上海復旦張江生物醫藥股份有限公司

Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.*

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

(Stock code:1349)

INTERIM RESULTS ANNOUNCEMENT

For the six months ended 30 June 2016

This announcement, for which the directors (the "Directors") of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FIVE YEARS FINANCIAL DATA HIGHLIGHTS

RESULTS

	Unaudited Six months ended 30 June				
	2016	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**241,910**	214,224	153,370	156,933	82,684
Operating profit	**51,345**	45,026	41,371	34,050	18,462
Finance costs	**(2,332)**	(2,720)	(1,057)	(3,515)	(1,586)
Profit before income tax	**49,013**	42,306	40,314	30,535	16,876
Income tax expense	**(7,475)**	(5,138)	(5,034)	(6,315)	(2,686)
Profit for the period	**41,538**	37,168	35,280	24,220	14,190
Profit attributable to:					
Shareholders of the Company	**45,936**	39,661	36,296	27,904	16,205
Non-controlling interests	**(4,398)**	(2,493)	(1,016)	(3,684)	(2,015)
Total comprehensive income for the period	**41,538**	37,168	35,280	24,220	14,201
Total comprehensive income attributable to:					
Shareholders of the Company	**45,936**	39,661	36,296	27,904	16,212
Non-controlling interests	**(4,398)**	(2,493)	(1,016)	(3,684)	(2,011)
EBITDA	**65,524**	63,433	53,356	41,042	21,916
Basic and diluted earnings per share for profit attributable to the shareholders of the Company	**RMB 0.0498**	RMB 0.0430	RMB 0.0393	RMB 0.0337	RMB 0.0228

ASSETS AND LIABILITIES

	Unaudited 30 June	Audited 31 December			
	2016	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**1,010,001**	1,020,265	824,481	749,216	537,296
Total liabilities	**(230,313)**	(254,425)	(148,062)	(183,291)	(277,183)
	779,688	765,840	676,419	565,925	260,113
Capital and reserves attributable to：					
The shareholders of the Company	**750,876**	732,630	650,975	532,717	223,228
Non-controlling interests	**28,812**	33,210	25,444	33,208	36,885
	779,688	765,840	676,419	565,925	260,113

The board of Directors (the "Board") presents the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2016 as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2016

REVENUE

The Group's consolidated revenue for the six months ended 30 June 2016 amounted to approximately RMB241,910,000, comparing to RMB214,224,000 for the same period in 2015, representing an increase of 13%. The main reason is that sales of LIBOd® (里葆多®，鹽酸多柔比星脂質體，Doxorubicin liposome) and ALA (艾拉®，鹽酸氨酮戊酸散), the major products of the Group which contributed significant revenue to the Group and sales revenue increased by about 13% and 16%, respectively, from those of the same period in 2015.

The total revenue for the six months ended 30 June 2016 mainly came from the sale of medical products. The main source of total revenue for the six months ended 30 June 2015 was nearly the same as that of this period of 2016.

Revenue from sale of medical products

The major products of the Group are ALA from photodynamic platform, LIBOd® from Nano-drug platform and various kinds of diagnostic reagents from diagnosis technology platform. The Company has signed the sole agency agreement with NT Pharma (Jiangsu) Co., Ltd. ("NT Pharma") and granted it the exclusive distribution rights of LIBOd®. The work of sales and distribution of LIBOd® nationwide is outsourced to the sales team of NT Pharma and that of the rest of the products is taken by the sales team of the Group.

Revenue of the Group from the sale of medical products for the six months ended 30 June 2016 was RMB241,415,000 (representing approximately 99.80% of the total revenue), increased by 13% from the same period in 2015 which was RMB213,391,000. The major products of the Company, LIBOd® and ALA, have contributed 51% and 46% of the total revenue of the Group, respectively.

Revenue from exclusive distribution rights

The Company signed the sole agency agreement with NT Pharma in February 2011 and granted it the exclusive distribution rights of LIBOd®, and such agreement expired in February 2015. The total consideration was RMB20,000,000, of which, an amount of RMB833,000 was recognised as revenue in the six months ended 30 June 2015. The Company entered into a new sole agency agreement with NT Pharma during 2015, without any consideration for the exclusive distribution rights.

COST OF SALES

For the six months ended 30 June 2016, cost of sales of the Group was RMB19,703,000, while the corresponding figure for the same period in 2015 was RMB17,543,000. Gross profit margin for the six months ended June 2016 was 92%, which remained stable as compared to that of the same period in 2015. The Group has been implementing the strict cost control and making the best efforts to keep the current gross profit margin while maintaining the existing product structure.

OPERATING PROFIT

For the six months ended 30 June 2016, operating profit of the Group was RMB51,345,000 comparing to the operating profit of RMB45,026,000 for the same period in 2015, representing an increase of 14%.

Expenditure and other income presented before operating profit are as follows:

- Other income

  Other income for the six months ended 30 June 2016 was RMB33,706,000, compared with RMB29,699,000 for the same period in 2015, representing an increase of 13%. Other income during this period includes the income from Shanghai Pharmaceuticals Holding Co., Ltd. ("Shanghai Pharmaceuticals"), a shareholder of the Company, for the cooperation on innovative pharmaceutical research and development amounting to RMB7,334,000, compared with RMB10,086,000 for the same period in 2015. Besides, due to an increase in government grants, the Group has recognised related income amounting to RMB20,229,000 for the six months ended 30 June 2016, compared with RMB12,161,000 for the same period in 2015. For more details, please refer to Note 7 to the Condensed Consolidated Interim Financial Information in this report.

