



# 國藥控股股份有限公司

## SINOPHARM GROUP CO. LTD.\*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)  
Stock Code: 01099

Interim Report **2024**

All for **Health**  
**Health** for All



\* The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd.".



## • **Company Profile**

The Company was established in January 2003 and listed on The Stock Exchange of Hong Kong Limited (stock code: 01099.HK) in September 2009, is a core subsidiary of China National Pharmaceutical Group Co., Ltd. and a top-rank wholesaler and retailer of pharmaceutical and healthcare products and medical devices, and a leading supply-chain service provider in the PRC.



The Group is mainly engaged in pharmaceutical products and medical device distribution business. Leveraging on its nationwide distribution and delivery network, the Group provides comprehensive distribution, delivery and other value-added services to domestic and foreign manufacturers and suppliers of pharmaceutical products, medical devices and consumables and other healthcare products, and also to downstream customers including hospitals, other distributors, retail drug stores and primary health services institutions.

Meanwhile, the Group manages its network of retail drug stores chain in major cities of China via direct operations and franchises to sell pharmaceutical and healthcare products to end customers. It has become a leader in China's pharmaceutical retail industry.

Besides, the Group is also engaged in the production and sale of pharmaceutical products, chemical reagents and laboratory supplies, and actively engaged in the innovation of pharmaceutical, medical services and other health-related industries, to explore the synergistic development of its diversified businesses.

Taking advantage of its superior economies of scale, customer resources, network platforms and brand position, the Group will fully leverage on China's pharmaceutical and healthcare market, which shows steady and healthy growth, and capture opportunities arising from healthcare reform to further consolidate and enhance its market leadership, actively striving to become an efficient organizer of pharmaceutical supply chain and comprehensive service solution provider in the industrial chain.

# Contents

1	Company Profile	40	Interim Condensed Consolidated Statement of Profit or Loss
3	Corporate Information	41	Interim Condensed Consolidated Statement of Comprehensive Income
5	Definitions	42	Interim Condensed Consolidated Statement of Financial Position
7	Management Discussion and Analysis	44	Interim Condensed Consolidated Statement of Changes in Equity
24	Biographies of Directors, Supervisors and Senior Management	45	Interim Condensed Consolidated Statement of Cash Flows
34	Other Information	48	Notes to the Interim Condensed Consolidated Financial Information
39	Report on Review of Interim Financial Information		

## Corporate Vision

*Becoming a distinguished (technological and innovative) global pharmaceutical and healthcare service provider*

## Corporate Mission

*All for Health  
Health for All*



# Corporate Information

As at the date of this report

## Directors

Mr. Zhao Bingxiang (*Non-executive Director and Chairman*)  
Mr. Lian Wanyong (*Executive Director and President*)  
Mr. Chen Qiyu (*Non-executive Director and Vice Chairman*)  
Mr. Wang Kan (*Non-executive Director*)  
Mr. Wang Peng (*Non-executive Director*)  
Mr. Wen Deyong (*Non-executive Director*)  
Mr. Li Dongjiu (*Non-executive Director*)  
Ms. Feng Rongli (*Non-executive Director*)  
Mr. Chen Fangruo (*Independent Non-executive Director*)  
Mr. Li Peiyu (*Independent Non-executive Director*)  
Mr. Wu Tak Lung (*Independent Non-executive Director*)  
Mr. Yu Weifeng (*Independent Non-executive Director*)  
Mr. Shi Shenghao (*Independent Non-executive Director*)

## Supervisors

Ms. Guan Xiaohui (*Chief Supervisor*)  
Mr. Liu Zhengdong  
Mr. Guo Jinhong  
Mr. Liu Hongbing  
Ms. Lu Haiqing

## Company Secretary

Mr. Wu Yijian

## Strategy and Investment Committee

Mr. Zhao Bingxiang (*Chairman*)  
Mr. Lian Wanyong  
Mr. Chen Qiyu  
Mr. Wen Deyong  
Mr. Li Dongjiu  
Mr. Chen Fangruo  
Mr. Li Peiyu  
Mr. Shi Shenghao

## Audit Committee

Mr. Wu Tak Lung (*Chairman*)  
Mr. Li Dongjiu  
Mr. Li Peiyu  
Mr. Shi Shenghao

## Remuneration Committee

Mr. Li Peiyu (*Chairman*)  
Ms. Feng Rongli  
Mr. Wu Tak Lung  
Mr. Yu Weifeng

## Nomination Committee

Mr. Zhao Bingxiang (*Chairman*)  
Ms. Feng Rongli  
Mr. Chen Fangruo  
Mr. Wu Tak Lung  
Mr. Yu Weifeng  
Mr. Shi Shenghao

## Legal and Compliance and Environmental, Social and Governance Committee

Mr. Yu Weifeng (*Chairman*)  
Mr. Zhao Bingxiang  
Mr. Lian Wanyong

## Corporate Information

As at the date of this report

### Authorized Representatives

Mr. Zhao Bingxiang  
Mr. Wu Yijian

### Legal Advisers

*As to Hong Kong laws:*  
DLA Piper UK LLP

*As to PRC law:*  
Guantao Law Firm Shanghai Office  
Jingtian & Gongcheng

### Accounting Firm for Reviewing the Interim Results <sup>(Note)</sup>

*International auditor:*  
PricewaterhouseCoopers  
Registered PIE auditor

*Domestic auditor:*  
PricewaterhouseCoopers Zhong Tian LLP

### Principal Place of Business in Hong Kong

Room 1601,  
Emperor Group Center,  
288 Hennessy Road,  
Wanchai, Hong Kong

### Principal Place of Business and Headquarters in the PRC

Sinopharm Group Building,  
No. 385, East Longhua Road, Huangpu District,  
Shanghai 200023, the PRC

### Registered Office in the PRC

1st Floor, 11th to 15th Floor, No.385,  
East Longhua Road,  
Huangpu District,  
Shanghai 200023, the PRC

### Company's Website

[www.sinopharmgroup.com.cn](http://www.sinopharmgroup.com.cn)

### H Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### Stock Code

01099

### Principal Banks

Bank of Communications Co., Ltd.  
China Merchants Bank Co., Ltd.  
Bank of China Limited  
China Construction Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Co., Ltd.  
China Minsheng Banking Corp., Ltd.

### Office of Board of Directors

Tel: (+86 21) 2305 2666  
Email: [ir@sinopharm.com](mailto:ir@sinopharm.com)/[sinopharm@wsfg.hk](mailto:sinopharm@wsfg.hk)

Note: References are made to the announcements of the Company dated 23 August 2024 and 13 September 2024 in relation to (among others) the proposed appointment of auditors. The Company has appointed Confucius International CPA Limited and Pan-China Certified Public Accountants LLP as the international auditor and the domestic auditor of the Company for the year of 2024, respectively, and their term of service commenced from the date on which the relevant resolution was approved by the shareholders at the extraordinary general meeting (i.e. 13 September 2024) up to the date of the next annual general meeting of the Company to be held in 2025.



## Definitions

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CNPGC”	China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司), a state wholly-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company
“CNPGC Group”	CNPGC and its subsidiaries and associates (excluding the Group)
“Company” or “Sinopharm Group”	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the Hong Kong Stock Exchange
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Fosun High Technology”	Shanghai Fosun High Technology (Group) Company Limited (上海復星高科技(集團)有限公司), a company incorporated in the PRC with limited liability
“Fosun Holdings”	Fosun Holdings Limited (復星控股有限公司), a company incorporated in the PRC with limited liability
“Fosun International”	Fosun International Limited (復星國際有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange
“Fosun International Holdings”	Fosun International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“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, the H shares and A shares of which are listed and traded on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Group”	the Company and its subsidiaries
“Henlius”	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange

## Definitions

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Natong Group”	Beijing Natong Technology Group Co., Ltd. (北京納通科技集團有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Reporting Period”	the six months ended 30 June 2024
“Shareholder(s)”	the shareholder(s) of the Company
“Sinopharm Accord”	China National Accord Medicines Corporation Ltd. (國藥集團一致藥業股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares and B shares are listed and traded on the Shenzhen Stock Exchange
“Sinopharm (CNCM LTD)”	China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the Shanghai Stock Exchange
“Sinopharm Investment”	Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司), a company incorporated in the PRC with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company
“Treasury Share(s)”	has the meaning ascribed to it under the Listing Rules

# Management Discussion and Analysis

## Industry Overview

### **Macro-economy: Domestic economy achieved steady growth and macro-control helped economic development**

In the first half of 2024, despite facing multiple challenges such as geopolitical tensions and a slowdown in global economic growth, China's economy, under the overall guidance of the government and the strong promotion by policies, maintained an overall stable and healthy development trend and made new progress in high-quality development.

According to the accounting data released by the National Bureau of Statistics, the GDP in the first half of 2024 was RMB61.68 trillion, representing a year-on-year increase of 5.0% at constant prices. On a quarterly basis, GDP in the first quarter increased by 5.3% year-on-year and GDP in the second quarter increased by 4.7% year-on-year. When compared with the previous quarter, the growth rates of GDP in the first and second quarters were 1.5% and 0.7%, respectively.

During the Reporting Period, the China government continued to implement a proactive fiscal policy and a prudent monetary policy, and intensified level of macro-control and countercyclical adjustments. The People's Bank of China further promoted the stable declining of the overall financing cost of the real economy through the adjustment and optimisation of interest rates, thereby consolidating and strengthening the upward trend of economic recovery, and providing strong support for economic stabilisation and recovery.

### **Industry Development: Deepening of medical reform led the industry transformation and special rectification promoted compliance development**

In the first half of 2024, with the increasing impact of uncertainties brought about by international geopolitical, the continuous promotion of special rectification actions in the medical field during the Reporting Period, and the normalisation of industry regulation, the medical and health industry faced new industry challenges and regulatory environments. A series of trends such as ecological purification, concentration enhancement and service transformation under the survival of the fittest have accelerated, and product iteration continued to speed up, opening a new chapter for the high-quality and compliant development of the industry. According to the data released by the National Healthcare Security Administration, from January to June 2024, the total expenditure of the basic medical insurance fund (including maternity insurance) was RMB1,173.575 billion, and the total expenditure of the basic medical insurance fund for employees (including maternity insurance) was RMB636.384 billion, representing an increase as compared with the same period of last year. The overall operation of the medical insurance system was stable, and the operation of funds was safe and sustainable.



## • Management Discussion and Analysis

In the first half of 2024, the implementation of medical reform policy was deepened, the volume-based procurement of pharmaceutical and medical devices continued to expand, the efficiency of the use of medical insurance funds continued to improve, which promoted the competition pattern of the medical and health industry to be more fair and transparent, and effectively improved the efficiency of industrial chain. The pharmaceutical distribution industry actively focused on and strengthened the construction of governance system, and the service model was further transformed towards specialisation and compliance, promoting the sustainable development of the industry while continuously improving service standards and professional skills. The scale efficiency and governance advantages of leading enterprises were accelerated. Digital technology was increasingly widely used in the field of pharmaceutical distribution, constantly strengthening the refined management capabilities of businesses and becoming a brand-new engine for industry transformation and innovation.

With the in-depth implementation of policies such as outpatient integral coverage and dual-channel medical insurance, the pharmaceutical sales scenarios have gradually shifted from hospitals, outpatient clinics and other medical institutions to retail pharmacies. Medical insurance bureaus in many regions have launched drug price comparison systems for designated retail pharmacies, strengthened the coordination and supervision inside and outside hospitals, and continued to promote the circulation of prescriptions outside hospitals. The professional pharmaceutical service channels have been further diversified and optimised, and the synergistic advantages of wholesale and retail networks have accelerated.

### Business Review

During the Reporting Period, under the leadership of the Board and the management, the Group actively adapted to the new development environment of the industry, overcame difficulties, and accelerated the transformation and innovation of businesses. As of the end of June 2024, the Group recorded a revenue of RMB294,726.81 million, representing a year-on-year decrease of 2.07%; a net profit of RMB5,899.22 million, representing a year-on-year decrease of 14.42%; and a net profit attributable to the parent company of RMB3,703.88 million, representing a year-on-year decrease of 9.76%.

The three main business segments showed different development trends. The pharmaceutical distribution business remained relatively stable, with a revenue amounting to RMB226,494.01 million, representing a year-on-year increase of 0.47%, and accounting for 74.10% of the Group's total revenue, representing an increase of 1.73 percentage points compared with the same period of the previous year. The medical device distribution business was affected by the structure change in terminal demand, achieving a revenue of RMB58,494.30 million, representing a year-on-year decrease of 7.08%, and accounting for 19.14% of the Group's total revenue, representing a decrease of 1.07 percentage points compared with the same period of the previous year. The revenue from the retail pharmacy business was RMB16,557.84 million, representing a year-on-year decrease of 6.43%, and accounting for 5.42% of the Group's total revenue, representing a slight decrease of 0.26 percentage point compared with the same period of the previous year.

## Management Discussion and Analysis

During the Reporting Period, due to the slowdown in revenue growth, the Group's selling and administrative expenses ratio increased slightly year-on-year, while the financial expenses ratio continued to decrease. As of the end of the Reporting Period, the selling and administrative expenses ratio was 4.21%, among which, the selling expenses ratio was 2.88%, representing a year-on-year increase of 0.08 percentage point, and the administrative expenses ratio was 1.33%, representing a year-on-year increase of 0.01 percentage point; the financial expenses ratio was 0.36%, representing a decrease of 0.11 percentage point compared with the same period of the previous year. The receivables turnover days increased by 7 days year-on-year, and the operating cycle increased by 3 days year-on-year.

### **Pharmaceutical Distribution: Pharmaceutical distribution developed steadily and marketing services continued to grow**

In 2024, the National Healthcare Security Administration continues to vigorously promote the centralised volume-based procurement of drugs, emphasises overall coordination in the selection of varieties of centralised procurement, and focuses on the work at the national and local levels, so that the national centralised procurement and the local centralised procurement can complement each other and the coverage of centralised procurement will continue to expand. According to the statistical data of the National Healthcare Security Administration, at present, nine batches of centralised procurement have included more than 370 major varieties, representing an average decline of more than 50%. It is anticipated that by the end of 2024, the number of drugs that have been included in the national and provincial centralised procurement will reach 500, covering chemical drugs, biological drugs and Chinese patent medicines. After several rounds of optimisation, the centralised procurement rules have become more reasonable and balanced. While the concentration of the industry has been continuously improved, the terminal sales prices and gross profit margin have been continuously and reasonably adjusted.

As of the end of the Reporting Period, the revenue from pharmaceutical distribution was RMB226,494.01 million, representing a year-on-year increase of 0.47%. The operating profit margin of the businesses was 2.75%, representing a slight decrease of 0.21 percentage point compared with the same period of the previous year. During the Reporting Period, the Group focused on core and key areas, and the market share of pharmaceutical distribution business in relevant markets continued to increase, especially in key areas such as Jiangsu, Zhejiang, Shanghai, Central China, North China and Guangdong and Guangxi, the proportion of revenue of which has maintained rapid growth. With the accelerated implementation of policies such as pooling medical insurance connection and prescription outflow, the proportion of direct sales to medical institutions has decreased, but the proportion of retail direct sales business has increased, and the advantages of channel coverage have steadily emerged.

## • Management Discussion and Analysis

The rapid transformation of the industry structure continued to promote the transformation of the service model of the pharmaceutical supply chain, and the requirements for compliance and professionalism of marketing services were further highlighted. During the Reporting Period, on the basis of conducting the circulation and distribution business, the Group proactively strengthened the business connection with strategic customers, actively adjusted marketing strategies according to industry changes, and continuously promoted marketing transformation and efficiency improvement of third-and fourth-tier companies. The Group actively focused on general distribution, general agent varieties, created the concept of direct terminal-oriented marketing services, improved the sales organisation structure and team building while gradually promoting digital transformation, gave full play to the team's professional competence and comprehensive service capabilities, and provided an end-to-end and nationwide integrated one-stop service solution. As of the end of the Reporting Period, the Group's marketing services had overcome various changes brought about by the transformation of the industry, complied with the new service demand, and maintained a rapid growth of nearly 20% in revenue from service business, further strengthening the terminal customer experience and service stickiness while effectively empowering the conduct of the terminal business, and gradually enhancing the professional capability and systematic advantages of marketing services.

### **Medical Device Distribution: Professional service capacities strengthened and intelligent supply chain services expanded**

During the Reporting Period, the national regulatory authorities continued to carry out special rectifications and inspections in the field of medical devices, successively promulgated a number of laws and regulations, optimised policies and systems, strengthened regulatory measures, implemented the whole process supervision and management of high-value medical consumables and large-scale medical equipment, purified the industry and market environment and the medical practice environment, and accelerated the construction of a governance structure with reliable quality, fast circulation, reasonable price and standardised use. The traditional distribution model is gradually changing to the comprehensive business model of distribution service, the supply chain structure is further transformed towards flattening and specialisation, and the competition landscape is greatly changed. The strong network coverage scale, efficient terminal distribution service, high-quality compliance management and control system and other characteristics will accelerate to become important differentiated competitive advantages in the field of circulation of medical devices.

