competitiveness, the Group will also increase its investment in outstanding industry players and continuously optimize and integrate its pharmaceutical industry chain and resources, so as to further improve the Group's operating results. Meanwhile, the Group will continue to actively explore the financing channels domestically and internationally and create favorable conditions for the continuous development of the Group.

Pharmaceutical R&D and Manufacturing

In the second half of 2015, the Group will continue to focus on innovation and international development, and strive to develop strategic products. Whilst actively seeking opportunities for mergers and acquisitions as well as consolidation in the industry, the Group seeks to achieve continuous and rapid growth of its revenue and profit.

The Group will actively push forward the development of professional marketing teams and follow-on products in therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary system, anti-tumor and anti-infection. In addition to solidifying the market position and product growth in its existing key segments and products, the Group will further its efforts in promoting products such as You Di Er, You Li Tong, EPO, Bang Ting, Ao De Jin and Atomolan so as to maintain and further improve the leading position in their respective market segments.

The Group will continue to adopt the strategy to integrate imitation with innovation to combine international technology licenses with domestic industry-university-research cooperation, and increase its investments in R&D driven by the cooperation tie of "project plus technology platform". Project approval process for new products will be strictly implemented in order to enhance the efficiency of research and development. The Group will strengthen the development of the teams for the registration of pharmaceutical products in order to accelerate the approval process of existing products as well as to support innovation. The Group will actively facilitate the R&D and registration processes for products including insulin products and monoclonal antibody products and ensure that the development and registration processes will be completed on schedule. The Group will also accelerate its efforts to link its R&D with the market situation so as to foster the capture of value from R&D projects. The Group will fully take advantage of the benefits of various R&D platforms, and strive to develop strategic product lines as well as R&D systems that are in line with international standards for new pharmaceutical products, and accelerate the development and reserve for follow-on strategic products, in order to solidify the core competence of its pharmaceutical manufacturing business.

Pharmaceutical Distribution and Retail

In the second half of 2015, the Group will continue to facilitate consolidation and rapid development of Sinopharm in its pharmaceutical distribution business, and the continued expansion of the competitive advantages of Sinopharm in the pharmaceutical distribution and retail sector. The Group will actively support the leap-forward and integrated development of GuoDa Drug Store in the pharmaceutical retail segment, thus enabling Sinopharm to build up its leading position in the pharmaceutical retail segment. Meanwhile, the Group will launch cooperation with Guahao.com Limited (掛號網) in the industry chain of "Insurance, Medical Treatment and Medicine".

Healthcare Services

In the second half of 2015, the Group will continue to seize the business and investment opportunities arising from the opening up of the healthcare services segment to social enterprises. The Group will continuously increase its investments in the healthcare services segment, and strengthen the established strategic deployment of its healthcare services business which integrates high-end healthcare services in coastal developed cities and specialty hospitals and general hospitals in second-tier and third-tier cities in an effort to expand the scale of our healthcare services business. The healthcare institutions controlled by the Group will further strengthen their disciplines and quality management, enhance operational efficiency and accelerate the business development. With the commencement of operation of the new complex and tumor center of Chancheng Hospital (禪城醫院), the Group will continue to expand the coverage and regional influence of healthcare services of Chancheng Hospital (禪城醫院). The Group will also promote the implementation of the Taizhou Zanyang Healthcare and Rehabilitation Project (台州市贊揚醫養項目) and positively seek new opportunities for merger and acquisition of healthcare services. Furthermore, the Group will continue to support and promote the development of "United Family Hospital", a high-end brand for healthcare services under Chindex, and in particular the establishment and business expansion of hospitals in Qingdao, Tianjin and Guangzhou in order to accelerate the development of its high-end healthcare services characterized by multiple levels, diversification and extensibility.

Medical Diagnosis and Medical Devices

In the second half of 2015, the Group will continue to develop and introduce products, launch new products and enrich new product lines for its diagnostic business. The Group will continue to enhance the development of domestic and overseas sales network and its professional sales team, strive to increase the market share of its diagnostic products including those newly introduced and registered in 2015, and actively seek opportunities to invest in quality companies both domestically and internationally.

In the second half of 2015, the Group will increase its investments in R&D, manufacturing and sales of medical devices. Alma Lasers will further stimulate the R&D and sales of medical devices and synergy and innovation in service models with other business segments in order to extend its business from device supply to services. Meanwhile, the Group will continue to leverage on its strengths in expanding international operations, and with its existing overseas companies as platforms, vigorously explore cooperation with overseas companies on the basis of proactive integration, so as to achieve growth in the scale of its medical devices business.

Financing

The Group will continue to explore the financing channels domestically and internationally, optimize its financing structure and debt structure, lower financial costs and further enhance its core competence, so as to consolidate its leading position in the industry.

3. Other Events

(a) The Restricted A Share Incentive Scheme

On 19 January 2015, the Board considered and approved, among other things, the resolution in relation to repurchase and cancellation of certain Restricted A Shares which have not been unlocked under the Restricted A Share Incentive Scheme. Pursuant to the Restricted A Share Incentive Scheme, the Board has approved that a total of 231,000 Restricted A Shares, which have been granted to Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei but have not been unlocked due to the resignation of Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei and termination of their employment contracts with the Company or the relevant subsidiary, shall be repurchased and cancelled at a repurchase price of RMB6.08 per share for a total repurchase amount of RMB1,404,480, and that the dividends distributable to such grantees and held in escrow by the Company shall be forfeited by the Company in accordance with the Restricted A Share Incentive Scheme. The aforementioned repurchased Restricted A Shares were cancelled on 12 February 2015.

On 19 January 2015, the Board also considered and approved, the resolution in relation to the fulfillment of the conditions for unlocking the first tranche of Restricted A Shares, and the conditions for unlocking the Restricted A Shares have been satisfied by 24 Grantees. As a result, a total of 1,222,320 Restricted A Shares were unlocked, and trading of such Restricted A Shares commenced on 25 February 2015.

For further details of the terms of the Restricted A Share Incentive Scheme, please refer to the announcement dated 26 September 2013 and circular dated 4 November 2013 published by the Company.

(b) The Restricted A Share Incentive Scheme II

On 20 January 2015, the Board considered and approved, among other things, the proposal to adopt the Restricted A Share Incentive Scheme II and to grant a total of 2,719,000 restricted A shares of the Company at a grant price of RMB10.82 per share to 47 participants thereunder. On 4 March 2015, the Company obtained the confirmation entitled "Opinion on the Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Restricted A Share Incentive Scheme" (Shang Shi Bu Han [2015] No. 215) (《關於上海復星醫藥(集團)股份有限公司股權激勵計劃意見的函》(上市部函[2015]215號)) that the CSRC had no objection to the Company convening a general meeting to consider the Restricted A Share Incentive Scheme II.

On 25 August 2015, the Board has passed resolutions to revise the initial draft of the Restricted A Share Incentive Scheme II and the proposed grant as follows:

1. The total number of participants under the Restricted A Share Incentive Scheme II shall be reduced from 47 to 46 due to the termination of employment of one of the participants, Mr. Liu Shengguang, and the total number of Restricted A Shares to be granted to the participants shall be adjusted from 2,719,000 shares to 2,704,000 shares accordingly.

2. Since the distribution of the Company's final dividend for 2014 was completed on 21 August 2015, pursuant to the terms of the Restricted A Share Incentive Scheme II, the proposed grant price under the Restricted A Share Incentive Scheme II shall be adjusted accordingly. Other than the above, no material changes have been made to the terms of the initial draft of the Restricted A Share Incentive Scheme II and the Proposed Grant as disclosed in the announcement of the Company dated 20 January 2015.

As at the date of this report, the Restricted A Share Incentive Scheme II remains subject to shareholders' approval at the Company's general meeting, the A shareholders' class meeting and the H shareholders' class meeting.

(c) Proposed Non-public Issuance of New A Shares

On 16 April 2015, the Board resolved to submit to the Shareholders for their consideration and approval of a special resolution in respect of the General Mandate of A Shares to the Board, pursuant to which the Board may issue, allot and/or deal with a maximum of 381,619,272 new A Shares, representing 20% of the total issued A Shares, assuming that there will be no change in the number of issued A Shares on the date the proposed special resolution regarding the General Mandate of A Shares is passed. The Company will issue and allot new A Shares under the Proposed Non-Public Issuance pursuant to the General Mandate of A Shares to be considered and granted by the Shareholders at the general meeting of the Company.