- R&D costs

  The Group adopts a conservative and prudent capitalization policy for R&D projects. Only the expenses incurred on those projects which were evaluated to be feasible in technology with clear objective and controllable risks can be capitalized. Therefore, most of R&D costs were recognised as expenses as incurred. R&D costs for the six months ended 30 June 2016 were RMB40,441,000, compared with RMB37,572,000 for the same period in 2015, representing an increase of 8%. The ratio of R&D costs to revenue for the six months ended 30 June 2016 was 17% (Six months ended 30 June 2015: 18%).

- Distribution and marketing costs

  Distribution and marketing costs for the six months ended 30 June 2016 were RMB145,848,000, compared with RMB126,983,000 for the same period in 2015, representing an increase of 15%. The distribution and marketing costs grew in line with the increase in revenue for sale of products. The ratio of distribution and marketing costs to revenue for sale of products was the same as that for the same period last year.

- Administrative expenses

  Administrative expenses for the six months ended 30 June 2016 were RMB18,076,000, compared with RMB16,250,000 for the same period in 2015, representing an increase of 11%. It is mainly due to the increases of operating costs such as payroll and the administrative expenses of new subsidiaries of the Company which are included in the scope of consolidation of the Group during the period under review.

- Other operating expenses

  Other operating expenses for the six months ended 30 June 2016 were RMB203,000 which mainly include bank charges during the period under review. Other operating expenses for the same period in 2015 were RMB549,000 which mainly include the losses from disposal of fixed assets.

FINANCE COSTS

For the six months ended 30 June 2016, finance costs of the Group were RMB2,332,000, compared with RMB2,720,000 for the same period in 2015, representing a decrease of 14%. It is mainly due to a succession of repayments of borrowings by the Group during the period under review.

TAX

Effective from 1 January 2008, the Company and its subsidiaries are required to determine and pay the corporate income tax in accordance with the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") as approved by the National People's Congress on 16 March 2007. The Company was recognised as a high-tech enterprise, and the applicable tax rate of the Company was 15% for the six months ended 30 June 2016. The applicable tax rates of the subsidiaries were 25% for the six months ended 30 June 2016.

As at 30 June 2016, the applicable tax rate and tax policy of the Group did not change.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2016, the profit of the Group was RMB41,538,000, compared with that of RMB37,168,000 for the same period in 2015, representing an increase of 12%.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to the shareholders of the Company of RMB45,936,000 was recorded in the unaudited consolidated statement of comprehensive income for the six months ended 30 June 2016, compared with that of RMB39,661,000 for the same period in 2015, representing an increase of 16%.

BUSINESS REVIEW

With the ultimate goal to stay as an innovator and a leader in the bio-pharmaceutical industry, the Group has committed to exploring unmet needs and deficiencies of clinical and patients treatment as well as developing novel and more effective treatments/medicines, so as to realize our mission that "The More We Explore, the Healthier Human Beings Will Be".

During the period under review, the Group has been making progress in pursuing its projected plans in the areas of R&D and commercialization. The Group will continue to focus on the following four technical platforms: genetic engineering platform, photodynamic technique platform, nano technique platform and diagnosis technique platform.

In the area of R&D, the clinical trial approval for high bio-activity recombinant human TNF receptor (重組親和力 TNF 受體) for the treatment of arthritis has been obtained in May 2014, and the project was in the stage of clinical trial phase I. The drug is mainly used to treat self-immunological diseases, such as arthritis. The size of potential market is enormous. The Group holds independent intellectual property right ("IPR") of the drug and has applied for PCT patent. It will be one of the key R&D projects of the Group.

Avastin for the treatment of tumor completed pre-clinical study. The application of clinical trial according to the relevant regulations of bio-similar drugs has been submitted.

Aminolevulinic Acid Hydrochloride used for the treatment of CIN infected by HPV has entered into clinical trial phase II. Currently the cause of the disease is known but there is no effective therapy for it. Our product will be the first therapy of precancerous lesion.

The clinical trial approval for Aminolevulinic Acid Hydrochloride for the treatment of moderate and severe acne has been obtained during the period under review, and will start clinical trial phase I soon.

Duteroporphyrin (多替泊芬) for the treatment of tumors has entered into the clinical trial phase II. At the same time, the Company is evaluating the feasibility of another indication according to the feedback from patients and R&D result in earlier study.

LIBOd® for the treatment of tumors, was launched to market in August 2009. The drug is a new doxorubicin formula which adopts the advanced stealth liposomal encapsulation technology and has passive targeting characteristics. It is a new generation of replacement for anthracycline drugs. In oncology, it has the advantages of enhancing efficacy and remarkably lowering the effects of cardiac toxicity, myelosuppression and hair-loss. LIBOd® is used for the treatment of AIDS-relating Kaposi's sarcoma, breast cancer and ovarian cancer. Registration for the drug is being carried out in the United States ("U.S.") taking into account the tremendous market capacity of breast cancer. The enrolling and bioequivalence trial for the certain number of patients have been completed in 2015 and the application documents are under preparation. After the bioequivalence trial, the Company will be required to further obtain the verification of good quality management system of our production plant by U.S. Food and Drug Administration ("FDA") before the drug can be launched to the market.

In respect of commercialization, ALA which is indicated for the treatment of dermal HPV infectious disease and proliferative disease and LIBOd® which is indicated for the treatment of tumor are two major products of the Group, the sales of which remained stable since their launch, and together contributed 97% of the sales generated by the Group. During the period under review, the Company adjusted sales strategy for ALA according to the market trends so as to maintain the stable increase of its sales. On the other hand, the Company cooperated with NT Pharma to take advantage of its marketing channels and resources. LIBOd® was the only Doxorubicin Hydrochloride Liposome Injection that successfully won the bid for an admitted product for insured critical illness in Zhejiang Province, which might be positive for expanding the market share and increasing sale volume of LIBOd®.

