

**FOSUNPHARMA**



**2016年度企业社会责任报告**  
**2016 Corporate Social Responsibility Report**

上海复星医药（集团）股份有限公司  
Shanghai Fosun Pharmaceutical (Group) Co.,Ltd.



# Greetings from Management



"Pursuit of sustainable development of talents and products" is Fosun Pharma's philosophy of social responsibilities. For Fosun Pharma, the most important matter is to keep the Company young and energetic through a better understanding of the Company's life cycle, that is, the sustainable development of products, technologies and talent teams.

Fosun Pharma considers innovation as the most important obligation in the sustainable development of pharmaceutical companies. Fosun Pharm has always been taking self-innovation as the core momentum of corporate development. We strive to break the geographical barrier to lay our footprint of innovation all over the world. We also devote to the innovative research and development and manufacturing of pharmaceuticals, medical devices, medical diagnosis technologies and systems, actively develop quality medical service system, put great efforts in the integration and reform of pharmaceutical distribution and retail sales and passionately participate in the mobile medical industry. The purpose of what we do is to provide the patients and customers with a more timely solution for diagnosis, more effective way of treatment, more efficient channel of supply, more satisfied service and more affordable cost.

A handwritten signature in black ink, appearing to read '陈启宇'.

Chen Qiyu, Chairman of Fosun Pharma

Patients' safety and lift are related to product quality, which is the key in the sustainable development of pharmaceutical enterprises and the whole society. Fosun Pharma has been adhering to strict standards of pharmaceutical quality and continuously strives for the better. Meanwhile, through continuously benchmarking industry best enterprises and self-development, Fosun Pharma further improves its internal control systems and governance structure. Under the national laws and regulations, industry regulations and the governance framework for listed companies, Fosun Pharma upholds the legitimate rights and interests of stakeholders (including our patients) to build a relationship with them based on open communication, transparency, mutual benefit and mutual trust so as to jointly promote the sustainable and healthy development of enterprises and create a more harmonious industry ecosystem.



A handwritten signature in black ink, appearing to read '姚芳'.

Yao Fang, Co-Chairman of Fosun Pharma

The real innovation is to fulfill the unmet demand, address challenges on human health and help people live better lives. For pharmaceutical industry, innovation is to identify and prevent the diseases at an early date and provide quality products and services so as to safeguard the health of the public. Looking forward, Fosun Pharma will continuously focus on unsolved autoimmune diseases and endeavor to provide better treatment solutions to solve the patients' problems through innovation, so as to bring health to the public.



A handwritten signature in black ink, appearing to read '吴一凡'.

Wu Yifang, President and Chief Executive Officer of Fosun Pharma

# About the Report

## This is the 2016 corporate social responsibility (CSR) report published by Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

Dear stakeholders, we hereby present the ninth CSR report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. This report aims to truthfully present the CSR development and practice of the Group in 2016 and reveal to our shareholders, employees, government agencies, customers and consumers, partners, local communities and other stakeholders of the Group's CSR activities.

**Basis of Preparation:** This report is prepared by Fosun Pharma in accordance with the Guidelines on Preparation of National Standards for Social Responsibility Report in China GB/T 36000 and the core program of the Sustainability Reporting Guidelines G4 released by the Global Reporting Initiative (GRI), which is also in compliance with requirements set out in the ESG Reporting Guide under Listing Rules issued by the Stock Exchange, and with reference to Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China issued by the Chinese Academy of Social Sciences, whilst conforming to CSR related data requirement of International Finance Corporation (IFC), a member of the World Bank Group.

**Time Range:** 1 January 2016 to 31 December 2016

**Release Cycle:** The report is released on an annual basis

**Scope of Report:** The scope of disclosure of this report is consistent with that of the 2016 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. For the scope of major subsidiaries disclosed, please refer to the List of Major Subsidiaries Disclosed in the Report set out at the end of this report.

**Publication of the report:** This report is published at the same time with 2016 Annual Report of Fosun Pharma. The financial information contained in this report is consistent with that presented in the 2016 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. issued published in respect of the A Shares. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified. The financial data disclosed in this report are prepared in accordance with the Accounting Standards for Business Enterprises – Basis Principles issued by the Ministry of Finance of the People's Republic of China.

**Terms and Short Names:** For the convenience of expression and reading, Fosun Pharma may be referred to, according to the context, as "the Company", "Fosun Pharma" or "the Listed Company" in the report; Fosun Pharma and its subsidiaries included in the consolidated report may be referred to as "the Group", or "Fosun Pharma Group"; Shanghai Fosun Pharmaceutical Industrial Development Limited may be referred to as "Fosun Pharmaceutical Industrial Company" or "Industrial Company"; the member enterprises of Fosun Pharma may be referred to as "subsidiaries"; and shareholding enterprises may be referred to as "partner enterprises." Please see the "Table of Company Names" attached to this report for the full names and abbreviations of companies therein. For the convenience of further reading and understanding of the report by stakeholders, a table of definitions on specialized terms mentioned in the report is attached to the last page herein.

**Access to the Report:** The report is prepared in simplified Chinese, traditional Chinese and English and published in traditional Chinese and English, and is available in both hardcopy and electronic versions. The latter may be downloaded from the website of Fosun Pharma (<http://www.fosunpharma.com/news/file.html>). In the event of discrepancy between each version, the simplified Chinese version shall prevail. The simplified Chinese report is printed by using certified paper production endorsed by Forest Stewardship Council (FSC) certification (FSC), with the intention to advocate for environmental protection through the use of sustainable forest management of wood and paper products.

**Report Assurance:** An independent external institution with no conflict of interest in connection with the Company has been commissioned by Fosun Pharma to perform third party verification of the Chinese CSR report and issued a Chinese and English CSR Assurance Statement. The Assurance Statement covers the site examinations of Fosun Pharma as well as two subsidiaries of Guilin Pharma and Chancheng Hospital.

Please visit the website ([www.fosunpharma.com](http://www.fosunpharma.com)) or contact the department (shown on the back cover) of the report for more information on how the Group implements the concepts and strategy of social responsibility and related practices.



The insert pages published in this report show the effort of Fosun Pharma on 2016 in various philanthropy activities, such as facilitating cancer clinical research, raising malaria prevention awareness and helping children in poverty.

Under the guidance of the valuation of "self-improvement, Teamwork, Performance and Contribution to Society", Fosun Pharma has always been grateful, devoted to philanthropy, actively contributing to the society, committed to be an enterprise satisfactory to stakeholders such as the society, the government and the employees. Fosun Pharma has always believed that, "Contribution to Society" is not just providing donation, salvation and warmth to the society, but also actively taking responsibilities as a corporate citizen.

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# Highlights of 2016



## July

**Fosun Pharma intended to acquire Gland Pharma, a leading injection medicine enterprise in India with a consideration over US\$1.2 billion**

In July, it was announced by Fosun Pharma that, it intended to acquire about 86% of equity interests in Gland Pharma through its controlled subsidiary. Gland Pharma is the first injection pharmaceutical manufacturing company in India that received approval by FDA of United States. The acquisition will help Fosun Pharma to achieve industry upgrade in its pharmaceutical manufacturing business, to accelerate the internationalization process, and to increase the market share in the injection market.

## August

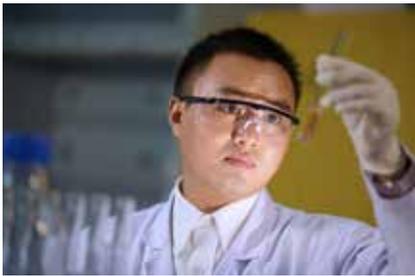
**Fosun Pharma incorporated a first class cardiovascular and cerebrovascular specialist hospital in Guangxi jointly with Yulin First People's Hospital**

In August, Fosun Hospital Investment entered into a cooperation agreement with Yulin First People's Hospital for incorporation of "Yulin City Cardiovascular Hospital" and "Yulin City Brain Hospital" jointly, which will provide more medical services that are of better quality, safer, more efficient, more professional medical services for the people in Yulin and its peripheral regions. Yulin City First People's Hospital is a Grade A third class integrated hospital that has medical, teaching, scientific research and training in one entity, which is an academic entity of relatively high academic level.

## September

**Fosun Pharma intended to form a joint venture with Intuitive Surgical in China, Innovative R & D and sales of diagnostic and therapeutic products for lung cancer leading in the world**

In September, Fosun Pharma announced that it had intended to form a joint venture with Intuitive Surgical of United States. Both parties shall form a joint venture in Shanghai, for which US\$100 million will be contributed by both parties to the joint venture in total. The joint venture will be principally engaged in the research, production and sales of innovative products based on robotic-assisted catheter technology for the early diagnosis and treatment of lung cancer. This is another innovative product line other than the Da Vinci Surgery system products deployed by Intuitive Surgical, which is the leader of the global robot-assisted minimally invasive surgery.



### Distinguished Results in R & D and Innovation, fruitful R&D results in monoclonal antibody

As at the end of 2016, Fuhong Hanlin Biopharmaceutical had received ten clinical approvals for six products. Among them, the innovative bio-modified monoclonal antibody HLX07 had received clinical approvals from Mainland China, Taiwan and the United States. HER2 monoclonal antibody from human sources, another biologically similar drug that is suitable for the treatment of breast cancer, also initiated phase III clinical trials. The new drug is suitable for the treatment of breast cancer and metastatic gastric cancer. It is a biologically similar drug based on monoclonal antibody developed by Fuhong Hanlin. A new drug of Xingtai Pharmaceutical, PA-824, received approvals for clinical trials. Such new drug is applied in the treatment of tuberculosis.

### Internationalization by Fosun Pharma reached new heights, products of Yao Pharma first tapped into the US market

In September, Yao Pharma, the member enterprise of Fosun Pharma held a ceremony to celebrate the first export of venlafaxine hydrochloride tablets to the United States market, which was the first pharmaceutical product applied for registration in the US that was researched and developed by its own. This event represented a precedent case for the pharmaceutical enterprises in China as Yueyou Pharma tapped into the US market with pharmaceutical products of China. It is also the only one pharmaceutical company in the western China to achieve a forerunning position in the industry. This is another important result achieved by Yao Pharma in terms of internationalization.

## December

### Creating precedent cases for the reform of the state-owned enterprise hospital system, incorporation of Huaihai Hospital Management Group Co., Ltd.

Xuzhou Mining Group, Fosun Pharma Group and Taikang Insurance Group jointly conducted reorganization of all medical institutions affiliated to Xuzhou Mining Group. After the reorganization, Huaihai Hospital Management Group Co., Ltd. was formed on 10 December. This mixed ownership system did not only vitalise the form of ownership for hospitals in the region, but also effectively introduced the competition mechanism for private enterprises.

# Rewards and Recognitions



## Industry Ranking Categories

- July • **Top 100 Pharmaceutical Industry Enterprises of China**  
China National Pharmaceutical Industry Information Center of Ministry of Industry and Information
- September • **Ranked 3rd among the Top 100 Strengths of Pharmaceutical Research and Development in China, ranked 2nd among the Strengths of Biopharmaceutical Research and Development in China**  
YAOZH.COM
- November • **Ranked 14th among the Top 100 Companies in China Pharmaceutical Industry**  
CFDA South Medicine Economic Research Institute, Medicine Economic News
- November • **Top Ten Pharmaceutical Industry Enterprise Group of China**  
China Pharmaceutical Industry Association, China Association of Pharmaceutical Commerce
- November • **Top 100 Future Enterprises in China**  
ACCA (The Association of Chartered Certified Accountants)
- November • **Most Innovative Multinational Companies**  
Bioclub



### Market Credentials Categories

- January • **Best Investor Relations Award**  
Awarding Institution: China Financial Market Financial Magazine
- June • **The Best Overseas Medical Investment Enterprises**  
Awarding Institution: China Chamber of Commerce for Import and Export of Medicines and Health Products
- October • **Top 20 Most Competitive Listed Pharmaceutical Companies in China, Top 10 Listed Pharmaceutical Companies with the Highest Investment Value**  
Awarding Institution: China Pharmaceutical Enterprise Management Association
- November • **Best Listed Companies in Pharmaceutical Industry**  
Awarding Institution: Value Line, China Economic Net, China reform Daily

### Corporate Social Responsibilities Categories

- January • **The Best Social Responsibility Brand**  
Awarding Institution: Media of the Fifth Charity Festival
- July • **“Responsibility Innovation Best Case Award for the Year”**  
Awarding Institution: Jiefang Daily (Shanghai Observer), Shanghai Daily, etc.
- December • **“Corporate Social Responsibility of Listed Companies”, ranked 2nd in CSR Development Index and ranked 1st in Report Appraisal Results**  
Awarding Institution: SSRB, Shanghai Stock Exchange, Xinhuanet, Shanghai Association of Listed Companies, etc.
- December • **Golden Bee Excellent CSR Report 2016 • Leading Enterprise Award**  
Awarding Institution: MOC China WTO Tribune



## Mission

By innovation and integration, reconstruct the R&D, production, operation, circulation and service system of healthcare industry, to provide efficient, high-quality and convenient products and services to people all around the world.