On 16 April 2015, the Board approved the Proposed Non-Public Issuance, pursuant to which the Company will issue not more than 246,808,510 new A Shares to China Life Insurance Company Limited (中國人壽保險股份有限公司), China Merchants Wealth Asset Management Co., Ltd. (招商財富資產管理有限公司), Taikang Asset Management Co., Ltd. (泰康資產管理有限責任公司), China Fund Management Co., Ltd. (中信建投基金管理有限公司), China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), Anhui Railway Construction Investment Fund Co., Ltd. (安徽省鐵路建設投資基金有限公司), Beijing Zhongrong Dingxin Investment Management Co., Ltd. (北京中融鼎新投資管理有限公司) and Elion Resources Holding Co. Ltd. (億利資源控股有限公司) (collectively, the "**Subscribers**").

On 16 April 2015, the Subscribers entered into subscription agreements with the Company, respectively, to subscribe for a total of up to 246,808,510 new A Shares at the subscription price of RMB23.50 per new A Share, amounting to a maximum amount of gross proceeds to be raised from the Proposed Non-Public Issuance of RMB5,799,999,985. The new A Shares to be issued shall not be traded or transferred within 36 months from the date of completion of the Proposed Non-Public Issuance.

The Proposed Non-Public Issuance of A Shares has been approved by the 2014 annual general meeting of the Company held on 29 June 2015. As at the date of this report, the Proposed Non-Public Issuance of A Shares remains subject to the approval by CSRC.

Since the distribution of the Company's final dividend for 2014 was completed on 21 August 2015, according to the proposal on the Proposed Non-Public Issuance of A Shares, the issue price has been adjusted to RMB23.22 per share and the number of A shares to be issued has been adjusted to no more than 249,784,664 new A Shares.

4. Use of Proceeds

(a) In May 2010, upon approval by CSRC through the approval document (Zheng Jian Xu Ke [2010] No.334), the Company made a non-public offer of 31,820,000 domestic shares of RMB1.00 each in the PRC at the issue price of RMB20.60 per share. The total proceeds raised from such offer amounted to RMB655 million and, after deducting the underwriting commission attributable to the brokers and other expenses, the net proceeds were RMB635 million.

As at 30 June 2015, the Group applied an accumulated amount of proceeds of approximately RMB577 million.

Details of the use of proceeds of the A Shares are set out below:

Unit: RMB million

Projects undertaken	Amount of proceeds proposed to be applied	Amount of proceeds applied as at 30 June 2015
Recombinant human insulin (API + formulation) industrialized project	371	**317**
Artesunate high-technology industrialized model project *(Note 1)*	190	**186**
In-vitro diagnostic products production facilities project *(Note 2)*	74	**74** ***(Note 3)***

Note 1: The final payment remained to be paid following the completion and acceptance of the project.

Note 2: The relevant designated account for the proceeds had been cancelled following the completion and acceptance of the project.

Note 3: The accumulated amount of proceeds applied included the interest income of RMB0.04 million from a designated account for the proceeds.

(b) In October 2012, upon approval by CSRC through the approval document (Zheng Jian Xu Ke [2012] No.444), the Company made a global offering of 336,070,000 H Shares of RMB1.00 each and the total proceeds were HK$3,966 million. The net proceeds, together with relevant interest income, and after deducting the listing expenses of HK$84 million paid overseas, were HK$3,882 million. As at the end of the Reporting Period, the net proceeds from the abovementioned offering of H Shares had been fully applied.

Statutory Disclosures

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group at 30 June 2015 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 28 to 64.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Restricted A Share Incentive Scheme was approved by the Shareholders at the extraordinary general meeting, the A Shareholders' class meeting and the H Shareholders' class meeting held on 20 December 2013. For further details of the terms of the Restricted A Share Incentive Scheme, please refer to the announcement dated 26 September 2013 and circular dated 4 November 2013 published by the Company. On 7 January 2014, the Company granted a total of 4,035,000 Restricted A Shares at the grant price of RMB6.08 each to 28 participants (the "**Grantees**") pursuant to the Restricted A Share Incentive Scheme. As disclosed in the announcement of the Company dated 21 January 2014, 27 out of 28 of the Grantees have accepted and subscribed with their own funds under the Restricted A Share Incentive Scheme and a total of 3,935,000 Restricted A Shares have been issued by the Company to the relevant Grantees.

On 19 January 2015, the Board considered and approved, among other things, the resolution in relation to the repurchase and cancellation of certain Restricted A Shares which have not been unlocked under the Restricted A Share Incentive Scheme. Due to the resignation of Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei and termination of their employment contracts with the Company or the relevant subsidiary, the Board has, pursuant to the Restricted A Share Incentive Scheme, approved that a total of 231,000 Restricted A Shares, which have been granted to Mr. Wu Yijian, Mr. Hu Jianglin and Mr. Ni Xiaowei but have not been unlocked, shall be repurchased and cancelled at a repurchase price of RMB6.08 per share for a total repurchase amount of RMB1,404,480, and that the dividends distributable to such grantees and held in escrow by the Company shall be forfeited by the Company in accordance with the Restricted A Share Incentive Scheme. The aforementioned repurchased Restricted A Shares were cancelled on 12 February 2015.

On 19 January 2015, the Board also considered and approved, the resolution in relation to the fulfillment of the conditions for unlocking the first tranche of Restricted A Shares, and the conditions for unlocking the Restricted A Shares have been satisfied by 24 Grantees. As a result, a total of 1,222,320 Restricted A Shares were unlocked, and trading of such Restricted A Shares commenced on 25 February 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIRECTORS

According to the prevailing Articles of Association, the Board should be constituted by eleven Directors, consisting of two executive Directors, five non-executive Directors and four independent non-executive Directors. As of the end of the Reporting Period, the Directors of the Company are as follows:

Executive Directors

Mr. Chen Qiyu (陳啟宇) *(Chairman)*
Mr. Yao Fang (姚方) *(Vice Chairman, President, Chief Executive Officer)*

Non-executive Directors

Mr. Guo Guangchang (郭廣昌)
Mr. Wang Qunbin (汪群斌)
Mr. Wang Pinliang (王品良)
Ms. Kang Lan (康嵐)
Mr. John Changzheng Ma

Statutory Disclosures

Independent Non-executive Directors

Dr. Zhang Weijiong (張維炯)
Mr. Cao Huimin (曹惠民)
Mr. Jiang Xian (江憲)
Dr. Wong Tin Yau Kelvin (黃天祐)

During the Reporting Period, Mr. Han Jiong retired from his office as independent non-executive Director, with effect from 29 June 2015, as he has served the office for six years, and Mr. Li Man-kiu Adrian David resigned from his office as independent non-executive Director, with effect from 29 June 2015, due to work arrangements. Each of Mr. Jiang Xian and Dr. Wong Tin Yau Kelvin was elected as the independent non-executive Director of the sixth session of the Board by the Shareholders at the AGM held on 29 June 2015.

SUPERVISORS

According to the prevailing Articles of Association, the Supervisory Committee should be constituted by three Supervisors. As of the end of the Reporting Period, the Supervisors of the Company are as follows:

Mr. Zhou Wenyue (周文岳) *(Chairman)*
Mr. Cao Genxing (曹根興)
Mr. Guan Yimin (管一民)

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Mr. Chen Qiyu, an executive Director, has been appointed as an executive director of Fosun International Limited, a company listed on the Hong Kong Stock Exchange (stock code: 656), and a director of Fosun High Tech, both of which took effect from 10 July 2015.

Mr. John Changzheng Ma, a non-executive Director, has been appointed as the president of Shanghai Fosun Industrial Holdings Co., Ltd.* (上海復星產業控股有限公司) with effect from 19 June 2015.

Dr. Wong Tin Yau Kelvin, an independent non-executive Director, has been appointed as an independent non-executive director of AAG Energy Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 2686), with effect from 5 June 2015.

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

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

As at 30 June 2015, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which should be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

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

Name of Directors/ Chief executive	Capacity	Class of Shares	Number of Shares(1)	Approximate percentage of Shares in relevant class of shares
Mr. Guo Guangchang	Interest of a controlled corporation	A Share	920,641,314 (L)(2)	48.25%
Mr. Guo Guangchang	Beneficial owner	A Share	114,075 (L)	0.01%
Mr. Chen Qiyu	Beneficial owner	A Share	114,075 (L)	0.01%
Mr. Wang Qunbin	Beneficial owner	A Share	114,075 (L)	0.01%
Mr. Yao Fang	Beneficial owner	A Share	411,000 (L)(3)	0.02%

Notes:

(1) (L) — Long position

(2) These Shares are held by Fosun High Tech. Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 71.42% by Fosun Holdings, and Fosun Holdings is wholly owned by Fosun International Holdings. As Fosun International Holdings is held as to approximately 58% by Mr. Guo Guangchang, he is deemed to be interested in the Shares owned by the above-mentioned companies.