FuMeiDa (the proposed brand name of Hemoporfin), the first photodynamic drug for the treatment of Port Wine Stain, is a new drug with new target, new compound and new indication. We have designed a new sales mode for FuMeiDa, with the integration of treatment and sales, which includes the Company's Wechat subscription, chain of clinics of the Group, designated hospitals and direct distribution systems provided by pharmaceutical companies. The product will be produced in Taizhou Fudan-Zhangjiang Pharmaceutical Co., Ltd ("Taizhou Pharmaceutical"), a subsidiary of the Company. Taizhou pharmaceutical has completed the good manufacturing practices certification ("GMP Certification") on-site verification, and the production license is under review in the centre for drug evaluation of China Food and Drug Administration ("CFDA"). It is estimated to be launched to market in the second half of 2016.

FUTURE PROSPECTS

With an overall consideration of research resources, risks and cycles, the Group classified the R&D projects according to its affiliated platforms under the original research strategy. Besides, the following management classifications were also applied:

- **The projects with important breakthrough in clinical treatment**, such as the developments of a photodynamic drug for the treatment of CIN, a photodynamic drug to improve the effectiveness of the treatment of cholangiocarcinoma, a photodynamic drug to decrease the recurrence rate of bladder cancer and a synthetic platelet analog to treat bleeding caused by low platelet hemostatic which has vast clinical significance in China due to the lack of component blood transfusion in clinical practices. This kind of projects has definite positions in scientific theory as well as clinical application. In addition, on the technical level, we have accumulated mature experiences these years.

- **The projects for exploratory purpose**, such as the development of AD drug under the instruction of a new theory named Secretasome, the exploratory research on Jagged antibody which interacted between Notch signaling pathway and Hippo signaling pathway for the treatment of liver cancer and the development of a new antibody cross-linking drug (ADC). This kind of projects needs to be further explored due to their uncertainties in the areas of science or technology although they are of great importance in clinical treatment.

- **The projects for commercialization purpose**, such as those high-end drugs which broke through technical hurdles including the international registration of Doxorubicin Hydrochloride Liposome, the development of nanoparticle Albumin-bound Paclitaxel, etc. In addition, this kind of projects also include the R&D of drugs which broke through patent limitation such as new generic drugs for the indication of biliary cirrhosis; the development of bio-similar drugs such as monoclonal antibody against VEGF, anti-sclerostin mab (抗硬化蛋白抗體) and long-acting anti-PCSK9 Mab and the manufacture of solid high-end drugs. The criteria for choosing these projects were based on the consideration of expanding the production scale and making contribution to the sales and profit of the Group in short- or mid-terms.

The classification of our R&D projects embodies the concept of the Group “stand on solid ground and look up at the starry sky”. The innovative research of drugs faces great challenges, but we believe that the suitable R&D strategy will lead the Group moving toward a virtuous stage of development. In the fields that we have adequate scientific theory and technology, we will keep exploring and developing drugs to meet clinical needs so as to realize the value of the Group. On the other hand, we shall not stand on the position without the support of scientific theory or technical skills. We are willing to cooperate with outstanding science teams to find out scientific evidence so as to explore the treatments which are lack of now. Meanwhile, we shall also pay attention to the international development of the drugs with major breakthrough. We would research and develop generic drugs or similar drugs to improve effectiveness of treatment for our countrymen, especially the drugs which break through technical barriers or patent limitation.

We strengthened the development and improvement of our technology. At present, we have made progress on antibody technology, cross-linking technology and nano-drug technology. On the other hand, we increased the investment in the research of solid high-end drugs so that we have the ability to improve and optimize those drugs which have been already launched to the market and provide us with more methods to solve the deficiency of clinical treatment. We are looking forward to exploring and developing more drugs with the support of these technologies in the near future.

As a R&D company which emphasizes on the research from needs of clinical treatment, our choices face challenges but have extraordinary significance as well. We will try our best to avoid involving in trouble of homoplasy as a result of lack of scientific evidence and thus selecting projects from the drugs which were well developed overseas.

In the area of commercialization, the Group has realized production and sales on diagnostic reagents, ALA, and LIBOd®. As more products are launched to the market, it is expected that the future sales revenue will be increasing continuously.

All the product lines of the Group obtained GMP Certification of CFDA. Our objective is to set up the product lines which can meet international standards so that our products could be sold worldwide. Two product lines launched in Shanghai and Taizhou have started to apply for the GMP certification of FDA.

Moreover, considering that more drugs are going to be registered, a subsidiary of the Company, Taizhou Pharmaceutical. has constructed two production lines for the material and injection of Hemoporfin. To make the two production lines at full capacity, the Group has chosen to register several generic drugs which can be produced with Hemoporfin on the same production line. More investment in production lines will be made in the next few years so as to make it become the centralized production base of the Group.

The Group has successfully accomplished the transformation from purely R&D to equal emphasis on both R&D and commercialization with a complete system featuring organic combination of R&D, product manufacturing and marketing. The Group is moving toward a virtuous stage of development.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

CHARGE ON ASSETS

As at 30 June 2016, there was no charge on the Group's assets.