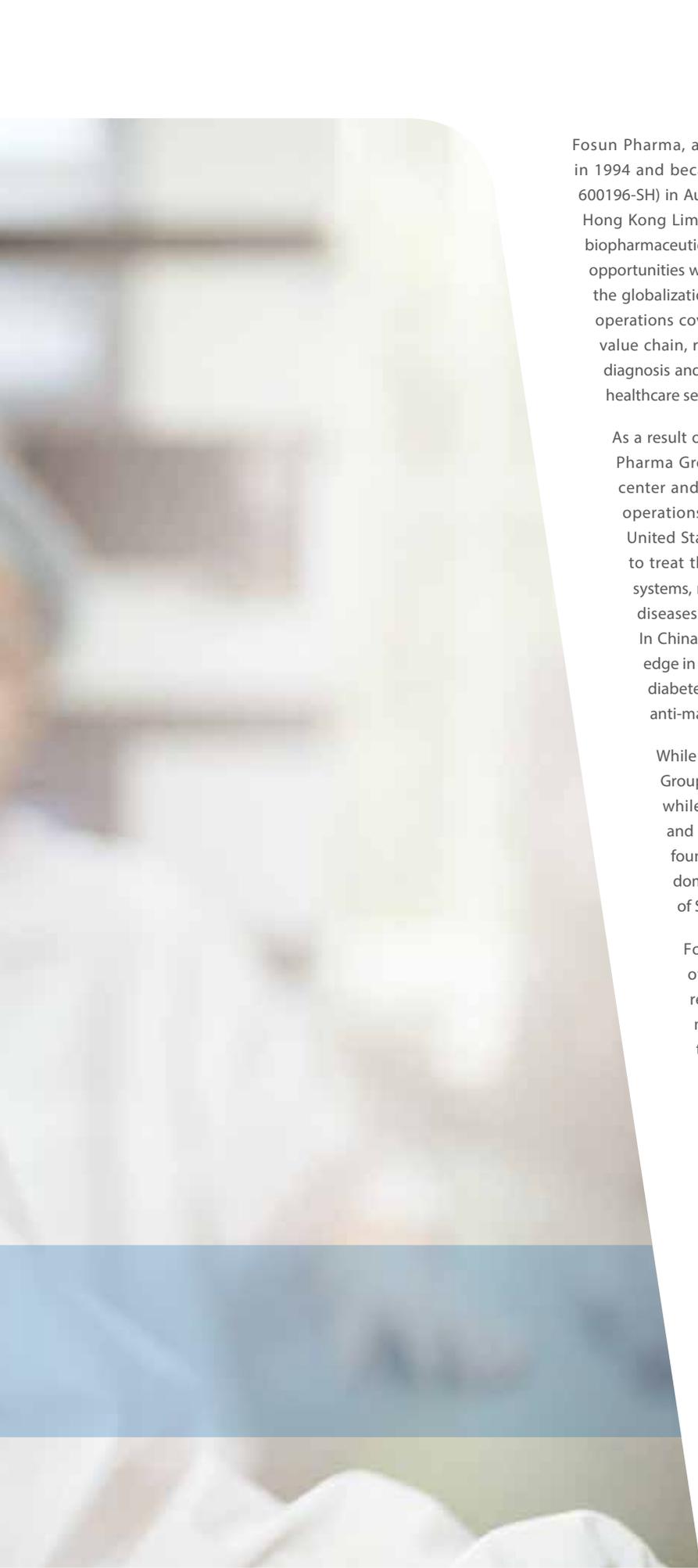
## Value

 關愛生命  
Care For Life

 不斷創新  
Continuous Innovation

 精益求精  
Pursuit of Excellence

 合作共贏  
Sustainable Partnership



Fosun Pharma, a leading healthcare company in China, was established in 1994 and became listed on the Shanghai Stock Exchange (stock code: 600196-SH) in August 1998 and on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 02196-HK) in October 2012. Focusing on biopharmaceutical and healthcare markets, Fosun Pharma Group has gained opportunities within the rapidly developing Chinese healthcare industry and the globalization of Chinese healthcare companies in general. The Group's operations cover several important segments of the healthcare industry value chain, ranging from pharmaceutical R&D, manufacturing, medical diagnosis and medical devices to medical distribution and retail as well as healthcare services, dedicating to public healthcare.

As a result of its focus on innovation, research and development, Fosun Pharma Group owns a nationally recognized enterprise technology center and maintains a highly capable international R&D team with operations in Shanghai, Chongqing, Taiwan and San Francisco, the United States. The Group's R&D activities focus on developing drugs to treat the cardiovascular system, central nervous, and circulatory systems, metabolism and the digestive system, tumors, and infectious diseases. Its major products are leaders in their respective markets. In China, Fosun Pharma Group's products have gained a competitive edge in the pharmaceutical market with its products for liver diseases, diabetes, tuberculosis and diagnosis. It is also a leading provider of anti-malaria medicines in the global market.

While focusing on pharmaceutical manufacturing, Fosun Pharma Group is establishing a presence in the healthcare service market while securing its competitive advantage in medical diagnosis and equipment. Currently, Fosun Pharma Group has built a solid foundation for high-end and specialized medical services in the domestic market. Fosun Pharma is the second largest shareholder of Sinopharm, China's largest pharmaceutical distributor.

Fosun Pharma Group strongly believes in the principle of sustainable development and has incorporated social responsibility into its long-term business strategy. With a mindset of gratitude, Fosun Pharma has been endeavoring to meet the expectations of society, the government, its employees and shareholders throughout its business development.

With its commitment to innovation for good health and promoting the health and wellbeing of mankind, Fosun Pharma Group has adopted the strategic approach of "organic growth with external expansion and integrated business operation" to continuously enhancing the capabilities for innovation, service, integration and international operations, and to efficiently operate, manage and invest in outstanding enterprises in the industry. Fosun Pharma is determined to become a leading provider of healthcare products and services.

# FOSUNPHARMA 复星医药

## Major Subsidiaries



## Major Partners



# 为爱飞

## 向上海市福利



In July, the labor union of Fosun Pharma arranged employee volunteers and their children as well as around 70 young volunteers, who were student representatives from schools for which education commissioners worked in Qibao Town, Minhang District, for visiting Shanghai Children's Welfare Institute. They gave a great performance for the mothers in the welfare institute and distributed gifts which refreshed them in hot weather.

“

The activity enhanced my understanding of welfare institutes and the mothers' care for the children in the institute and their growth deeply impressed me. I would like to express my respect to their efforts.

Sheng Lei, Deputy General Manager of Cloning Resources Management  
Department of Fosun Pharma

I'm glad that my dad took me to Shanghai Institute. I would like to say thank you to the mothers in the institute.

Xu Bingyang, a student from Class 2 of Hongkou  
No.4 Central Primary School

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# Goals and Strategy

Fosun Pharma Group's strategic development framework focuses on "organic growth, external expansion and integrated development", revolving around its mission and strategic objectives. Firstly, we improve the operation capability through integrations in the R&D, manufacturing and marketing of pharmaceutical products, achieving a growth rate higher than the industry average by taking advantage of the synergies created from integration. Secondly, we integrate external resources through merging and acquiring and managing outstanding enterprises in each part the industry chain, strengthening the existing advantages with fast entry into new areas for a thorough coverage of the industry chain. Lastly, the asset profitability and operating efficiency are improved through integration of internal existing resources and strategic M&As. We benefit from the synergies and competitive advantages of our complete industry chain coverage to become the prominent supplier of healthcare products and services.

## Strategic Goals



### Short-term Goal

A leading pharmaceutical company in China that advances in internationalization



### Medium-term Goal

A Chinese pharmaceutical company with global competitiveness



### Vision

Dedicate to becoming a first-tier enterprise in the global healthcare market

## Sustainable Development Strategy



### Short-term Goals

Continue to promote sustainability strategy with Fosun Pharma Group's overall business strategy and turn ourselves into the most socially responsible leading enterprise in China's pharmaceutical and healthcare industry with sustainable development



### Medium-term Goals

Insist on sustainability to become a corporate with the best sense of social responsibility and keep up with international norms and be a part of the global sustainability system



### Vision

Become one of the most admired corporate citizens in the pharmaceutical and healthcare sector; promote the sense of social responsibility and sustainable development in every business segment of Fosun Pharma Group and make it the basic code of conduct for all employees of Fosun Pharma Group

## Strategic Steps

2009-2015

- Established and continuously improved the Environment, Health and Safety (EHS) management system, and fully implemented within all subsidiaries and segments
- Established and continuously improved the sustainability strategy, further improving the CSR system of Fosun Pharma Group
- Conducted effective and comprehensive communication with stakeholders and formed more communication platforms, and continuously improved client and customer satisfaction
- Established and standardized the sustainability system, implemented and continuously perfected sustainability measures
- Improved a CSR system that emphasizes health, safety, environment and quality, including a data collection system, process examination, monitoring system, and assessment system
- Established climate change strategy, continuously improved and expanded the EHS system in subsidiaries
- Further integrated with the community charity system of Fosun Group, enhanced the community charity system of Fosun Pharma Group

2016

- Promoted the further implementation of quality and EHS policies in subsidiaries
- Further perfected the construction of supplier management system of Fosun Pharma Group, and promoted the green supply chain
- Ongoing promotion for the development of CSR system, established systems including data collection and process examination in the internet environment
- Further integrated with the community charity system of Fosun Group, improved the community charity system of Fosun Pharma
- Established the stakeholder communication system, further improved communication with stakeholders
- Fully promoted the implementation of the quality and EHS policies of the subsidiaries Promoted the establishment of CSR indicator system in the pharmaceutical industry
- Improved and regulated the e organization construction of healthcare quality management of healthcare service sector as well as the establishment of healthcare system, and optimized the treatment process of patients

Plans for 2017

- Promote full implementation of the quality and EHS policies of the subsidiaries
- Continuously promote the construction of supplier management system, improve the supplier evaluation system, and further promote the green supply chain projects of the Group
- Improve and promote the CSR online data collection system, and further implement the system within the Group
- Cooperate with the CRS global committee of Fosun Pharma Group and assist the Group in CRS management
- Establish a relatively comprehensive communication system for stakeholders, and satisfy various requirements of stakeholders
- Promote the CRS management for medical services of the Group and systematically formulate the CSR system of healthcare service sector
- Facilitate the upstream and downstream management in the supply chain

## Measures

2009-2015

- Established a CSR leading group and task force, perfecting the CSR data collection system
- Actively promoted the implementation of Fosun Pharma EHS policies and strategies with the five business segments of the Group and subsidiaries through the Environment, Health and Safety (EHS) Management Office
- Faithfully served clients and customers, continuously increased frequency and improve methods of communication with clients and customers, earning more of their satisfaction in return
- Established community charity strategy that identifies the approaches of educational assistance, research support and community service. Extended the Company's involvement in community charity activities through the kick-off of Fosun Pharma's "FUTURE STAR" community charity program, enhancing the cooperation with the Group's counterpart
- Improved the CSR data collection responsibility system to ensure the quality of relevant information; Implemented performance review and assessment mechanism for data collection responsible persons
- Continued to engage in systemic dialog with stakeholders to improve public engagement

2016

- Further promoted and implemented the quality and EHS policies in all segments of the Company under the guidance of EHS Management Office of the Company
- Further extended the comprehensive ability and level of procurement management, promoted the implementation and promotion of green supply chain relevant systems in subsidiaries
- Established online CSR data collection system, optimising the process of data collection
- Collaborated and merged Fosun Foundation, which promoted more charity activities that were consistent with the sustainability strategy of the Fosun Pharma Group
- Established more platforms for stakeholder communications which increased efficiency of communications with stakeholders to meet their expectations
- Promoted the establishment of CSR indicator system in the pharmaceutical industry, coordinated with the government and relevant institutions to formulate the pharmaceutical industrial CSR guideline that became the CSR benchmark of the industry
- Set up the Healthcare Quality Management Committee and the Nursing Management Committee and established quality management organization by each healthcare service subsidiaries; regulated eighteen core elements of medical systems, supervised and continuously improve the whole process of medical quality, and also utilized network information technology to optimize the treatment process of patients

Plans for  
2017

- Further promote and implement the quality and EHS policies in all segments of the Company under the guidance of EHS Management Office of the Company
- Continuously promote the green supply chain project with the collaboration of the EHS Management Office, the Centralized Procurement and Procurement Management Office
- Strategically cooperate with the Global CSR Committee of Fosun Pharma Group in respect of CRS projects according to the sustainable development strategies of the Fosun Pharma Group
- Continuously commence the stakeholders communication activities and establish a comprehensive stakeholders communication platform
- Enhance the CRS influence of Fosun Pharma through influential external CRS activities and projects
- Explore the supply chain CSR management including EHS and labor related matters of suppliers
- Plan and prepare the publication of CSR of healthcare service sector
- Improved the Corporate Social Responsibility Report of the Group in accordance with the ESG Reporting Guide of the Hong Kong Stock Exchange

# Combining China's Growth Momentum with Global Resources



Leveraging its strength of industry foundation established by utilizing global thinking and global resources, distribution network and investment experience, Fosun Pharma Group achieves all-round internationalization in products, markets, planning and operation, talents, capital and branding by following the business strategy of organic growth with external expansion, integrated business operation.

For international development, Fosun Pharma Group has built up capabilities for the marketing of innovative drugs to global markets, established the global presence and operational capability for medical devices and is equipped with the capability for integrating global healthcare resources. Fosun Pharma is vigorously building a R&D platform that consolidates local and foreign resources and advantages, which has currently established international presence for R&D with stronger capabilities. Fosun Pharma has four major platforms for research and development, namely Shanghai Henlius, SunTech Pharma, Chongqing Research Institute and Shanghai Fuchuang, and builds an interactive 24-hour R&D model in Shanghai, Chongqing, Taiwan and San Francisco of United States. More effort will be devoted to the four R&D platforms, so as to establish an efficient R&D platform in areas of small molecular innovative chemical drugs, monoclonal chemical generic drugs, generic drugs with high barriers-to-entry and special formulation technology.

In the future, the Group will actively explore new ideas for internationalization and speed up the process of internationalization, with a view to make greater contribution to patients in China and around the world.

In 2016, Fosun Pharma Group's overseas mergers and acquisitions and strategic cooperation came under the spotlight.