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

Name of Directors/ chief executive	Name of associated corporation	Class of shares	Capacity	Number of shares(1)	Approximate percentage of shares in relevant class of shares
Mr. Guo Guangchang	Fosun International Holdings	Ordinary share	Beneficial owner	29,000 (L)(2)	58%
	Fosun Holdings	Ordinary share	Interest of a controlled corporation	1(L)(2)	100%
	Fosun International	Ordinary share	Interest of a controlled corporation	5,510,793,609 (L)(2)	71.42%
	Fosun High Tech	Ordinary share	Interest of a controlled corporation	3,800,000,000 (L)(2)	100%
Mr. Wang Qunbin	Fosun International Holdings	Ordinary share	Beneficial owner	5,000 (L)	10%
Mr. Chen Qiyu	Fosun International	Ordinary share	Beneficial owner	4,023,000 (L)	0.05%
Ms. Kang Lan	Fosun International	Ordinary share	Beneficial owner	150,000 (L)	0.00%
Mr. John Changzheng Ma	Fosun International	Ordinary share	Beneficial owner	130,000 (L)	0.00%
Mr. Wang Pinliang	Fosun International	Ordinary share	Beneficial owner	40,000 (L)	0.00%

Notes:

(1) (L) — Long position

(2) Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 71.42% by Fosun Holdings, and Fosun Holdings is wholly owned by Fosun International Holdings. As Fosun International Holdings is held as to approximately 58% by Mr. Guo Guangchang, he is deemed to be interested in the shares owned by the above-mentioned companies.

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

As at 30 June 2015, so far as is known to the Directors and Supervisors, the persons or entities, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name of Shareholders	Nature of interest	Class of Shares	Number of Shares[1]	Approximate percentage of Shares in relevant class of shares
Fosun High Tech	Beneficial owner	A Share	920,641,314 (L)[2]	48.25%
Fosun International	Interest of a controlled corporation	A Share	920,641,314 (L)[2]	48.25%
Fosun Holdings	Interest of a controlled corporation	A Share	920,641,314 (L)[2]	48.25%
Fosun International Holdings	Interest of a controlled corporation	A Share	920,641,314 (L)[2]	48.25%
The Prudential Insurance Company of America	Beneficial owner	H Share	32,849,500 (L)	8.15%
The Capital Group Companies, Inc.	Interest of controlled corporations	H Share	45,139,000 (L)	11.19%
JPMorgan Chase & Co.	Beneficial owner/Investment manager/ Custodian — corporation/ approved lending agent	H Share	32,406,311 (L)	8.04%
	Beneficial owner	H Share	457,362 (S)	0.11%
	Custodian — corporation/ approved lending agent	H Share	28,690,218 (P)	7.11%

Notes:

(1) (L) — Long position; (S) — Short position; (P) — Lending pool

(2) These Shares are held by Fosun High Tech. Fosun High Tech is wholly owned by Fosun International, which in turn is owned as to 71.42% by Fosun Holdings, and Fosun Holdings is wholly owned by Fosun International Holdings. Therefore, Fosun International, Fosun Holdings and Fosun International Holdings are deemed to be interested in these Shares.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and its Written Code as its codes of conduct regarding securities transactions.

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

COMPLIANCE WITH THE CG CODE

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

The corporate governance practices of the Company are based on the principles and code provisions of the CG Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Board is of the view that the Company has complied with all the code provisions contained in the CG Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

As of the end of the Reporting Period, the Audit Committee of the Company comprised Mr. Cao Huimin (chairman), an independent non-executive Director, Mr. Jiang Xian, an independent non-executive Director, and Mr. Wang Pinliang, a non-executive Director. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Company, and to provide recommendations and advice to the Board.

The Audit Committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2015.

On Behalf of the Board
Chen Qiyu
Chairman

Shanghai, the PRC
25 August 2015

Interim Condensed Consolidated Statement of Profit or Loss

Six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited, restated)
REVENUE	5	**5,871,372**	5,502,224
Cost of sales		**(2,929,465)**	(3,186,616)
Gross profit		**2,941,907**	2,315,608
Other income	6	**59,272**	62,569
Selling and distribution expenses		**(1,280,684)**	(1,017,298)
Administrative expenses		**(601,546)**	(527,342)
Research and development expenses		**(299,182)**	(254,072)
Other gains	7	**624,777**	495,649
Other expenses		**(53,194)**	(46,106)
Interest income		**25,493**	28,150
Finance costs	9	**(223,375)**	(186,906)
Share of profits and losses of:			
Joint ventures		**(8,976)**	(9,616)
Associates		**625,601**	498,253
PROFIT BEFORE TAX	8	**1,810,093**	1,358,889
Income tax expense	10	**(293,988)**	(206,589)
PROFIT FOR THE PERIOD		**1,516,105**	1,152,300
Attributable to:			
Owners of the parent		**1,303,484**	1,017,556
Non-controlling interests		**212,621**	134,744
		1,516,105	1,152,300
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	11	**0.56**	0.45

Interim Condensed Consolidated Statements of Comprehensive Income

Six months ended 30 June 2015

	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited, restated)
PROFIT FOR THE PERIOD	**1,516,105**	1,152,300
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments		
Changes in fair value	**1,093,230**	223,185
Reclassification adjustments for gains included in the consolidated statement of profit or loss — Gain on disposal	**(523,906)**	(314,393)
Income tax effect	**(142,034)**	63,438
	427,290	(27,770)
Share of other comprehensive income of associates	**(196,518)**	(5,099)
Exchange differences on translation of foreign operations	**(6,237)**	8,543
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**—**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**224,535**	(24,326)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,740,640**	1,127,974
Attributable to:		
Owners of the parent	**1,527,633**	995,625
Non-controlling interests	**213,007**	132,349
	1,740,640	1,127,974

Interim Condensed Consolidated Statements of Financial Position

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**5,776,236**	5,694,638
Prepaid land lease payments		**882,995**	862,037
Goodwill		**3,254,439**	3,255,042
Other intangible assets		**2,034,112**	2,049,826
Investments in joint ventures		**93,167**	121,382
Investments in associates		**12,780,644**	11,727,481
Available-for-sale investments		**3,319,277**	2,499,156
Deferred tax assets		**95,423**	101,222
Other non-current assets		**309,760**	304,581
Total non-current assets		**28,546,053**	26,615,365
CURRENT ASSETS			
Inventories		**1,639,958**	1,604,562
Trade and bills receivables	13	**1,909,855**	1,778,078
Prepayments, deposits and other receivables		**559,386**	346,387
Due from related companies		**272,085**	215,188
Equity investments at fair value through profit or loss		**36,950**	33,771
Cash and bank balances		**3,325,138**	3,695,698
		7,743,372	7,673,684
Assets of a disposal group classified as held for sale		**—**	990,341
Total current assets		**7,743,372**	8,664,025

Interim Condensed Consolidated Statements of Financial Position

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	14	915,257	875,149
Other payables and accruals		2,684,780	2,738,097
Interest-bearing bank and other borrowings	15	5,975,149	4,939,433
Due to related companies		309,811	179,131
Tax payable		326,115	216,392
		10,211,112	8,948,202
Liabilities directly associated with the assets classified as held for sale		—	589,118
Total current liabilities		10,211,112	9,537,320
NET CURRENT LIABILITIES		(2,467,740)	(873,295)
TOTAL ASSETS LESS CURRENT LIABILITIES		26,078,313	25,742,070
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	3,097,937	3,856,675
Deferred tax liabilities		2,060,129	1,929,331
Deferred income		148,299	139,593
Other long term liabilities		966,299	770,356
Total non-current liabilities		6,272,664	6,695,955
Net assets		19,805,649	19,046,115
EQUITY			
Equity attributable to owners of the parent			
Issued share capital		2,311,380	2,311,611
Reserves		15,124,931	13,659,164
Proposed final dividend	16	—	647,187
		17,436,311	16,617,962
Non-controlling interests		2,369,338	2,428,153
Total equity		19,805,649	19,046,115