SIGNIFICANT INVESTMENTS

The Board approved the Company to establish a subsidiary named Derma Clinic Investment Co., Ltd.* (德美診聯醫療投資管理有限公司) ("Derma Clinic") with independent third parties, including Zhong He Hou De Investment Management Co., Ltd.* (中和厚德投資管理有限公司) ("Zhong He Hou De") in Shanghai, China on 12 December 2014. The Company received the approval and completed the registration and filing procedures with the relevant authorities regarding the establishment of Derma Clinic on 4 August 2015. Derma Clinic will make investment to establish and operate nationwide skin beauty chain clinics, by taking advantage of the brand effect and market share of the Company in the skin beauty field of medical market. Derma Clinic's registered capital is RMB50,000,000. As at 30 June 2016, the Company has paid RMB10,020,000 and the rest will be paid pursuant to the investment agreement and prospective actual situation. Details of this transaction were set out in the announcements issued by the Company on 12 December 2014 and 4 August 2015.

Saved as disclosed above, the Group had no other significant investment during the six months ended 30 June 2016.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2016.

BANKING FACILITIES

As at 30 June 2016, the outstanding amount of the loans of the Group was RMB90,000,000, which includes:

On 18 August 2015, a secured bank borrowing of RMB30,000,000 was obtained by the Company, with an annual interest rate of 4.85%. The borrowing is due for repayment on 18

August 2016.

On 10 March 2016, two unsecured bank borrowings, amounted to RMB60,000,000, were obtained by the Company with an annual interest rate based on the market rate published by People's Bank of China. The borrowings are due for repayment on 31 October 2016.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company has the plan to construct an additional building in the existing base so as to expand the space for small-scale trial production. The application has been submitted for approval but there is still some uncertainty.

Saved as disclosed above, the Group had no other material capital expenditure plan for the moment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations and investing activities with internally generated financial resources, proceeds from the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), proceeds from the share placement, grants from the municipal government authorities and commercial loans.

As at 30 June 2016, the Group had cash and cash equivalents of approximately RMB438,249,000.

Being consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including bank borrowings and loans from government authorities) less cash and cash equivalents. Total capital is calculated as "total equity", as shown in the consolidated balance sheet, plus net debt. As at 30 June 2016 and 31 December 2015, cash and cash equivalents is much more than total balance of bank loans of the Group, therefore, the gearing ratio is not applicable.

The Group adopts a conservative treasury policy in cash and financial management. To achieve better risk control and to minimize the finance costs, the Group's treasury activities are centralized. The Group's liquidity and financing arrangements are reviewed regularly.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the domestic market. Except for the Hong Kong dollar proceeds from the placement of shares, the operating results and the financial position of the Group will not be substantially affected by the movement in exchange rates.

EMPLOYEES AND SALARIES

As at 30 June 2016, the Group had a total of 593 employees, as compared to 512 employees as at 30 June 2015. Staff costs including Directors' remuneration for the six months ended 30 June 2016 were RMB46,338,000, compared with RMB36,244,000 for the same period in 2015. The salaries and benefits of employees provided by the Group are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including statutory social welfare plans, are also provided to employees by the Group.

USE OF PROCEEDS

On 4 February 2013, the Company completed a placing of 142,000,000 H shares with a par value of RMB0.10 each at a price of HKD 1.70. The amount of net proceeds from the placing was approximately HKD 233,909,000 (equivalent to approximately RMB185,575,000) (after deducting all applicable costs and expenses, including commissions, legal fees and levies). The net proceeds were applied in the planned projects described in the circular of the Company dated 14 May 2012 and the announcement of the Company dated 16 January 2013.

Particulars of the proceeds from the placing were used as follows:

	Budget **RMB'000**	Unaudited Total amount that has been utilized as of 30 June 2016 RMB'000
R&D projects		
- the clinical study project regarding using ALA for the treatment of cervical intraepithelial neoplasia	**20,000**	**11,853**
- the pre-clinical study and clinical study project regarding using ALA for the treatment of brain glioma	**10,000**	**3,900**
- the pre-clinical and clinical study project of paclitaxel albumin nanoparticles	**20,000**	**19,308**
- the pre-clinical and clinical study project of CD30-MMAE	**30,000**	**30,000**
To repay the debts of the Company	**20,000**	**20,000**
For the working capital of the Company	**85,575**	**85,575**
Total	**185,575**	**170,636**

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2016, the interests (if any) of the Directors, supervisors of the Company (the "Supervisors") and chief executive of the Company and their respective associates in the shares or debentures (including interests in shares and/or short positions) of the Company and its associated corporations, (a) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO"); or (b) as recorded in the register maintained by the Company under Section 352 of the SFO; or (c) as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules were as follows:

Name	Position	Class of shares	Number of shares held	Capacity	Type of interest	Percentage in Domestic Shares	Percentage in total share capital
Wang Hai Bo	Director	Domestic Shares	57,886,430 (L)	Beneficial owner	Personal	9.93%	6.27%
Su Yong	Director	Domestic Shares	22,312,860 (L)	Beneficial owner	Personal	3.83%	2.42%
Zhao Da Jun	Director	Domestic Shares	19,260,710 (L)	Beneficial owner	Personal	3.30%	2.09%
Wang Luo Chun	Supervisor	Domestic Shares	1,170,000(L)	Beneficial owner	Personal	0.20%	0.13%
Zhang Man Juan	Supervisor	Domestic Shares	870,000(L)	Beneficial owner	Personal	0.15%	0.09%

Note: The letter "L" stands for long position.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2016, the persons other than a Director, Supervisor or chief executive of the Company who have interests and/or short positions in the shares or underlying shares of the Company subject to disclosure under Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register maintained under Section 336 of the SFO, or as notified to the Company and the Stock Exchange were as follows (the interests in shares and/or short positions, if any, disclosed herein are in addition to those disclosed in respect of the Directors, Supervisors and chief executive of the Company):