In 2016, the cooperation between Fosun Pharma and Ambrx (the U.S. biotech company acquired) has integrated the various advantages and resources of the leading pharmaceutical companies in China and the leading biotech innovator in the United States and has promoted the technological innovation of Ambrx. The know-how platform of Ambrx achieved a great leap forward and reached new heights in production and scale. With the support of Fosun Pharma, Ambrx's business expansion in China will facilitate the accessibility to new medicines for Chinese patients. Fosun Pharma will maintain a long-term cooperation with Ambrx, in hope of continuously bringing the world's most leading drugs and treatment to Chinese patients and improving the patients' quality of life.



In 2016, Fosun Pharma signed a contract and intended to acquire a leading pharmaceutical enterprise of oral preparations in India, Gland Pharma, to accelerate the internationalization process. Fosun Pharma will promote the industrial upgrade of pharmaceutical manufacturing business, speed up the internationalization process, and improve the market share of injections.



In December 2016, Fosun Pharma commenced strategic cooperation with Intuitive Surgical, to set up a joint venture in Shanghai which focuses on the R&D, production and sales of innovative products for the early diagnosis and treatment of lung cancer based on the robotic auxiliary catheter technology. The strategic cooperation in respect of the most advanced technology has become a pioneer in the field of early diagnosis and treatment of lung cancer and robotic surgical treatment, and has created innovative high-end medical devices that are jointly developed by China and the United States and made in China with a global sales network.



In 2016, the Venlafaxine Hydrochloride independently developed by Yao Pharma began to sell in the US market; its key API products successfully achieved full coverage in the US market. It signified another milestone of pharmaceutical internationalization process of Yao Pharma and Fosun Pharma after the export of quetiapine fumarate relieve tablets manufactured by Yao Pharma to the Canadian market in 2015, which has removed the domestic and international pharmaceutical market barriers and gained valuable experience, especially in the field of high-end pharmaceutical export, for Chinese pharmaceutical companies.

- To bring in high-caliber scientists team from developed countries such as the United States, and carry out R&D in Shanghai, Chongqing, San Francisco of United States and Taiwan simultaneously
- To export the Artesunate series drugs in developing countries
- To market biopharmaceutical generic drugs in China, and export chemical generic drugs and biopharmaceutical generic drugs to emerging and mature markets
- To build up capabilities for the marketing of innovative drugs to global markets
- To establish the global presence and operational capability for medical devices
- To build up capability for integrating global healthcare resources

# Continuous Management Optimization

Fosun Pharma Group embarks on transformation in response to market changes, implements innovative strategies and improves organizational structure in a timely manner. The Company has set up a Pharmaceutical industry Management Committee, Pharmaceutical Commerce Management Committee, Medical Service Management Committee, Medical diagnosis Division and Medical Devices Division. The Manufacturing Management Committee is in charge of pharmaceutical production and R&D, and performs the functions of a platform company through Shanghai Fosun Pharmaceutical Industrial Company, a wholly owned subsidiary of Fosun Pharma for carrying out daily management and operations. Through the three management committees and two business divisions, Fosun Pharma has established a strategic management structure covering three aspects — strategic planning, operational planning and budget management, performance and incentives — to ensure effective operations of the Group as a whole.

The Company has also built a corporate governance structure comprising Shareholders' Meeting, Board of Directors and its Standing Committees, Board of Supervisors and management. There are 22 departments, including Strategic Planning Department, Legal Department, International Department, R&D Center, EHS Management Department, Finance Department, Centralized Procurement and Procurement Management Department, Construction Management Department, Business Development Department, Human Resources Department, Brand and Public relations Department, Public Affairs Department, Administrative Support Department, Investor Relations and Capital Development Department, Internet Business Development Department, Investment Department, VC (Risk) Investment Department, Manufacturing Management Committee/Industrial Company, Pharmaceutical Commerce Management Committee, Medical Service Management Committee/Fosun Hospital Investment, Medical diagnosis Division, and Medical Devices Division. In 2016, the Company paid more attention to business development, business integration, centralized management of infrastructure projects of member enterprises. Thus, Business Development Department, Operation Management Department and Construction Management Department have been established. To enhance the efficiency and expertise in decision making and to effectively prevent risks to Group development brought about by erroneous decisions and judgments made by a few individuals, Fosun Pharma promotes and strengthens the creation and effective operations of inter-departmental working committees. At the management level, the Company has set up a number of working committees composed of senior managerial officers, heads of functional departments and other specialists. The working committees are collectively an inter-department decision making and coordination organization that aims to enhance expertise in decision making and increase the efficiency of decision making and execution. Currently the Company has Execution Committee, Investment Decision Committee, Investment Management Committee, Operation Management Committee, Budget Management Committee, Compensation Administration Committee, Performance Management Committee, Corporate Culture Working Committee, Risk Control Committee, Brand Management Committee, EHS Management Committee and Security Working Committee. In 2016, to improve the operational efficiency and level of expertise of the organization, better integrate internal resources, explore external business and strengthen the integration between departments and business divisions, the Company has set up Operation Management Committee and Investment Management Committee.

## Corporate Governance

In the reporting period, the Company further improved its corporate governance structure and internal management in accordance with the Company Law, Securities Law, Code of Corporate Governance for Listed Companies issued by CSRC and Listing Rules issued by SSE, Appendix 14 Corporate Governance Code under Listing Rules of the Stock Exchange and other requirements under laws and regulations and normative documents.

- 1** As to controlling shareholders and listed company: The controlling shareholders of the Company have not acted in a way that exceeds the limit of their authority to, directly or indirectly, intervene in the decision-making processes or production and operational activities of the Company, or have performed any acts that damage the interests of the Company and other shareholders. The controlling shareholders are independent from the Company in respect of employees, assets, finance, organizations and businesses. The Boards of Directors and Supervisors and other internal authorities of the Company operate independently.
- 2** As to directors and the Board of Directors: The Company selects and appoints directors in strict compliance with the procedures stipulated in the Articles of Association, and the number of members and composition of the Board of Directors are in conformity with the applicable laws, regulations, and the Articles of Association. The Articles of Association clearly defines the rules of procedures for Board meetings. The Company has formulated the Board Diversity Policy. As of 31 December 2016, the Board had eleven directors (including one female director), four of which were independent non-executive directors who are respectively professionals in accounting, law and strategic fields, which comply with the provisions of the Code of Corporate Governance for Listed Companies and development needs of the Company. The Board has established four standing committees, namely, Strategic Committee, Audit Committee, Nomination Committee, and Compensation and Appraisal Committee. The Company has also set the scope of authority and implementation rules for respective standing committees.
- 3** As to supervisors and the Board of Supervisors: The Company selects and appoints supervisors in strict compliance with the procedures stipulated in the Articles of Association, and the number of members and composition of the Board of Supervisors are in conformity with the applicable laws, regulations and the Articles of Association. Supervisors of the Company act independently and effectively exercise their supervision and examination rights over the directors and senior management of the Company. The Board of Supervisors conducts meetings regularly and convenes extraordinary meetings in a timely manner whenever necessary. The Articles of Association has stipulated the rules of procedures for the meetings of the Board of Supervisors.
- 4** As to performance assessment and incentive mechanisms: The Company has actively formulated performance assessment standards and procedures for its senior management personnel, and amended and refined the standards and procedures according to the actual conditions in a timely manner. As of the end of the reporting period, the two tranches of restricted A Shares under the two Incentive Schemes implemented by the Company has been unlocked, as the conditions for unlocking the aforementioned restricted A Shares have been satisfied. Meanwhile, in order to promote long-term and stable development of the Group, the incentive mechanisms for senior management personnel

and key personnel has been further improved.

## 5

**As to stakeholders:** The Company fully respects the legal rights of shareholders, employees, clients and consumers, suppliers, communities and other stakeholders, and actively works with them and ensures adequate communication in multi-channels to jointly push forward the sustained and sound development of the Company.

**As to information disclosure:** The Company fully fulfills its information disclosure obligation in strict compliance with applicable laws and regulations as well as the requirements stipulated in the Administration Measures for Information Disclosure issued by CSRC, the Guidelines for Management System of Information Disclosure of the Listed Companies issued by SSE, the Guidelines for Suspension and Exemption on the Disclosure of the Listed Companies issued by SSE, the Articles of Association, the Regulation on Information Disclosure issued by the Company and the Regulation on Suspension and Exemption on the Disclosure of the Companies. Meanwhile, the Company has drafted the Management System for External Information Reporting and Use, Management System for the Insiders of Inside Information, and Accountability System for Material Errors in Annual Report Information Disclosure, and has fully implemented those systems to ensure the disclosure of information is timely, fair, true, accurate and complete. In addition to information subject to statutory disclosure requirements, the Company has periodically published its Self-Assessment Report on Internal Controls and Corporate Social Responsibility Report to the public and retained professional institutions to provide the Company with examination/audit opinions to illustrate fully the transparent and standardized operations of the Group. The Company values communication and interaction with its investors and formulated related systems, such as the Management Measures for Investor Relations so as to ensure that investors can acquire public information of the Company fairly and timely.

Strong corporate governance is the foundation and assurance for the development of a business. The Company will continue to shore up and further improve its corporate governance level, and boost its competitive edge in the hope of generating better operating results for its investors.

### Major Internal Control Practices and Assessment in 2016:



#### Internal Control Practices

- Fosun Pharma Group has integrated the management system and made full use of all kinds of resources to continuously implement the management of centralized procurement process and appraisal work of post-purchase and effectively realize the goals of cost reduction and efficiency improvement;
- The Group continued to improve the management of construction projects during daily operations, and continuously implemented the major process management of construction such as infrastructure authorization, investment evaluation and budget, engineering safety and insurance, and filing management;
- The Group established the Shanghai Regional Finance Shared Service Center (FSSC) which is responsible for the internal control construction and daily financial work of certain subsidiaries located in Shanghai. In addition, certain non wholly-owned subsidiaries/units of the Company completed the preparation works prior to the launch of SAP system in 2016 and the system was successfully launched at the beginning of 2017. Meanwhile, other information systems are applied based on SAP to share resource and information;
- The company has designed and implemented the authorization system of subsidiaries under the medical service business sector and assisted the subsidiaries to apply the Office Automation (refer as "OA") system, which improved office efficiency and enhanced the level of comprehensive utilization of information.



#### Internal Monitoring

- Special audit on major business processes such as procurement, construction projects, and sales etc;
- Audit on financial condition and internal control of the third or fourth-level subsidiaries, so as to increase the depth and breadth of internal monitoring;
- Further encouragement of subsidiaries to commence their self-assessment of internal control;
- Over 88% deficiencies identified in internal control assessment and internal audit were rectified.



#### Anti-Corruption

- In order to safeguard the healthy, steady and sustainable development, we implement the anti-corruption and integrity values of the company through the following ways: formulating and revising the related regulations on anti-corruption to improve the compliance system; enhancing public awareness on anti-corruption to promote integrity in work; investigating cases involving corruption and punish the violator to discipline the behavior in work; and providing the legal advice on compliance to serve the management.



#### Assessment

- In the year of 2016, the Group further optimized and improved the internal control, information communication and supervision. The control and management could reasonably ensure the Group's normal operation;
- An independent audit institution has issued an unqualified opinion on internal control.

# Internal Control Practices

## Continuous improvement of internal control system

Fosun Pharma Group continued to optimize internal environment, risk assessment, control activities, information and communication, and internal supervision, and continued to carry out internal control construction and evaluation. The Group fulfilled the five internal control objectives of the development strategy by achieving the legal integrity of the operation and management of the Group, asset security, financial report and related information, maintaining operating efficiency and effectiveness, on the basis of fulfilling the requirements of the management requirements of the listed companies in Shanghai and Hong Kong.

## Continuous Implementation of internal control

The Group constantly optimizes its internal control structure, improves its internal control activities, inspects and supervises its internal control, continuously enhances management level of its subsidiaries and implements the internal control frame, according to the characteristics and priorities of its business units.

The Group intensified the management of procurement bidding. On the basis of centralized procurement bidding management in 2015, the Group further optimized the procurement management process, refined certain procurement management system, and further standardized the procurement process. In terms of procurement bidding documentation, the Company has issued various document samples to effectively regulate the Group's bidding works, efficiently assess suppliers, safeguard the Group's legitimate rights, reduce the potential problems resulting from the bidding, and mitigate contract risks. What's more, the Company further promoted the projects between the plates and within the plate, signing strategic agreement with a number of suppliers via bidding, and completed the joint centralized procurement and bidding works.

As for the control of Project budget and construction management, the Group further implemented the process management of projects, which included updating and promulgating various new management related system, and strengthened the investment estimation and budget management of infrastructure projects, so as to avoid the missing items in different project investment estimates and budget reporting process and reduce the decision-making risk. The Company clearly defined the management requirements for project safety, and the centralized management of project insurance to strengthen the management of construction files and other measures.

The Group set up the Shanghai Regional Financial Sharing Center in 2016 which is responsible for the accounting, reporting, taxation, financial analysis and internal control of some of the Group's subsidiaries located in Shanghai, improving the quality and efficiency of financial management, achieving the integration of resources exchange. In line with the Group's overall strategy, the Group completed the preparation works of launching SAP for the Company and its subsidiaries in 2016.

The Group designed and established the authorization system of its subsidiaries in the medical service business sector, and continued to facilitate the subsidiaries to implement the standardized OA system gradually based on the standardized procedure management, so as to achieve systematic and standardized approval procedures, thereby effectively enhancing the work efficiency, reducing the cost of collaboration and improving the comprehensive utilization of information.

## Continuous implementation of monitoring and self-assessment of internal control

While continuously establishing internal control system, the Group also further strengthened the depth and breadth of internal monitoring.