Chen Qiyu
Director

Yao Fang
Director

Interim Condensed Consolidated Statements of Changes in Equity

Six months ended 30 June 2015

	Attributable to owners of the parent										
	Issued share capital RMB'000	Share premium RMB'000	Available-for-sale investment revaluation reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed Final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (Audited)	2,311,611	4,971,647	1,133,611	1,662,373	1,292,672	(1,674)	4,600,535	647,187	16,617,962	2,428,153	19,046,115
Profit for the Period	—	—	—	—	—	—	1,303,484	—	1,303,484	212,621	1,516,105
Other comprehensive income for the Period:											
Changes in fair value of available for sale investments, net of tax	—	—	424,754	—	—	—	—	—	424,754	2,536	427,290
Share of other comprehensive income of associates	—	—	(196,472)	—	—	—	—	—	(196,472)	(46)	(196,518)
Exchange differences on translation of foreign operations	—	—	—	—	—	(4,133)	—	—	(4,133)	(2,104)	(6,237)
Total comprehensive income for the Period	—	—	228,282	—	—	(4,133)	1,303,484	—	1,527,633	213,007	1,740,640
Repurchase and cancellation of restricted A shares**	(231)	231	—	—	—	—	—	—	—	—	—
Unlocking of restricted A shares	—	7,507	—	—	—	—	—	—	7,507	—	7,507
Deemed disposal of partial interest in a subsidiary without loss of control	—	—	—	—	5,358	—	—	—	5,358	25,920	31,278
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(183,425)	(183,425)
Disposal of subsidiaries *(note 18)*	—	—	—	—	17,125	—	—	—	17,125	(90,958)	(73,833)
Acquisition of non-controlling interests	—	—	—	—	(41,034)	—	—	—	(41,034)	(88,966)	(130,000)
Deemed acquisition of additional interests in subsidiaries	—	—	—	—	(9,921)	—	—	—	(9,921)	9,921	—
Equity-settled share-based payment	—	—	—	—	3,177	—	—	—	3,177	—	3,177
Establishment of new subsidiaries	—	—	—	—	—	—	—	—	—	56,622	56,622
Fair value adjustment on the share redemption option granted to non-controlling shareholders of a subsidiary	—	—	—	—	1,896	—	—	—	1,896	(936)	960
Share of changes in equity other than comprehensive income and distributions received of associates	—	—	—	—	(46,270)	—	—	—	(46,270)	—	(46,270)
Final 2014 dividend declared and paid *(note 16)*	—	—	—	—	—	—	65	(647,187)	(647,122)	—	(647,122)
At 30 June 2015 (Unaudited)	2,311,380	4,979,385*	1,361,893*	1,662,373*	1,223,003*	(5,807)*	5,904,084*	—	17,436,311	2,369,338	19,805,649

* These reserve accounts comprise the consolidated reserves of RMB15,124,931,000 (31 December 2014: RMB13,659,164,000) in the consolidated statement of financial position.

** The Company repurchased and cancelled 231,000 restricted A shares on 13 February 2015.

Interim Condensed Consolidated
Statements of Changes in Equity

Six months ended 30 June 2015

Interim Condensed Consolidated Statements of Cash Flows

Six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash generated from operations	**869,258**	583,639
Income tax paid	**(191,786)**	(179,966)
Net cash inflow from operating activities	**677,472**	403,673
Purchases of items of property, plant and equipment, prepaid land lease payments, other intangible assets and other non-current assets	**(495,665)**	(590,019)
Acquisition of a subsidiary, net of cash acquired *(Note 17)*	**2,296**	(602,454)
Acquisition of interests in associates and joint ventures	**(684,029)**	(32,342)
Purchases of available-for-sale investments	**(365,211)**	(93,291)
Disposal of associates	**98,652**	176,624
Disposal of available-for-sale investments	**617,930**	481,320
Disposal of subsidiaries *(Note 18)*	**219,052**	48,737
Dividends from associates	**17,189**	—
Dividends from available-for-sale investments	**30,987**	—
Increase in non-pledged time deposits with original maturity of three months or more when acquired and deposits for other acquisitions	**58,363**	396,076
Deposit payment for planned acquisition	**(156,216)**	—
Others	**29,909**	20,345
Net cash outflow used in investing activities	**(626,743)**	(195,004)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
New bank and other borrowings	**2,641,603**	3,020,635
Repayment of bank and other borrowings	**(2,378,204)**	(1,864,277)
Interest paid	**(238,747)**	(251,505)
Capital injections from non-controlling shareholders of subsidiaries	**87,721**	—
Proceeds from issuance of new shares	**—**	1,407,680
Dividends paid to non-controlling shareholders of subsidiaries	**(120,632)**	(140,040)
Acquisition of non-controlling interests	**(193,238)**	(1,394,900)
Others	**—**	(1,544)
Net cash (outflow)/inflow from financing activities	**(201,497)**	776,049
Net (decrease)/increase in cash and cash equivalents	**(150,768)**	984,718
Cash and cash equivalents at beginning of the period	**3,010,155**	2,416,261
Effect of foreign exchange rate changes, net	**(4,643)**	14,088
Cash and cash equivalents at end of the Period	**2,854,744**	3,415,067
Analysis of balances of cash and cash equivalents:		
Cash and bank balances at end of the Period	**3,325,138**	3,652,793
Less: Pledged bank balances and term deposits with original maturity of more than three months	**(470,394)**	(237,726)
Cash and cash equivalents at end of the Period	**2,854,744**	3,415,067

Notes to Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

1. CORPORATE AND GROUP INFORMATION

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (the "Company") was established as a joint stock company with limited liability on 31 May 1995 in the PRC. The Company's A Shares have been listed on the Shanghai Stock Exchange since 7 August 1998. The registration number of the Company's business licence is 310000000036602. The operating term is from 31 December 1998 to indefinite period.

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

During the Period, the Group was principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and the provision of related and other consulting services and investment management.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 30 October 2012.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2015 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2015 (the "Period"), have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group historically recognised its share of the changes in the net assets of the associates of the Group that are not recognised in profit or loss or other comprehensive income of the associates, and are not distributions received into the statement of profit or loss of the Group such as the change of the Group's share of ownership interest in the associate indirectly due to the capital contribution made by other investors of the associates ("Deemed Disposal of Interests in Associates") in the consolidated financial statements of the Group prepared under HKFRSs. There is no difference on the accounting policy adopted on such transactions between the financial statements prepared under generally accepted accounting principles in the PRC ("PRC GAAP") and HKFRSs before 31 December 2013.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

However, from 1 July 2014, the Group adopted the revised "Accounting Standard for Business Enterprises No.2 — Long-term Equity Investments" ("ASBE 2") issued by the Ministry of Finance of the PRC (the "MOF") when preparing the financial statements prepared under PRC GAAP. ASBE 2 requires that the investor should recognise its share of the changes in the net assets of the associates of the Group that are not recognised in profit or loss or other comprehensive income of the associates, and are not distributions received into the capital reserve of the Group including the gain on Deemed Disposal of Interests in Associates, according to which, the Group has adopted the changes in accounting policy and made retrospective adjustments in the consolidated financial statements of the Group prepared under PRC GAAP for the six months ended 30 June 2014.

According to the Interpretation No. 2 to Accounting Standard for Business Enterprises issued by the MOF, those A+H share listed companies shall adopt consistent accounting policies of the same transactions in the financial statements prepared under PRC GAAP and HKFRSs. Accordingly, the Group changes its accounting policy during the year regarding to the recognition of its share of the changes in the net assets of the associates of the Group that are not recognised in profit or loss or other comprehensive income of the associates, and are not distributions in the consolidated financial statements of the Group prepared under HKFRSs with retrospective adjustments made to keep consistent with that prepared under PRC GAAP.

The quantitative impact regarding to the change of above accounting policy on the comparative information for the six months ended 30 June 2014 is summarised below:

Impact on the consolidated statement of profit or loss:

	Six months ended 30 June 2014 RMB'000 (Unaudited) Before change	Change in accounting policy RMB'000	Six months ended 30 June 2014 RMB'000 (Unaudited) After change
Other gains	474,927	20,722	495,649
Profit before tax	1,338,167	20,722	1,358,889
Income tax expense	(201,408)	(5,181)	(206,589)
Profit for the year	1,136,759	15,541	1,152,300
Profit attributable to:			
Owners of the parent	1,002,015	15,541	1,017,556
Non-controlling interests	134,744	—	134,744
	1,136,759	15,541	1,152,300
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (RMB)	0.44	0.01	0.45

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as of 1 January 2015 noted below:

Several new standards and amendments apply for the first time in 2015 by the Group. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard or amendment are described below:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

HKAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010–2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New standards, interpretations and amendments adopted by the Group (Continued)

HKFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 (or HKAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

HKFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in HKFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 4 in these financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New standards, interpretations and amendments adopted by the Group (Continued)

HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in HKAS 16 and HKAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the Period.

HKAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

HKFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within HKFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of HKFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group does not have any joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

HKFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 (or HKAS 39, as applicable). The Group does not apply the portfolio exception in HKFRS 13.

3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Segment assets exclude equity investments at fair value through profit or loss, available-for-sale investments and unallocated head office and investment management entities assets as these assets are managed on a group basis. During the Period, goodwill has been reclassified from unallocated assets to the assets of each segment. The prior year figure has been reclassified to conform with current period's presentation.