Name of substantial shareholders	Class of shares	Number of shares held	Capacity	Type of interest	Percentage in the respective class of share capital	Percentage in total share capital
Shanghai Industrial Investment (Holdings) Co., Ltd.	Domestic Shares	139,578,560 (L)	Interest of controlled corporation	Corporate	23.94%	22.77%
	H Shares	70,564,000 (L)			20.75%	
Shanghai Pharmaceuticals	Domestic Shares	139,578,560 (L)	Beneficial owner	Corporate	23.94%	22.77%
	H Shares	70,564,000 (L)			20.75%	
China New Enterprise Investment Fund II	Domestic Shares	156,892,912 (L)	Beneficial owner	Corporate	26.91%	17.00%
Yang Zong Meng	Domestic Shares	80,000,000 (L)	Beneficial owner	Personal	13.72%	8.67%
Fudan University	Domestic Shares	30,636,286 (L)	Interest of controlled corporation	Corporate	5.25%	3.32%
Shanghai Fudan Asset Operating Limited (上海復旦資產經營有限公司)	Domestic Shares	30,636,286 (L)	Beneficial owner	Corporate	5.25%	3.32%

Note: The letter "L" stands for long position.

SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2016, the Company had adopted a code of conduct for Directors' securities transactions on terms no less strict than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules. Having made specific enquiry with all Directors, the Directors have been complying with the required standard of dealings and the code of conduct for directors' securities transactions during the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is responsible for reviewing the financial reporting, monitoring risk management, reviewing internal control systems and corporate governance issues and making relevant recommendations to the Board. The Audit Committee comprises two independent non-executive Directors and one non-executive Director who are Mr. Lam Yiu Kin, Mr. Xu Qing and Mr. Shen Bo. Mr. Lam Yiu Kin was appointed as the chairman of the Audit Committee.

The Audit Committee reviews the accounting principles and practices adopted by the Group as well as the internal controls to check whether they comply with the Listing Rules, and reviews issues regarding auditing, internal controls, risk management and financial reporting. The Audit Committee reviewed the Group's unaudited interim results for the six months ended 30 June 2016 before proposing to the Board for approval.

OTHER MATTERS

Proposed Issue of A Shares

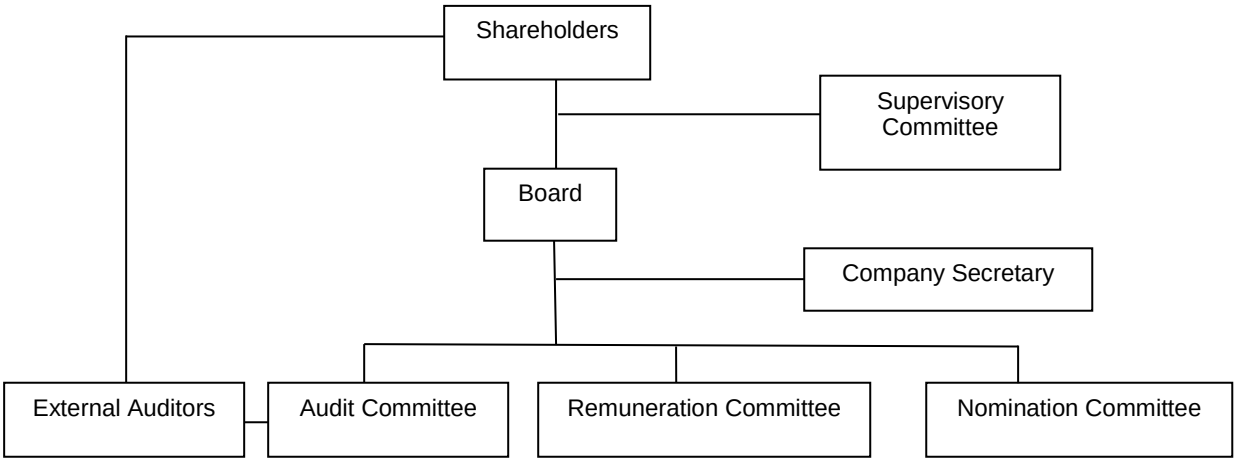
All resolutions proposed at the extraordinary general meeting of the Company, the class meeting of holders of H Shares of the Company and the class meeting of holders of Domestic Shares of the Company all held on 11 August 2015 were duly passed, which included the resolutions of proposed issue of not more than 27,000,000 A Shares of the Company with a nominal value of RMB0.10 each ("Issue of A Shares"), the proposal on authorization to the Board to deal with matters relating to the Issue of A Shares and the proposed amendments to the articles of association of the Company.

At the annual general meeting of the Company, the class meeting of holders of H Shares of the Company and the class meeting of holders of Domestic Shares of the Company held on 13 May 2016, the resolution of proposed extension of the validity period of the resolution in respect of the proposed Issue of A shares as well as the resolution of proposed extension of the authorization period to the Board to deal with matters relating to the Issue of A Shares were considered and approved.

The Issue of A Shares will be subject to, among other things, the approvals by the China Securities Regulatory Committee and Shanghai Stock Exchange. Details of the proposed Issue of A Shares are set out in the Company's announcements dated 29 May 2015 and 29 March 2016, and circulars dated 24 June 2015 and 13 April 2016.