As for internal audit, the Company conducted special audits on major business processes. In order to comply with the management requirements for procurement and construction projects, in 2016, the Group completed special audits on procurement or construction projects of 8 major subsidiaries, found out management deficiencies in the processes and proposed remediation recommendations, so as to effectively reduce the risks of these two processes. Special audits on sales process of 5 subsidiaries were also completed during this year to disclose the operating and compliance risks and help improve the management quality. 7 special audits were conducted on other business processes such as R&D management, rental business, and G&A expenses. In addition, the Company strengthened the audit work of the third or fourth-level subsidiaries within the Group. Detailed special audits of 6 subsidiaries within this level were performed regarding their financial condition and internal control status, so as to effectively increase the depth and breadth of monitoring.

As for the internal control assessment, the Company continuously enhanced the quality of internal control self-assessment work by persistently facilitating subsidiaries to commence their own self-assessment of internal control. In 2016, the Company further extended the scope of assessment by coaching and helping 18 subsidiaries to commence their own self-assessment of internal control, and the number of last year was 15, which improved the efficiency and effectiveness of internal control assessment of the Group.

In 2016, all deficiencies identified in internal control assessment and internal audit were general and not material or significant ones. After continuous improvement efforts, over 88% of the deficiencies were rectified, which was a satisfactory result. For those unable to be rectified immediately under current circumstances, they were analyzed and assigned rectification measures and an improvement schedule. Improvement work was then effectively carried out based on the rectification plan and risk level was reasonably managed.



18 subsidiaries

commenced their own self-assessment

over 88%

of the deficiencies were rectified

## Improvement and implementation of anti-corruption system construction

In 2016, Fosun Pharma formulated the Regulations on Anti-Corruption of Fosun Pharma and revised the Rules on Integrity in Practice of the Group to improve the anti-corruption and compliance system. 42 articles on anti-corruption altogether have been issued on the OA system to enhance the public awareness of the employees and establish the integrity culture environment. In addition, the Anti-Corruption Supervision Department has supervised 23 bidding projects, effectively prevented certain irregularity and removed potential compliance risks so as to safeguard the management of the Company.

## Assessment of internal control and external supervision

In the year of 2016, the Group continued to implement the internal control management requirements, kept internal control construction systematic and standardized, strengthened the supervision and inspection and controlled and prevented the related risks. The Group has maintained effective internal control in all material respects in accordance with the internal control standard system and related regulations. There is no material weakness or significant deficiency in this year. The external independent auditing organization has completed the internal control audit and issued the unqualified audit report.

# Digital transformation

In line with the development strategy of "Internet+", Fosun Pharma integrated IT infrastructure and launched the private cloud of Fosun Pharma; implemented the "Forest Plan" and "Star Bridge Plan", built a cloud platform for intelligent manufacturing and medical service; integrated the mobile digital application and enhanced the working efficiency; established the Information Security Management Committee and strengthened the information security control of the Group in 2016.

## The Construction and Implementation of Informationization Safety

To safeguard healthy and safe operations and the security of important information of users, Fosun Pharma set up the Information Security Management Committee during the year. The committee issued the "Information Security Management Policy of Fosun Pharma" to demonstrate the Group's determination and capability in governing information security to the users, shareholders and partners of the Company and the society.

In accordance with the international advanced ISO27000 series and relevant information security standards stipulated by the State, the Group will carry out comprehensive governance of the information security in respect of 12 control areas, namely access control, asset management, network communication, physical security, operations, compliance, business continuity, etc.

<p><b>Private cloud service platform</b></p> 	<p>Private cloud service platform mainly involves healthcare services, intelligent manufacturing, cooperative office system, WeChat subscription and official accounts for external communication. It carries out key internal business, facilitates business consolidation and resources sharing, and supports the new IT development strategy of "gathering resources – exploring data value – enhancing management decision-making ability – achieving innovative strategies". The solution of private cloud service platform co-developed by Fosun Pharma and a technical partner based on the OpenStack structure provides key service resources such as computing, storage and networking. At the end of 2016, Fosun Pharma's private cloud service platform was awarded as the "Excellence Case of OpenStack in China" and Fosun Pharma was awarded as the "Top Ten Users of OpenStack in China".</p>
<p><b>Forest Plan</b></p> 	<p>The Company successfully launched Phase 1 of Forest Plan, which established a standardized information management and manufacturing cloud platform to met the requirements of international development and inter-regional group-oriented management. It also coordinated and integrated the resources of subsidiaries of the Group, enhanced the management efficiency of the Group and reduced management costs; deeply explored the industry chain to implement the management integration and efficient coordination of the upstream, midstream and downstream enterprises.</p>
<p><b>Star Bridge Project</b></p> 	<p>The Company successfully launched Phase 1 of Star Bridge Project, which established an integrated information platform for the information system of healthcare service subsidiaries and the management experts of the headquarters, and laid a solid foundation for the Group's hospital investments to expand rapidly in the future. The information and related functions of the platform can improve the management quality of the hospitals, optimize the medical resources and enhance the satisfaction of patients.</p>
<p><b>Mobile digitalization office</b></p> <p>A decrease of ↓ <b>14.47%</b> in the average number of hours of approval</p>	<p>The Group upgraded the investment management platform and automated office platform, and integrated various functions (such as status tracking and monitoring, archiving, centralized approval, etc.) into the "FosunLink", a mobile office platform. As compared with 2015, total number of approval increases by 99.72% in 2016, with a decrease of 14.47% in the average number of hours of approval, and the overall work efficiency was enhanced.</p>

# Materiality Analysis

Fosun Pharma considers the expectation and requests of stakeholders as the important factors in the sustainable development strategy of corporate system, and adopts various methods to identify the detailed action areas related to the stakeholders.

In 2016, Fosun Pharma conducted detailed research on the hot topics, national policies and industry trends during the year, compared and studied the topics and materiality matrix in the sustainability reports (CSR reports) of other companies in the same industry based on the Company's actual development status, assessed the materiality of various topics in six aspects (strategic management, economy, product and service quality, EHS, employees and society) from two dimensions ("materiality to the Company" and "materiality to the stakeholders"), identified and selected the materiality issues of importance to both the Company and the stakeholders, and determined the following materiality matrix. Materiality topic of CSR work of Fosun Pharma in 2016 were product quality, healthcare service quality, resources conservation and recycling, staff occupational health and safety management, remuneration and welfare as well as career development of employees.

**Identification of issues** 

Selecting more than 30 optional issues from the Company's issue bank based on factors including the standards of preparing international social responsibility report

**Formation of issue bank**

**Interview and exchange** 

Consulting and meeting major stakeholders, and conducting more than 200 interviews and exchanges and conducting specialized exchanges and interviews with major suppliers and human resources consultancies and distributing survey questionnaires

**Assessment and analysis of issues**

**Screening and assessment** 

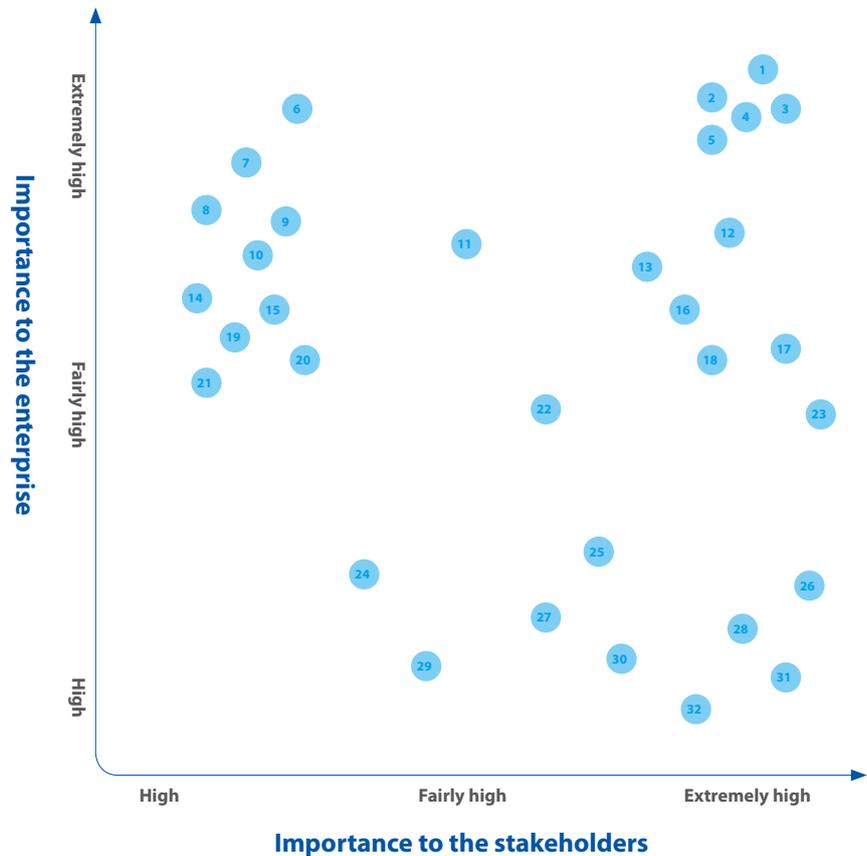
Examining the influence of issues in a objective manner, considering the opinions of stakeholders and screening important issues from the optional issues

**Screening of materiality issues**

**Approval and confirmation** 

Confirming materiality issues after the approval by the Company's management and experts, formulating and implementing action plans and providing key disclosure

**Responding to materiality issues**



- |  |  |   |  |
|--|--|---|--|
| 1 Product quality                      | 9 Anti-Corruption supervision                            | 17 Customer satisfaction                | 25 Compliance management of suppliers      |
| 2 Resource conservation and recycling  | 10 Integrity management                                  | 18 Career development of employees      | 26 Customer privacy                        |
| 3 Occupational health of employees     | 11 Quality training                                      | 19 Green supply chain management        | 27 Tax payment in compliance with the laws |
| 4 Quality of healthcare services       | 12 Transparency of information disclosure                | 20 Government relationship              | 28 After-sales service management          |
| 5 Safety management of employees       | 13 Promotion and conveyance of public welfare philosophy | 21 Corporate culture construction       | 29 Information disclosure                  |
| 6 Research, development and innovation | 14 Information security                                  | 22 Remuneration and benefit             | 30 Care for employees                      |
| 7 Clean production                     | 15 Honest operation                                      | 23 Public welfare donation              | 31 Community service                       |
| 8 Compliance with laws and regulations | 16 Management and discharge of pollutants                | 24 Volunteering activities of employees | 32 Disaster aid                            |

## Stakeholder Communication

Fosun Pharma established a comprehensive communication platform for stakeholders including shareholders, partners, employees, clients and customers, and publics as well as policies that stakeholders concern. Effective communications and feedbacks among stakeholders and Fosun Pharma were reached through different mechanisms, which helped stakeholders to gain insight into CSR practices of the Group.

Fosun Pharma actively and timely responded to questions that stakeholders concern through effective communication so as to improve the Group's internal management. In 2016, Fosun Pharma organized the employer CSR interview, carried out the "Green Supply Chain Project", held the communication meetings with the suppliers such as Agilent, GE and Lenovo, and conducted relevant research to understand their needs and make responses.

In June 2016, at the 12th International Forum of Corporate Social Responsibility, the China WTO Tribune under the Ministry of Commerce of the PRC launched the "Golden Bee 2030 Social Responsibility Advocation" project. Fosun Pharma, together with the State Grid Corporation of China, China Southern Power Grid, Intel (China), DuPont China and other enterprises, joined the project, and advocated to endeavor to make contribution to the philosophy and implementation of global sustainable development based on the major goal of "common vision, responsible competitiveness, precise implementation, collaborative innovation and share of value".

## Participating in the formulation of "CSR Guidelines for Pharmaceutical Enterprises in China"

On 10 May, China Pharmaceutical Enterprises Association, China Pharmaceutical Industry Association, China Association for Medical Devices Industry, China Pharmaceutical Commerce Association, China Association of Traditional Chinese Medicine and China Non-Prescription Medicines Association jointly launched the project of "CSR Practices Guidelines for Pharmaceutical Enterprises in China" in Beijing. The launch of such project meant that the pharmaceutical industry will establish a scientific and generally recognized CSR indicator system to create a healthy atmosphere of performance of social responsibilities in the industry.

Fosun Pharm actively coordinated and participated in the implementation of such project. On 3 August, the expert panel of the project of "CSR Practices Guidelines for Pharmaceutical Enterprises in China" visited Fosun Pharma and carried out research on the CSR practices and results of Fosun Pharma. Fosun Pharma provided the expert panel with information in relation to the Company's EHS management measures and practices, remuneration, benefits and protection of rights and interests of the employees, supply chain management and construction and certification of the product quality system, which offered theoretical and practical guidelines for the establishment of CSR indicator system of pharmaceutical enterprises.



## CSR Management

Fosun Pharma Group has set up a comprehensive CSR management system, to instruct and coordinate the action plans of subsidiaries under the Group in each aspect of sustainability, as well as, to promote the CSR management via refined indicator assessment system.

### CSR Philosophy

Fosun Pharma Group actively assumes its social responsibility. The corporate values of the Group are "self-improvement, teamwork, performance and contribution to society", which has fully demonstrated the responsibility principle of the Group. With a mindset of gratitude, Fosun Pharma Group has been endeavoring to meet the expectations of society, the government, its employees, shareholders and other stakeholders throughout its business development.

## CSR Management Mechanism

Fosun Pharma set up a CSR leading group and task force with the Company president as the group leader who is in charge of annual renewal of the appointment list and the operation of the CSR management system of the Group. Through a well-established CSR management structure and enhanced supervision, the Group has been improving our CSR performance.

The CSR task force of Fosun Pharma is responsible for the promotion of CSR sustainable development. In 2016, the task force appointed 38 members in charge of various key functions including EHS, HR, quality and centralised purchasing, to instruct and implement the CSR affairs of Fosun Pharma Group, and further carry out CSR work via comprehensive data assessment. Meetings are convened regularly every year to implement specific CSR work.