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

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2015 (unaudited)

	Pharmaceutical manufacturing and R&D RMB'000	Pharmaceutical distribution and retail RMB'000	Medical diagnosis and medical devices RMB'000	Healthcare service RMB'000	Other business operations RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	4,077,237	—	1,109,713	673,938	10,484	—	5,871,372
Intersegment sales	27	—	—	—	11,322	(11,349)	—
Total revenue	4,077,264	—	1,109,713	673,938	21,806	(11,349)	5,871,372
Segment results*	602,382	—	201,709	116,307	1,002	616	922,016
Other income	23,025	—	2,945	—	—	—	25,970
Other gains	44,674	—	420	319	17,303	—	62,716
Interest income	15,781	—	3,816	890	305	—	20,792
Finance costs	(62,228)	—	(18,532)	(4,500)	(5,585)	42,004	(48,841)
Other expenses	(7,173)	—	(9,160)	1,621	(10)	—	(14,722)
Share of profits and losses of:							
Joint ventures	(821)	—	—	(6,686)	(1,469)	—	(8,976)
Associates	103,921	529,510	(432)	(12,482)	5,084	—	625,601
Unallocated other income, interest income and other gains							600,064
Unallocated finance cost							(174,534)
Unallocated expenses							(199,993)
Profit before tax	719,561	529,510	180,766	95,469	16,630	42,620	1,810,093
Tax	(106,307)	—	(27,802)	(28,290)	(4,326)	—	(166,725)
Unallocated tax							(127,263)
Profit for the Period	613,254	529,510	152,964	67,179	12,304	42,620	1,516,105
Segment assets:	14,419,729	8,799,077	3,183,888	4,556,838	798,875	(224,169)	31,534,238
Including:							
Investments in joint ventures	*20,105*	—	—	*65,962*	*7,100*	—	*93,167*
Investments in associates	*1,828,036*	*8,760,701*	*219,334*	*1,865,336*	*107,237*	—	*12,780,644*
Unallocated assets							4,755,187
Total assets							36,289,425
Segment liabilities:	6,455,805	—	1,208,177	681,473	76,015	(4,233,757)	4,187,713
Unallocated liabilities							12,296,063
Total liabilities							16,483,776
Other segment information:							
Depreciation and amortisation	216,411	—	33,164	57,062	11,952	—	318,589
Provision for impairment of inventories	685	—	3,246	—	—	—	3,931
Provision for impairment of trade and other receivables	1,809	—	2,025	(2,228)	—	—	1,606
Provision for impairment of investments in associates	—	—	—	—	16,200	—	16,200
Capital expenditure**	359,096	—	20,121	80,251	16,636	—	476,104

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2014 (unaudited, restated)

	Pharmaceutical manufacturing and R&D RMB'000	Pharmaceutical distribution and retail RMB'000	Medical diagnosis and medical devices RMB'000	Healthcare service RMB'000	Other business operations RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,360,142	757,061	826,984	550,265	7,772	—	5,502,224
Intersegment sales	160	—	—	—	3,284	(3,444)	—
Total revenue	3,360,302	757,061	826,984	550,265	11,056	(3,444)	5,502,224
Segment results*	480,360	7,678	73,471	83,970	(2,050)	1,711	645,140
Other income	14,837	—	488	—	—	—	15,325
Other gains	148,555	7,006	(89)	186	2	—	155,660
Interest income	4,892	1,811	3,449	1,044	445	(3,069)	8,572
Finance costs	(54,397)	74	(18,743)	(4,240)	(4,285)	42,542	(39,049)
Other expenses	(11,813)	(1,083)	(6,609)	(3,692)	(12)	—	(23,209)
Share of profits and losses of:							
Joint ventures	(4,564)	(4,925)	—	(127)	—	—	(9,616)
Associates	56,690	440,627	(1,547)	(542)	3,025	—	498,253
Unallocated other income, interest income and other gains							406,811
Unallocated finance cost							(147,857)
Unallocated expenses							(151,141)
Profit before tax	634,560	451,188	50,420	76,599	(2,875)	41,184	1,358,889
Tax	(133,878)	(4,430)	(15,291)	(19,567)	(6)	—	(173,172)
Unallocated tax							(33,417)
Profit for the Period	500,682	446,758	35,129	57,032	(2,881)	41,184	1,152,300
Segment assets:	12,508,140	8,072,325	2,997,384	2,312,131	801,797	(217,162)	26,474,615
Including:							
Investments in joint ventures	*28,143*	*639*	—	*102,279*	—	—	*131,061*
Investments in associates	*1,454,697*	*7,145,985*	*252,630*	*4,250*	*165,062*	—	*9,022,624*
Unallocated assets							4,516,452
Total assets							30,991,067
Segment liabilities:	5,897,576	568,834	1,088,664	596,058	16,019	(4,041,770)	4,125,381
Unallocated liabilities							9,366,585
Total liabilities							13,491,966
Other segment information:							
Depreciation and amortisation	197,794	4,582	30,679	36,966	5,215	—	275,236
Provision for impairment of inventories	482	—	3,606	—	—	—	4,088
Provision for impairment of trade and other receivables	359	—	1,369	3,113	—	—	4,841
Capital expenditure**	408,436	12,547	20,975	166,919	34,003	—	642,880

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

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

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of goods	**5,121,126**	4,947,417
Rendering of services	**748,082**	553,820
Sale of materials	**2,164**	987
	5,871,372	5,502,224

6. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends income from available-for-sale investments	**32,747**	45,415
Government grants	**26,525**	17,154
	59,272	62,569

7. OTHER GAINS

	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited, restated)
Gain on disposal of available-for-sale investments	**527,731**	308,215
Gain on disposal of interests in associates	**59,659**	153,807
Gain on disposal of subsidiaries	**30,950**	15,918
Exchange gain	**—**	15,280
Fair value gains on an equity investment at fair value through profit or loss	**3,220**	—
Others	**3,217**	2,429
	624,777	495,649

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cost of inventories sold	**2,389,768**	2,745,599
Cost of services provided	**539,697**	441,017
Depreciation of items of property, plant and equipment	**261,512**	220,426
Amortisation of prepaid land lease payments	**9,973**	12,116
Amortisation of other intangible assets	**47,104**	42,694
Provision for impairment of inventories	**3,931**	4,088
Provision for impairment of trade and other receivables	**1,606**	4,841
Provision for impairment of items of property, plant and equipment	**—**	2,614
Provision for impairment of investments in joint ventures	**16,200**	—
Loss on disposal of items of property, plant and equipment and other intangible assets	**914**	6,031

9. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**226,149**	193,103
Less: Interest capitalised	**(2,774)**	(6,197)
Interest expenses, net	**223,375**	186,906

10. INCOME TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% (for the six months ended 30 June 2014: 25%) of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 0% to 20%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. The provision of current income tax of Alma Lasers Ltd. ("Alma lasers"), a subsidiary of the Group incorporated in Israel, is based on a preferential rate of 16% (for the six months ended 30 June 2014: 16%).

The major components of tax expenses for the six months ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited, restated)
Current		
— Mainland China	**291,190**	219,802
— Elsewhere	**11,523**	13,786
	302,713	233,588
Deferred	**(8,725)**	(26,999)
Total tax charge for the Period	**293,988**	206,589

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,311,457,364 (for the six months period ended 30 June 2014: 2,278,004,364 ordinary shares) in issue during the Period, as adjusted to reflect the repurchase of restricted A shares of the Company during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those Periods.

12. PROPERTY, PLANT AND EQUIPMENT

	RMB'000 (Unaudited)
Carrying value at beginning of the Period	5,694,638
Additions	379,069
Acquisition of subsidiaries *(note 17)*	10
Disposals	(35,969)
Depreciation charge for the Period	(261,512)
Carrying value at end of the Period	5,776,236

The Group's property, plant and equipment with a net carrying value of RMB77,657,000 (31 December 2014: RMB64,617,000), were pledged as security for interest-bearing bank loans as set out in note 15 to the interim condensed consolidated financial statements.