The ageing population, the improvement of residents' medical consumption level, the guidance of national policies and the increase in medical expenses continued to support the development and innovation of the medical device distribution industry. The medical device distribution segment has shown great opportunities for transformation and development, the industry concentration has steadily increased, the substitution by domestic products has accelerated, the competitive advantages of medical devices products with innovative genes and intellectual property rights have continuously emerged, and the industry is accelerating into a sustainable and high-quality development track.

## Management Discussion and Analysis

As of the end of the Reporting Period, the Group's revenue from the medical device distribution business was RMB58,494.30 million, representing a decrease of 7.08% compared with the same period of the previous year, and the proportion to the Group's total revenue decreased by 1.07 percentage points compared with the same period of the previous year. The operating profit margin of the medical device distribution business was 2.25%, representing a decrease of 0.89 percentage point compared with the same period of the previous year. With respect to the category structure of devices, the revenue of devices with high gross profit margin such as medical devices and IVD test reagents has declined, while the revenue of medical consumables has maintained a relatively stable growth.

At the same time, with the deepening of medical system reform and in line with the new trend of distribution service transformation and hospital intelligence, the Group has comprehensively strengthened the construction of professional service capacities, actively promoted business collaboration and technology empowerment, and expanded intelligent supply chain services. With the leading service mode and extensive industry experience, the Group continued to promote the rapid development of intelligent supply chain projects such as centralised distribution and SPD management of medical consumables. As of the end of June 2024, the centralised distribution and SPD projects provided by the Group had covered 28 provinces. During the Reporting Period, 31 SPD projects were added, 148 single hospital centralised distribution projects were added, and 2 regional medical associations/medical communities centralised distribution projects were added. High-quality medical services still had strong growth momentum.

### **Retail Pharmacy: Channel construction continued to optimise and model innovation synergised with development**

In the first half of 2024, the National Healthcare Security Administration further explored drug price management in designated retail pharmacies, shifting drug price management from in-hospital to out-of-hospital, and implementing one after another regulatory measures such as multi-channel public price comparisons. Many local healthcare security bureaus have successively launched the drug price comparison system of designated retail pharmacies, promoted the price disclosure and monitoring of designated retail pharmacies, further guided and supervised the reasonable pricing and fair competition of retail pharmacies, and solved the disorderly competition in the market and the loss of medical insurance funds caused by information asymmetry. At the same time, policy implementation reasonably considered the impact of various factors such as the business model, network layout and labour cost of retail pharmacies. While standardising the price and market, the price difference of drugs with the same generic name was reduced in an orderly manner, expecting the leading chain enterprises with higher compliance to continue to exert the scale effect and promote the improvement of the industrial concentration. As of the end of the Reporting Period, the Group's revenue from the retail pharmacy business was RMB16,557.84 million, representing a year-on-year decrease of 6.43%, and the operating profit margin of the retail pharmacy business decreased by 0.28 percentage point compared with the same period of the previous year, reaching 1.55%.

## • Management Discussion and Analysis

With the full implementation of the outpatient retail unification (門診統籌) and the nationwide reform of personal medical insurance accounts, the revenue of personal medical insurance accounts showed negative growth for the first time in 2023. With the change of functions and the significant reduction of scale of personal medical insurance accounts, the original payment mode based on personal medical insurance accounts will also change obviously, leading to different development trends of specialised pharmacies and socialized pharmacies. During the Reporting Period, specialised pharmacies of the Group maintained a high growth rate of more than 20%, but the sales revenue of socialised pharmacies decreased on a year-on-year basis due to the reduction of scale of personal medical insurance accounts. During the Reporting Period, the Group actively analysed the new development trend of the industry, adjusted and optimised the construction of retail channels and network coverage, and made great efforts to improve the pharmaceutical service capability and drug accessibility directly facing C-side customers. As of the end of June 2024, the total number of retail stores was 12,366, representing a net increase of 257 in total compared with the end of 2023, among which there were 10,702 Guoda Drug Stores, representing a net increase of 186 compared with the end of 2023, 1,664 professional pharmacies, representing a net increase of 71 compared with the end of 2023, 1,151 dual-channel pharmacies, representing a net increase of 24 compared with the end of 2023, and 5,764 pooling medical insurance outpatient pharmacies, representing a net increase of 1,655 compared with the end of 2023. According to the “Top 100 Chinese Pharmacies Value List” in 2024, and the “Top 100 List of Comprehensive Competitiveness of Pharmaceutical Retail in 2024”, the revenue of Guoda Drug Stores in the retail pharmacy segment of the Group is still in the forefront of the industry, and the Group still has the advantages of leading professional services and network coverage.

In addition, the Group’s retail pharmacy business actively promoted the application of new technologies, new tools and new models, facilitated the innovative allocation of cross-industry production factors such as medicine, medical care and insurance, and consolidated the advantages of specialised pharmacy and service integration. Relying on hospital prescription flow access, the Group continuously deepened cooperation with third-party platforms, coordinated the construction of information system platform, deepened the synergies among “medical, medicine, patient, insurance” services, built a “patient- centered” one-stop overall service platform, and continuously increased the terminal coverage and model innovation for retail customers. During the Reporting Period, the Group’s “Huimin Insurance” launched 10 new projects, covering a total of 60 cities, and its special disease insurance and innovative payment business continued to lead the industry.

### **Transformation and Innovation: Integrated operations further promoted and achievement of digital transformation initially emerged**

Amidst the complicated and ever-changing market environment, Sinopharm Group further consolidated the governance responsibilities, steadily promoted the centralised management transformation of the headquarters of the Group, promoted the professional operation and integrated operation capabilities of various business formats, strengthened the guidance of budget objectives and the orientation performance appraisal, optimised and improved the risk management and control mechanisms, and kept the bottom line of safe development. The headquarters and subsidiaries of the Company adhered to the project-based and closed-loop management, focused on conducting sustainable “projects that improve operational efficiency”, and actively tapped the potential and space for improving operational quality and efficiency. As of the end of the Reporting Period, the overall expenses ratio of the Group was 4.57%, and the financial expenses ratio was 0.36%. On the basis of maintaining overall stability, the relevant expenses ratio indicators were reasonably optimised, the business management processes were continuously streamlined, and the management efficiency was improved accordingly.

## Management Discussion and Analysis

During the Reporting Period, the construction of the Group's logistics integration was further promoted, and the construction of major projects made phased achievements. The first phase of logistics digitalization construction has been completed, a new architecture for the logistics core system was established, and five major logistics information systems were put into operation in Beijing, Shanghai and Guangzhou. In terms of the logistics integration management, during the Reporting Period, the logistics integration management of Chongqing hub in the Western Triangle has been successfully completed. Through digital capability innovation such as equipment interconnection and system integration, the Group continuously improved the real-time perception and logistics tracking capabilities, optimised matching and synergies of resources, and effectively met the brand-new service model and demand under the trend of national integrated transformation of pharmaceutical and medical advice distribution. As of the end of the Reporting Period, the service revenue from third-party logistics outside the Group continued to grow.

At the same time, the Group also actively accelerated the digital transformation and utilised digital intelligence innovation to facilitate business reform. At present, Sinopharm Group has completed the cleaning and standardisation of master data at the business side, with a total of approximately 50 million master data on drugs, devices, Chinese herbal medicines, customers, and users, achieving global standardised data analysis, and forming a comprehensive data management system from the organisation and standards of data governance to operations and technology. The Group effectively utilised data analysis and decision-making capabilities to assist business development and continuously empowered the development and innovation of pharmaceutical intelligent supply chain services. During the Reporting Period, according to the assessment results of the China Association of Pharmaceutical Commerce, the Group won a total of 36 different awards, such as "Benchmarking Case", "Outstanding Case", "Excellent Case" and "Popular Case", for its positive achievements in digital transformation, such as business process intelligence and resource allocation optimisation, and the transformation achievements were highly recognised by the industry.

### Future Plans

Looking forward to the second half of 2024, the pharmaceutical circulation industry will still face new challenges and opportunities brought by transformation and regulation. Sinopharm Group will, in strict accordance with the work requirements and deployment of state-owned enterprise reform, firmly and confidently promote the steady development of main businesses, deeply implement the strategy of service transformation and innovation-driven development, facilitate the process of digital transformation, continuously consolidate the Group's core competitive edges, enhance the inherent attributes of scientific and technological innovation and optimise the quality of business operations.

In terms of the pharmaceutical distribution segment, the Group will further enrich the category structure, actively follow up the expansion and implementation of the volume-based procurement policy, strengthen cooperation and services with upstream suppliers, seize the policy benefits and development opportunities of innovative drugs, improve the service mechanism and capabilities of innovative drugs, and obtain more authorisation and distribution shares of national varieties and innovative drug products. At the same time, in line with the new trend of supply chain structural transformation, the Group will further strengthen the coverage of primary network, build a sound security system, focus on end customers such as hospital consortia and medical communities, strengthen primary medical and health services, and ensure the central drug reserve and the construction of national public health emergency security system.



## • Management Discussion and Analysis

In terms of the medical device distribution segment, the Group will actively respond to the requirements of new policies such as centralised procurement and expansion and “DRGs/DIP”, undertake the volume-based procurement and distribution projects of consumables, improve the service mode and supervision of medical devices, lead the compliance optimisation of the service mode of medical device supply chain, further improve efficiency of the supply chain, standardise business transaction processes, orderly increase services and sales directly facing terminal medical institutions, and comprehensively enhance the competitive edge of compliance services. At the same time, the Group will actively expand the service capabilities, accelerate professional integration, explore innovative intelligent supply chain value-added services, and accelerate the development of SPD services and centralised distribution projects.

In terms of the retail pharmacy segment, the Group will continue to tap the service potential of specialised pharmacies, actively undertake hospital outflow prescriptions, optimise store layout, expand outpatient retail unification (門診統籌) pharmacies, accelerate the construction of emerging business formats such as patient follow-up centers, rare disease centers and chronic disease center pharmacies, and enhance the comprehensive service capabilities such as specialised pharmacy service and health management. At the same time, in the face of the brand-new competition landscape and situation, the Group will regard operational quality and profitability as the primary control indicators of retail formats, continuously optimise the product structure, increase the sales proportion of products with high gross profit, accelerate the construction of online and offline integration capabilities, and continuously improves the overall profitability and operational quality of retail pharmacies.

In terms of the field of business governance, the Group will vigorously promote the transformation and innovation of businesses, accelerate the digital transformation and artificial intelligence application planning of Sinopharm Group, continue to promote the construction of related digital transformation projects from four aspects of business, finance, data and science and technology innovation, accelerate the transformation of digital intelligence achievements and the construction of digital system, explore the empowerment of digital intelligence applications closely around the main business and innovative business scenarios, continuously improve the governance mechanism and science and technology innovation capabilities, and tap new driving forces for improving quality and efficiency.

Looking forward to the future, the Group will further sort out and improve the development strategy on the basis of the steady growth of main businesses. While actively promoting the reform of state-owned enterprises and fully performing the social responsibilities of central enterprises, the Group will explore new momentum for business development, explore new mechanisms in governance, incentives and culture in line with the transformation trend of the industry, enhance business value and cooperation stickiness of upstream and downstream customers through the transformation of supply chain services, continuously consolidate the momentum for sustainable business development, and promote the high-quality business development.

# Management Discussion and Analysis

## Financial Summary

The financial summary set out below is extracted from the unaudited financial statements of the Group for the Reporting Period which were prepared in accordance with the HKASs 34 *Interim Financial Reporting*.

During the Reporting Period, the Group recorded revenue of RMB294,726.81 million, representing a decrease of RMB6,223.47 million or 2.07% as compared with the corresponding period of last year.

During the Reporting Period, the Group recorded a net profit of RMB5,899.22 million, representing a decrease of RMB994.02 million or 14.42% as compared with the corresponding period of last year; profit attributable to owners of the parent amounted to RMB3,703.88 million, representing a decrease of RMB400.56 million or 9.76% as compared with the corresponding period of last year.

During the Reporting Period, basic earnings per share of the Company amounted to RMB1.19, representing a decrease of 9.85% as compared with the corresponding period of last year.

*Unit: in millions of RMB unless otherwise stated*

	Six months ended 30 June 2024	Six months ended 30 June 2023	Change
<b>Operating result</b>			
Revenue	<b>294,726.81</b>	300,950.28	(6,223.47)
Earnings before interest and tax	<b>8,670.35</b>	10,283.86	(1,613.51)
Profit attributable to owners of the parent	<b>3,703.88</b>	4,104.44	(400.56)
<b>Profitability</b>			
Gross margin	<b>7.45%</b>	7.73%	decrease by 0.28 percentage point
Operating margin	<b>2.79%</b>	3.18%	decrease by 0.39 percentage point
Net profit margin	<b>2.00%</b>	2.29%	decrease by 0.29 percentage point
Earnings per share – Basic (RMB)	<b>1.19</b>	1.32	(0.13)

## • Management Discussion and Analysis

Unit: in millions of RMB unless otherwise stated

	Six months ended 30 June 2024	Six months ended 30 June 2023	Change
<b>Key operational indicators</b>			
Trade receivables turnover ratio (days)	132	125	7
Inventory turnover ratio (days)	43	41	2
Trade payables turnover ratio (days)	101	95	6
Current ratio (times)	1.35	1.32	0.03

Unit: in millions of RMB unless otherwise stated

	30 June 2024	31 December 2023	Change
<b>Asset position</b>			
Total assets	429,583.12	383,394.84	46,188.28
Equity attributable to owners of the parent	75,541.96	74,582.22	959.74
Gearing ratio	71.50%	68.62%	increase by 2.88 percentage points
Cash and cash equivalents	43,331.77	63,808.54	(20,476.77)

### Revenue

During the Reporting Period, the Group recorded revenue of RMB294,726.81 million, representing a decrease of 2.07% as compared with RMB300,950.28 million for the six months ended 30 June 2023. This decrease was due to the decrease in revenue from the Group's retail pharmacy business and medical device distribution business.

- **Pharmaceutical distribution segment:** During the Reporting Period, the revenue from pharmaceutical distribution of the Group was RMB226,494.01 million, representing an increase of 0.47% as compared with RMB225,432.95 million for the six months ended 30 June 2023 and accounting for 74.10% of the total revenue of the Group. The growth slowed down mainly because the implementation of policies such as volume based procurement and price reduction of national negotiated varieties has led to a slowly growth in the pharmaceutical distribution business volume.
- **Medical device distribution segment:** During the Reporting Period, the revenue from medical device distribution of the Group was RMB58,494.30 million, representing a decrease of 7.08% as compared with RMB62,953.59 million for the six months ended 30 June 2023 and accounting for 19.14% of the total revenue of the Group. Such decrease was primarily due to a significant decrease in anti-pandemic sales of the Group's medical device distribution business this year compared to the same period last year, as well as a decrease in the volume of centralised procurement and equipment business sales as compared to the same period last year.

## Management Discussion and Analysis

- **Retail pharmacy segment:** During the Reporting Period, the revenue from retail pharmacy of the Group was RMB16,557.84 million, representing a decrease of 6.43% as compared with RMB17,696.51 million for the six months ended 30 June 2023 and accounting for 5.42% of the total revenue of the Group. Such decrease was primarily due to the contraction in retail pharmacy market and the sales volume of the Group's retail pharmacies has declined.
- **Other business segment:** During the Reporting Period, the revenue from other business of the Group was RMB4,105.37 million, representing a decrease of 24.10% as compared with RMB5,409.10 million for the six months ended 30 June 2023, primarily due to the decrease in revenue from industrial products.

### Cost of Sales

During the Reporting Period, the cost of sales of the Group was RMB272,783.52 million, representing a decrease of 1.76% as compared with RMB277,679.60 million for the six months ended 30 June 2023, which was comparable to the decline in the sales revenue.

### Gross Profit

During the Reporting Period, the gross profit of the Group was RMB21,943.30 million, representing a decrease of 5.70% as compared with RMB23,270.68 million for the six months ended 30 June 2023, which was mainly due to the decline in the revenue scale of the Group.

The gross profit margin of the Group for the six months ended 30 June 2024 was 7.45%, and the gross profit margin for the corresponding period in 2023 was 7.73%.

### Other Income

During the Reporting Period, the other income of the Group was RMB150.60 million, representing a decrease of 40.29% as compared with RMB252.21 million for the six months ended 30 June 2023, primarily due to the decrease in subsidies obtained by the Group from the central and local governments.

### Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were RMB8,479.22 million, representing an increase of 0.54% as compared with RMB8,433.81 million for the six months ended 30 June 2023.

### Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were RMB3,915.16 million, representing an decrease of 1.33% from RMB3,967.75 million for the six months ended 30 June 2023.

The proportion of the administrative expenses of the Group to the total revenue of the Group increased from 1.32% for the six months ended 30 June 2023 to 1.33% for the Reporting Period.

## • Management Discussion and Analysis

### Operating Profit

As a result of the above-mentioned factors, during the Reporting Period, the operating profit of the Group was RMB8,221.63 million, representing a decrease of 14.19% from RMB9,581.38 million for the six months ended 30 June 2023.

### Other (Losses)/Gains – Net

During the Reporting Period, the other net losses of the Group was RMB179.07 million, representing a decrease of RMB309.02 million as compared with other net gains of RMB129.95 million for the six months ended 30 June 2023. Such decrease was mainly due to the subsidiary receiving a large amount of demolition compensation in the corresponding period of last year.