To better showcase our CSR practices and development to the public, we have published a CSR report every year since 2008. The Brand and Public Relations Department is responsible for leading and coordination as well as compiling the report. All members of task force have actively engaged and coordinated to improve.

An independent third party assurance agency without any interest conflicts is entrusted by Fosun Pharma for the independent authentication service, which indicates the openness, transparency and dependability of the report.

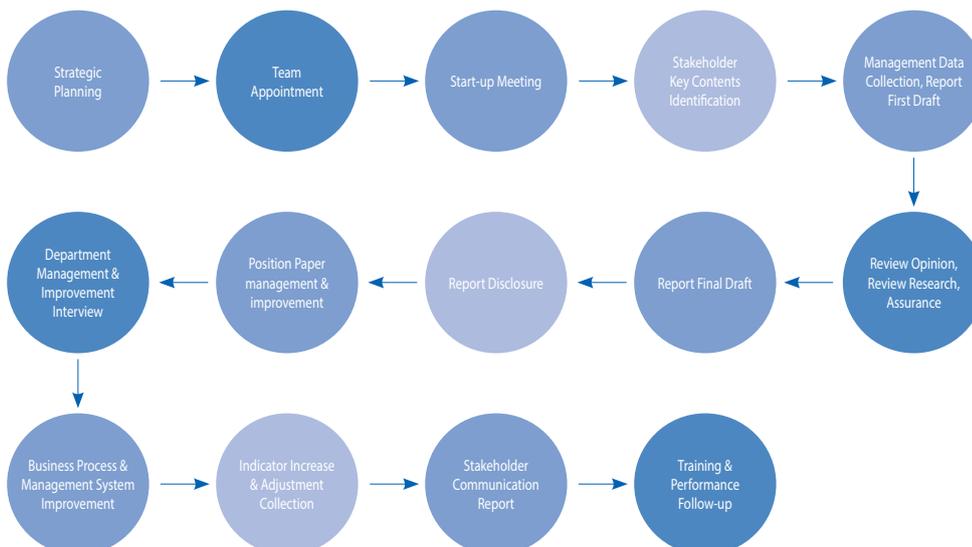
## CSR Training

Training on social responsibility reporting for the members of the social responsibility report task force is organized each year to enhance the reporting and editing level of the social responsibility report of the Company. At the same time, the reporting and editing staff responsible for the social responsibility report of the Company actively participate in external social responsibility seminars and training sessions to continuously enhance the CSR management level of the Company.

## CSR Management Process

Fosun Pharma established a comprehensive CSR Management Process from the formulation of strategic plans to the implementation of specific matters, which ensured implementation of the Group's CSR work and continued to promote the CSR practice.

### CSR Management Process



# Stakeholders

Stakeholders	Expectation to Fosun Pharma	Response from Fosun Pharma
 Shareholders	<ul style="list-style-type: none"> <li>Standardized corporate governance</li> <li>Protection of minority interests</li> <li>Open and transparent information disclosure mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of corporate governance system</li> <li>Timely disclosure of information in relation to daily operation</li> <li>Establishment of feedback platforms such as telephone, e-mail and website</li> <li>Convening of meetings with investors</li> </ul>
 Clients and consumers	<ul style="list-style-type: none"> <li>Provision of quality products and services</li> <li>Protection of interests of consumers</li> <li>Protection of the privacy of clients</li> </ul>	<ul style="list-style-type: none"> <li>Participating in academic seminars such as academic institutions and industry associations, academic exchanges and industry forums</li> <li>Maintaining good doctor-patient relationship</li> <li>Conducting customer satisfaction survey</li> <li>Establishing comprehensive customer service process and customer compliant handling process</li> <li>Establishing comprehensive information exchange mechanism</li> <li>Protecting user information security</li> </ul>
 Media/public	<ul style="list-style-type: none"> <li>Maintenance of transparent information disclosure</li> <li>Special interview and communication</li> </ul>	<ul style="list-style-type: none"> <li>Establishing comprehensive information disclosure mechanism</li> <li>Convening news conference</li> <li>Establishing comprehensive media communication mechanism</li> <li>Timely disclosing information through websites, WeChat and other other platforms</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Protection of employees' basic rights and interests in accordance with the laws</li> <li>Provision of career development opportunities to employees</li> <li>Caring for the physical and psychological health of employees</li> </ul>	<ul style="list-style-type: none"> <li>Establishing labor union</li> <li>Entering into collective contract</li> <li>Establishing long-term talent training mechanism</li> <li>Organizing regular employee caring activities</li> <li>Solicitation of employees' opinion and suggestion on rationalization</li> <li>Safety management</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Adherence to honest operation</li> <li>Joint environmental protection with upstream and downstream in the supply chain to facilitate the harmonious development of ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Establishing regulated and transparent supplier procurement, tender and management procedures</li> <li>Conducting on-site audit on suppliers</li> <li>Green supply chain management</li> </ul>
 Government	<ul style="list-style-type: none"> <li>Full payment of tax in accordance with the laws</li> <li>Leading the technology innovation</li> <li>Facilitating the healthy development of the industry with the collaboration of the government</li> </ul>	<ul style="list-style-type: none"> <li>Operation in accordance with the laws</li> <li>Continuous innovation, research and development</li> <li>Participating in policy formulation and providing suggestion</li> <li>Actively participating in government projects</li> <li>Participating in industry collaboration</li> </ul>
 Communities/non-governmental organizations	<ul style="list-style-type: none"> <li>Community service</li> <li>Support to the aid of disaster and community poverty alleviation</li> <li>Charity and public welfare</li> </ul>	<ul style="list-style-type: none"> <li>Actively participating in community services</li> <li>Participating in various activities of public welfare organizations</li> <li>Actively carrying out various public welfare activities</li> </ul>
 Partners/subsidiaries	<ul style="list-style-type: none"> <li>Targeted communication and training</li> <li>Corporate culture accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Visiting and conducting research on enterprises</li> <li>Organizing business forum and training sessions</li> <li>Carrying out corporate culture implementation projects</li> </ul>
 Peers	<ul style="list-style-type: none"> <li>Friendly communication between enterprises</li> <li>Sharing of outstanding management practicing experience in the industry</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out corporate culture communication</li> <li>Conducting benchmarking analysis</li> <li>Participating in industry exchanges</li> </ul>

# Stakeholder Engagement

## Shareholders (Investors)

### Information disclosure of a listed company and investor meetings

The Investor Relations and Capital Development Department of Fosun Pharma is responsible for the exchange and communication with the investors, and handling their opinions and requirements;

Investors can communicate their opinions and requirements via the E-mail address for investors relations, the hotline for investors relations, the official website of Fosun Pharma, the E-communication platform of the SSE and other channels. Meanwhile, the Investor Relations and Capital Development Department proactively attends the domestic and overseas brokerage meetings, and conducts one-on-one or group meetings with investors;

In 2016, Fosun Pharma convened a total of 32 Board meetings, 12 meetings of Supervisory Committee, 5 general meetings, 1 A Shareholder class meeting and 1 H Shareholder class meeting;

In 2016, the Investor Relations and Capital Development Department arranged large group investors organized by domestic and overseas brokers to pay visits to the headquarters or enterprises controlled or invested by Fosun Pharma for over 10 times, during which the investors and the management of the Company carried out in-depth communication;

On 22 July, Fosun Pharma participated in the "2016 Investors Reception Day Event for Listed Companies in Shanghai" jointly organized by the Listed Companies Association of Shanghai and SSE INFONET CO., LTD. Fosun Pharma and the medium and small investors carried out communication and exchange.

## Clients and consumers

The pharmaceutical subsidiaries of Fosun Pharma Group actively carried out various customer training sessions, national and regional academic seminars for over 2,000 times throughout the year, which laid a foundation for the safety and reasonable use of products.

### Doctor-patient relationship

The healthcare service subsidiaries of Fosun Pharma adhere to the service concept of "patient first, quality first", and uphold the principle of "patient-centered". The healthcare service subsidiaries have set up the quality management organization under a three-tier quality management organizational system comprising the Hospital Quality Management Committee, the functional department (Quality Control Division) and the departmental quality team, which improved the organization construction of healthcare quality management of the Group, regulated the establishment of medical system of healthcare service subsidiaries prioritizing eighteen core elements of medical system, formulated quality appraisal and assessment standards, and supervised and continuously improve the whole process of healthcare quality. It also utilized network information technology to optimize the treatment process of patients, improve treatment experience, and ensure to provide better, convenient and caring healthcare services for patients.

### Customer satisfaction survey

Each healthcare service subsidiary of Fosun Pharma Group recorded a customer satisfaction rating of over 92% in 2016. The medical diagnostic subsidiary conducted more than 300 customer satisfaction surveys with distributors and hospital customers in 2016.

### Customer service and complaint

Customer service process: regular visit of marketing personnel to customers with product information; regular product training and on-site services for customers; regular touring service to provide service support when paying visits to customers; and the establishment of national service hotlines to provide 24-hour free telephone support for customers;

Complaint handling process: multi-layer complaint handling process (on-site and telephone). After the receipt of customers' complaints, detailed feedback will be recorded. If determined as valid, the complaints will be reported to relevant departments for further handling. The results were notified to relevant customers with telephone follow-ups by the customer service department to find out if the issues had been resolved and the customers were satisfied;

Information exchange mechanisms: exchange through websites, emails, internal newsletter and promotional materials.



Fosun Pharma held **32** Board of Directors' meetings, **12** Board of Supervisors' meetings and **5** shareholders' meetings, **1** class general meeting of A shares and **1** class general meeting of H shares



Average customers satisfaction rating of healthcare service member enterprises of Fosun Pharma **over 92%**



**Over 300** customer satisfaction surveys of medical diagnostic subsidiaries

## Suppliers

In 2016, Fosun Pharma continued to implement "Pilot Basic Standards of Procurement and Tender Management for Shanghai Fosun Pharmaceutical (Group) Co., Ltd." and "Traffic Lights Pilot Management Assessment Indicators for Shanghai Fosun Pharmaceutical (Group) Co., Ltd."; Tendering is open and transparent, and procurement channel is uniform, thus procurement cost is reduced effectively;

Fosun Pharma and its subsidiaries had all established well-rounded supplier management system, selected their suppliers through fair price competition or bid invitation and site inspection, and had established the annual supplier quality review system to ensure the quality and safety of drug and other healthcare related products at the source;

Audit was conducted on the pharmaceuticals, medical devices, medical diagnostics sector suppliers of Fosun Pharma Group so as to ensure the safety of products and services from the source.

## Peer interactions

Fosun Pharma communicated with peers through corporate cultural exchange, visits and benchmarking analysis. In 2016, the headquarter of Fosun Pharma carried out a total of nearly hundred important peer exchange activities;

In July, Fosun Pharma, together with CIMC, Midea Group and other enterprise, jointly organized the 2016 Annual Meeting of China Enterprise Anti-Fraud Alliance, and communicated with relevant enterprises;

In September, the member of Fosun Pharma Culture Committee visited various outstanding enterprises such as Bayer to carry out communication and benchmarking study of corporate culture and innovation culture. In November, over a hundred employees visited Alibaba, and carried out in-depth discussion with its brand manager in respect of the implementation of branding and marketing initiatives and construction of corporate culture;

In October, Fosun Pharma organized the "2016 Fosun Pharma Biomedical Innovations Competition" at the International Science and Technology Innovation Carnival of Shanghai Caohejing, to boost the recognition of Fosun Pharma's innovative brands by the industry experts and the media, and continuously build up an innovative culture ecosystem for Fosun Pharma;

In December, at the 9th Golden Bee International Forum of CSR Report of China and the 12th International Forum of Social Responsibility organized by the China WTO Tribune, Fosun Pharma shared the best CSR practices as an outstanding representative of the industry.

## Partners and subsidiaries

Fosun Pharma and its subsidiaries carried out in-depth corporate culture integration. In 2016, by convening departmental meetings, organizing annual awards selection and carrying out various training sessions, the communication and culture exchange among the subsidiaries of Fosun Pharma were strengthened.

Fosun Pharma actively carried out Party committee activities with its partners or subsidiaries. In September, the Party committee of Fosun Pharma visited Sinopharm Shenyang Company and Sinopharm Jinzhou Company to learn about their business development and shared the experience of Party construction works. The Party committee of Fosun Pharma invited the leaders and Party members of the Party School of Putuo District, the Party committee of Sinopharm and other Party construction entities to participate in the symposium of "Two learn one to do learning education."

## Communities, non-governmental organizations

In 2016, Fosun Pharma Group completed over 35 charitable donations, including medical rescue, education support and poverty alleviation;

In 2016, each segment of the Group commenced around 100 diversified community services, including free healthcare consultancy and seminars, free blood pressure and sugar tests and charity clinic, to serve the people in the community;

The healthcare service subsidiaries are active in public welfare services. They continuously highlight medical public welfare by holding over 90 public health seminars and health consultations and providing fee reduction to patients with financial difficulties;



Completed **over 35**  
charitable donations



The healthcare service subsidiaries  
held above **90** talks on public health  
and health consultancies

## The Public

Fosun Pharma fulfilled its information disclosure obligation in strict compliance with the regulations governing listed companies and strengthened the communication with the public;

The public may get access to the information of Fosun Pharma through the official website of Fosun Pharma, official WeChat platform of Fosun Pharma, social media platforms (such as LinkedIn), news conferences and other channels.