13. TRADE AND BILLS RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	**1,511,268**	1,342,232
Bills receivable	**398,587**	435,846
	1,909,855	1,778,078

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

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Outstanding balances with ages:		
Within 1 year	**1,478,693**	1,336,762
1 to 2 years	**55,817**	31,772
2 to 3 years	**9,282**	5,097
Over 3 years	**33,300**	32,217
	1,577,092	1,405,848
Less: Provision for impairment of trade receivables	**(65,824)**	(63,616)
	1,511,268	1,342,232

14. TRADE AND BILLS PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	**880,073**	804,162
Bills payable	**35,184**	70,987
	915,257	875,149

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

An aged analysis of trade payables as at the end of the reporting period is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Outstanding balances with ages:		
Within 1 year	**854,437**	788,282
1–2 years	**11,436**	9,287
2–3 years	**9,531**	2,974
Over 3 years	**4,669**	3,619
	880,073	804,162

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Bank loans:			
— Secured	(1)	623,208	609,956
— Unsecured		3,360,621	3,104,558
		3,983,829	3,714,514
Medium-term notes	(2)	2,594,774	2,589,183
Corporate bonds	(3)	1,494,844	1,493,516
Short-term commercial paper ("短期融資券")	(4)	999,639	998,895
Total		9,073,086	8,796,108
Repayable:			
Within 1 year		5,975,149	4,939,433
1 to 2 years		1,669,932	1,676,345
2 to 5 years		616,246	2,122,990
Over 5 years		811,759	57,340
		9,073,086	8,796,108
Portion classified as current liabilities		(5,975,149)	(4,939,433)
Non-current portion		3,097,937	3,856,675

Notes:

The bank loans bear interest at rates ranging from 1.54% to 7.59% (2014: 1.51% to 7.80%) per annum.

(1) As at 30 June 2015, certain of the Group's bank loans are secured by the pledge of certain of the Group's property, plant and equipment (note 12) amounting to RMB77,657,000 (31 December 2014: RMB64,617,000), prepaid land lease payments amounting to RMB35,222,000 (31 December 2014: RMB34,680,000), the Group's shares of 268,371,532 in Guilin South Pharma Co., Ltd. (31 December 2014: the Group's shares of 268,371,532 in Guilin South Pharma Co., Ltd.) and the Group's and Magnificent View Investment Limited's 100% equity interest in Sisram Medical Ltd. (31 December 2014: the Group's and Magnificent View Investment Limited's 100% equity interest in Sisram Medical Ltd.).

(2) Medium-term notes

On 8 November 2010, the Company issued medium-term notes with a maturity of five years in an aggregate amount of RMB1,000,000,000, which bear interest at the one-year term deposit bank interest rate plus 240 basis points per annum. The interest is payable annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, the Company issued medium-term notes with a maturity of five years in an aggregate amount of RMB1,600,000,000, which bear interest at the one-year term deposit bank interest rate plus 290 basis points per annum. The interest is payable annually in arrears and the maturity date is 31 March 2016.

(3) Corporate bonds

On 25 April 2012, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,500,000,000, which bear interest at 5.53% per annum. The interest is payable annually in arrears and the maturity date is 25 April 2017.

(4) Short-term commercial paper

On 26 September 2014, the Company issued short-term commercial paper with a maturity of one year in an aggregate amount of RMB1,000,000,000, which bear interest at 5.15% per annum. The interest is payable annually in arrears and the maturity date is 26 September 2015.

16. DIVIDENDS

The Directors did not recommend the payment of an interim dividend in respect of the Period (for the six months period ended 30 June 2014: Nil).

The proposed final dividend of RMB0.28 (tax included) per ordinary share for the year ended 31 December 2014 was declared payable and approved by the shareholders at the annual general meeting of the Company on 29 June 2015.

17. BUSINESS COMBINATION

On 26 June 2015, Suzhou Erye Pharmaceutical Co., Ltd. ("Suzhou Erye"), a subsidiary of the Group, acquired the remaining 50% equity interests in Hainan Kaiye Pharmaceutical Co., Ltd. ("Hainan Kaiye") at a consideration of RMB3,859,000. Immediately before the acquisition, Suzhou Erye held 50% equity interests in Hainan Kaiye, which was accounted for as an investment in a joint venture. Hainan Kaiye is engaged in the sale of drugs.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of the acquired subsidiary during the Period as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB '000 (Unaudited)
Property, plant and equipment	10
Other current assets	1,203
Inventories	7,467
Trade and bills receivables	21,840
Cash and bank balances	2,296
Trade and bills payables	(25,537)
Other payables and accruals	(364)
Total identifiable net assets at fair value	6,915
Non-controlling interests	—
Total net assets acquired	6,915
Goodwill on acquisition	—
	6,915
Satisfied by:	
Cash	3,859
Investment in a joint venture	3,056
	6,915

17. BUSINESS COMBINATION (Continued)

The fair values of the acquired trade and notes receivables and other receivables as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

The Group incurred transaction costs of RMB9,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated income statement.

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

	RMB'000 (Unaudited)
Cash consideration paid	—
Cash and bank balances acquired	2,296
Net inflow of cash and cash equivalents included in cash flows from investing activities	2,296
Transaction costs of the acquisitions included in cash flows from operating activities	(9)
	2,287

18. DISPOSAL OF SUBSIDIARIES

The major disposal during the Period is set out as follow:

On 10 December 2014, the Company entered into certain equity transfer agreements with Sinopharm Holding GuoDa Drug Store Co., Ltd. ("Guoda Drug Store"), pursuant to which, the Company agreed to sell and Guoda Drug Store agreed to purchase 53.13% equity interest in Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Golden Elephant Pharmacy"), 97% equity interest in Shanghai Fosun Pharmaceutical Company Limited ("Fosun Pharmaceutical") and 99.76% equity interest in Shanghai For Me Yixing Pharmacy Chain-Store Company Limited ("For Me Pharmacy") for considerations of approximately RMB166,430,000, RMB98,697,000 and RMB149,229,000, respectively. In addition, the Company guaranteed that Golden Elephant Pharmacy should be able to collect all amounts payable by Beijing Goldelephant Online Network & Technology Co., Ltd., Beijing Jianyu Golden Elephant Pharmacy Co., Ltd. and Tianjin Qidong Golden Elephant Pharmacy Co., Ltd. in full within 60 days after receipt of the consideration from GuoDa Drug Store. On 4 January 2015, 9 January 2015 and 9 January 2015, the disposal transactions of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were completed, respectively, since when Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were not included in the consolidated financial statements of the Group. Financial information of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy at the date of being disposed is as follow:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net assets disposed of:		
Property, plant and equipment	**55,238**	26,639
Prepaid land lease payments	**260**	—
Goodwill	**13,893**	—
Other intangible assets	**75,870**	3
Investments in associates	**972**	—
Available-for-sale investments	**5,314**	—
Deferred tax assets	**—**	23
Inventories	**244,778**	14,178
Trade and bills receivables	**186,099**	8,165
Prepayments, deposits and other receivables	**149,877**	1,248
Cash and bank balances	**223,213**	1,363
Trade and bills payables	**(425,043)**	(4,862)
Other payables and accruals	**(105,001)**	(9,923)
Tax payable	**400**	—
Deferred tax liabilities	**(18,852)**	—
Other long-term liabilities	**—**	(2,490)
Non-controlling interests	**(90,958)**	(162)
	316,060	34,182
Fair value of the retained interests in subsidiaries disposed of	**(3,648)**	—
Gain on disposal of subsidiaries	**30,950**	15,918
	343,362	50,100
Satisfied by:		
Cash	**343,362**	50,100

18. DISPOSAL OF SUBSIDIARIES (Continued)

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash consideration	343,362	50,100
Cash and bank balances disposed of*	—	(1,363)
Advance receipt of cash consideration in previous year	(124,310)	—
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	219,052	48,737

* Cash and bank balances of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were included in assets of a disposal group classified as held for sale and were not included in cash and cash equivalents as at 31 December 2014.

19. COMMITMENTS

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Contracted, but not provided for:		
In respect of:		
Plant and machinery	312,700	224,486
Investments in subsidiaries and an associate	1,159,694	1,586,778
Investment in available-for-sale financial assets	202,500	275,355
	1,674,894	2,086,619
Authorised, but not contracted for:		
Plant and machinery	83,859	126,486

20. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere, the Group had the following transactions with related parties during the Period:

(a) Sales of pharmaceutical products and services

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sinopharm Group Co., Ltd. *(notes 5 & 7)*	**413,908**	346,563
Chindex International, Inc. *(notes 5 & 7)*	**28,087**	—
Healthy Harmony Holdings L.P. *(notes 1 & 5)*	**18,204**	—
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. *(notes 2 & 5)*	**1,496**	1,392
Hunan Time Sun Pharmaceutical Co., Ltd. *(notes 1 & 5)*	**210**	210
Tongde Equity Investment and Management Shanghai) Co., Ltd. *(notes 5 & 8)*	**198**	—
Tebon Securities Co., Ltd. *(notes 4 & 5)*	**7**	—
Fosun High Tech *(note 5)*	**1**	—
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. *(notes 1 & 5)*	**—**	10,328
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. *(notes 3 & 5)*	**—**	3,705
Shanghai Huifeng Forme Pharmacy Co., Ltd. *(notes 2 & 5)*	**—**	1,694
Shanghai Liyi Pharmacy Co., Ltd. *(notes 1 & 5)*	**—**	778
Shanghai Yaofang Co., Ltd. *(notes 1 & 5)*	**—**	648
	462,111	365,318