### Other Expenses

During the Reporting Period, the reversal of other expenses of the Group were RMB3.08 million, representing a decrease of RMB4.83 million as compared with the provision of other expenses of the Group for the six months ended 30 June 2023 of RMB1.75 million, mainly due to the provision of prepaid accounts and the reversal of impairment losses on other non-current assets for the current year.

### Finance Costs – Net

During the Reporting Period, the finance costs – net of the Group were RMB1,073.87 million, representing a decrease of RMB343.96 million as compared with RMB1,417.83 million for the six months ended 30 June 2023, mainly due to a decrease in weighted loan principal, resulting in a reduction in financial costs.

### Share of Profits and Losses of Associates

During the Reporting Period, the Group's share of profits and losses of associates was RMB623.03 million, representing an increase of 9.05% as compared with RMB571.30 million for the six months ended 30 June 2023.

### Share of Profits and Losses of Joint Ventures

During the Reporting Period, the Group's share of profits and losses of joint ventures was RMB1.69 million, representing a decrease of 43.29% as compared with RMB2.98 million for the six months ended 30 June 2023, mainly due to the decline in business results of joint ventures.

### Income Tax Expense

During the Reporting Period, the income tax expense of the Group was RMB1,697.27 million, representing a decrease of 13.97% as compared with RMB1,972.80 million for the six months ended 30 June 2023, primarily because the decrease in the profit before tax of the Group led to the corresponding decrease in income tax expense. The Group's effective income tax rate increased from 22.25% for the six months ended 30 June 2023 to 22.34% for the six months ended 30 June 2024.

# Management Discussion and Analysis

## Profit for the Period

As a result of the above-mentioned factors, the profit for the Reporting Period of the Group was RMB5,899.22 million, representing a decrease of 14.42% from RMB6,893.23 million for the six months ended 30 June 2023. The Group's net profit margin for the Reporting Period and for the corresponding period of 2023 was 2.00% and 2.29%, respectively.

## Profit Attributable to Owners of the Parent

During the Reporting Period, profit attributable to owners of the parent was RMB3,703.88 million, representing a decrease of 9.76% or RMB400.56 million from RMB4,104.44 million for the six months ended 30 June 2023.

## Profit Attributable to Non-controlling Interests

During the Reporting Period, profit attributable to non-controlling interests was RMB2,195.34 million, representing a decrease of 21.28% from RMB2,788.79 million for the six months ended 30 June 2023.

## Liquidity and Capital Sources

### Working capital

As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB43,331.77 million (31 December 2023: RMB63,808.54 million), primarily comprising cash, bank savings and cash generated from operating activities during the current period.

### Cash flow

The cash of the Group is primarily used for financing working capital, repaying credit interest and principal due, financing acquisitions and providing funds for capital expenditures, growth and expansion of the Group's facilities and operations.

### Net cash used in operating activities

The Group's cash outflow from operations primarily derives from payments for the purchase of raw material and provision of services in its pharmaceutical distribution, retail pharmacy, medical device distribution and other business segments. During the Reporting Period, the Group's net cash used in operating activities amounted to RMB40,993.67 million. The net cash used in operating activities of the Group was RMB43,326.42 million for the six months ended 30 June 2023. Such decrease was primarily attributable to the collection of trade receivables and the delayed payment in trade payables during the Reporting Period.

### Net cash (used in)/generated from investment activities

During the Reporting Period, the net cash used in investment activities of the Group was RMB1,038.51 million. The net cash generated from investment activities for the six months ended 30 June 2023 was RMB1,180.48 million. Such decrease was primarily due to increase in prepayment of prices for land use rights.



## • Management Discussion and Analysis

### Net cash generated from financing activities

During the Reporting Period, the net cash generated from financing activities of the Group was RMB21,551.76 million, representing an increase of RMB255.77 million as compared with RMB21,295.99 million for the six months ended 30 June 2023. Such increase was primarily due to the decrease in bond repayments during the Reporting Period.

### Capital Expenditure

The Group's capital expenditures were primarily utilised for the development and expansion of distribution channels, upgrading of its logistic delivery systems and decoration of new stores and equipment purchase. The Group's capital expenditures for the Reporting Period amounted to RMB2,725.50 million, representing an increase of RMB1,737.35 million as compared with RMB988.15 million for the six months ended 30 June 2023, mainly due to the increase in the expenditure on the purchase of property, plant and equipment.

The Group's current plans with respect to its capital expenditures may be modified according to the progress of its operation plans (including changes in market conditions, competition and other factors). As the Group continues to expand, it may incur additional capital expenditures. The Group's ability to obtain additional funding in the future is subject to a variety of uncertain factors, including the future operating results, financial condition and cash flows of the Group, economic, political and other conditions in mainland China and Hong Kong, and the PRC government's policies relating to foreign currency borrowings.

### Capital Structure

#### Fiscal resources and fiscal policies

During the Reporting Period, the Group made certain improvement and adjustments to its capital structure, so as to relieve fiscal risks and reduce finance costs. The businesses of the Group faced a variety of fiscal risks: market risk (including foreign exchange risks, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instrument to hedge its risk exposures on changes in foreign currency exchange rates and interest rates.

The Group had successfully issued super short-term financing bonds in an aggregate amount of RMB6.0 billion during the Reporting Period for the purposes of broadening financing channels and reducing financing costs, so as to repay bank loans as well as to replenish working capital.

The Group's borrowings are mainly denominated in RMB.

As at 30 June 2024, the cash and cash equivalents of the Group were mainly denominated in RMB, with certain amount denominated in Hong Kong Dollars ("**HKD**") and small amount denominated in United States Dollars ("**USD**"), Euro ("**EUR**"), Swiss Franc, Great Britain Pound and Japanese Yen.

# Management Discussion and Analysis

## Indebtedness

As at 30 June 2024, the Group had aggregated banking facilities of RMB335,345.97 million (31 December 2023: RMB294,573.27 million), of which RMB218,234.44 million (31 December 2023: RMB148,120.82 million) were not yet utilised and are available to be drawn down at any time. Such banking facilities are primarily short-term loans for working capital. Among the Group's total borrowings as at 30 June 2024, RMB79,688.78 million (31 December 2023: RMB54,730.45 million) will be due within one year and RMB15,925.36 million (31 December 2023: RMB13,834.04 million) will be due after one year. During the Reporting Period, the Group did not experience any difficulties in renewing the bank loans with its lenders. As at 30 June 2024, all of the Group's borrowings from banks and other financial institutions were carried at floating interest rates and the weighted average effective annual interest rate for the six months ended 30 June 2024 was 2.85% (for the year ended 31 December 2023: 2.82%).

## Gearing ratio

As at 30 June 2024, the Group's gearing ratio was 71.50% (31 December 2023: 68.62%), which was calculated based on the total liabilities divided by the total assets as at 30 June 2024.

## Credit Risk

The Group will focus on the recovery of account receivables with a maturity of more than one year, inventory risk and liquidity control, credit exposure and other potential risks, coordinate development and safety, continuously improve the level of compliance supervision, and prevent and control business operation risks. Meanwhile, the Group will continue to review the credit risk of trade receivables and fully consider changes in business structure and customer structure, changes in the macroeconomic environment and specific industry factors. At the same time, the Group will also continue to review the Group's customer credit risk characteristic portfolios to ensure that the division of credit risk characteristic portfolios can fully reflect the risk characteristics of different types of customers, and the Group will assess the accounting estimates such as historical observed default rates and forward-looking adjustments in a more prudent manner to ensure that the provision matrix of the Group's expected credit loss can fully reflect the impairment provisions for trade receivables. As at 30 June 2024, the trade and notes receivables of the Group in aggregate amounted to RMB240,996.07 million (31 December 2023: RMB184,432.54 million) and its ageing analysis is set out in note 18 to the consolidated financial statements.

The Group has established a sound customer credit management system and trade receivables management measures to prevent credit risks and improve the turnover efficiency of trade receivables, and major measures included but not limited to: (i) establishing a scientific and rational credit evaluation model to strictly review and approve customers' credit limits; (ii) reviewing the actual sales, collection of trade receivables and financial information of customers on a regular basis, and implementing a dynamic management on customers' credit limits and terms; (iii) strengthening the regular monitoring and analysis of several indicators such as the balance of trade receivables with a maturity of more than one year, balance of trade receivables overdue and turnover days of trade receivables based on different customer bases; and (iv) strengthening the reconciliation and collection of trade receivables, especially receivables with a maturity of more than one year and overdue receivables, developing practical collection measures and repayment terms, and other necessary measures.

## • **Management Discussion and Analysis**

### **Foreign Exchange Risks**

The Group's operations are mainly located in the PRC and most of its transactions are denominated and settled in RMB. However, the Group is exposed to foreign exchange risks to a certain extent as certain cash and cash equivalents, borrowings from banks and other financial institutions and trade payables are denominated in foreign currencies, the majority of which are USD, HKD and EUR. During the Reporting Period, the Group had no corresponding hedging arrangements.

### **Pledge of Assets**

As at 30 June 2024, part of the Group's borrowings and notes payable were secured by trade and notes receivables with book value of RMB3,690.42 million (31 December 2023: RMB1,826.62 million), bank deposits of RMB9,902.91 million (31 December 2023: RMB11,011.08 million), properties, plant and equipment with book value of RMB5.95 million (31 December 2023: RMB8.30 million).

### **Going Concern**

Based on the current financial forecast and available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a going concern basis.

### **Contingent Liabilities and Material Litigations**

As at 30 June 2024, the Group neither had any material contingent liabilities, nor had any material litigations.

### **Significant Investment**

During the Reporting Period, the Group had no significant investments. As at the date of this report, the Board has not approved any plans for material investments or purchase of capital assets.

### **Major Acquisitions and Disposals**

During the Reporting Period, the Group had no material acquisitions and disposals with respect to subsidiaries, associates and joint ventures.

# Management Discussion and Analysis

## Human Resources

As at 30 June 2024, the Group had a total of 113,635 (as at 30 June 2023: 113,362) employees. In order to meet the development needs and support and promote the realisation of its strategic objectives, the Group has integrated existing human resources, made innovations in management model and optimised management mechanism in accordance with the requirements of specialised operation and integrated management, so as to actively advance the organisational reform and accelerate the cultivation and recruitment of the talents. The Group has established a strict selection process for recruitment of employees and adopted a number of incentive mechanisms to enhance their efficiency, conducted periodic performance reviews on its employees and adjusted their salaries and bonuses accordingly. In addition, the Group has provided training programs to employees with different functions.

For remuneration and performance, the Group has established a normative salary management system based on the principle of “performance-oriented compensation, prioritising efficiency and considering fairness”. The Group has implemented top-down performance assessment to establish a compensation system with position and ability as basis and performance as the cornerstone. The employee remunerations include basic salary, performance-based remuneration, bonus and piece rate wage. Remuneration is adjusted based on factors such as the results of the corporation, work performance and capabilities as well as job responsibilities of employees.

The Group has followed the performance-oriented principle while giving consideration to balance. The Group has adopted a diversified structure and makes dynamic adjustments. For the value created, the Group has distributed the incremental value. The Group has shared benefits and risks with our employees. Based on the principle of aligning with market benchmarks and international standards, the Group has adopted a combination of short-term and medium- and long-term incentives to determine directors' remuneration incentive policies, and designed a compensation structure comprising “basic remuneration, performance-based remuneration, and medium and long-term incentives”. The basic remuneration is the basic fixed annual income. The performance-based remuneration is the immediate floating income based on the completion of the annual performance goals, which is paid after evaluation. The “medium and long-term incentive” is the share incentive scheme, which is contingent on the excellent performance in the medium- and long-term, designed to bind interests and share benefits and risks with shareholders. Details of the employee benefit expenses of the Group during the Reporting Period are set out in note 11 to the interim condensed consolidated financial statement.

## • Biographies of Directors, Supervisors and Senior Management

### Directors

**Mr. Zhao Bingxiang**, aged 52, is the Chairman, non-executive Director and the secretary of Party Committee of the Company, holds a bachelor's degree from the School of Pharmacy of Shenyang Pharmaceutical University, a master's degree from the Peking University School of Pharmaceutical Sciences, and a doctoral degree from the College of Chemical and Biological Engineering, Zhejiang University and is a professor-level senior engineer in China. Mr. Zhao served as a regional sales manager and a marketing officer of San-jiu Pharmaceutical Trade Co., Ltd. (三九醫藥貿易有限公司), a deputy general manager of San-jiu Tongda Pharmaceutical Co., Ltd. (三九同達藥業有限公司), a senior researcher of the R&D center of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (華潤三九醫藥股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000999) ("**CR Sanjiu**"), the general manager of China Resources Sanjiu (Ya'an) Pharmaceutical Co., Ltd. (華潤三九(雅安)藥業有限公司), the chairman and the general manager of China Resources Zizhu Pharmaceutical Co., Ltd. (華潤紫竹藥業有限公司), a vice president of China Resources Pharmaceutical Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 03320) ("**China Resources Pharmaceutical**"), and a director and the president of CR Sanjiu. Mr. Zhao has received twice the State Scientific and Technological Progress Award – second-class, as well as other awards including the Sichuan Patent Award – special prize and the Sichuan Scientific and Technological Progress Award – first-class. Mr. Zhao currently serves as a professor and doctoral tutor at Shenyang Pharmaceutical University and a professor at School of Medicine of Zhejiang University; previously served as the vice chairman of the Science and Technology Association of China Resources Group, a deputy director of the Academic Committee of the NMPA Key Laboratory for Quality Research and Evaluation of Traditional Chinese Medicine, and a deputy director of the Pharmaceutical Clinical Evaluation Research Professional Committee of the China Association of Traditional Chinese Medicine. Mr. Zhao joined in China National Pharmaceutical Group Co., Ltd. in March 2024, and is currently a director and the general manager of China National Pharmaceutical Group Co., Ltd.. Mr. Zhao has been the secretary of Party Committee of the Company since August 2024 and the Chairman and a non-executive Director of the Company since September 2024.

**Mr. Lian Wanyong**, aged 53, is an executive Director, President and deputy secretary of Party Committee of the Company, holds a master's degree in medicine from Zhongshan Medical Sciences University and a master's degree in business administration from the University of Miami and is an associate chief pharmacist. Mr. Lian successively served as the deputy director of the financial assets management department, a director of the investment management department and the deputy director of policy research office of China National Pharmaceutical Group Co., Ltd. Mr. Lian successively served as a Director and supervisor of the Company from December 2008 to January 2018, and served as a vice president and a member of Party Committee of the Company, a director of China National Accord Medicines Corporation Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000028) and a director of China National Medicines Corporation Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600511) from January 2018 to September 2022. Mr. Lian served as a director, the president and the deputy secretary of Party Committee of Shanghai Shyndec Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600420) from September 2022 to August 2024. Mr. Lian has been the President and deputy secretary of Party Committee of the Company since August 2024 and an executive Director of the Company since September 2024.

## Biographies of Directors, Supervisors and Senior Management

**Mr. Chen Qiyu**, aged 52, is a non-executive Director and vice chairman of the Company. Mr. Chen has nearly 31 years of working experience. He obtained a bachelor's degree in genetics from Fudan University in July 1993 and an executive master's degree in business administration from China Europe International Business School in September 2005. Mr. Chen has joined Fosun Pharma Group (namely Fosun Pharma and its holding subsidiaries) since 1994, and is currently the executive director and joint chief executive officer of Fosun International (a company listed on the Hong Kong Stock Exchange, stock code: 00656), the non-executive director of Fosun Pharma (a company listed on the Shanghai Stock Exchange, stock code: 600196 and the Hong Kong Stock Exchange, stock code: 02196), non-executive director of Henlius (a company listed on the Hong Kong Stock Exchange, stock code: 02696), and non-executive director of Gland Pharma Limited (a company listed on Bombay Stock Exchange and National Stock Exchange of India, stock code: GLAND) ("**GLAND**"). Mr. Chen has joined the Company since January 2003, and served as the chief Supervisor and non-executive Director of the Company, and is currently the non-executive Director and vice chairman of the Company. Mr. Chen served as the co-chairman of New Frontier Health Corporation (a company delisted from the NYSE in January 2022) and a director of Beijing Sanyuan Food Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600429). Mr. Chen concurrently served as the deputy chairman of Sinopharm Investment. Mr. Chen is currently the chairman of China Medical Pharmaceutical Material Association, vice chairman of China Pharmaceutical Innovation and Research Development Association, honorary chairman and chief supervisor of Shanghai Biopharmaceuticals Industry Association, the standing member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference and part-time vice chairman of Shanghai Federation of Industry and Commerce (General Chamber of Commerce).