In 2016, Fosun Pharma revised its official website and added a column of sustainable development;

Fosun Pharma published news on its official WeChat account regularly to enable the public to learn about the Group's awards and information related to "innovation, internationalization and social responsibilities";

Fosun Pharma attaches great importance to media communications, and enables the public to keep abreast of the latest information of the Group in a timely manner via public media. Fosun Pharma's Brand and Public Relations Department sets up a media communication management post to take charge of media relations management and communication to provide better public media service. In 2016, Fosun Pharma held news conferences including the news conference of strategic cooperation between Fosun Pharma and Intuitive Surgical, Inc. so as to enable the medias to have a better understanding on the latest news and development strategies of the Group;

Fosun Pharma attaches great importance to media communications. In 2016, there were 250,471 pieces of media coverage in relation to Fosun Pharma. Among which, the acquisition of Gland Pharma and the cooperation with Intuitive Surgical received wide media attention.

## Relationship with the government

### Visit of government

Fosun Pharma hosted the "2016 Practical Chinese Language Workshop for Officials in Developing Countries" and the "2016 Ministerial Seminar on International Development and Cooperation for Capacity Building in Developing Countries" organized by Ministry of Commerce with the participation of nearly 100 officials from over 30 countries, which built a good image for international cooperation and the Company's brand;

Fosun Pharma was commissioned by Ministry of Commerce to organize the "2016 Workshop on Pharmaceutical Quality for Developing Countries", to provide meticulous services for nearly 30 officials and experts in the field of health and drug regulation from over 20 developing countries;

Fosun Pharma received over 20 visits from domestic and overseas officials. It created a favorable environment for the communication and cooperation between enterprises and the government.

### Policy consultation and giving advice

Fosun Pharma participated in the consultation for the Pharmaceutical Administration Law, consultation for the Administrative Measures on Registry of Pharmaceutical Products and the communication meeting on pharmaceutical quality consistency evaluation;

The management of the Company, who is an expert member of the "13th Five-Year Plan for Pharmaceutical Industry" team of the Ministry of Industry and Information Technology, participated in several planning, formulation and discussion;

Submitted proposals to CPPCC and Shanghai CPPCC regarding the development of elderly care industry and child healthcare;

Participated in the drafting of "Development Plan of Universal Healthcare Industry" led by the Sichuan provincial government, and made rational recommendations according to the local current situation;

The Devices Registration Division of CFDA organized to draft the "Clinical Trial and Spot Check Program for Medical Devices" and "Essence of Clinical Trial and Spot Check for Medical Devices" for public comment. Yaneng Bio, being a leading enterprise in the molecular diagnostic industry, proactively gave advice and suggestions.

### Attention from the leaders and government projects

The Report on Establishment of Global Leading Base for Bio-pharmaceutical Innovation, R&D and Production centered in Shanghai by Fosun Pharmaceutical Industrial was approved and encouraged by Han Zheng, a member of the Communist Party's Politburo and party secretary in Shanghai;

Hongqi Pharma proactively undertook the Science and Technology Project of Shenyang City. The operation of the project will also enable Hongqi Pharma to nurture and select talents of various fields who are in line with international standards. It helped the China Antituberculosis Association to organize a seminar on "Double Thousand Actions" supported by Chinese Anti-tuberculosis Non-profit Foundation in Shenyang to alleviate tuberculosis patients in poverty, which was highly recognized by the China Antituberculosis Association;

The Shenzhen public service platform project of liquid biopsy technology and individualized cancer diagnostic of Yaneng Bioscience was supported by various funding;

Guangji Hospital and the Public Security Bureau of Yueyang City established an imprisonment ward in Yueyang Guangji Hospital, to timely rescue prisoners suffering from diseases and facilitate the centralized management.

## Voice and cooperation

Fosun Pharma supported the Enterprise Hospital Branch of Chinese Hospital Association to conduct a survey on the status of plants and mines hospitals in China, to implement the disposal of state-owned enterprises for SASAC, and provide the basis for decision-making in relation to the relevant policies of implementing reforms in the state-owned hospitals.

## Employees

### Protection of Employees' rights and interest and caring for employees

The labor union of Fosun Pharma and all its subsidiaries proactively safeguard the rights of their employees through various systems. The labor union of the Group, representing the labor union of Fosun Pharma and all its subsidiaries, plays an active role in helping employees in distress solve their problems in a timely manner;

The Company held staff representatives' meetings on schedule. The staff representatives of the labor union signed a collective contract, the collective bargaining agreement on wages, the special agreement on the protection of the collective rights and interests of women workers.

In 2016, the labor union of Fosun Pharma and its subsidiaries organized over 500 recreational and sports activities; the labor union of enterprises undertook diversified activities, which give full play to their own characteristics, such as: adhered to alleviating poverty and offering assistance, consoled employees for childbirth, hospitalization and funeral in a timely manner; consoled and communicated with employees for expatriate; provided medical subsidies or allowances to employees suffering in serious illnesses or living in poverty; set up nursing rooms for female employees when they are pregnant, during childbirth and breast-feeding period, which continuously created an intimate, healthy, comfortable, safe environment for women workers that need to breast feed, rest and communicate; provided all employees with free annual check-up to care about and protect their physical and mental health; provided employees with consolation items (such as high temperature allowance and anti-smog facemask) in hot summer and days with heavy haze, to safeguard their health and safety.

All subsidiaries embark on performing art activities and engage in arts and cultural exchange with each other. The trade union invited the arts group of Guangji Hospital to give a performance to achieve cultural integration within the Group in 2016;

To show concern for retired employees, they were invited back to attend the Company's Double Ninth Festival and Chinese New Year gathering activities and a total of 12 activities for retired employees were organized during 2016.

### Suggestions on rationalization

Fosun Pharma and its subsidiaries encourage employees to reflect to the management and their departments on things they have observed. It is hoped that through the reasonable suggestion activity, employees will take the initiative to care about the development of the Company, be willing to voice their opinions, and develop a sense of ownership that their affinity and creativity will benefit the Company. For problems concerning the Company's development discovered in the launch of suggestions on rationalization activities, inter-department coordination and collaboration are undertaken to promote communication and seek solutions, thereby enhancing the management level of the Company;

For instance, the labor union of Wanbang Biopharma appropriated a budget for the "Employees' Micro-Innovation" project, to stimulate the business innovation of employees and enhance the operational efficiency of the Company; the labor union of Yao Pharma created special QR code for staff to express opinions via WeChat account APP of the Company and displayed their opinions at places frequented by employees (such as guard houses and canteens). Employees can access the page for employees to make their rational suggestions directly by scanning the QR code and submit their opinions or suggestions anonymously. The system will only show the content submitted by the employees without mobile phone number so as to protect their rights.

### Safety management

Subsidiaries in the presence of the labor union of the Group play a role in and perform the obligation of keeping the working environment safe to safeguard the lives and properties of employees.

## Stakeholder Communication & Feedback

The definition of stakeholder in the 2016 CSR report follows the definition of the one of 2015. In 2015, the Group consulted and held stakeholder interviews and communications over 200 times, and particularly had CSR communications and interviews with stakeholders including Agilent, GE, Hewitt and GoldenBee. The Company made amendments about the core data in the report's disclosed contents according to the opinions of relevant institutions, for instance, added green supply chain management, analysis of materiality issues, the stakeholders' expectation on Fosun Pharma, improved the CSR management description, etc.



the labor union of Fosun  
Pharma and

its subsidiaries organized  
over **500** recreational  
and sports activities



By visiting **181** clients on site and  
returning visit of **49** customers,  
customer service improved to an  
overall satisfaction of **99.86%**;  
company and product satisfaction  
reached **95%**

## List of associations/social institutions Fosun Pharma Group involved

Name of association	Position held	Name of association	Position held
China Medical Pharmaceutical Material Association	Chairman Unit	China Pharmaceutical Industry Association	Vice chairman unit
China Pharmaceutical Newspapers and Periodicals Association	Vice chairman unit	Chinese Non-Government Medical Institutions Association	Standing director unit
China Medicinal Biotechnology Association	Vice chairman unit	China Health Insurance Research Association	Director unit
China Pharmaceutical Industry Research and Development Association	Vice chairman unit	China Non-Prescription Medicines Association	Standing director unit
China Association for Pharmaceuticals and Medical Devices Technology Exchange	Director unit	China Price Association	Director unit
Shanghai Bio Industry Association	Chairman and juristic person of the Association	China Pharmaceutical Enterprises Association	Vice chairman unit
Shanghai Genetics Society	Director unit	Shanghai Society for Microbiology	Personal member
Shanghai Pharmaceutical Profession Association	Vice chairman	Shanghai Health Insurance Association	Standing director unit
Shanghai Licensed Pharmacist Association	Vice chairman	Medical and Pharmaceutical Youth Federation	Personal member
China Association of Medical Equipment Clinical Laboratory Equipment Committee	Deputy Director Unit	C. C. Tan Foundation	Founding member
Board of Directors of Inspection Products Branch of National Association of Health Industry and Enterprise Management Council	Vice chairman and secretary general	National Technical Committee on System of Medical Clinical Test Lab and in Vitro Diagnostic System of Standardization Administration of China	Corporate committee member/standing committee member
China Association for Medical Devices Industry IVD Branch	First chairman unit	China Society for Drug Regulation	Vice chairman unit

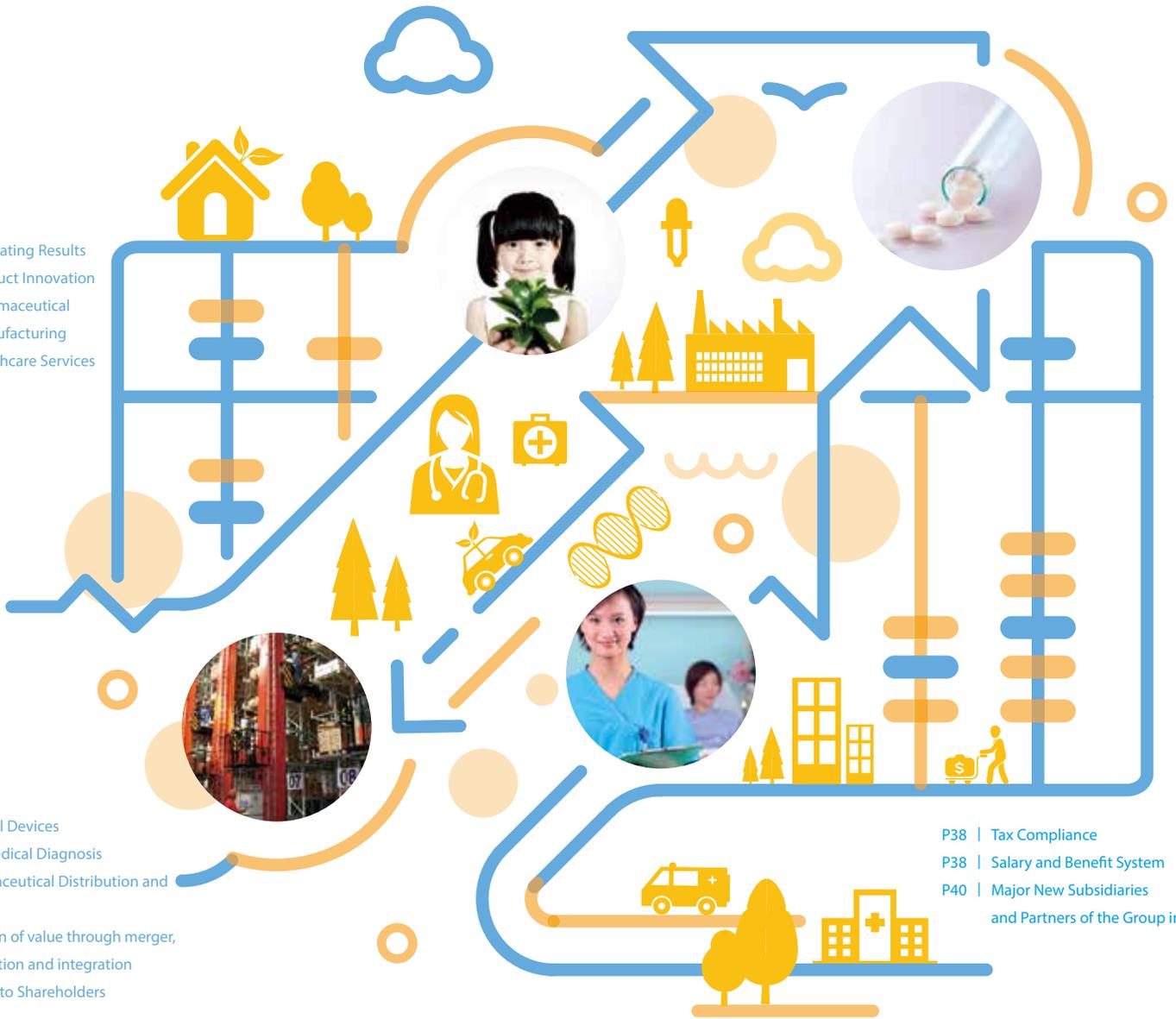
## Customer satisfaction survey for some subsidiaries of Fosun Pharma Group