(b) Purchase of pharmaceutical products and services

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sinopharm Group Co., Ltd. *(notes 5 & 7)*	**56,995**	72,534
Suzhou Amerigen Pharmaceuticals Co., Ltd *(notes 5 & 7)*	**5,660**	—
Shanghai Golte Property Management Company Limited *(notes 4 & 5)*	**164**	—
Beijing Golte Property Management Company Limited *(notes 4 & 5)*	**63**	—
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd *(notes 1 & 5)*	**20**	—
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. *(notes 3 & 5)*	**—**	3,200
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. *(notes 1 & 5)*	**—**	1,904
Shanghai Yaofang Co., Ltd. *(notes 1 & 5)*	**—**	265
Shanghai Tonghanchuntang Traditional Chinese Medicine Co., Ltd. *(notes 3 & 5)*	**—**	49
SD Biosensor, Inc. *(notes 1 & 5)*	**—**	44
Fosium Innovations (Shanghai) Co., Ltd. *(notes 5 & 8)*	**—**	6
	62,902	78,002

20. RELATED PARTY TRANSACTIONS (Continued)

(c) Leasing and property management services

As lessor

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sinopharm Group Co., Ltd. *(notes 6 & 7)*	**450**	—
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. *(notes 2 & 6)*	**369**	53
Shanghai Yuzhi Investment and Management Co., Ltd *(notes 4 & 6)*	**317**	—
Tong De Equity Investment and Management (Shanghai) Co., Ltd. *(notes 6 & 8)*	**305**	—
Shanghai Yixing Sports Development Co., Ltd. *(notes 4 & 6)*	**235**	—
Shanghai Xingshuangjian Investment and Management Co., Ltd. *(notes 4 & 6)*	**123**	—
Fosium Innovations (shanghai) Co., Ltd. *(note 6 & 8)*	**—**	376
Fosun High Tech *(note 6)*	**—**	37
Guilin Auspicious Pharmaceutical Industrial Ltd *(notes 1 & 6)*	**—**	17
	1,799	483

As lessee

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Shanghai New Shihua Investment and Management Co., Ltd. *(notes 4 & 6)*	**1,959**	2,161
Beijing Golte Property Management Co., Ltd. *(notes 4 & 6)*	**435**	423
Shanghai Fosun Property Management Co., Ltd. *(notes 4 & 6)*	**—**	3,615
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. *(notes 1 & 6)*	**—**	1,997
	2,394	8,196

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Loans from/to a related party

The Company entered into a financial service agreement with Fosun Group Finance Corporation Limited ("Fosun Finance"), pursuant to which Fosun Finance shall provide financial services to the Company and its subsidiaries, including deposit service, credit service, settlement service and other financial services as approved by the China Banking Regulatory Commission for a period from 1 January 2014 and ended 31 December 2016. 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.

Maximum daily outstanding balance of deposits in Fosun Finance

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fosun Finance *(note 9)*	**407,772**	950,370

(e) Interest income from a related party

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fosun Finance *(note 9)*	**1,947**	1,917

The interest rate for deposits in Fosun Finance is made by reference to the benchmark interest rates on deposits issued by the People's Bank of China (PBOC), and is no less than the interest rate payable (i) to the Group by the domestic commercial banks; and (ii) to others by Fosun Finance, for the deposit service of the similar term and amount, whichever is higher.

20. RELATED PARTY TRANSACTIONS (Continued)

(e) Interest income from a related party (Continued)

Notes:

(1) They are associates of the Group.

(2) They are joint ventures of the Group.

(3) They are associates of Fosun High Tech, the holding company of the Group.

(4) They are subsidiaries of Fosun International Limited, the ultimate holding company of the Group.

(5) The sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(6) The fees for the leasing and property management services received from or paid to these related companies were determined based on prices available to third party customers of these related companies.

(7) They are subsidiaries of associates of the Group.

(8) They are subsidiaries of joint ventures of the Group.

(9) Fosun Finance is a subsidiary of Fosun High Tech, the holding company of the Company.

(f) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Performance related bonuses	**23,687**	14,720
Salaries, allowances and benefits in kind	**10,682**	8,078
Restricted A share incentive scheme	**2,967**	6,486
Pension scheme contributions	**400**	300
	37,736	29,584

21. FAIR VALUE AND FAIR VALUE HIERARCHY

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

	Carrying amounts		Fair values	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	**30 June 2015 RMB'000 (Unaudited)**	31 December 2014 RMB'000 (Audited)
Financial Assets:				
Available-for-sale investments, listed	**1,685,731**	1,135,772	**1,685,731**	1,135,772
Equity investments at fair value through Profit or loss	**36,950**	33,771	**36,950**	33,771
	1,722,681	1,169,543	**1,722,681**	1,169,543
Financial liabilities:				
Non-current portion of interest-bearing bank borrowings	**1,603,093**	771,192	**1,509,634**	743,139
Non-current portion of other borrowings	**1,494,844**	3,085,483	**1,528,500**	3,090,317
Other long-term liabilities	**937,772**	719,436	**937,772**	719,436
	4,035,709	4,576,111	**3,975,906**	4,552,892

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of interest-bearing bank and other borrowings as at 30 June 2015 was assessed to be insignificant.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

21. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

As at 30 June 2015, the fair value information has not been disclosed for certain available-for-sale investments in equity instruments that do not have a quoted market price in an active market and are measured at cost less any impairment because their fair value cannot be measured reliably. The reason why the fair value cannot be measured reliably is because that the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The carrying amount of these available-for-sale investments of the Group is RMB1,633,546,000 (31 December 2014: RMB1,363,384,000). All of them are unlisted equity investments in China, North America and other countries held by the Group, which are intended to be disposed by the Group after getting listed in the designated stock exchange in the future.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2015:

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the profit target of Chancheng Hospital as at 30 June 2015 was RMB27,720,000 (31 December 2014: RMB27,720,000) which was determined using the discounted cash flow model and is under Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders in 2016. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

As the profit after tax of Chancheng Hospital for the year ended 31 December 2014 was over the net profit target of RMB108,000,000, and it is estimated that the projected profit after tax of Chancheng Hospital for the year ended 31 December 2015 will exceed the net profit target of RMB129,600,000, there have been no adjustments to the contingent consideration during the six months ended 30 June 2015. Discount rate and discount for own non-performance risk is nil.

Projected profit target of Chancheng Hospital is consistent with that estimated when the purchase agreement was signed. Discount rate and discount for own non-performance risk is nil.

A significant decrease in the profit after tax of Chancheng Hospital would result in a significant decrease in the fair value of the contingent consideration liability.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of Alma Lasers in six months ended 30 June 2015 and cash and bank balances of Alma Lasers as at 30 June 2015.

21. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2015 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments — Listed	1,685,731	—	—	1,685,731
Equity investments at fair value through profit or loss	—	36,950	—	36,950
	1,685,731	36,950	—	1,722,681

As at 31 December 2014 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments — Listed	1,135,772	—	—	1,135,772
Equity investments at fair value through profit or loss	—	33,771	—	33,771
	1,135,772	33,771	—	1,169,543

21. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at 30 June 2015 (Unaudited)

	Fair value measurement using			
	Quoted prices in active Markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Amounts included in other long-term liabilities	**—**	**—**	**85,500**	**85,500**

As at 31 December 2014 (Audited)

	Fair value measurement using			
	Quoted prices in active Markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Amounts included in other long-term liabilities	—	—	88,019	88,019

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

	Six months ended 30 June 2015 RMB'000 (Unaudited)	Year ended 31 December 2014 RMB'000 (Audited)
Amounts included in other long-term liabilities:		
At 1 January	**88,019**	99,804
Total losses recognised in other reserves	**(2,519)**	—
Addition	**—**	15,935
Reclassification	**—**	(27,720)
	85,500	88,019

21. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

The Group did not have financial assets for which fair values are disclosed as at 30 June 2015 (31 December 2014: nil).

Liabilities for which fair values are disclosed:

As at 30 June 2015 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-current portion of interest-bearing bank borrowings	—	1,509,634	—	1,509,634
Non-current portion of other borrowings	1,528,500	—	—	1,528,500
Amounts included in other long-term liabilities	—	852,272	—	852,272
	1,528,500	2,361,906	—	3,890,406

As at 31 December 2014 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Non-current portion of interest-bearing bank borrowings	—	743,139	—	743,139
Non-current portion of other borrowings	1,498,350	1,591,967	—	3,090,317
Amounts included in other long-term liabilities	—	631,417	—	631,417
	1,498,350	2,966,523	—	4,464,873

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: nil).