**Mr. Wang Kan**, aged 39, is a non-executive Director of the Company. Mr. Wang obtained a master's degree of science in pharmacognosy from the School of Pharmaceutical Sciences of Peking University Health Science Center in July 2009. Mr. Wang successively worked at the planning development and industrial management department of China National Pharmaceutical Industry Corporation Ltd. and the investment management department and securities department of China National Biotec Group Co., Ltd. respectively from August 2009 to November 2014. Mr. Wang has worked for CNPGC since November 2014 and held positions of the officer assistant and the deputy officer of the investment management department. He has been serving as the head of the investment management department of CNPGC since August 2021. Mr. Wang has been a non-executive Director of the Company since December 2022. At present, Mr. Wang also serves as the director of China National Biotec Group Co., Ltd., China Traditional Chinese Medicine Holdings Co. Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00570), China National Traditional Chinese Medical Co., Ltd., Chongqing Taiji Industry (Group) Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600129), Sinopharm Common Wealth Company Limited and Fresenius Kabi Huarui Pharmaceutical Co., Ltd. and concurrently serves as the deputy general manager of China Sinopharm International Corporation.



## • Biographies of Directors, Supervisors and Senior Management

**Mr. Wang Peng**, aged 41, is a non-executive Director of the Company. Mr. Wang is a certified public accountant, an international certified internal auditor and a certified management accountant in the United States. Mr. Wang obtained a master's degree of economics in international trade from Tianjin University of Finance and Economics in June 2008 and obtained a master's degree of business administration from Guanghua School of Management in Peking University in June 2022. Mr. Wang worked at Tianjin Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP, Tianjin Branch of Standard Chartered Bank (China) Limited and Vcanland Holdings Group Company Limited (永泰紅礪控股集團有限公司) respectively from July 2008 to October 2015. Mr. Wang successively served as the financial manager of Vcanbio Cell & Gene Engineering Co., Ltd. since October 2015 and the financial director of the company from August 2017 to April 2022. Mr. Wang has been serving as the officer of the finance department of CNPGC since May 2022. Mr. Wang served as a Supervisor of the Company from December 2022 to September 2023, and has been serving as a non-executive Director of the Company since September 2023. Mr. Wang has served as a director of Shyndec Pharmaceutical since November 2022 and a director of Sinopharm Group Finance Co., Ltd. (國藥集團財務有限公司) since April 2023.

**Mr. Wen Deyong**, aged 52, is a non-executive Director of the Company. Mr. Wen graduated from Donghua University and received a master's degree in business administration in December 2007. Mr. Wen joined Fosun Pharma Group in May 2002, and is currently the executive director and the chief executive officer (CEO) of Fosun Pharma, and non-executive director of Henlius. Mr. Wen worked at Chongqing Yaoyou Pharmaceutical Co., Ltd. and Chongqing Healthman Pharma Co., Ltd. from September 1995 to May 2016. Mr. Wen has served as the non-executive Director of the Company since September 2017. Mr. Wen is currently also a director of Sinopharm Investment and a director of Sinopharm (CNCM LTD), and a supervisor of Sinopharm Accord. Mr. Wen was also a director of Anhui Sunhere Pharmaceutical Excipients Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300452) and C.Q. Pharmaceutical Holding Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000950).

**Mr. Li Dongjiu**, aged 59, is a non-executive Director of the Company. Mr. Li has over 36 years of working experience in the pharmaceutical industry, over 30 years of which relates to management experience in the pharmaceutical and healthcare products industry. Mr. Li is a professor-level senior engineer. Mr. Li obtained a PhD degree of transportation planning and management from Wuhan University of Technology, and then obtained an EMBA degree from China Europe International Business School. Mr. Li held senior management positions in North China Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600812) from July 1987 to December 2009. Mr. Li joined Fosun Pharma Group for the first time in December 2009 and successively served as the president of Shanghai Fosun Pharmaceutical Development Co., Ltd., the chairman of the Commercialisation and Consumer Products Management Committee of Fosun Pharmaceutical, the senior vice president of Fosun Pharmaceutical, and also served as the director of Nature's Sunshine Products Inc (a company listed on the NASDAQ, NASDAQ: NATR) from December 2009 to January 2018; and rejoined Fosun Pharma Group in March 2021 and is currently serving as the senior vice president of Fosun Pharma. Mr. Li served as a non-executive Director of the Company from October 2013 to January 2018 and served as a vice president and chief legal advisor of the Company from January 2018 to March 2021. Mr. Li once served as a director of Sinopharm (CNCM LTD) and Sinopharm Accord. Mr. Li has been a non-executive Director of the Company since June 2021.

## Biographies of Directors, Supervisors and Senior Management

**Ms. Feng Rongli**, aged 48, is a non-executive Director of the Company. Ms. Feng graduated from Shanghai University with a major in microcomputer application in July 1996 and obtained a master's degree in business administration from Columbia Southern University in February 2002. Ms. Feng has extensive experience in the field of human resources management. Ms. Feng held human resources management positions in Sealed Air Packaging (Shanghai) Co., Ltd. (希悦爾包裝(上海)有限公司), Grundfos Pumps (Shanghai) Co., Ltd. (格蘭富水泵(上海)有限公司), Emerson Electric (China) Holdings Co., Ltd. (艾默生電氣(中國)投資有限公司), Dow Chemical (China) Co., Ltd. (陶氏化學(中國)有限公司), Shanghai Roche Pharmaceutical Co., Ltd. (上海羅氏製藥有限公司), and F. Hoffmann-La Roche AG from July 1996 to February 2015. Ms. Feng served as the deputy chief human resources officer of Shanghai Fosun High Technology (Group) Company Limited and the managing director of the human resources of Shanghai Fosun Venture Capital Investment Management Co., Ltd. (上海復星創業投資管理有限公司) from July 2018 to April 2020. Ms. Feng joined Fosun Pharma Group since April 2020 and has served as the senior vice president of Fosun Pharma. She has served as the executive president and chief human resources officer of Fosun Pharma since January 2024. Ms. Feng currently serves as the chairman of the supervisory committee of Henlius and the non-executive director of Sisram Medical Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 01696). Ms. Feng has served as the non-executive Director of the Company since June 2020.

**Mr. Chen Fangruo**, aged 58, is an independent non-executive Director of the Company. Mr. Chen obtained a Master's Degree from the Moore School of Electrical Engineering, University of Pennsylvania in 1987. He then received his Ph.D. degree from the Wharton School at the University of Pennsylvania. Mr. Chen worked at Columbia Business School in 1992, successively serving as the Assistant Professor, Associate Professor, Lifetime Associate Professor and Full Professor. In 2005, he became the Lifetime Chair Professor. During the foregoing period, Mr. Chen acted as a distinguished visiting professor at Stanford School of Business, Cheung Kong Graduate School of Business, Chinese Academy of Sciences, Shanghai Jiao Tong University, Peking University, Tianjin University and other prestigious universities at home and abroad. Mr. Chen has served as the independent non-executive Director of the Company since December 2018. Mr. Chen is currently a "Guangqi" fund sponsored professor, the Dean of Antai College of Economics and Management, the Dean of the Industry Research Institute, the Dean of the BOC Institute of Technology & Finance, the Dean of the Shenzhen Research Institute and the Dean of the 21st Century Multinational Enterprise Strategy Research Institute of Shanghai Jiao Tong University. Since 2019, he has served concurrently as the vice chairman of the National MBA Education Instruction Committee and a director of the AMBA & BGA's International Management Board. Currently, Mr. Chen also serves as the independent director of Yunnan Jianzhijia Health-Chain Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 605266).

## • Biographies of Directors, Supervisors and Senior Management

**Mr. Li Peiyu**, aged 61, is an independent non-executive Director of the Company. Mr. Li obtained a PhD of management in Management Science and Engineering from School of Economics and Management, Tsinghua University and a Master of Public Administration (MPA) from Harvard University in June 1998. Mr. Li has worked in the areas of economics, finance and management for more than 30 years. From July 1987 to September 2000, he held positions in the Development Research Center of the State Council. From September 2000 to December 2007, Mr. Li successively served as the deputy director of Henan Provincial Development Planning Committee and the mayor of Hebi City in Henan Province. From December 2007 to February 2023, Mr. Li successively served as director of alternative investment department of China Investment Corporation, inspector of the research office of the State Council, chairman of China Reinsurance (Group) Corporation, and managing director of Beijing Zhongyu Green Investment Management Co., Ltd., managing director of CASIC Investment Fund Management (Beijing) Limited Company (航天科工投資基金管理(北京)有限公司), the partner of the Beijing Qiyuanhouji Investment Management Co., Ltd. (北京啟源厚積投資管理有限公司) and the managing director of Lotus Lake Venture Capital Management (Beijing) Co., Ltd. (荷塘創業投資管理(北京)有限公司). Mr. Li has served as the independent non-executive Director of the Company since September 2020.

**Mr. Wu Tak Lung**, aged 59, is an independent non-executive Director of the Company. Mr. Wu received a bachelor's degree in Business Administration from the Hong Kong Baptist University and a master's degree in business administration jointly from the University of Manchester and the University of Wales, respectively. In addition, Mr. Wu also obtained a certificate from the Environmental, Social and Governance Reporting Certification Course organized by the Hong Kong Chartered Governance Institute. Mr. Wu currently serves as an independent non-executive director of Kam Hing International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2307), Henan Jinma Energy Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6885) and Zhongguancun Science-Tech Leasing Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1601). In the last three years, Mr. Wu was an independent non-executive director of China Machinery Engineering Corporation, Minth Group Limited and Sinomax Group Limited. Mr. Wu previously served as an independent non-executive director of Beijing Media Corporation Limited ("**Beijing Media**"). Details in relation to the criticism of the current and retired directors of Beijing Media by the Hong Kong Stock Exchange are set out in the announcements of the Hong Kong Stock Exchange and the Company dated 10 February 2022 and 14 February 2022, respectively. Mr. Wu had worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years. Mr. Wu has served as an independent non-executive Director of the Company since September 2020. Mr. Wu is currently an accounting consultant of the Ministry of Finance of the State Council, a member of Hong Kong Institute of Certified Public Accountants, a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong, and The Hong Kong Chartered Governance Institute.

## Biographies of Directors, Supervisors and Senior Management

**Mr. Yu Weifeng**, aged 52, is an independent non-executive Director of the Company. Mr. Yu is a lawyer with more than 27 years of working experience as a practicing lawyer. Mr. Yu obtained a bachelor's degree in laws from Fudan University in June 1995 and then obtained a master's degree in business administration from China Europe International Business School. From July 1995 to December 1998, Mr. Yu served as a paralegal and lawyer in Shanghai Pu Dong International Law Office (now renamed as Shanghai Pu Dong Law Office). Mr. Yu has served as a partner in Links Law Offices since December 1998, and served as a director thereof from January 2014 to June 2020. Mr. Yu currently serves as an independent director of Shenergy Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600642) and Shanghai M&G Stationery Inc. (a company listed on the Shanghai Stock Exchange, stock code: 603899). Mr. Yu served as an independent director of Deppon Logistics Co., Ltd. and an external director of Jiahua Chemicals Inc. and Shanghai Life Science & Technology Co., Ltd. Mr. Yu has served as an independent non-executive Director of the Company since September 2020. Currently, Mr. Yu is also the chairman of Foreign-related Legal Services Committee of the All China Lawyers Association, president of Shanghai Arbitration Association, a member of Shanghai Arbitration Commission, and an arbitrator of Shanghai Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) and other arbitration institution and a mediator of Shanghai Commercial Mediation Center.

**Mr. Shi Shenghao**, aged 56, is an independent non-executive Director of the Company. Mr. Shi graduated from Capital Normal University with a bachelor's degree and obtained an EMBA degree from China Europe International Business School. Mr. Shi has more than 30 years of experience in the medical and health industry. He has served as a senior executive and general manager in Greater China for a number of multinational medical companies, and has extensive experience in industry operation and mergers and acquisitions. Mr. Shi is currently the managing partner of Riverhead Capital Investment Management Co., Ltd. Mr. Shi was the managing director of Sinopharm Capital Shanghai Co., Ltd. (國藥資本上海有限公司). He successively served as the marketing and sales director of GE Healthcare, the general manager in Greater China of American Medtronic China Co., Ltd. (美敦力中國有限公司), the general manager for diabetes healthcare business in Greater China of Bayer Group and the general manager in Greater China of Dentsply Sirona. Mr. Shi has served as the independent non-executive Director of the Company since June 2023.

## • Biographies of Directors, Supervisors and Senior Management

### Supervisors

**Ms. Guan Xiaohui**, aged 53, is the chief Supervisor of the Company. Ms. Guan obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics and obtained a master's degree in accounting for senior accountant from The Chinese University of Hong Kong in December 2007. Ms. Guan is qualified as Chinese Certified Public Account (CPA) and a member of The Association of Chartered Certified Accountants (ACCA). Ms. Guan has joined Fosun Pharma Group since May 2000 and currently serves as an executive director and vice chairman of Fosun Pharma. Ms. Guan worked at Jiangxi Provincial Branch of the Industrial and Commercial Bank of China from July 1992 to May 2000. Ms. Guan served as a non-executive Director of the Company from March 2019 to March 2021 and also once served as a supervisor of Sinopharm Accord. Ms. Guan has served as the Supervisor and the chief Supervisor of the Company since June 2021, and currently also serves as the vice president of Fosun International, a non-executive director of Henlius and a supervisor of Sinopharm Industrial Investment Co., Ltd. Ms. Guan served as a non-executive director of GLAND from October 2020 to August 2022.

**Mr. Liu Zhengdong**, aged 54, is a Supervisor of the Company. Mr. Liu is a lawyer who has more than 30 years of working experience as a practising lawyer. Mr. Liu obtained a master's degree in laws from East China University of Political Science and Law. He served as an assistant prosecutor in Railway Transportation branch of Shanghai People's Procuratorate from July 1991 to June 1994. From June 1994 to October 1998, Mr. Liu worked at Shanghai Hongqiao Law Firm and has been serving as a lawyer. Mr. Liu worked at Shanghai Junyue Law Firm from October 1998 to February 2022, and served as director and chief partner successively. Mr. Liu has been working in Jun He Law Offices since February 2022 as a partner. Mr. Liu has served as an independent non-executive Director of the Company from September 2014 to September 2020 and has been a Supervisor of the Company since September 2020. Mr. Liu served as president of the Eighth Session of Shanghai Bar Association and the president of the First Session of Shanghai Bankruptcy Administrators Association (上海市破產管理人協會) and was also honored as National Excellent Lawyer and Shanghai Excellent Non-litigation Lawyer. Currently, Mr. Liu serves as a representative to the 16th People's Congress of Shanghai, the standing director of the National Lawyers Association and the chief supervisory of Shanghai Bankruptcy Administrators Association (上海市破產管理人協會). Mr. Liu also serves as an arbitrator of Shanghai International Economic and Trade Arbitration Commission (SHIAC) and Shanghai Arbitration Commission (SAC).

## Biographies of Directors, Supervisors and Senior Management

**Mr. Guo Jinhong**, aged 50, is a Supervisor of the Company. Mr. Guo is a senior auditor. Mr. Guo received a master's degree in monetary and banking professional economics from Shanxi Institute of Finance and Economics in July 1999. Mr. Guo worked in the Audit Office from July 1999 to March 2019, and served as the general manager of the audit department of Huajin Holdings Group Co., Ltd. (華錦控股集團有限公司) and the general manager of the audit supervisory department of China Railway Construction Capital Holding Co., Ltd. from March 2019 to February 2022. Mr. Guo joined CNPGC in February 2022 and served as the deputy director of the audit department of CNPGC and has served as the director of the audit department of CNPGC since June 2023. Mr. Guo has served as a Supervisor of the Company since September 2023.

**Mr. Liu Hongbing**, aged 52, is an employee representative Supervisor of the Company. Mr. Liu served in the army force from 1987 to 2019, and engaged in propaganda work and theory and policy study. From January 2020 to March 2021, Mr. Liu acted as the head of the board office, the head of the publicity department of the Party Committee and the head of press office, and concurrently served as the deputy head of policy study office of CNPGC. Mr. Liu has served as the employee representative Supervisor of the Company since 17 June 2022 and is currently a member of the Party Committee and the secretary of discipline inspection commission of the Company.

**Ms. Lu Haiqing**, aged 50, is an employee representative Supervisor of the Company. Ms. Lu obtained a master's degree in accounting from the Chinese University of Hong Kong in December 2012. Ms. Lu is a non-executive member of The Chinese Institute of Certified Public Accountants (CPA) and a non-executive member of the International Certified Internal Auditor (CIA) Association. Ms. Lu has approximately 30 years of working experience, among which experience obtained from February 2000 to June 2006 was all audit experience. She had served successively as the project manager of the audit department of Guangxi GuiXinCheng Certified Public Accountants Co., Ltd. (廣西桂鑫誠會計事務所), the project manager of the audit department of Shanghai Huadong Certified Public Accountants Co., Ltd., Guangxi Branch (上海華東會計師事務所有限公司廣西分所), the project manager of the investment department of Shanghai Kangrun Investment Co., Ltd. (上海康潤投資有限公司), and the audit manager of the audit department of Bosideng Corporation Limited (波司登股份有限公司). Ms. Lu successively served as an auditor manager and the deputy head of the audit department of the Company from July 2006 to March 2022. She has served as the deputy general manager of the audit center of the Company since April 2022 and an employee representative Supervisor of the Company since September 2020. Ms. Lu currently also takes up senior management positions in a number of subsidiaries.



## • Biographies of Directors, Supervisors and Senior Management

### Company Secretary

**Mr. Wu Yijian**, the company secretary, is also the secretary to the Board of the Company. Please refer to the section headed “Senior Management” for Mr. Wu’s biography.