Subsidiaries	Scope	Major means of customer services	No. of staff engaging in customer services	Work hours in the customer service system for the full year (hours)	No. of surveys conducted on customer satisfaction	Total number of customers served	Results of customer satisfaction survey
Aohong Pharma	Commercial and retail customers, doctors or clinical customers, patients	Telephone calls, visits, meetings	10	2,008	12	8,150	The customers were satisfied with the overall service system of the company and the services provided by the marketing staff, and considered that the company was able to provide good and safe products, provide relevant training on the use of products in a timely manner, and solve the product problems in a timely manner.
Yao Pharma	Commercial and retail customers, doctors or clinical customers, patients	Telephone calls, visits, survey	105	2,024	3	6,550	Based on the telephone interviews, visits and survey of customers, customers have expressed satisfaction with the quality of products and services of Yao Pharma
Fosun Biolog	Commercial and retail customers, doctors or clinical customers, patients	Telephone interviews	4	8,200	2	61	Based on 357 telephone interviews of customers, customers have expressed satisfaction with the products and services, no customer comments and suggestions situation
Long March Medical	Commercial and retail customers, clinical customers	Free 800 telephone guidance service, professional technician field service, training	24	>35,000	More than 100 times	> 2,500 times, of which on site services more than 1,800 times	Through customer visits, customer satisfied with the products and services, no customer comments and suggestions situation
Yaneng Bio	Doctors or clinical customers	Telephone communication services, on-site service by engineer, resident services, medical laboratory services	50	2,832	2	1,768	By visiting 181 clients on site and returning visit of 49 customers, customer service improved to an overall satisfaction of 99.86%; company and product satisfaction reached 95%

P34 | Operating Results  
 P34 | Product Innovation  
 P35 | Pharmaceutical  
 manufacturing  
 P37 | Healthcare Services

P37 | Medical Devices  
 and Medical Diagnosis  
 P38 | Pharmaceutical Distribution and  
 Retail  
 P38 | Creation of value through merger,  
 acquisition and integration  
 P38 | Return to Shareholders

P38 | Tax Compliance  
 P38 | Salary and Benefit System  
 P40 | Major New Subsidiaries  
 and Partners of the Group in 2016



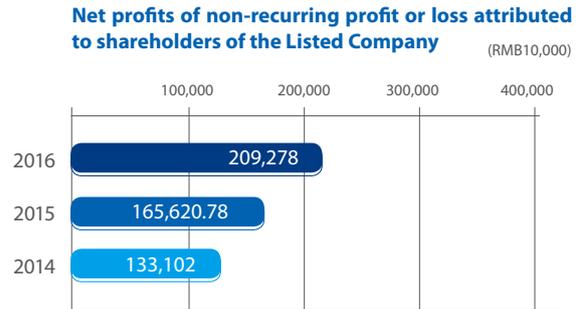
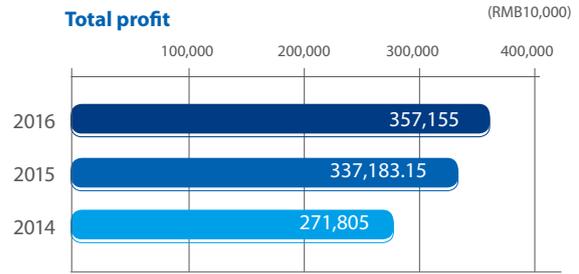
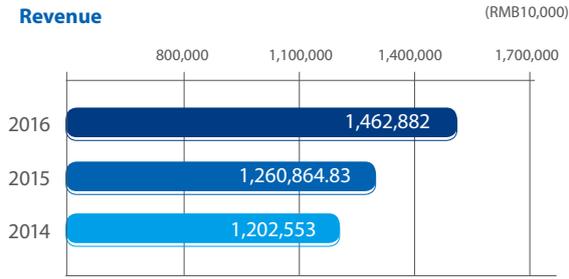
## Enhancement for more efficient operation

### 提升 讓運營更高效

Holding onto the belief of "Innovation for Good Health", Fosun Pharma Group invests heavily in drug R&D to build an innovative R&D system, effectively integrates viable resources, and has achieved outstanding performance in pharmaceutical manufacturing, healthcare services, medical devices, medical diagnosis and pharmaceutical distributions and retails.

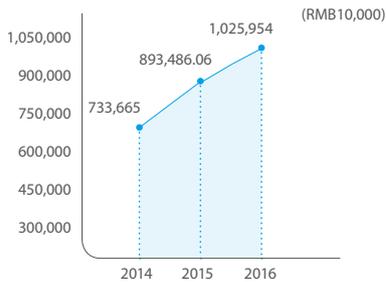


## Key financial Indicators of Fosun Pharma Group

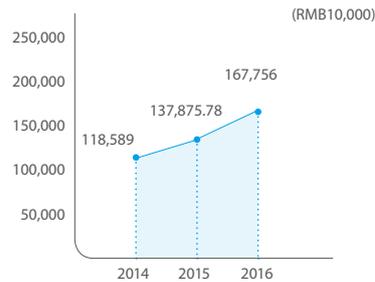


## Revenue from business segments

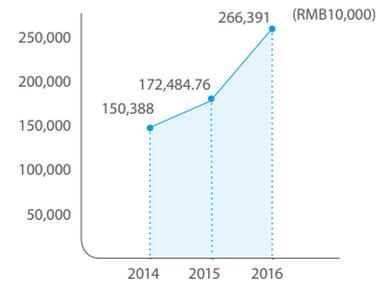
### Revenue from pharmaceutical manufacturing and research and development business segment



### Revenue from healthcare services segment

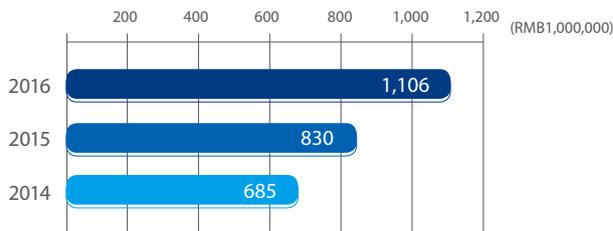


### Revenue from medical devices and medical diagnosis manufacturing segment

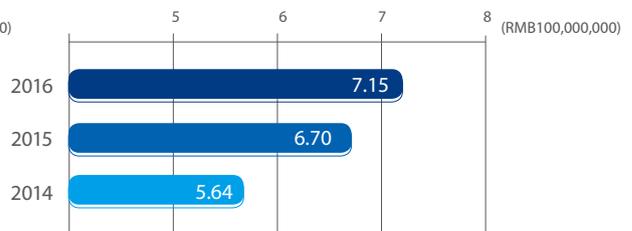


## Investment in research and development

### Investment in research and development Fosun Pharma Group (including capitalized investment expense)



### Research and development expense of Fosun Pharma Group





## Operating Results

In 2016, Fosun Pharma Group continued to promote human health for the mission, upheld the “continuous innovation, fun in health” as its business philosophy, focused on the core business of pharmaceuticals and medicine, adhered to product innovation and management improvement, and actively promoted endogenous growth, epitaxial expansion, integrated development, and sustained the growth of its principal operations.

In 2016, the Group realized revenue of RMB14,628.82 million, representing an increase of 16.02% as compared with that of 2015; the Group realized revenue of RMB10,259.54 million in pharmaceutical manufacturing and R&D segment, representing an increase of 14.83% as compared with that of 2015. The Group realized total profits of RMB3,571.55 million, net profits attributed to shareholders of the listed company of RMB2,805.84 million and net profits of non-recurring profit or loss attributed to shareholders of the Listed Company of RMB2,092.78 million, representing an increase of 5.92%, 14.05% and 26.36% respectively as compared with that in the consolidated financial statement for 2015 after retrospective adjustments.

## Product Innovation

### Innovation in R&D System

Fosun Pharma Group always see independent innovation essential to its corporate development. We continuously optimize its pharmaceutical R&D system that integrates imitation and innovation by increasing investment in the four R&D platform, established an efficient R&D platform in areas of macromolecular biological generic drugs, small molecule chemistry innovative drugs, difficult generic drugs and special formulation (drug delivery technologies), improved its innovation system, enhanced R&D capabilities, launched new products, and strengthened the core competitiveness of the Group.

The Group owns national-level enterprise technical centers and has established highly-efficient international R&D teams in Shanghai, Chongqing, Taiwan and San Francisco of the US. In order to leverage its competitive strengths, the Group focused its R&D on therapeutic areas including metabolism and digestive system, cardiovascular system, central nervous system, anti-tumor and immune modulating and anti-infection, and the major products have gained leading position in their respective market segments.

Meanwhile, the Group creatively integrated domestic resources to sustainably enhance its R&D capabilities. Through strategic alliance, project cooperation, establish joint-venture company and other methods, the Group conducted diversified innovative researches and continuously increased R&D capability.

Fosun Pharmaceutical Research Center and its subsidiaries had established systematic new product R&D Management Practice and Standard Operating Procedure (SOP) in accordance with industrial standards. All trials in the course of drug R&D had complied with related state standards. Human clinical trials had complied with Good Clinical Practice (GCP) and passed by the Ethics Committee. Researches involving animals have complied with the related requirements of laboratory animal management.



Fosun Pharma Group realized  
revenue of  
RMB **14,628.82** million  
A year-on-year increase of  
**16.02%**



Net profits of non-recurring profit or  
loss attributed to shareholders of the  
Listed  
Company of  
RMB **2,092.78** million  
A year-on-year increase of  
**26.36%**

## R&D Performance

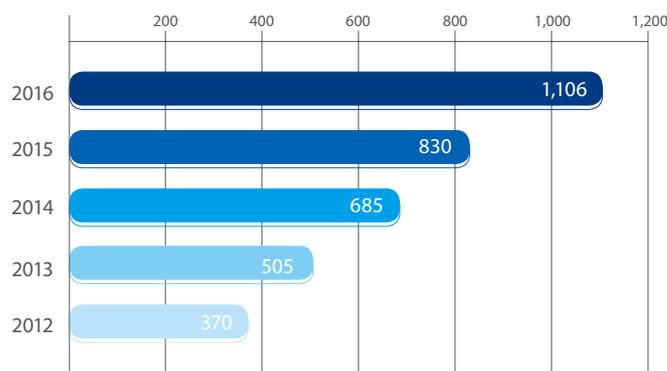
Domestic and overseas teams cooperate closely; the overseas R&D team has access to first-hand R&D information

**Four R&D platforms**  
Generic + new drug + biologics + special preparation delivery technique

**986**  
R&D Research Staff

Domestic and overseas R&D collaboration  
Collaboration with well-known domestic and overseas enterprises and institutions in R&D

## R&D Investment of Fosun Pharma Group for 2012-2016 (RMB1,000,000)



In 2016, R&D investment amounted to RMB1,106 million (including capitalized investment expense), representing a year-on-year increase of 33.23%.

## R&D Investment

The R&D investment of Fosun Pharma Group in 2016 was RMB1,106 million, with a year-on-year increase of over 33.23%, of which the R&D expenses were RMB715 million with a year-on-year increase of 6.67% for actual R&D expenses. In particular, the R&D investment in pharmaceutical manufacturing amounted to RMB963 million, with an increase of 38.03% as compared with that of 2015.

After Fosun Pharma announced the Restricted Share Incentive Scheme, the Company's percentage of R&D expenses were included in its appraisal in the long term. In 2016, Fosun Pharma Group's R&D expenditure on pharmaceutical manufacturing segment amounted to RMB572 million, accounting for 5.6% of the sales revenue of the pharmaceutical business.

## R&D Progress

The Group intensified the product deployment of anti-tumor medicines. As at the end of 2016, the Group had 173 pipeline drugs, generic drugs, generic biopharmaceutical drugs and vaccine projects. 6 monoclonal antibodies (10 indications) of the Group was approved for clinical treatment in China, and 2 products of which entered clinical trial phase 3. There were 4 small molecular innovative chemical drugs of category 1.1 obtained clinical approval; 6 projects in the process of clinical trial application; 22 projects under clinical trials; 42 projects pending for the approval for launching. During the report period, 50 products were licensed for clinic trial. In particular, the recombinant anti-EGFR human-mouse chimeric monoclonal antibody injection (HLX07) developed by Shanghai Henlius had received the approval for clinical trials in Mainland China, Taiwan and the United States. The small molecular innovative chemical drugs PA-824 of SunTech Pharma, was approved for clinical trials, which is a new drug for treatment of multi-drug resistance tuberculosis. In addition, the Venlafaxine Hydrochloride of Yao Pharma was approved to launch by the U.S. FDA.

## Patents and results

In 2016, subsidiaries in the pharmaceutical manufacturing and R&D businesses of Fosun Pharma submitted 103 patent applications, including 21 American patents applications, 3 European patents applications, 2 Japanese patents applications and 6 PCT applications and received 30 patents, including 22 invention patents (including 2 American patent).



R&D investment in 2016 (including capitalized R&D investment) was

**RMB 1,106** million

A year-on-year increase of over

**33.23%**

## Pharmaceutical manufacturing

In 2016, there had demonstrated rapid growth in the pharmaceutical manufacturing. In 2015, there had demonstrated rapid growth in the pharmaceutical manufacturing and R&D segment of Fosun Pharma Group, which achieved business revenue of RMB10,259.54 million representing an increase of 14.83% as compared with 2015; and total segment revenue of RMB1,640.14 million representing an increase of 32.50% as compared with 2015.

The pharmaceutical manufacturing and R&D segment of the Group continued to maintain stable growth. The professional operation team was further consolidated. In 2016, the sales of the Group's major products in therapeutic areas such as cardiovascular system, central nervous system and anti-tumor, and Artesunate and other antimalarial drugs and antituberculous drugs maintained rapid growth. In particular, major products in therapeutic areas of cardiovascular system, central nervous system, blood circulation system, metabolism and digestive system, infectious diseases and anti-tumor recorded a year-on-year growth of 41.76%, 36.46%, 10.14%\*1, 13.87%\*2, 16.82% and 35.43%, respectively, among which the sales of You Di Er (Alprostadiol Dried Emulsion for Injection) (cardiovascular system) and You Li Tong (Febuxostat Tablets) (metabolism) had experienced prominent growth.



Pharmaceutical manufacturing and R&D segment in 2016 realized business

revenue of

**RMB 10,259.54** million

A year-on-year increase of

**14.83%**

Note: \*1: Data for 2015 is restated on the same basis as for 2016, and thus including the sales revenue from the new major product, which is cobamamide for injection (Mileka).