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance structure is as follows:



The Company's Corporate Governance Code includes but is not limited to the following documents:

a) Articles of Association;
b) Principles of the Audit Committee;
c) Principles of the Remuneration Committee;
d) Principles of the Nomination Committee;
e) Principles regarding transactions in the Company's securities;
f) Daily management documents of the Company.

The Board has reviewed the documents relating to corporate governance policies adopted by the Company and considered that it had complied with most of the principles and codes set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules. In some aspects, the codes of corporate governance adopted by the Company are even stricter than the provisions as set out in the Code. Details are set out as follows:

Major aspect which is stricter than the provisions as set out in the Code:

- Two-thirds of the members of the Audit Committee are independent non-executive Directors.

Major aspects which deviate from the provisions as set out in the Code:

- The positions of the chairman and the general manager rest on the same person. Although the Articles of Association contains specific requirements on the responsibilities of the chairman and the general manager (chief executive), such being the responsibilities of managing the operation of the Board and managing the daily operation of the Company, respectively, the two positions are still taken by one person. Considering that the scale of the Company is relatively small with its businesses mainly focused in the areas of research, production and sales of innovative drugs, and that it has not completely stepped out the venture period for the time being, also for the sake of management efficiency, the Board takes the view that the positions of chairman and chief executive being taken by one person is beneficial for the Company's development at the present stage. Along with the development of the Company, the Board will consider to segregate duties of the chairman and the chief executive.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June 2016 RMB'000	2015 RMB'000
Revenue	6	**241,910**	214,224
Cost of sales	8	**(19,703)**	(17,543)
Gross profit		**222,207**	196,681
Other income	7	**33,706**	29,699
Research and development costs	8	**(40,441)**	(37,572)
Distribution and marketing costs	8	**(145,848)**	(126,983)
Administrative expenses	8	**(18,076)**	(16,250)
Other operating expenses	8	**(203)**	(549)
Operating profit		**51,345**	45,026
Finance costs		**(2,332)**	(2,720)
Profit before income tax		**49,013**	42,306
Income tax expense	9	**(7,475)**	(5,138)
Profit for the period		**41,538**	37,168
Other comprehensive income		**-**	-
Total comprehensive income for the period		**41,538**	37,168
Profit attributable to:			
Shareholders of the Company		**45,936**	39,661
Non-controlling interests		**(4,398)**	(2,493)
		41,538	37,168
Total comprehensive income attributable to:			
Shareholders of the Company		**45,936**	39,661
Non-controlling interests		**(4,398)**	(2,493)
		41,538	37,168
Basic and diluted earnings per share for profit attributable to the shareholders of the Company	11	**RMB 0.0498**	RMB 0.0430

INTERIM CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 June 2016 *RMB'000***	Audited 31 December 2015 *RMB'000*
Non-current assets			
Leasehold land payments		**31,365**	31,760
Property, plant and equipment		**290,464**	297,001
Goodwill		**8,937**	8,937
Intangible assets		**9,817**	10,373
Deferred costs		**43,047**	36,393
Deferred income tax assets		**4,335**	5,186
Other non-current assets	12	**2,195**	1,267
		390,160	390,917
Current assets			
Inventories		**19,075**	9,958
Trade receivables	13	**115,065**	132,470
Other receivables, deposits and prepayments		**30,014**	29,140
Amounts due from related parties		**13,895**	8,240
Cash and cash equivalents		**438,249**	445,997
Restricted cash		**3,543**	3,543
		619,841	629,348
Total assets		**1,010,001**	1,020,265

INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	**Unaudited 30 June 2016 RMB'000**	Audited 31 December 2015 RMB'000
Non-current liabilities			
Deferred revenue		**17,875**	19,377
Current liabilities			
Trade payables	14	**4,012**	4,275
Other payables and accruals		**91,773**	71,970
Current income tax liabilities		**6,624**	12,368
Amount due to a related party		**3,690**	3,690
Borrowings	15	**90,000**	125,000
Deferred revenue		**16,339**	17,745
		212,438	235,048
Total liabilities		**230,313**	254,425
Capital and reserves attributable to shareholders of the Company			
Share capital		**92,300**	92,300
Reserves		**658,576**	640,330
		750,876	732,630
Non-controlling interests		**28,812**	33,210
Total equity		**779,688**	765,840
Total equity and liabilities		**1,010,001**	1,020,265

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the People's Republic of China ("PRC") on 11 November 1996 as a limited liability company with an initial registered capital of RMB 5,295,000.

Pursuant to a series of capital injections on 10 November 1997, 11 May 2000 and 12 September 2000 from the existing or the then shareholders of the Company and the capitalisation of reserves of the Company on 11 December 1997 and 20 October 2000, the registered capital of the Company was increased from RMB 5,295,000 to RMB 53,000,000.

On 8 November 2000, the Company was transformed into a joint stock company with limited liability.

On 20 January 2002, all of the shares of the Company, being 53,000,000 ordinary shares with a par value of RMB 1.00 each, were subdivided into 530,000,000 ordinary shares ("Domestic Shares") with a par value of RMB 0.10 each.

On 13 August 2002, the trading of the newly issued 198,000,000 ordinary shares ("H Shares") of RMB 0.10 each of the Company commenced on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including 18,000,000 H Shares converted from Domestic Shares. Therefore, the share capital of the Company was increased to RMB 71,000,000.

On 4 February 2013, the Company completed a placing of 142,000,000 H Shares with a par value of RMB 0.10 each at a price of HKD 1.70, and the share capital of the Company was increased to RMB 85,200,000.