### Senior Management

**Mr. Lian Wanyong**, is currently an executive Director and the President of the Company. Please refer to the section headed “Directors” above for Mr. Lian’s biography.

**Mr. Li Yang**, aged 46, is a vice president of the Company. Mr. Li has more than 20 years of operation and management experience in the medical devices industry. Mr. Li obtained a master’s degree in electronic information from Beijing Jiaotong University. Mr. Li is a senior engineer. Mr. Li worked at CNPGC and General Electric (China) Co., Ltd.. Mr. Li has been serving as the senior management of China National Scientific Instruments and Materials Co., Ltd. and China National Medical Device Co., Ltd. since 2011. Mr. Li currently serves as the chairman of China National Scientific Instruments and Materials Co., Ltd. and China National Medical Device Co., Ltd. and takes senior management positions in a number of subsidiaries of the Company. Mr. Li joined the Group as a vice president of the Company in November 2018.

**Mr. Cai Maisong**, aged 53, is a vice president of the Company. Mr. Cai has over 31 years of working experience. Mr. Cai received a bachelor’s degree of pharmacy from Peking University Health Science Center in July 1992, and later received a master’s degree in business administration from Nankai University. Mr. Cai served at Guangzhou Baiyunshan Pharmaceutical General Factory, Les Laboratoires Servier Industrie, Tianjin purchase station of China National Pharmaceutical Group Corp. and China National Pharmaceutical Group Corp. Tianjin Co., Ltd. from July 1992 to December 2002. Mr. Cai served as a director of commerce department and director of operation management center in Sinopharm Holding Tianjin Co., Ltd. from January 2003 to July 2006, and served as the director of risk and operation management department of the Company from July 2006 to December 2010. Mr. Cai served as the vice director and the director of risk and operation management department and the vice director of policy research office of CNPGC from January 2011 to August 2017. Mr. Cai served as a supervisor of CNPGC from December 2012 to January 2018, and served as a vice principal in Sichuan Province Food and Drug Administration from June 2016 to January 2018. Mr. Cai has been serving as a vice president of the Company since he joined in the Group in January 2018. Mr. Cai currently takes senior management positions in a number of subsidiaries of the Company.

## Biographies of Directors, Supervisors and Senior Management

**Ms. Li Xiaojuan**, aged 48, is the chief financial officer of the Company. Ms. Li has over 23 years of working experience. Ms. Li obtained a master's degree in national economics (investment economics) with specialty in securities investment from investment economics department of Dongbei University of Finance & Economics in April 2001. Ms. Li is a non-practicing certified public accountant, a senior economist and a certified asset valuer. Ms. Li served as the project manager of Beijing Tianhua Accounting Firm and the vice director of strategic development department of Xi'an TopSun Group from April 2001 to February 2005. Ms. Li served as the manager of finance department, the director of auditing and supervision office and the manager of auditing department of China National Pharmaceutical Industry Corporation from February 2005 to August 2010. Ms. Li served at CNPGC from August 2010 to March 2021, and served as its vice director of investment management department, the vice director of auditing department, the director of auditing department, the director of finance department and the vice director of policy research office. Ms. Li has served as the Supervisor of the Company from January 2016 to March 2021 and has served as the chief financial officer of the Company since March 2021, and has served as the chief compliance officer and the general counsel of the Company since September 2024. Ms. Li is currently a director of Sinopharm Accord and Sinopharm (CNCM LTD), and takes senior management positions in a number of subsidiaries of the Company.

**Mr. Wu Yijian**, aged 54, is the secretary to the Board of the Company and the company secretary. Mr. Wu graduated from Shanghai Medical University with a bachelor's degree in preventive medicine in July 1993, and subsequently obtained his master's degree in business administration from Tsinghua University and his joint master's degree in professional accounting for senior accountant from the Chinese University of Hong Kong and Shanghai National Accounting Institute. Mr. Wu worked at Sanjiu Enterprise from July 1993 to May 2004 and served as the sales director of Sanjiu Pharmaceutical Trading Co., Ltd., the chief operating officer of Sanjiu Pharmaceutical Chain Co., Ltd. and the deputy general manager of Shanghai Sanjiu Pharmaceutical Technology Development Co., Ltd.. Mr. Wu worked at Fosun Pharma Group from June 2004 to January 2019, served as a vice general manager of the investment department and president assistant of Fosun Pharma, and concurrently took senior management positions of several subsidiaries of Fosun Pharma. Mr. Wu was a non-executive Director of the Company from June 2016 to September 2017 and from March 2018 to December 2018. He has served as the secretary to the Board of the Company since January 2019. Mr. Wu is currently also the chairman of Sinopharm Accord and takes senior management positions in a number of subsidiaries of the Company.

## • Other Information

### Changes of Directors and Supervisors

- (1) On 27 August 2024, due to work needs, Mr. Yu Qingming ceased to be the Chairman of the Board, an executive Director, the chairman of the Nomination Committee, the chairman of the Strategy and Investment Committee and a member of the Legal and Compliance and Environmental, Social and Governance Committee; Mr. Liu Yong ceased to be an executive Director, the President and a member of the Strategy and Investment Committee and a member of the Legal and Compliance and Environmental, Social and Governance Committee; Mr. Hu Jianwei ceased to be a non-executive Director, a member of the Nomination Committee and a member of the Strategy and Investment Committee; Mr. Deng Jindong ceased to be a non-executive Director and a member of the Strategy and Investment Committee.
- (2) On 27 August 2024, Mr. Lian Wanyong was appointed as the President of the Company by the Board.
- (3) On 13 September 2024, Mr. Zhao Bingxiang and Mr. Lian Wanyong were appointed as a non-executive Director and an executive Director at the general meeting of the Company, respectively. On the same day, Mr. Zhao Bingxiang acted as the Chairman of the Board.
- (4) On 14 September 2024, Mr. Zhao Bingxiang was appointed as the chairman of the Nomination Committee, the chairman of the Strategy and Investment Committee and a member of the Legal and Compliance and Environmental, Social and Governance Committee, and Mr. Lian Wanyong was appointed as a member of the Strategy and Investment Committee and a member of the Legal and Compliance and Environmental, Social and Governance Committee.

Please refer to the section headed “Biographies of Directors, Supervisors and Senior Management” for details about the latest biographies of the Directors and Supervisors of the Company, which includes the latest information of the Directors and Supervisors of the Company disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Other Information

### Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 June 2024, the interests and short positions held by 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) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code, were as follows:

Name	Class of shares	Nature of interest and the capacity	Number of shares held	Approximate percentage to the total number of shares of the Company (%) <sup>(Note 1)</sup>	Approximate percentage to the total number of H shares in issue of the Company (%) <sup>(Note 1)</sup>	Long position/ short position
Mr. Yu Qingming <sup>(Note 2)</sup>	H shares	Beneficial owner	100,000	0.00	0.01	Long position
Mr. Liu Yong <sup>(Note 2)</sup>	H shares	Beneficial owner	59,009	0.00	0.00	Long position

Notes:

- The information was disclosed based on the data available on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The above-mentioned "approximate percentage to the total number of shares of the Company" is calculated based on the number of the total issued shares of the Company of 3,120,656,191 shares as at 30 June 2024, and the "approximate percentage to the total number of H shares in issue of the Company" is calculated based on the issued H shares of the Company of 1,341,810,740 shares as at 30 June 2024.
- The above two Directors ceased to be Directors since 27 August 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors or the chief executive of the Company had any interests and short positions 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) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

## Other Information

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, to the best knowledge of the Directors, the interests or short positions of the following persons (other than the Directors, Supervisors or the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Class of shares	Nature of interest	Number of shares held	Approximate percentage to the total number of shares of the Company (%)	Approximate percentage to the relevant class of shares (%)	Long position/ short position
CNPGC	Domestic shares	Beneficial owner	207,289,498	6.64	11.65	Long position
	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 2)	50.36	88.35	Long position
Sinopharm Investment	Domestic shares	Beneficial owner	1,571,555,953 (Notes 1 and 2)	50.36	88.35	Long position
Fosun Pharma	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 3)	50.36	88.35	Long position
Fosun High Technology	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 4)	50.36	88.35	Long position
Fosun International	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 5)	50.36	88.35	Long position
Fosun Holdings	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 6)	50.36	88.35	Long position
Fosun International Holdings	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 7)	50.36	88.35	Long position
Mr. Guo Guangchang	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 8)	50.36	88.35	Long position
Citigroup Inc.	H shares	Interest of controlled corporation	3,122,654	0.10	0.23	Long position
		Approved lending agent (Note 9)	5,048,079 65,488,068	0.16 2.10	0.38 4.88	Short position Long position
BlackRock, Inc.	H shares	Interest of controlled corporation	77,314,756	2.48	5.76	Long position
		(Note 10)	1,382,000	0.04	0.10	Short position
FMR LLC	H shares	Interest of controlled corporation	161,576,874 (Note 11)	5.18	12.04	Long position
Lazard Asset Management LLC	H shares	Investment manager (Note 12)	109,197,954	3.50	8.14	Long position
JPMorgan Chase & Co.	H shares	Interest of controlled corporation	10,856,295	0.35	0.81	Long position
		(Note 13)	8,116,353	0.26	0.60	Short position
		Investment manager (Note 13)	61,158,753	1.96	4.56	Long position
			168,288	0.01	0.01	Short position
		Person having a security interest in shares (Note 13)	1,178,760	0.04	0.09	Long position
		Trustee (Note 13)	10,040	0.00	0.00	Long position
		Approved lending agent (Note 13)	20,549,656	0.66	1.53	Long position

## Other Information

### Notes:

The information was disclosed based on the data available on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

- (1) Such 1,571,555,953 domestic shares belong to the same batch of shares.
- (2) CNPGC is interested in 1,571,555,953 domestic shares indirectly through Sinopharm Investment. As CNPGC owns 51% equity interest in Sinopharm Investment, it is deemed to be interested in the shares held by Sinopharm Investment for the purposes of the SFO.
- (3) Fosun Pharma is the beneficial owner of 49% equity interest in Sinopharm Investment and, therefore, Fosun Pharma is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (4) Fosun High Technology is the beneficial owner of 35.84% equity interest in Fosun Pharma and, therefore, Fosun High Technology is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (5) Fosun International is the beneficial owner of 100% equity interest in Fosun High Technology and 0.22% equity interest in Fosun Pharma and, therefore, Fosun International is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (6) Fosun Holdings is the beneficial owner of 73.35% equity interest in Fosun International and, therefore, Fosun Holdings is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (7) Fosun International Holdings is the beneficial owner of 100% equity interest in Fosun Holdings and, therefore, Fosun International Holdings is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (8) Mr. Guo Guangchang is the beneficial owner of 85.29% equity interest in Fosun International Holdings, 0.01% equity interest in Fosun International and 0.004% equity interest in Fosun Pharma and, therefore, Mr. Guo Guangchang is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (9) Citigroup Inc. is interested in an aggregate of 68,610,722 H shares of the Company in long position (including 65,488,068 H shares available for lending) and 5,048,079 H shares of the Company in short position.
- (10) BlackRock, Inc. is interested in 77,314,756 H shares of the Company in long position and 1,382,000 H shares of the Company in short position.
- (11) FMR LLC is interested in 161,576,874 H shares of the Company in long position.
- (12) Lazard Asset Management LLC is interested in 109,197,954 H shares of the Company in long position.
- (13) JPMorgan Chase & Co. is interested in an aggregate of 93,753,504 H Shares of the Company in long position (including 10,856,295 H Shares being interest of controlled corporation, 61,158,753 H Shares being interest of investment manager, 1,178,760 H Shares being interest of person having a security interest in shares, 10,040 H Shares being interest of trustee and 20,549,656 H Shares available for lending) and an aggregate of 8,284,641 H Shares of the Company in short position (including 8,116,353 H Shares being interest of controlled corporation and 168,288 H Shares being interest of investment manager).
- (14) The above mentioned “approximate percentage to the total number of shares of the Company” was calculated based on the total issued shares of the Company of 3,120,656,191 shares as at 30 June 2024. In respect of H shares, the “approximate percentage to the relevant class of shares” was calculated based on the issued H shares of the Company of 1,341,810,740 shares as at 30 June 2024. In respect of domestic shares, the “approximate percentage to the relevant class of shares” was calculated based on the issued domestic shares of the Company of 1,778,845,451 domestic shares as at 30 June 2024.



## • Other Information

Save as disclosed above, to the best knowledge of the Directors, as at 30 June 2024, no person (other than the Directors, Supervisors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of the Treasury Shares). As at 30 June 2024, the Company did not hold any Treasury Shares.

### Dividends

Pursuant to the relevant resolution passed at the 2023 annual general meeting of the Company convened on 13 June 2024, the Company paid the final dividend for the year ended 31 December 2023 to the shareholders of the Company on 13 August 2024, totaling approximately RMB2,714,971,000.

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

### Audit Committee

As at the date of this report, the Audit Committee of the Company comprises four Directors, including three independent non-executive Directors, namely Mr. Wu Tak Lung, Mr. Li Peiyu and Mr. Shi Shenghao, and one non-executive Director, namely Mr. Li Dongjiu. Mr. Wu Tak Lung currently serves as the chairman. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and agreed on the accounting treatment adopted by the Company.

### Compliance with the Corporate Governance Code

The Company has adopted all the code provisions contained in the Corporate Governance Code as the code of corporate governance of the Company. During the Reporting Period, the Company had complied with the code provisions as set out in the Corporate Governance Code.

### Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as the standards for governing the transactions of the Company's listed securities by the Directors and the Supervisors. Having made specific enquiries with all the Directors and Supervisors, all of them confirmed that they had complied with the required standard regarding the securities transactions by the Directors and Supervisors as set out in the Model Code during the Reporting Period.

### Disclosure of Information

This report will be despatched to the shareholders according to the manner in which shareholders of the Company have elected to receive corporate communications and published on the websites of the Company (<http://www.sinopharmgroup.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

# • Report on Review of Interim Financial Information



PricewaterhouseCoopers  
22/F, Prince's Building,  
Central, Hong Kong

羅兵咸永道會計師事務所  
香港中環太子大廈廿二樓

Tel電話: +852 2289 8888  
Fax傳真: +852 2810 9888  
pwc.com

## TO THE BOARD OF DIRECTORS OF SINOPHARM GROUP CO. LTD.

*(Incorporated in the People's Republic of China with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 40 to 84, which comprises the interim condensed consolidated statement of financial position of Sinopharm Group Co. Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

#### PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong

23 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	6	<b>294,726,810</b>	300,950,280
Cost of sales	10	<b>(272,783,515)</b>	(277,679,599)
<b>Gross profit</b>		<b>21,943,295</b>	23,270,681
Other income	7	<b>150,603</b>	252,209
Selling and distribution expenses	10	<b>(8,479,217)</b>	(8,433,808)
Administrative expenses	10	<b>(3,915,156)</b>	(3,967,751)
Expected credit losses on financial and contract assets	8	<b>(1,315,125)</b>	(1,289,559)
Losses on derecognition of financial assets measured at amortised cost		<b>(162,770)</b>	(250,389)
<b>Operating profit</b>		<b>8,221,630</b>	9,581,383
Other (losses)/gains – net	9	<b>(179,074)</b>	129,950
Other expenses	9	<b>3,079</b>	(1,749)
Finance income		<b>389,448</b>	350,304
Finance costs		<b>(1,463,313)</b>	(1,768,134)
Finance costs – net	12	<b>(1,073,865)</b>	(1,417,830)
Share of profits and losses of:			
Associates		<b>623,030</b>	571,300
Joint ventures		<b>1,689</b>	2,977
		<b>624,719</b>	574,277
<b>Profit before tax</b>		<b>7,596,489</b>	8,866,031
Income tax expense	13	<b>(1,697,273)</b>	(1,972,800)
<b>PROFIT FOR THE PERIOD</b>		<b>5,899,216</b>	6,893,231
<b>Attributable to:</b>			
Owners of the parent		<b>3,703,875</b>	4,104,439
Non-controlling interests		<b>2,195,341</b>	2,788,792
		<b>5,899,216</b>	6,893,231
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)</b>			
– Basic and diluted	14	<b>1.19</b>	1.32

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>5,899,216</b>	6,893,231
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of post-employment benefit obligations, net of tax	(22,014)	(8,115)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(11,369)	1,013
Income tax effect	2,842	(253)
Fair value (losses)/gains on financial asset, net of tax	(8,527)	760
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(30,541)	(7,355)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	3,652	5,460
Share of other comprehensive income/(loss) of associates	686	(2,393)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax	4,338	3,067
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(26,203)</b>	(4,288)
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>5,873,013</b>	6,888,943
<b>Attributable to:</b>		
Owners of the parent	3,679,348	4,098,995
Non-controlling interests	2,193,665	2,789,948
	<b>5,873,013</b>	6,888,943