22. CONTINGENT LIABILITIES

As at 30 June 2015 and 31 December 2014, the Group did not have any contingent liabilities.

23. EVENTS AFTER THE REPORTING PERIOD

On 30 July 2015, the Company entered into an agreement with Chongqing Pharmaceutical (Group) Company Limited ("Chongqing Pharma") and its controlling shareholder, Chongqing Chemical & Pharmaceutical Holding (Group) Company Limited, pursuant to which the Company agreed to subscribe 13,500,000 shares issued by Chongqing Pharma with the aggregate amount of RMB202,500,000. The transaction is still in process.

24. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of Directors on 25 August 2015.

Definitions

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

"A Share(s)"	domestic share(s) of the Company with a nominal value of RMB1.0 each, which are listed on the Shanghai Stock Exchange and traded in RMB
"A Shareholder(s)"	holder(s) of A Shares
"AGM" or "Annual General Meeting"	the annual general meeting of the Company
"Alma Lasers"	Alma Lasers Ltd., a company incorporated in the State of Israel with limited liability
"Aohong Pharma"	Jinzhou Aohong Pharmaceutical Company Limited (錦州奧鴻藥業有限責任公司), an indirect 93% owned subsidiary of the Company
"Articles" or "Articles of Association"	the articles of association of the Company
"associates"	has the meaning given to it under the Hong Kong Listing Rules
"Board" or "Board of Directors"	the board of Directors of the Company
"CFDA"	China Food and Drug Administration (中華人民共和國國家食品藥品監督管理總局), the PRC governmental authority responsible for the regulation of food and drugs
"CG Code"	the Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules
"Chancheng Hospital"	Foshan Chancheng Central Hospital Company Limited (佛山市禪城區中心醫院有限公司), a for-profit medical institution established with the approval by the Population, Health and Drug Administration of Chancheng District, Foshan (佛山市禪城區人口和衛生藥品監督管理局)
"Chindex"	Chindex International, Inc.
"CML"	Chindex Medical Limited (美中互利醫療有限公司), an indirect 70% owned subsidiary of the Company
"Company" or "Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"connected person(s)"	has the meaning given to it under the Hong Kong Listing Rules
"Controlling Shareholder(s)"	has the meaning given to it under the Hong Kong Listing Rules and in the context of our Company, means Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin, Fan Wei, Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech
"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 markets
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"EPO"	European Patent Office

Definitions

"Erye Pharmaceutical"	Suzhou Erye Pharmaceutical Co. Ltd. (蘇州二葉製藥有限公司)
"FDA"	Food and Drug Administration
"For Me Pharmacy"	Shanghai For Me Yixing Pharmacy Chain-Store Company Limited (上海復美益星大藥房連鎖有限公司), which has been renamed as Sinopharm Holdings GuoDa For Me Pharmacy Shanghai Chain-Store Company Limited (國藥控股國大復美大藥房上海連鎖有限公司)
"Fosun High Tech"	Shanghai Fosun High Technology (Group) Company Limited (上海復星高科技(集團)有限公司), a direct wholly-owned subsidiary of Fosun International and a Controlling Shareholder of the Company. Fosun High Tech is a connected person under Rule 14A.07(1) of the Hong Kong Listing Rules
"Fosun Holdings"	Fosun Holdings Limited (復星控股有限公司), a direct wholly-owned subsidiary of Fosun International Holdings and a Controlling Shareholder of the Company
"Fosun Industrial"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a wholly-owned subsidiary of the Company
"Fosun International"	Fosun International Limited (復星國際有限公司), an indirect subsidiary of Fosun International Holdings and a Controlling Shareholder of the Company
"Fosun International Holdings"	Fosun International Holdings Limited (復星國際控股有限公司), which is held as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively, and a Controlling Shareholder of the Company
"Fosun Pharmaceutical "	Shanghai Fosun Pharmaceutical Company Limited (上海復星藥業有限公司), which has been renamed as Sinopharm Holdings GuoDa For Me Pharmaceutical (Shanghai) Company Limited (國藥控股國大復美藥業（上海）有限公司)
"Fosun Pharmaceutical Industrial"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), a wholly-owned subsidiary of the Company
"General Mandate of A Shares"	an unconditional and general mandate proposed to be granted to the Board at the general meeting of the Company to issue, allot and/or deal with additional new A Shares not exceeding 20% of the total issued A Shares as at the date of the general meeting of the Company on 29 June 2015
"GMP"	guidelines and regulations issued from time to time pursuant to the Law of the PRC on the Administration of Pharmaceuticals（《中華人民共和國藥品管理法》）and to provide quality assurance and ensure that pharmaceutical products subject to the guidelines and regulations are consistently produced and controlled to the quality and standards appropriate for their intended uses
"Golden Elephant Pharmacy"	Beijing Golden Elephant Pharmacy Medicine Chain Company Limited (北京金象大藥房醫藥連鎖有限責任公司)
"Group"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require), or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Guangji Hospital"	Yueyang Guangji Hospital Company Limited (岳陽廣濟醫院有限公司), an indirect 55% owned subsidiary of the Company
"Guilin Pharma"	Guilin South Pharma Company Limited (桂林南藥股份有限公司), an indirect 95.17% owned subsidiary of the Company as at the end of the Reporting Period
"GuoDa Drug Store"	Sinopharm Holding GuoDa Drugstores Co., Ltd. (國藥控股國大藥房有限公司)

"Hainan Kai Ye"	Hainan Kai Ye Medical Company Limited (海南凱葉醫藥有限公司)
"H Share(s)"	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.0 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Shares
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hubei Shine Star"	Shine Star (Hubei) Biological Engineering Company Limited (湖北新生源生物工程股份有限公司), an indirect 51% owned subsidiary of the Company
"Jimin Cancer Hospital"	Anhui Jimin Cancer Hospital (安徽濟民腫瘤醫院), a people run non-enterprise unit established in the PRC and an indirect 70% owned subsidiary of the Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"PCT"	The Patent Cooperation Treaty
"PRC" or "China"	the People's Republic of China, and "Chinese" shall be construed accordingly. References in this interim report to the PRC or China, for geographical reference only, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Non-Public Issuance"	the proposed non-public issuance of new A Shares by the Company to the Subscribers
"Reporting Period"	the six-month period from 1 January 2015 to 30 June 2015
"Restricted A Share(s)"	the A Shares granted under the Restricted A Share Incentive Scheme
"Restricted A Share Incentive Scheme"	the Restricted A Share incentive scheme of the Company, as approved by the Shareholders on 20 December 2013
"Restricted A Share Incentive Scheme II"	the proposed restricted A Share incentive scheme II of the Company
"RMB"	the lawful currency of the PRC
"R&D"	research and development
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Henlius"	Shanghai Henlius Biotech Co., Ltd. (上海復宏漢霖生物技術有限公司), an indirect 77.67% owned subsidiary of the Company as at the end of the Reporting Period
"Shanghai Listing Rules"	the Stock Listing Rules of the Shanghai Stock Exchange (《上海證券交易所股票上市規則》)

Definitions

"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shareholders"	holders of the Shares
"Shares"	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Sinopharm"	Sinopharm 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)
"substantial shareholder(s)"	has the meaning given to it under the Hong Kong Listing Rules
"Supervisors"	the members of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Taizhou Zhedong Medical Care"	Taizhou Zhedong Zanyang Medical Care Investment Management Company Limited (台州市浙東贊揚醫養投資管理有限公司)
"U.S." or "United States"	United States of America, its territories and possessions, any State of the United States and the District of Columbia
"US dollars", "USD" or "US$"	United States dollars, the lawful currency of the United States
"Wanbang Pharma"	Jiangsu Wanbang Biopharmaceutical Co., Ltd. (江蘇萬邦生化醫藥股份有限公司), an indirect 95.2% owned subsidiary of the Company
"Written Code"	Written Code for Securities Transactions by Directors/Relevant Employees of the Company (《董事╱有關僱員進行證券交易的書面指引》)
"Yao Pharma"	Chongqing Yao Pharmaceutical Company Limited (重慶藥友製藥有限責任公司), an indirect 51% owned subsidiary of the Company
"Zhongwu Hospital"	Suqian Zhongwu Hospital Co., Ltd. (宿遷市鐘吾醫院有限責任公司), an indirect 55% owned subsidiary of the Company
"€"	EURO, the lawful currency of the European Union
""4+1" R&D Platform"	the four R&D platforms for small molecular innovative chemical drugs, large molecular biosimilars, generic drugs with high entry barriers and special formulation technology and the one investment platform for innovations
"%"	per cent

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