On 29 June 2012, the Company adopted a restricted share scheme. Pursuant to the scheme, the Company granted a total of 71,000,000 Domestic Shares as restricted shares to directors, senior management, mid-level management and key research staff of the Group on 24 June 2013 and 21 October 2013 at a price of RMB 0.51 with a par value of RMB 0.10 each. Upon completion of the grants, the share capital of the Company was increased to RMB 92,300,000.

On 16 December 2013, the Company transferred its H Shares listing from GEM to the Main Board of the Stock Exchange.

1. GENERAL INFORMATION (CONTINUED)

As at 30 June 2016, the Company had direct interests of 65%, 69.77%, 84.68% and 50.04% in four subsidiaries, namely Shanghai Ba Dian Medicine Co., Ltd. ("Ba Dian"), Taizhou Fudan-Zhangjiang Pharmaceutical Co., Ltd. ("Taizhou Pharmaceutical"), Shanghai Tracing Bio-technology Co., Ltd. ("Tracing") and Derma Clinic Investment Co., Ltd. ("Derma Clinic"), respectively.

The Group is principally engaged in the research, development and selling of self-developed bio-pharmaceutical know-how, carrying out contracted research for customers, manufacturing and selling of medical products and providing other medical services in the PRC.

The address of the Company's registered office is 308 Cailun Road, Zhangjiang Hi-Tech Park, Pudong, Shanghai, PRC.

This condensed consolidated interim financial information is presented in Renminbi ("RMB") thousands, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 9 August 2016.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements of the Company for the year ended 31 December 2015, as described in those consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures:

(i) New amendments of IFRS adopted by the Group

The following new amendments of IFRS are mandatory for the first time for the Group's financial year beginning on 1 January 2016.

IFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 (Amendments)	Financial Instruments: Disclosures
IFRS 10 (Amendments)	Consolidated Financial Statements, on applying the consolidation exception
IFRS 12 (Amendments)	Disclosures of Interests in Other Entities
IAS 1 (Amendments)	Presentation of Financial Statements
IAS 16 (Amendments)	Property, Plant and Equipment
IAS 19 (Amendments)	Employee Benefits
IAS 34 (Amendments)	Interim Financial Reporting
IAS 38 (Amendments)	Intangible Assets
IAS 39 (Amendments)	Financial Instruments: Recognition and Measurement, on novation of derivatives
IAS 40 (Amendments)	Investment Property

The adoption of the above new amendments of IFRS starting from 1 January 2016 did not have any significant impact on the consolidated interim financial information of the Group for the six months ended 30 June 2016.

(ii) New standards and amendments of IFRS not yet adopted

The following new standards and amendments of IFRS which are relevant to the Group's operations have been issued but are not yet effective and have not been early adopted by the Group. The Directors anticipate that adoption of these new standards and amendments will not result in substantial changes to the consolidated results of operations and financial position of the Group.

IFRS 9	Financial Instruments
IFRS 10 (Amendments)	Consolidated Financial Statements, on applying the consolidation exception
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IAS 7 (Amendments)	Statement of Cash Flows
IAS 12 (Amendments)	Income Taxes

4. ESTIMATES

The preparation of interim 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 condensed consolidated interim 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 Company's consolidated financial statements for the year ended 31 December 2015.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2015.

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

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

6. REVENUE

The Group is principally engaged in the research, development and selling of self-developed bio-pharmaceutical know-how, manufacturing and selling of medical products in the PRC. Revenue recognised during the period are as follows:

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Sales of medical products	**241,415**	213,391
Exclusive rights (note (a))	**-**	833
Others	**495**	-
	241,910	214,224

(a) In March 2011, the exclusive distribution rights of Doxorubicin Liposome Injection products were granted to a pharmaceutical distribution company for a period from the contract effective day to 28 February 2015, at a total consideration of RMB 20,000,000, of which an amount of RMB 833,000 was recognised as revenue in the six months ended 30 June 2015.

7. OTHER INCOME

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Government grants	**20,229**	12,161
Cooperation agreement with Shanghai Pharmaceuticals (note (a))	**7,334**	10,086
Gains on investments in financial products (note (b))	**3,315**	4,686
Interest income	**2,757**	2,557
Others	**71**	209
	33,706	29,699

(a) On 23 February 2011, the Company and Shanghai Pharmaceuticals signed an innovative drug research and development strategic cooperation agreement (the "Agreement") in relation to four of the existing drug research projects undertaken by the Group. According to the Agreement, Shanghai Pharmaceuticals will pay 80% of the ongoing research and development ("R&D") expenses of these projects from 1 January 2011 (inclusive), and the Group and Shanghai Pharmaceuticals will share equally the future benefits generated from the commercialization of these projects. In addition, Shanghai Pharmaceuticals also agreed to pay 80% of the R&D expenses on these research projects prior to 1 January 2011 (the "Pre-2011 Costs") but the payments of the Pre-2011 Costs are subject to the completion of certain milestones between 2011 and six months ended 30 June 2016 as set out in the Agreement.

(b) The gains represented the gains on investments in financial products upon maturity.

8. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Amortisation of leasehold land payments	**395**	395
Amortisation of deferred costs (included in 'Cost of sales')	**231**	43
Amortisation of intangible assets	**608**	460
Provision for impairment of receivables	**-**	2,335
Provision for impairment of inventories	**-**	11
Changes in inventories of finished goods and work in progress	**(2,075)**	(2,864)
Raw materials and consumables used	**14,532**	14,878
Depreciation of property, plant and equipment	**17,982**	19,822
Less: Amount capitalised in deferred costs	**(5,037)**	(2,313)
	12,945	17,509
Losses on disposal of property, plant and equipment	**37**	101
Operating lease rentals in respect of land and buildings	**651**	590
Research and development costs, excluding employee benefit expenses	**19,374**	14,427
Employee benefit expenses	**46,338**	36,244
Less: Amount capitalised in deferred costs	**(2,385)**	(282)
	43,953	35,962
Marketing and sales promotion expenses	**98,834**	89,988
Post-marketing study expenses	**23,303**	15,705
Quality inspection expenses	**3,844**	3,095
Others	**7,639**	6,262
Total cost of sales, research and development costs, distribution and marketing costs, administrative expenses and other operating expenses	**224,271**	198,897

9. INCOME TAX EXPENSE

Effective from 1 January 2008, the Company and its subsidiaries are required to determine and pay the corporate income tax in accordance with the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") as approved by the National People's Congress on 16 March 2007. The Company was recognised as a high-tech enterprise, and the applicable tax rate of the Company is 15% in the six months ended 30 June 2016 (2015: 15%). The applicable tax rates of the subsidiaries are 25% during the six months ended 30 June 2016 (2015: 25%).

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Current income tax	**6,624**	4,391
Deferred income tax	**851**	747
	7,475	5,138

10. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2016	2015
Profit attributable to shareholders of the Company (RMB'000)	**45,936**	39,661
Weighted average number of ordinary shares in issue ('000)	**923,000**	923,000
Basic earnings per share (RMB)	**0.0498**	0.0430

There is no difference between the basic and diluted earnings per share for the six months ended 30 June 2016 and 30 June 2015 as there were no dilutive potential ordinary shares during the periods then ended.

12. OTHER NON-CURRENT ASSETS

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Equipment prepayments	**2,195**	1,267

13. TRADE RECEIVABLES

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Accounts receivable (note (a))	**89,723**	93,904
Less: Provision for impairment	**(228)**	(1,382)
Accounts receivable - net	**89,495**	92,522
Notes receivable (note (b))	**25,570**	39,948
	115,065	132,470

As at 30 June 2016 and 31 December 2015, the fair value of the trade receivables approximated their carrying amounts, which are all denominated in RMB.

(a) Accounts receivable are arisen from sales of products, with no interest charged. The credit period granted to customers is between 1 to 4 months. The ageing analysis of accounts receivable based on invoice date, before provision for impairment as at 30 June 2016 and 31 December 2015 are as follows:

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Within credit terms	**63,555**	69,174
Past due within 30 days	**17,265**	24,078
Past due over 30 days and within 60 days	**6,483**	336
Past due over 60 days and within 90 days	**1,042**	245
Past due over 90 days and within one year	**1,326**	7
Past due over one year	**52**	64
	89,723	93,904

(b) Notes receivable are arisen from sales of products, with no interest and guarantee. They are all bank acceptance notes with maturities less than six months.

14. TRADE PAYABLES

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Accounts payable (note (a))	**4,012**	4,275

As at 30 June 2016 and 31 December 2015, all trade payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

All the Group's trade payables are denominated in RMB.

(a) As at 30 June 2016 and 31 December 2015, the ageing analysis of accounts payable based on invoice date are as follows:

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Within 30 days	**2,817**	3,891
31 days to 60 days	**368**	156
61 days to 90 days	**166**	-
Over 90 days but less than one year	**433**	-
Over one year	**228**	228
	4,012	4,275

15. BORROWINGS

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Current		
Short-term bank borrowings, unsecured (note (a))	**60,000**	95,000
Short-term bank borrowing, secured (note (b))	**30,000**	30,000
	90,000	125,000

(a) As at 30 June 2016, the unsecured short-term bank borrowings of RMB 60,000,000 were taken by the Company, borne an annual interest rate based on the market rate published by People's Bank of China (As at 30 June 2016: 4.35%) and were due for repayment on 31 October 2016.

(b) As at 30 June 2016, the secured short-term bank borrowing of RMB 30,000,000 was taken by the Company and borne an annual interest rate of 4.85%. The borrowing was mortgaged by the Company's seven intellectual properties and was due for repayment on 18 August 2016.

Interest expense on borrowings for the six months ended 30 June 2016 was RMB 2,332,000 (Six months ended 30 June 2015: RMB 2,720,000).

As at 30 June 2016 and 31 December 2015, the Group's borrowings were repayable as follows:

	Unaudited 30 June 2016	Audited 31 December 2015
	RMB'000	*RMB'000*
Within 1 year	**90,000**	125,000

16. SEGMENT INFORMATION

The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

In recent years, the Group has been focusing on the commercialization of its own drugs after research and development. The outcomes of the Group's research and development activities will be given preference to be used by the Group for its own commercialization. Accordingly, the management considers that the Group only operates a single business segment and hence no segment information is presented.

The Company and all its subsidiaries operate in the PRC and the Group's revenue is principally derived in the PRC.

Publication of Interim Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http:// www.fd-zj.com). The interim report of the Company for the six months ended 30 June 2016 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

By Order of the Board
Wang HaiBo
Chairman

As at the date of this report, the Board comprises:

Mr. Wang Hai Bo (Executive Director)
Mr. Su Yong (Executive Director)
Mr. Zhao Da Jun (Executive Director)
Ms. Ke Ying (Non-executive Director)
Mr. Shen Bo (Non-executive Director)
Ms. Yu Xiao Yang (Non-executive Director)
Mr. Zhou Zhong Hui (Independent Non-executive Director)
Mr. Lam Yiu Kin (Independent Non-executive Director)
Mr. Xu Qing (Independent Non-executive Director)

Shanghai, the PRC

9 August 2016

* *For identification purpose only*