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Right-of-use assets	16	7,684,800	7,416,423
Investment properties	16	484,155	501,466
Property, plant and equipment	16	12,413,713	12,481,234
Intangible assets	16	10,124,033	10,196,149
Investments in joint ventures		24,514	22,812
Investments in associates	17	9,750,305	9,687,954
Equity investments designated at fair value through other comprehensive income		43,895	55,264
Financial assets at fair value through profit or loss		781,173	784,656
Finance lease receivables		9,787	5,854
Deferred tax assets	22	2,353,711	1,963,679
Other non-current assets		3,550,207	3,444,253
Total non-current assets		47,220,293	46,559,744
<b>CURRENT ASSETS</b>			
Inventories		68,837,707	60,027,648
Trade and notes receivables	18	240,996,065	184,432,543
Contract assets		1,414,339	1,354,519
Prepayments, other receivables and other assets		17,879,205	16,196,932
Financial assets at fair value through profit or loss		553	547
Finance lease receivables		284	3,297
Pledged deposits, restricted cash and bank deposits with an initial term of over three months		9,902,905	11,011,076
Cash and cash equivalents		43,331,766	63,808,538
Total current assets		382,362,824	336,835,100
<b>Total assets</b>		<b>429,583,117</b>	<b>383,394,844</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	19	3,120,656	3,120,656
Treasury shares		(3,838)	(3,838)
Other reserves		22,026,173	22,055,339
Retained earnings		50,398,964	49,410,060
		75,541,955	74,582,217
<b>Non-controlling interests</b>		<b>46,890,981</b>	<b>45,736,528</b>
<b>Total equity</b>		<b>122,432,936</b>	<b>120,318,745</b>

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	20	15,925,362	13,834,037
Lease liabilities	21	3,680,301	3,420,841
Deferred tax liabilities	22	813,243	788,379
Post-employment benefit obligations	23	380,806	366,512
Contract liabilities		71,684	80,230
Other non-current liabilities	24	3,040,901	3,095,463
Total non-current liabilities		23,912,297	21,585,462
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	25	155,834,845	146,632,453
Contract liabilities		6,934,498	6,398,902
Accruals and other payables		34,806,150	29,901,366
Dividends payable		3,136,041	256,374
Tax payable		1,076,789	1,774,568
Interest-bearing bank and other borrowings	20	79,688,778	54,730,449
Lease liabilities	21	1,760,783	1,796,525
Total current liabilities		283,237,884	241,490,637
<b>Total liabilities</b>		<b>307,150,181</b>	<b>263,076,099</b>
<b>Total equity and liabilities</b>		<b>429,583,117</b>	<b>383,394,844</b>

**Yu Qingming**  
Director

**Wu Tak Lung**  
Director



# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

		Attributable to owners of the parent						
		Share capital	Treasury shares held for share incentive scheme	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total equity
	Notes	RMB'000 (Note19)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<hr/>								
At 1 January 2024 (audited)		3,120,656	(3,838)	22,055,339	49,410,060	74,582,217	45,736,528	120,318,745
<hr/>								
Total comprehensive income for the period		-	-	(24,527)	3,703,875	3,679,348	2,193,665	5,873,013
Effect of transactions with non-controlling interests	26	-	-	(3,993)	-	(3,993)	3,993	-
Capital injection from non-controlling shareholders of subsidiaries		-	-	-	-	-	136,775	136,775
Dividends paid to non-controlling interests		-	-	-	-	-	(1,175,604)	(1,175,604)
Dividend declared	15	-	-	-	(2,714,971)	(2,714,971)	-	(2,714,971)
Share of changes in equity other than comprehensive income and distributions received from associates		-	-	(2)	-	(2)	(1)	(3)
Others		-	-	(644)	-	(644)	(4,375)	(5,019)
<hr/>								
At 30 June 2024 (unaudited)		3,120,656	(3,838)	22,026,173	50,398,964	75,541,955	46,890,981	122,432,936
<hr/>								
At 1 January 2023 (audited)		3,120,656	(3,838)	22,038,063	42,913,678	68,068,559	42,000,631	110,069,190
<hr/>								
Total comprehensive income for the period		-	-	(4,838)	4,103,833	4,098,995	2,789,948	6,888,943
Effect of transactions with non-controlling interests		-	-	56	-	56	(33,213)	(33,157)
Capital injection from non-controlling shareholders of subsidiaries		-	-	-	-	-	34,602	34,602
Acquisition of subsidiaries		-	-	-	-	-	70,657	70,657
Disposal of a subsidiary		-	-	-	-	-	(8,000)	(8,000)
Dividends paid to non-controlling interests		-	-	-	-	-	(1,343,189)	(1,343,189)
Dividend declared		-	-	-	(2,558,938)	(2,558,938)	-	(2,558,938)
Share of changes in equity other than comprehensive income and distributions received from associates		-	-	646	-	646	(43)	603
Others		-	-	(4,791)	-	(4,791)	(5,323)	(10,114)
<hr/>								
At 30 June 2023 (unaudited)		3,120,656	(3,838)	22,029,136	44,458,573	69,604,527	43,506,070	113,110,597

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Notes			
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>			
Profit before income tax		<b>7,596,489</b>	8,866,031
Adjustments for:			
– Share of profits and losses of associates	17	<b>(623,030)</b>	(571,300)
– Share of profits and losses of joint ventures		<b>(1,689)</b>	(2,977)
– Asset impairment		<b>1,327,923</b>	1,318,423
– Depreciation of property, plant and equipment and investment properties	16	<b>941,111</b>	821,951
– Amortisation of intangible assets	16	<b>208,413</b>	252,286
– Depreciation of right-of-use assets	16	<b>1,175,673</b>	1,025,569
– Gain on disposal of investment properties, property, plant and equipment and intangible assets	9	<b>(3,391)</b>	(89,888)
– Gain on disposal of right-of-use assets	9	<b>(1,507)</b>	(50,268)
– Write-back of certain liabilities	9	<b>(11,126)</b>	(14,925)
– Loss on disposal of financial assets measured at amortised cost and finance costs		<b>1,315,794</b>	1,890,335
– Gain on disposal of a subsidiary	9	<b>(1,075)</b>	(509)
– Gain on disposal of portion of equity investment in associates	9	<b>(8,358)</b>	(4,500)
– Fair value (gain)/loss on financial assets at fair value through profit or loss	9	<b>(3,155)</b>	76
– Dividend from financial assets at fair value through other comprehensive income	9	<b>(563)</b>	(606)
		<b>11,911,509</b>	13,439,698
(Increase)/decrease in working capital:			
– Inventories		<b>(8,876,626)</b>	(6,085,117)
– Trade and notes receivables		<b>(57,882,033)</b>	(71,583,311)
– Contract assets		<b>(67,127)</b>	30,975
– Prepayments, other receivables and other assets		<b>(28,798)</b>	933,455
– Trade and notes payables		<b>10,635,500</b>	19,187,306
– Contract liabilities		<b>535,613</b>	(1,491,207)
– Accruals, other payables and other liabilities		<b>5,485,408</b>	4,811,396
Cash used in operations		<b>(38,286,554)</b>	(40,756,805)
Income tax paid		<b>(2,707,114)</b>	(2,569,619)
Net cash flows used in operating activities		<b>(40,993,668)</b>	(43,326,424)

# • Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Notes	(Unaudited)	(Unaudited)
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of intangible assets	–	14,955
Proceeds from disposal of right-of-use assets	16,315	8,375
Proceeds from disposal of property, plant and equipment	92,906	50,091
Proceeds from disposal of investment properties	–	287
Proceeds from disposal of financial assets at fair value through profit or loss	333	1,356
Proceeds from disposal of an associate	32,449	28,638
Interest received from long-term deposits	39,719	38,669
Disposal of subsidiaries, net of cash disposed	11,417	15,553
Dividends received from associates	244,439	59,225
Dividends received from joint ventures	27	21
Dividends received from financial assets at fair value through other comprehensive income	563	606
Purchase of property, plant and equipment	(1,023,132)	(719,374)
Purchase of intangible assets	(273,352)	(137,472)
Purchase of investment properties	–	(326)
(Increase)/Decrease of long-term deposits	(71,848)	92,167
Consideration paid for prior year acquisition of subsidiaries	(6,970)	(47,400)
Acquisition of subsidiaries, net of cash acquired	(95,037)	21,481
Acquisition of associates	(1,500)	(10,550)
Investment in a joint venture	(41)	–
(Decrease)/Increase in restricted cash	(4,801)	1,764,176
Net cash flows (used in)/from investing activities	(1,038,513)	1,180,478

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Notes		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings from banks	44,446,712	52,717,551
Proceeds from borrowings from related parties	10,046,802	9,290,998
Repayments of borrowings from banks	(29,868,222)	(30,017,163)
Repayments of borrowings from related parties	(5,485,590)	(4,923,963)
Repayments of bonds	(3,000,000)	(9,000,000)
Proceeds from issue of bonds	8,991,762	6,800,000
Capital injections from non-controlling shareholders of Subsidiaries	136,775	34,602
Dividends paid to non-controlling shareholders of subsidiaries	(1,010,906)	(1,129,384)
Transactions with non-controlling interests of subsidiaries	–	(33,157)
Interest paid	(1,443,080)	(1,419,760)
Principal portion of lease payments	(1,262,496)	(1,023,736)
Net cash flows from financing activities	21,551,757	21,295,988
<b>Net decrease in cash and cash equivalents</b>	<b>(20,480,424)</b>	<b>(20,849,958)</b>
Cash and cash equivalents at beginning of year	63,808,538	55,221,624
Effect of foreign exchange rate changes, net	3,652	5,460
<b>Cash and cash equivalents at end of period</b>	<b>43,331,766</b>	<b>34,377,126</b>

# • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 1. General information

Sinopharm Group Co. Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 8 January 2003 as a company with limited liability under the PRC Company Law.

On 6 October 2008, the Company was converted into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserves as at 30 September 2007 with the proportion of 1: 0.8699 into 1,637,037,451 shares of RMB1 each. In September 2009, the Company issued overseas-listed foreign-invested shares (“**H Shares**”), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) on 23 September 2009. The Company issued 204,561,102 domestic shares to China National Pharmaceutical Group Co., Ltd. (“**CNPGC**”) under general mandate at the issue price of RMB24.97 per consideration share on 13 December 2018. On 23 January 2020, the Company placed and issued 149,000,000 new H shares at the price of HKD27.30 per H share. The actual net proceeds of the placing were HKD4,026,710,000, equivalent to RMB3,567,383,000.

The address of the Company’s registered office is 1st and 11th to 15th Floors, No.385 East Longhua Road, Huangpu District, Shanghai, the PRC.

The Company and its subsidiaries (together, the “**Group**”) are mainly engaged in: (1) the distribution of pharmaceutical products to hospitals, other distributors, retail pharmacy stores and clinics, (2) the distribution of medical devices, (3) the operation of chain pharmacy stores, and (4) the distribution of laboratory supplies, manufacture and distribution of chemical reagents, production and sale of pharmaceutical products.

The ultimate holding company of the Company is CNPGC, which was established in the PRC.

This interim condensed consolidated financial statements is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand, unless otherwise stated. This interim condensed consolidated financial statements has not been audited.

## 2. Basis of preparation and changes in accounting policies

### (1) Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 has been prepared in accordance with HKASs 34 Interim Financial Reporting and the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2023, which has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 2. Basis of preparation and changes in accounting policies (continued)

### (2) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the new amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. Estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial information for the year ended 31 December 2023.

## 4. Financial risk management

### (i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and fair value and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management 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 2023.

There have been no changes in the risk management department since year end or in any risk management policies.



# • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 4. Financial risk management (continued)

### (ii) Liquidity risk

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2024 (unaudited)					
Interest-bearing bank and other borrowings	81,959,908	12,728,969	3,650,266	–	98,339,143
Trade and notes payable	155,834,845	–	–	–	155,834,845
Dividends payable	3,136,041	–	–	–	3,136,041
Accruals and other payables	30,996,063	–	–	–	30,996,063
Lease liabilities	1,785,874	1,371,253	1,790,179	603,810	5,551,116
Other non-current liabilities	–	–	86,064	–	86,064
	273,712,731	14,100,222	5,526,509	603,810	293,943,272
As at 31 December 2023 (audited)					
Interest-bearing bank and other borrowings	55,401,562	13,278,442	1,010,730	–	69,690,734
Trade and notes payable	146,632,453	–	–	–	146,632,453
Dividends payable	256,374	–	–	–	256,374
Accruals and other payables	24,989,435	–	–	–	24,989,435
Lease liabilities	1,832,455	1,362,313	1,803,435	594,764	5,592,967
Other non-current liabilities	–	16,191	78,420	–	94,611
	229,112,279	14,656,946	2,892,585	594,764	247,256,574

Note: The calculation of expected interest to be paid is based on borrowings as at 30 June 2024 and 31 December 2023 and the interest rates as at 30 June 2024 and 31 December 2023.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 4. Financial risk management (continued)

### (iii) Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

- Quoted prices unadjusted in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The table below presents the Group's assets and liabilities that are measured at fair value at 30 June 2024 and 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2024 (unaudited)				
Equity investments designated at fair value through other comprehensive income	30,429	–	13,466	43,895
Financial assets at fair value through profit or loss	553	–	781,173	781,726
Notes receivables held both to collect cash flows and to sell	–	8,258,333	761,719	9,020,052
	30,982	8,258,333	1,556,358	9,845,673
As at 31 December 2023 (audited)				
Equity investments designated at fair value through other comprehensive income	41,798	–	13,466	55,264
Financial assets at fair value through profit or loss	547	–	784,656	785,203
Notes receivables held both to collect cash flows and to sell	–	11,570,604	872,261	12,442,865
	42,345	11,570,604	1,670,383	13,283,332
Financial liabilities at fair value through profit or loss	–	–	192,654	192,654

There were no significant transfers of financial assets among level 1, level 2 and level 3 during the period.

There were no changes in valuation techniques during the period.

# • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 4. Financial risk management (continued)

### (iv) Fair value of financial assets and liabilities measured at amortised cost

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

	Carrying amount		Fair value	
	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Borrowings from banks and other financial institutions (Note 20)	12,928,138	13,834,037	12,479,201	13,780,053
Bonds (Note 20)	2,997,224	–	2,897,268	–

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

## 5. Segment Information

Management has determined the operating segments based on the Group's business types, overall strategic planning, internal organisational structure and management requirements. The reportable operating segments derive their revenue primarily from the following four business types:

- (i) Pharmaceutical distribution – distribution of medicine and pharmaceutical products to hospitals, other distributors, retail drug stores and clinics;
- (ii) Medical device distribution – distribution of medical devices, and installation and maintenance services;
- (iii) Retail pharmacy – operation of medicine chain stores;
- (iv) Other business – distribution of laboratory supplies, manufacture and distribution of chemical reagents, and production and sale of pharmaceutical products.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 5. Segment Information (continued)

Although the retail pharmacy and other business segments do not meet the quantitative thresholds required by HKFRS 8 Operating segments, management has concluded that these segments should be reported, as they are considered to be as potential growth segments and are expected to materially contribute to group revenue in the future.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets consist primarily of investment properties, property, plant and equipment, intangible assets, right-of-use assets, investments in associates and joint ventures, inventories, receivables and operating cash.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings, deferred tax liabilities and other liabilities that are incurred for financing rather than operating purpose.

Unallocated assets mainly represent deferred tax assets. Unallocated liabilities mainly represent corporate borrowings and deferred tax liabilities.

Capital expenditure comprises mainly additions to right-of-use assets, investment properties, property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Inter-segment revenues are conducted at prices and terms mutually agreed upon amongst those business segments. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 5. Segment Information (continued)

### Segment revenue and results

#### (1) For the six months ended 30 June 2024 and 2023

	Pharmaceutical distribution RMB'000	Medical device distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
Six months ended 30 June 2024 (unaudited)						
<b>Segment results</b>						
External segment revenue	217,119,317	58,259,633	16,242,915	3,104,945	-	294,726,810
Inter-segment revenue	9,374,697	234,664	314,929	1,000,421	(10,924,711)	-
Revenue	226,494,014	58,494,297	16,557,844	4,105,366	(10,924,711)	294,726,810
Operating profit	6,230,168	1,316,185	256,098	401,454	17,725	8,221,630
Other (losses)/gains, net	(222,881)	4,682	4,739	34,386	-	(179,074)
Other expenses	3,079	-	-	-	-	3,079
Share of profits and losses of associates and joint ventures	2,596	11,831	(458)	610,750	-	624,719
	6,012,962	1,332,698	260,379	1,046,590	17,725	8,670,354
Finance costs, net						(1,073,865)
Profit before tax						7,596,489
Income tax expense						(1,697,273)
Profit for the period						5,899,216
<b>Other segment items included in the consolidated statement of profit or loss</b>						
Expected credit losses on financial and contract assets	840,391	466,706	3,680	4,348	-	1,315,125
Provision for prepayment	3,623	1,087	-	-	-	4,710
Provision for impairment of inventories	11,579	709	3,292	297	-	15,877
Reversal of provision for impairment of other non-current assets	(7,789)	-	-	-	-	(7,789)
Depreciation of property, plant and equipment	526,854	268,048	110,917	18,486	-	924,305
Depreciation of investment properties	6,387	8,907	336	1,176	-	16,806
Depreciation of right-of-use assets	282,162	199,864	611,350	82,297	-	1,175,673
Amortisation of intangible assets	160,478	18,757	25,010	4,168	-	208,413
Capital expenditures	976,042	345,964	863,669	539,820	-	2,725,495

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 5. Segment Information (continued)

### Segment revenue and results (continued)

#### (1) For the six months ended 30 June 2024 and 2023 (continued)

	Pharmaceutical distribution RMB'000	Medical device distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
Six months ended 30 June 2023 (unaudited)						
<b>Segment results</b>						
External segment revenue	216,550,253	62,645,844	17,362,117	4,392,066	–	300,950,280
Inter-segment revenue	8,882,694	307,742	334,388	1,017,029	(10,541,853)	–
Revenue	225,432,947	62,953,586	17,696,505	5,409,095	(10,541,853)	300,950,280
Operating profit	6,681,216	1,975,825	323,908	582,919	17,515	9,581,383
Other gains, net	21,320	17,113	1,696	89,821	–	129,950
Other expenses	(343)	(1,406)	–	–	–	(1,749)
Share of profits and losses of associates and joint ventures	10,336	19,532	(601)	545,010	–	574,277
	6,712,529	2,011,064	325,003	1,217,750	17,515	10,283,861
Finance costs, net						(1,417,830)
Profit before tax						8,866,031
Income tax expense						(1,972,800)
Profit for the period						6,893,231
<b>Other segment items included in the consolidated statement of profit or loss</b>						
Expected credit losses on financial and contract assets	842,974	436,325	8,800	1,460	–	1,289,559
Provision for prepayment	48	296	33	–	–	377
Provision/(reversal of provision) for impairment of inventories	19,360	6,331	1,764	(409)	–	27,046
Provision for impairment of other non-current assets	–	1,372	–	–	–	1,372
Depreciation of property, plant and equipment	459,996	229,478	93,382	16,750	–	799,606
Depreciation of investment properties	8,567	11,768	531	1,479	–	22,345
Depreciation of right-of-use assets	243,256	173,944	535,022	73,347	–	1,025,569
Amortisation of intangible assets	194,468	22,404	29,862	5,552	–	252,286
Capital expenditures	920,577	464,036	940,300	101,486	–	2,426,399



# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 5. Segment Information (continued)

### Segment assets and liabilities

#### (2) At 30 June 2024 and 31 December 2023

	Pharmaceutical distribution RMB'000	Medical device distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
As at 30 June 2024 (unaudited)						
<b>Segment assets and liabilities</b>						
Segment assets	306,993,170	98,812,957	17,683,293	24,947,107	(21,207,121)	427,229,406
Segment assets include:						
Investments in associates and joint ventures	203,827	90,098	28,135	9,452,759	-	9,774,819
Unallocated assets – Deferred tax assets						2,353,711
Total assets						429,583,117
Segment liabilities	141,991,029	69,278,027	14,392,068	6,429,485	(21,367,811)	210,722,798
Unallocated liabilities – Deferred tax liabilities and borrowings						96,427,383
Total liabilities						307,150,181
As at 31 December 2023 (audited)						
<b>Segment assets and liabilities</b>						
Segment assets	271,659,810	91,462,286	17,868,344	23,952,788	(23,512,063)	381,431,165
Segment assets include:						
Investments in associates and joint ventures	239,303	75,892	36,286	9,359,285	-	9,710,766
Unallocated assets – Deferred tax assets						1,963,679
Total assets						383,394,844
Segment liabilities	133,888,384	64,269,780	13,514,976	6,054,854	(24,004,760)	193,723,234
Unallocated liabilities – Deferred tax liabilities and borrowings						69,352,865
Total liabilities						263,076,099

The Group's operations are mainly located in the PRC and substantially all non-current assets are located in the PRC.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 5. Segment Information (continued)

### Information about major customers

No revenue from a singular customer in the Reporting Period amounted to over 10% of the total revenue of the Group.

## 6. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods (at a point in time)	292,737,529	299,020,951
Logistics service income (over time)	634,853	690,888
Marketing and service income (over time)	887,524	779,022
Import agency income (at a point in time)	19,118	29,961
Others (at a point in time)	347,555	330,484
<i>Revenue from other sources</i>		
Operating lease income	100,231	98,974
	<b>294,726,810</b>	300,950,280

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 6. Revenue (continued)

### Revenue from contracts with customers

#### Disaggregated revenue information

Segments	For the six months ended 30 June 2024 (Unaudited)				
	Pharmaceutical distribution RMB'000	Medical device distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Total RMB'000
<b>Type of goods or services</b>					
Sale of goods	216,076,909	57,877,310	15,806,610	2,976,700	292,737,529
Others	1,042,408	382,323	436,305	28,014	1,889,050
Total revenue from contracts with customers	217,119,317	58,259,633	16,242,915	3,004,714	294,626,579
<b>Geographical market</b>					
China	217,119,317	58,259,633	16,242,915	3,004,714	294,626,579

Segments	For the six months ended 30 June 2023 (Unaudited)				
	Pharmaceutical distribution RMB'000	Medical device distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Total RMB'000
<b>Type of goods or services</b>					
Sale of goods	215,518,418	62,279,906	16,949,190	4,273,437	299,020,951
Others	1,031,835	365,938	412,927	19,655	1,830,355
Total revenue from contracts with customers	216,550,253	62,645,844	17,362,117	4,293,092	300,851,306
<b>Geographical market</b>					
China	216,550,253	62,645,844	17,362,117	4,293,092	300,851,306

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 7. Other income

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grants	150,603	252,209

Government grants mainly represent subsidy income received from various government authorities as incentives to certain members of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

## 8. Expected credit losses on financial and contract assets

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Expected credit losses of financial and contract assets, net:</b>		
Trade and notes receivables	1,309,439	1,288,922
Contract assets	7,306	(6,369)
Other receivables	4,552	11,281
Other non-current assets	(6,172)	(4,275)
	1,315,125	1,289,559

## • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 9. Other (losses)/gains, net/other expenses

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other (losses)/gains, net</b>		
Write-back of certain liabilities	11,126	14,925
Gain on disposal of equity investment in an associate	8,358	4,500
Gain on disposal of investment properties, property, plant and equipment, intangible assets and right-of-use assets	4,898	140,156
Gain on disposal of subsidiaries	1,075	509
Foreign exchange loss, net	(9,019)	(477)
Donation	(15,793)	(1,364)
Dividend from equity investments at fair value through other comprehensive income	563	606
Fair value gain/(loss) on equity investments at fair value through profit or loss, net	3,155	(76)
Others, net	(183,437)	(28,829)
	(179,074)	129,950
<b>Other expenses</b>		
Reversal of provision/(provision) for other non-current assets	7,789	(1,372)
Provision of impairment of prepayment	(4,710)	(377)
	3,079	(1,749)

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 10. Expenses by nature

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Raw materials and trading merchandise consumed	271,922,670	276,640,724
Employee benefit expenses (Note 11)	7,211,294	7,151,387
Provision for impairment of inventories	15,877	27,046
Lease payments not included in the measurement of lease liabilities	260,747	324,175
Depreciation of property, plant and equipment (Note 16)	924,305	799,606
Depreciation of investment properties (Note 16)	16,806	22,345
Depreciation of right-of-use assets (Note 16)	1,175,673	1,025,569
Amortisation of intangible assets (Note 16)	208,413	252,286
Auditor's remuneration	10,000	15,000
Advisory and consulting fees	150,528	164,601
Transportation expenses	1,104,474	1,198,434
Travel expenses	115,282	125,380
Market development and business promotion expenses	1,358,405	1,591,375
Utilities	151,525	125,380
Others	551,889	617,850
Total cost of sales, selling and distribution expenses, and administrative expenses	285,177,888	290,081,158



# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 11. Employee benefit expenses

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages, allowances and bonus (i)	5,509,214	5,567,290
Contributions to pension plans (ii)	746,422	682,394
Post-employment benefits (Note 23)	1,987	1,871
Housing benefits (iii)	300,465	279,519
Other benefits (iv)	653,206	620,313
	<b>7,211,294</b>	<b>7,151,387</b>

Notes:

- (i) Bonus was determined based on the performance of the Group as well as employees' performance and contribution to the Group.
- (ii) As stipulated by the related regulations in the PRC, the Group makes contributions to state-sponsored retirement schemes for its employees in Mainland China. The Group has also made contributions to another retirement scheme managed by an insurance company from 2011 for its employees of the Company and certain subsidiaries. The Group's employees make monthly contributions to the schemes at approximately 8%(2023: 8%) of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group makes contributions of 12% to 20% (2023: 12% to 20%) of such relevant income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. These retirement schemes are responsible for the entire post-retirement benefit obligations to the retired employees. Contributions totalling RMB17,381,000(31 December 2023: RMB16,540,000) were payable to the fund pension plan of China National Pharmaceutical Group at 30 June 2024.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. The Group operates retirement benefit plan as detailed in Note 23.

- (iii) Housing benefits represent contributions to the government-supervised housing funds in Mainland China at rates ranging from 5% to 12% (2023: 5% to 12%) of the employees' relevant income.
- (iv) Other benefits mainly represent expenses incurred for medical insurance, employee welfare, employee education and training, and for union activities.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 12. Finance income and costs

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expense:		
– Interest-bearing bank and other borrowings	1,247,820	1,563,138
– Net interests on net defined benefit liability (Note 23)	4,910	5,575
– Lease liabilities (Note 21)	114,125	99,048
Gross interest expense	1,366,855	1,667,761
Bank charges	102,890	106,960
Less: capitalised interest expense	(6,432)	(6,587)
Finance costs	1,463,313	1,768,134
Finance income:		
– Interest income on deposits in bank or other financial institutions	(349,729)	(311,635)
– Interest income on long-term deposits	(39,719)	(38,669)
Net finance costs	1,073,865	1,417,830

## • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 13. Taxation

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax	2,064,692	2,159,410
Deferred income tax (Note 22)	(367,419)	(186,610)
	<b>1,697,273</b>	1,972,800

During the six months ended 30 June 2024, enterprises incorporated in the PRC are normally subject to enterprise income tax (“EIT”) at the rate of 25%, while certain subsidiaries enjoy preferential EIT at a rate of 15% as approved by the relevant tax authorities or due to their operation in designated areas with preferential EIT policies.

Two of the Group’s subsidiaries were subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the year, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HKD2,000,000 (2023: HKD2,000,000) of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 14. Earnings per share

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 3,120,656,000 (31 December 2023: 3,120,656,000) in issue excluding treasury shares at the end of the Reporting Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 30 June 2023.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to equity holders of the parent used in the basic and diluted earnings per share calculation ('000)	3,703,875	4,104,439
<b>Shares</b>		
Weighted average number of ordinary shares outstanding used in the basic and diluted earnings per share calculation ('000)	3,120,532	3,120,532
Basic and diluted earnings per share (RMB per share)	1.19	1.32

## 15. Dividends

The final dividend for year 2023 of RMB0.87 per share (tax inclusive), amounting to approximately RMB2,714,971,000 in total, was approved by the shareholders at the annual general meeting of the Company held on 13 June 2024 ("**2023 AGM**"). Pursuant to the relevant resolution passed at 2023 AGM, the final dividend for year 2023 was paid on 13 August 2024 to the shareholders whose names appeared on the register of members of the Company on 24 June 2024.

No interim dividend was proposed for the six-month period ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 16. Right-of-use assets, Investment properties, Property, plant and equipment and Intangible assets

	Investment properties RMB'000	Property plant and equipment RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000
For the six months ended 30 June 2024 (unaudited)				
Net carrying amount as at 1 January 2024	501,466	12,481,234	10,196,149	7,416,423
Additions	–	901,869	120,509	1,607,891
Acquisition of subsidiaries (Note 27)	–	69,396	2,277	23,553
Transfers	(490)	(17,572)	18,062	–
Disposals	(15)	(88,388)	(1,574)	(187,394)
Disposals of subsidiaries	–	(8,521)	(2,977)	–
Depreciation or amortisation (Note 10)	(16,806)	(924,305)	(208,413)	(1,175,673)
Net carrying amount as at 30 June 2024	484,155	12,413,713	10,124,033	7,684,800
For the six months ended 30 June 2023 (unaudited)				
Net carrying amount as at 1 January 2023	538,338	12,616,766	10,170,919	7,030,398
Additions	326	752,926	109,110	1,431,524
Acquisition of subsidiaries (Note 27)	–	18,589	97,914	16,010
Transfers	79,802	(111,047)	31,245	–
Disposals	(78,595)	(36,133)	(14,966)	(237,393)
Disposals of subsidiaries	–	(850)	(3,235)	(248)
Depreciation or amortisation (Note 10)	(22,345)	(799,606)	(252,286)	(1,025,569)
Net carrying amount as at 30 June 2023	517,526	12,440,645	10,138,701	7,214,722

Goodwill, included in intangible assets, is allocated to the Group's cash-generating units ("CGUs"), identified by the operating segment. The recoverable amount of a CGU is determined based on the higher of value-in-use and fair value less costs of disposal. Value-in-use calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the long-term average growth rates for the businesses in which the CGUs operate.

Management determined the budgeted gross margin and growth rates based on past performance of the CGUs and expectations for market development. The discount rates used are before tax after reflecting specific risks of the relevant businesses.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 17. Investments in associates

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
At 1 January	9,687,954	8,967,418
Additions	1,500	10,550
Share of results	623,030	571,300
Unrealised gain/(loss) on transactions with an associate	43,556	(2,955)
Share of other comprehensive income/(loss)	686	(2,393)
Share of changes in equity other than comprehensive income and distributions received from associates	(3)	603
Dividends declared by associates attributable to the Group	(582,327)	(306,936)
Disposal of investment in an associate	(24,091)	(19,499)
At 30 June	9,750,305	9,218,088

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentages of equity interest attributable to the Group		Principal activities
			30 June 2024 (i)	31 December 2023	
Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司)	Ordinary shares of RMB1 each	Mainland China	13.88%	13.88%	Pharmaceutical manufacturing
Yichang Humanwell Pharmaceutical Co., Ltd. (宜昌人福藥業有限責任公司)	Ordinary shares of RMB1 each	PRC/Mainland China	20.00%	20.00%	Pharmaceutical manufacturing

- (i) The Group's investment in this associate is accounted for under the equity method of accounting because the Group has significant influence over it by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's equity interests in it were lower than 20% for the period ended 30 June 2024 and the year ended 31 December 2023.



## • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 17. Investments in associates (continued)

The following table illustrates the summarised financial information of Shanghai Shyndec Pharmaceutical Co., Ltd. extracted from its financial information, reconciled to the carrying amount in the consolidated financial information:

	30 June 2024 RMB'000 (Unaudited)
Current assets	11,392,719
Non-current assets	8,576,597
Current liabilities	(4,635,427)
Non-current liabilities	(245,469)
Non-controlling interests	(2,115,812)
Net assets	12,972,608
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	13.88%
Carrying amount of the investment	1,800,598
Revenue	5,960,094
Profit for the period	886,888
Total comprehensive income for the year	886,776
Dividend declared	134,117

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 17. Investments in associates (continued)

The following table illustrates the summarised financial information of Yichang Humanwell Pharmaceutical Co., Ltd extracted from its financial information, reconciled to the carrying amount in the consolidated financial information:

	30 June 2024 RMB'000 (Unaudited)
Current assets	5,464,599
Non-current assets	5,800,374
Current liabilities	(2,391,833)
Non-current liabilities	(495,916)
Non-controlling interests	(56,525)
Net assets	8,320,699
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	20.00%
Carrying amount of the investment	1,664,140
Revenue	4,502,178
Profit for the period	1,424,933
Total comprehensive income for the year	1,424,933
Dividend declared	243,164

## 18. Trade and notes receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	234,306,583	169,002,890
Notes receivable held both to collect cash flows and to sell	9,020,052	12,442,865
Notes receivable	2,665,096	6,682,962
	245,991,731	188,128,717
Less: Expected credit losses	(4,995,666)	(3,696,174)
	240,996,065	184,432,543

The fair value of trade receivables approximates to their carrying amounts.

## Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 18. Trade and notes receivables (continued)

The term of notes receivable are less than 12 months mostly. Retail sales at the Group's medicine chain stores are generally made in cash or by debit or credit cards. For medicine and device distribution business, sales are made on credit terms ranging from 30 to 210 days mostly. The ageing analysis of trade receivables, based on the invoice date and net of provisions, as at the end of the Reporting Period, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Within 1 year	<b>215,075,311</b>	158,669,524
1 to 2 years	<b>12,712,602</b>	5,921,366
Over 2 years	<b>1,565,717</b>	807,374
	<b>229,353,630</b>	165,398,264

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade and notes receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing.

### 19. Share capital

	<b>Number of shares '000</b>	<b>Domestic shares with par value of RMB1 per share RMB'000</b>	<b>H shares with par value of RMB1 per share RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	<b>3,120,656</b>	<b>1,778,845</b>	<b>1,341,811</b>	<b>3,120,656</b>
At 1 January 2023 (audited) and 30 June 2023 (unaudited)	3,120,656	1,778,845	1,341,811	3,120,656

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 20. Interest-bearing bank and other borrowings

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Non-current</b>		
Unsecured bank borrowings	12,798,104	13,638,820
Unsecured borrowings from other financial institutions and related parties	130,034	195,217
Bonds (notes)	2,997,224	–
	<b>15,925,362</b>	13,834,037
<b>Current</b>		
Mortgaged bank borrowings	359,176	85,061
Pledged bank borrowings	3,088,559	1,123,938
Guaranteed bank borrowings	1,714,661	62,063
Unsecured bank borrowings	54,381,404	40,970,141
Unsecured borrowings from other financial institutions and related parties	10,724,116	6,322,949
Secured borrowings from other financial institutions and related parties	322,915	97,686
Bonds (notes)	9,097,947	6,068,611
	<b>79,688,778</b>	54,730,449
<b>Total borrowings</b>	<b>95,614,140</b>	68,564,486
<b>The carrying amounts of the Group's borrowings are denominated in the following currencies:</b>		
– RMB	95,614,140	68,564,486
	<b>95,614,140</b>	68,564,486

## • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 20. Interest-bearing bank and other borrowings (continued)

Notes:

On 3 November 2021, the Company completed the issuance of the first tranche of the corporate bonds with an aggregate nominal value of RMB3,000,000,000. After deduction of the expenses of approximately RMB2,807,700 in relation to the issuance, the total net proceeds were approximately RMB2,997,192,300. The corporate bonds will expire on 3 November 2024, for a period of three years commencing from the issue date of 3 November 2021. The annual interest rate of the corporate bonds is fixed at 3.20%. Interest is paid on an annual basis. As at 30 June 2024, the corporate bonds were classified as current liabilities.

On 8 March 2024, the Company issued 30,000,000 units of bonds at a total par value of RMB3,000,000,000. After deduction of the expenses of approximately RMB2,834,000 in relation to the issuance, the total net proceeds were approximately RMB2,997,166,000. The bonds will mature on 3 December 2024, and the annual interest rate was 2.10%. As at 30 June 2024, the corporate bonds were classified as current liabilities.

On 24 April 2024, the Company issued 30,000,000 units of bonds at a total par value of RMB3,000,000,000. After deduction of the expenses of approximately RMB2,604,000 in relation to the issuance, the total net proceeds were approximately RMB2,997,396,000. The bonds will mature on 27 December 2024, and the annual interest rate was 1.82%. As at 30 June 2024, the corporate bonds were classified as current liabilities.

On 23 May 2024, the Company completed the issuance of the first tranche of the corporate bonds with an aggregate nominal value of RMB3,000,000,000. After deduction of the expenses of approximately RMB2,800,000 in relation to the issuance, the total net proceeds were approximately RMB2,997,200,000. The corporate bonds will expire on 23 May 2029, for a period of five years commencing from the issue date of 23 May 2024. The annual interest rate of the corporate bonds is fixed at 2.48%. Interest is paid on an annual basis. As at 30 June 2024, the corporate bonds were classified as non-current liabilities.

All proceeds from the issuance of the above bonds are used to supplement the Group's working capital and repaying bank borrowings and debentures.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 20. Interest-bearing bank and other borrowings (continued)

At the end of respective reporting period, borrowings were repayable as follows:

	Borrowings and other borrowings		Bonds	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	70,590,831	48,661,838	9,097,947	6,068,611
Between 1 to 2 years	12,376,246	12,829,639	–	–
Between 2 to 5 years	551,892	1,004,398	2,997,224	–
	83,518,969	62,495,875	12,095,171	6,068,611

## 21. Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January (audited)	5,217,366	4,842,507
New leases	1,654,749	1,387,757
Additions as a result of acquisition of subsidiaries (Note 27)	–	9,730
Accretion of interest recognised during the period	114,125	99,048
Payments	(1,376,621)	(1,122,784)
Disposals	(168,535)	(276,842)
Carrying amount at 30 June (unaudited)	5,441,084	4,939,416
Analysed into:		
Current portion	1,760,783	1,631,162
Non-current portion	3,680,301	3,308,254

The maturity analysis of lease liabilities is disclosed in Note 4 to the financial information.



# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 22. Deferred income tax

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Deferred tax assets	2,353,711	1,963,679
Deferred tax liabilities	(813,243)	(788,379)
	<b>1,540,468</b>	1,175,300

The gross movements in deferred tax assets and liabilities are as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
At 1 January	1,175,300	1,042,999
Acquisition of subsidiaries (Note 27)	(4,033)	665
Disposal of a subsidiary	(5,122)	(2,380)
Credited to the consolidated statement of profit or loss (Note 13)	367,419	186,610
Credited to other comprehensive income	6,904	2,284
At 30 June	<b>1,540,468</b>	1,230,178

## 23. Post-employment benefit obligations

Certain subsidiaries provide post-employment pension and medical benefits to their retirees. The Group accounts for these benefits using the accounting treatments similar to a defined benefit plan.

The amounts recognised in the consolidated statement of profit or loss are as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current service cost	1,987	1,871
Interest expense	4,910	5,575
	<b>6,897</b>	7,446

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 23. Post-employment benefit obligations (continued)

The amounts recognised in the consolidated statement of financial position are analysed as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Present value of funded obligations	<b>31,976</b>	32,060
Fair value of plan assets	<b>(121,444)</b>	(118,914)
Surplus of funded plans	<b>(89,468)</b>	(86,854)
Present value of unfunded post-employment benefit obligations	<b>470,274</b>	453,366
Liability in the consolidated statement of financial position	<b>380,806</b>	366,512

The movements in the defined benefit liability during the period were as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>
At 1 January	<b>366,512</b>	380,713
Charged to consolidated statement of profit or loss	<b>6,897</b>	7,446
Remeasurements of post-employment benefit obligations recognised in the consolidated statement of other comprehensive income	<b>26,076</b>	10,652
Contributions by employers and benefit payments	<b>(18,679)</b>	(16,800)
At 30 June	<b>380,806</b>	382,011

The Group engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan (the plan is funded by the Group) obligations using the actuarial method based on the expected cumulative welfare unit method. Towers Watson (Shenzhen) Consulting Co., Ltd. is an actuarial institution with professional certification qualifications and a member of the American Academy of Actuaries. The undersigned actuary, Haichuan Wu, is member of the Society of Actuaries and China Association of Actuaries.

As at 30 June 2024, fair value of the plan asset was RMB121,444,000 (31 December 2023: RMB118,914,000). As at 30 June 2024, obligations under these defined benefit plans are 25.02% (31 December 2023: 25.37%) covered by the plan assets. No material surplus or deficiency was noted for the above mentioned plan assets.

# • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 24. Other non-current liabilities

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Medical reserve funds		
– general (i)	2,039,470	2,095,185
– for H1N1 vaccines	488,024	488,024
Government grants for construction of logistics centres (ii)	84,791	78,996
Other government grants	274,863	289,015
Payables for acquisition of subsidiaries	78,420	78,420
Others	75,333	65,823
	<b>3,040,901</b>	<b>3,095,463</b>

Notes:

- (i) Certain medical reserve funds were received by CNPGC from the PRC government for the State reserve requirements of medical products (including medicines) for serious disasters, epidemics and other emergencies. In accordance with a responsibility letter dated 4 January 2006 signed between CNPGC and the Company, CNPGC has re-allocated the funds in relation to medicines to the Group. The Group received general medical reserve funds of RMB157,593,000 during the six months ended 30 June 2024 from CNPGC.

The Group will have to sell pharmaceutical products to specific customers at cost when there are any serious disasters, epidemic and other emergencies, and the relevant trade receivables from certain of these customers will be offset with the balance of the fund upon approval from CNPGC and the relevant PRC government authorities. RMB213,308,000 was written-off with the government's approval due to the expiry or usage of relevant medicines during the six months ended 30 June 2024 (30 June 2023: RMB238,288,000). The Group is required to maintain certain inventories at a level of not less than 70% of the general reserve funds. The medical reserve funds are required to be utilised only for use as mentioned above.

- (ii) Certain of the Group's subsidiaries received funds from local governments as subsidies for construction of logistics centres. As at 30 June 2024, the directors expected that the construction will not be completed within one year and therefore, the balance was recorded as other non-current liability.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 25. Trade and notes payables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Trade payables	<b>122,070,027</b>	108,952,818
Notes payable	<b>33,764,818</b>	37,679,635
	<b>155,834,845</b>	146,632,453

The trade payables are non-interest-bearing and are normally settled within 180 days. The fair value of trade payables approximates to their carrying amount.

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Below 3 months	<b>108,552,248</b>	101,351,442
Between 3 and 6 months	<b>26,713,878</b>	26,186,117
Between 6 months and 1 year	<b>17,409,651</b>	12,368,569
Between 1 and 2 years	<b>1,067,264</b>	4,351,596
Over 2 years	<b>2,091,804</b>	2,374,729
	<b>155,834,845</b>	146,632,453

The Group has trade payable financing program with certain banks whereby the banks repaid trade payables on behalf of the Group with an equivalent sum drawn as borrowings. Such drawdown of borrowings is a non-cash transaction while repayment of the borrowings in cash is accounted for as financing cash outflows.

During the six months ended 30 June 2024, trade payables of RMB979,742,000 (the six months ended 30 June 2023: RMB912,407,000) were repaid by the banks under this program with the equivalent amount drawn as borrowings. As at 30 June 2024, the balance of bank borrowings related to this program was RMB1,014,880,000 (31 December 2023: RMB1,525,296,000).

# • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 26. Transactions with non-controlling interests

### (a) Acquisition of additional interests in subsidiaries

During the period, the Group acquired the following additional equity interests in the subsidiaries from the non-controlling interests:

<b>Subsidiaries</b>	<b>Equity interests acquired</b> %	<b>Cash consideration</b> RMB'000
National Pharmaceutical Holdings Kunming Pharmacy Co., Ltd	20.90%	–

The effect of changes in the equity interests of these subsidiaries on the total equity attributable to owners of the parent during the period is summarised as follows:

	<b>Effect on the total equity</b> RMB'000
Carrying amount of non-controlling interests acquired	(3,993)
Consideration payable to non-controlling interests	–
Excess of consideration paid over the carrying amount acquired	3,993

### (b) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the six months ended 30 June 2024

	<b>Effect on the total equity</b> RMB'000
Changes in equity attributable to owners of the parent arising from:	
– Acquisition of additional interests in subsidiaries	3,993
– Disposal of interests in subsidiaries without loss of control	–
Net effect for transactions with non-controlling interests on equity attributable to owners of the parent	3,993

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 27. Business combinations not under common control

Acquisitions during the period are as follows:

The Group acquired equity interests from third parties in a certain subsidiary which is mainly engaged in the distribution of medicines and pharmaceutical products and operations of pharmacy business in order to extend the market share of the Group. The subsidiaries acquired by the Group during the year are as follows:

<b>Subsidiaries acquired from third parties</b>	<b>Month of acquisition</b>	<b>Acquired interests</b>	<b>Accumulated interests</b>
Sinopharm Zhejiang Supply Chain Co., Ltd.	February 2024	100%	100%

The effect of the above acquisitions is summarised as follows:

	RMB'000
Purchase consideration	
– Contingent consideration	–
– Cash consideration paid	95,587
Total purchase consideration	95,587

## • Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

### 27. Business combinations not under common control (continued)

The details of the assets and liabilities acquired and cash flows relating to these acquisitions are summarised as follows:

	Fair values at acquisition date RMB'000
Cash and cash equivalents	550
Property, plant and equipment (Note 16)	69,396
Right-of-use assets (Note 16)	23,553
Trade and other receivables	3,823
Prepayments, other receivables and other assets	5,987
Trade and other payables	(5,966)
Deferred tax liabilities (Note 22)	(4,033)
<b>Total identifiable net assets at fair value</b>	<b>93,310</b>
Less: non-controlling interests (i)	–
<b>Goodwill (Note 16)</b>	<b>2,277</b>
Total purchase consideration	95,587
Less: contingent consideration	–
	<b>95,587</b>
Less: non-cash settled consideration	–
<b>Cash consideration paid during the period</b>	<b>95,587</b>
Cash and cash equivalents in subsidiaries acquired	(550)
<b>Cash inflow on acquisition</b>	<b>95,037</b>

The goodwill is attributable to the acquired human resources, economies of scale and synergy expected from combining the operations of the Group and above subsidiaries acquired not under common control combination.



# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 27. Business combinations not under common control (continued)

Notes:

- (i) Non-controlling interests

The Group has elected to recognise non-controlling interests measured at the proportional share of acquired net identified assets excluding goodwill.

- (ii) The revenue and net profit attributable to owners of the parent of these newly acquired subsidiaries from the respective acquisition dates to 30 June 2024 are summarised as follows:

	From acquisition dates to 30 June 2024 RMB'000 (Unaudited)
Revenue	3,006
Net profit	161

## 28. Commitments

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Property, plant and equipment: contracted but not provided for	224,389	97,791
Fund investment: contracted but not provided for	75,000	75,000
	299,389	172,791

## 29. Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The PRC government, indirectly, owns 100% of CNPGC, the ultimate holding company of the Company. The Group's significant transactions with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government are a large portion of its sale of goods, purchase of goods, purchase of fixed assets, interest expenses on borrowings and interest income from bank deposits. The Group's significant balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government are a large portion of its trade and notes receivables, prepayments and other receivables, trade payables and other payables, borrowings, pledged bank deposits, cash and cash equivalents.

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 29. Significant related party transactions (continued)

### (i) Significant transactions with related parties except for other PRC government-related entities

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Sales of goods</b>		
Associates	506,115	577,319
Companies controlled by CNPGC	912,950	1,044,977
Associates of CNPGC	3,921	297
Subsidiaries of Fosun Pharmaceutical	207,432	191,638
Subsidiary of Natong Group	1,037	2,705
<b>Purchases of goods</b>		
Associates	2,785,659	2,540,528
Companies controlled by CNPGC	3,528,362	3,664,345
Associates of CNPGC	917,209	941,783
Subsidiaries of Fosun Pharmaceutical	3,100,151	3,959,627
Subsidiary of Natong Group	148,053	213,591
<b>Borrowings</b>		
Addition		
Associates	36,323	48,976
Companies controlled by CNPGC	9,662,518	9,242,022
<b>Repayment</b>		
Associates	31,510	24,355
Companies controlled by CNPGC	5,328,015	4,883,937
<b>Interest fee paid for other financial services</b>		
Associates	19,108	1,618
Companies controlled by CNPGC	185,695	71,570
<b>Notes receivable discount</b>		
Companies controlled by CNPGC	127,201	674,011
<b>Trade receivable factoring</b>		
Associates	442,092	979,449
Companies controlled by CNPGC	1,895,891	3,013,020

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 29. Significant related party transactions (continued)

### (ii) Significant balances with related parties except for other PRC government-related entities

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Cash in other financial institution</b>		
Companies controlled by CNPGC	2,191,295	2,386,937
<b>Trade and notes receivables due from</b>		
Subsidiary of Natong Group	460	536
Associates	270,499	198,148
Companies controlled by CNPGC	1,690,624	1,246,588
Associates of CNPGC	1,873	1,303
Subsidiaries of Fosun Pharmaceutical	136,248	73,114
<b>Other receivables due from</b>		
Subsidiary of Natong Group	10,611	1,680
Associates	17,867	53,705
Companies controlled by CNPGC	30,882	36,812
Associates of CNPGC	304	489
Subsidiaries of Fosun Pharmaceutical	4,229	11,589
<b>Prepayments to</b>		
Subsidiary of Natong	14	1
Group Associates	2,000	3,698
Companies controlled by CNPGC	116,549	140,737
Associates of CNPGC	8,596	12,544
Subsidiaries of Fosun Pharmaceutical	34,550	78,104
<b>Trade and notes payables due to</b>		
Subsidiary of Natong Group	93,493	90,911
Associates	2,140,125	1,433,193
Companies controlled by CNPGC	1,202,579	1,178,525
Associates of CNPGC	155,256	119,963
Subsidiaries of Fosun Pharmaceutical	1,067,255	1,144,776

# Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

## 29. Significant related party transactions (continued)

### (ii) Significant balances with related parties except for other PRC government-related entities (continued)

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Other payables due to</b>		
Ultimate holding company	3,868	3,866
Subsidiary of Natong Group	622	642
Associates	142,429	441,182
Companies controlled by CNPGC	652,585	1,302,172
Associates of CNPGC	806	731
Subsidiaries of Fosun Pharmaceutical	1,276	2,010
<b>Contract liabilities</b>		
Subsidiary of Natong Group	85	40
Associates	29,713	2,536
Companies controlled by CNPGC	88,811	108,438
Associates of CNPGC	2	2
Subsidiaries of Fosun Pharmaceutical	329	93
<b>Borrowing due to</b>		
Associates	58,737	53,924
Companies controlled by CNPGC	11,118,327	6,561,928
<b>Other non-current liabilities</b>		
Ultimate holding company	1,161,040	1,090,461
Companies controlled by CNPGC	24,646	24,645

The receivables from the related parties were unsecured, non-interest-bearing and repayable on demand. The payables to the related parties were unsecured and non-interest bearing.

### (iii) Key management compensation

The compensation of key management is on an annual basis and still in approval process.

## 30. Material subsequent events

There are no significant subsequent events after the end of Reporting Period.

## 31. Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial statements was approved and authorised for issue by the board of directors on 23 August 2024.