\*2: Changes compared to the corresponding period of 2015 (%) is the proportion after deducting the sales revenue of Mo Luo Dan in 2015.

In 2016, the Group had 18 formulation products or series with sales revenue over RMB100 million, and the sales of the products or series such as Ao De Jin, You Di Er, Cefmetazole (Xi Chang, Cefmetazon), Atomolan exceeded RMB500 million.

In the global market, Fosun Pharma Group has become the pioneer in anti-malaria.



**18 formulation**  
items or series with sales over RMB100  
million

### Therapeutic Areas and Major Products

Therapeutic Areas	Product	INN	Indications
Metabolism and digestive system	Atomolan	Reduced Glutathione Preparations	For protective treatment of chronic hepatitis B
	Wan Su Lin	Protamine Zinc Insulin Injection	For treatment of type II diabetes
	Wan Su Ping	Glimepiride Tablets	For treatment of type II diabetes
	Yi Bao	Recombinant Human Erythropoietin for Injection	For treating anemia caused by renal insufficiency and applicable to dialysis patients and non-dialysis patients
	You Li Tong	Febuxostat tablets	For the long-term treatment of hyperuricemia with the symptom of gout
	N/A	Compound aloe capsules	For hyperactivity of heart-liver fire, constipation, abdominal distension
Cardiovascular system	Xin Xian An	Meglumine Adenosine Cyclophosphate Injection	To treat coronary heart disease, cardiac failure, cardiac arrhythmia and sick sinus syndrome
	You Di Er	Alprostadil Dried Emulsion for Injection	To improve cardiovascular and cerebrovascular microcirculation and as chronic hepatitis adjuvant therapy
	Ke Yuan	Dobesilate capsules	To treat microangiopathy and varicose syndrome
	Bang Ting	Hemo-coagulase for Injection	To reduce or stop bleeding
	Bang Tan	Telmisartan	For the treatment of primary hypertension
	Bang Zhi	Pitavastatin	Hypercholesterolemia, familial hypercholesterolemia
Blood circulation system	Mileka	Cobamamide for injection	For megaloblastic anemia, malnutrition anemia, anemia in pregnancy, multiple neuritis, radiculitis, trigeminal neuralgia, sciatica, nerve palsy
	Ao De Jin	Deproteinised Calf Blood Injection	To improve cerebral blood circulation and correct nerve function defect caused by nutrition disturbance (ischemic injury and craniocerebral trauma)
Anti-infection	Qi Wei	Quetiapine Fumarate Tablets	To treat the negative and positive symptoms of schizophrenia
	ARTESUNPLUS ARTESUN	Artesunate Preparation series	Mainly to treat Various malarial diseases, especially Multidrug resistant falciparum malaria
	Xi Chang, Cefmetazon	Cefmetazole Sodium formulation	To treat infections caused by a number of microorganisms
Anti-infection	Sha Duo Li Ka	Yanhuning for injection	Indicated for the treatment of viral pneumonia and viral upper respiratory tract infection
	Yi Nuo Ni Kang	Ethambutol Hydrochloride, Pyrazinamide, Rifampicin and Isoniazid Tablets	For initial two-month short-term intensive tuberculosis treatment
	N/A	Rifampicin capsule	In the treatment of tuberculosis and enterococcus infection
	Qiang Shu Xi Lin, Qin Shu, Gu Shu Xi Lin	Piperacillin Sodium and Sulbactam Sodium	For infectious diseases caused by enzyme producing bacteria
Anti-tumor pemetrexed disodium	Er Ye Bi	Ceftizoxime Sodium	Lower respiratory infection, urinary tract infection, abdominal infection, pelvic infection, sepsis, skin and soft tissue infection, bone and joint infection, streptococcus pneumoniae caused by sensitive bacteria or meningitis and gonorrhea caused by haemophilus influenza
	Eluzer	Pemetrexed Disodium for Injection	To treat non-small cell lung cancer and malignant pleural mesothelioma
	N/A	Xihuang capsules	For the syndrome of toxicity and blood stasis acute, superficial infection, dorsal furuncle swelling, multiple abscess, adenolymphitis, cold abscess
	Zhao Hui Xian	Bicalutamide	For application in treatment for advanced prostate cancer together with luteinizing hormone-releasing hormone (LHRH) analogue or surgical orchiectomy

# Healthcare Services

In 2016, the healthcare services entities controlled by the Group realized total revenue of RMB1,677.56 million, representing an increase of 21.67% as compared to 2015.

In 2016, the Group continued to consolidate the formed strategic layout of combining high-end healthcare institutions in the more developed coastal cities, specialty and general hospitals at second-tier and third-tier cities, formed a healthy regional industrial chain, sought cooperation with large state-owned enterprises, public hospitals and university-affiliated hospitals, accelerated the strategies of internet healthcare development and constantly improved its business scale and profitability.

In 2016, the Phase II district project of Qingdao Qilu Hospital of Shandong University and the alteration and expansion project of Zhongwu Hospital and Guangji Hospital of which the Group took part, commenced respectively, and the Wenzhou Geriatric Hospital started operation and Yulin Guanghai Investment (for the operation and management of Yulin Cardiovascular Hospital and Yulin Brain Hospital) was established, laying foundations of a new model for social enterprises' participation in the healthcare services segment. The Group participated in the reorganization of healthcare operations of relevant medical institutions previously in the Xuzhou Coal Mining Group, which was a breakthrough of the Group in reorganizing healthcare operations of state-owned companies as it would facilitate the exploration of co-operating and managing medical institutions with such large local institutions and large insurers. Such a breakthrough was momentous towards the reformation of hospital with mixed ownership and integration of the healthcare supply chain. Furthermore, the Group explored the cooperation with public hospitals to establish the new model of third-party medical test through investing in Jinan Qilu Clinical Laboratory. Through further involvement in the "B" round financing of "Mingyi Zhudao" platform, a seamless integration of online and offline services was achieved and a closed circuit of O2O was formed so as to explore the innovation of medical services operation and model.

At present, the total number of beds available from entities (including Chancheng Hospital, Jimin Cancer Hospital, Guanji Hospital and Zhongwu Hospital) controlled by the Group, was 3,018.

Furthermore, the Group vigorously supported and promoted the development and deployment of the high-end medical service leading brand "United Family Healthcare" owned by Chindex (CHDX). In 2016, "United Family Healthcare" continuous to keep its brand appeal and leading position in the high-end medical service field in the core cities such as Beijing, Shanghai and Tianjin. United Family Hospital in Qingdao has commenced operation while the construction of Guangzhou United Family Hospital and Shanghai Pudong United Family Hospital were at full steam.

While investing in domestic medical service industry, the Group also paid close attention to exploration in new business models of medical service sectors of overseas mainstream markets.

# Medical Devices and Medical diagnosis

In 2016, the Group continued to promote the development of its medical devices and medical diagnosis businesses. The medical devices and medical diagnosis businesses reported revenue of RMB2,663.91 million, up by 18.17% from 2015.

In 2016, Alma Lasers continued to accelerate in developing the international market and especially key emerging markets such as China and India. In 2016, Alma Lasers recorded a revenue of RMB786.21 million, up by 14.19% from 2015. It also strengthened its new product portfolio, in particular, by increasing R&D of medical devices and extending its production line into the clinical treatment area. In 2016, the products of Alma Lasers obtained 6 new EU CE certifications in aggregate and 2 new U.S. FDA certifications. While actively fostering the business development of Alma Lasers, in 2016, the Group commenced preparations for the listing of Sisram Group on the Stock Exchange.

In 2016, the Group continued to exert more efforts in expanding CML high-end medical services equipment agent business. Da Vinci surgical robotic system, as a representative of minimally invasive surgery, leveraging on its advantages of high accuracy, less trauma and fast recovery, is widely applied in urinary surgery, thoracic surgery, gynecopathy and treatment for other diseases, and in 2016, its volume of surgery maintained a significant increase in the volume of surgery. In 2016, the volume of surgery of Da Vinci surgical robotic system amounted to approximately 19,000 in Mainland China and Hong Kong, up by approximately 54% from 2015.

Meanwhile, the Company proposed to establish a joint venture with Intuitive Surgical, the owner of the technology and products of Da Vinci surgical robotic system, with a view to incorporate the idea of brands and businesses, facilitate resources allocation, complement each other's strengths with Intuitive Surgical through leveraging the leading position of Intuitive Surgical in the field of minimally invasive robotic technology, and thus promoting the advancement and development of the Group's medical devices business and exerting a positive influence on the development and popularization of high-end medical technology in China. In addition, dental digital product line has become a new growth driver for the Group's medical devices business, with an increase of 149.14% in sales as compared with 2015. In 2016, the Company also completed the "C" round investment in Spirosure, a respiratory disease surveillance company in Silicon Valley, further expanding the layout of medical device products and exploring the field of respiratory detection and treatment.



Healthcare services businesses realized revenue of  
RMB **1,677.56** million  
A year-on-year increase of  
**21.67%**



Medical devices and medical diagnosis businesses reported revenue of  
RMB **2,663.91** million  
A year-on-year increase of  
**18.17%**

# Pharmaceutical Distribution and Retail

In 2016, Sinopharm, an investee of the Group, continued to accelerate the industry consolidation, expanded the pharmaceutical distribution network and maintained rapid growth of business. In 2016, Sinopharm recorded a revenue of RMB258.388 billion, net profit of RMB6,892 million, net profit attributable of RMB4,647 million, up by 12.99%, 20.04% and 23.20%, respectively from 2015. As at the end of 2016, the distribution network of Sinopharm covered 31 provinces, autonomous regions and municipals in China. The number of its direct customers reached 14,231 (only referring to hospitals with ranking, including 1,991 of the tier-three hospitals, which are the largest and most highly-ranked hospitals). During the Reporting Period, Sinopharm's revenue from pharmaceutical distribution business increased by 13.34% as compared to the corresponding period of 2015 to RMB246.459 billion. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB10,239 million realized during the Reporting Period, representing an increase of 17.29% as compared to the corresponding period of 2015, while its pharmaceutical retail network further expanded with retail pharmacies owned by GuoDa Drug Store, its subsidiary, amounted to 3,502.



In 2016, Sinopharm recorded a revenue of RMB **258.388** billion  
A year-on-year increase of **12.99%**

# Creation of value through M&A and integration

While promoting the development of subsidiaries, the Group accelerated the pace in acquisitions. In 2016, the Group continued to increase its investment in internal integration, further strengthened the internal communication of the Group and proactively improved operational efficiency. Through internal equity integration and inter-segment cooperation of products and services, the Group enhanced the coordination within and between the segments, further integrated resources, achieved internal accommodation within the Group and promoted business development.

In the meantime, through the use of the Group's resources and control system, the Company achieved synergies in the operation and management of its subsidiaries, achieving the sharing of resources, risk control, integration of corporate culture, converging the power of development.



**17 years** of continuous dividend since listing

# Return to Shareholders

Guided by the principles of honesty and integrity, Fosun Pharma is dedicated to create value for its shareholders. Fosun Pharma's social image and intrinsic investment value have been widely recognized by investors since it was listed in the market. While striving to create value, Fosun Pharma also worked hard to pay back to its shareholders.

Till the end of 2016, the shareholders' equity of the Company had increased 4,174.34% from 1998 when it was first listed, and the Company had paid dividends for 17 years consecutively since listing.

In 2016, the company was awarded as the "Best Investor Relations Award", "2016 Top 20 Most Competitive Listed Pharmaceutical Companies in China" and "2016 Top 10 Listed Pharmaceutical Companies with Best Investment Value in China", etc.



Tax payment of RMB **1,631** million

# Tax Compliance

The Group is proud of its tax records. In 2016, the Group paid RMB1,631 million in taxes to the government. The Group's growing tax payments also reflect its improving operational efficiency brought about by continuous efforts to optimize management.

# Salary and Benefit System

The Group appeals to its employees by offering them career development opportunities. The Company conducts market survey on the level of remuneration every year and gradually perfects its salary and benefit system, which are adjusted in a timely manner based on individual employee's position and duties, and business performance. All workers of the Group receive pay higher than the local minimum wage. In 2016, the Group's cash payment to employees and on behalf of employees totaled RMB2,196 million, an increase of 9.58% from 2015.

Fosun Pharma conducts human resources audit of 4 to 5 subsidiaries every year to carry out full-scale assessment of their human resources compliance, system effectiveness and system integrity. The Company also offers them improvement recommendations, and helps them enhance human resources management know-how and constantly improves their human resources systems.

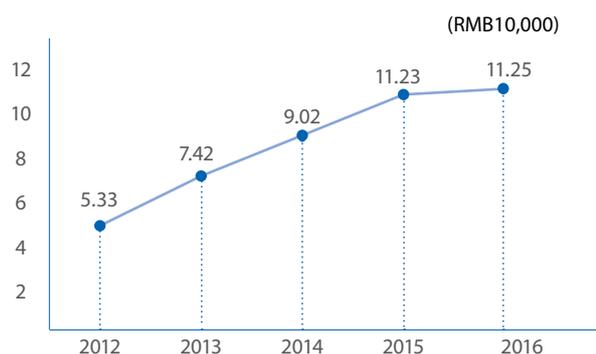
For domestic and overseas enterprises with investment intention, Fosun Pharma will conduct due diligence on human resources and gather information in relation to the enterprises' compliance with the local labor regulations and their human resources management, so as to provide basis and information for the negotiation of price, merger decision, integration of human resources and retain of talents in later stages.



Over RMB**2,196** million payment to and for employees of the Fosun Pharma Group in 2016.

A year-on-year increase of **9.58%**

Average employee salary of Fosun Pharma Group in 2012-2016  
(Cash payment to employees and on behalf of employees)



Labor costs of Fosun Pharma Group

(RMB10,000)

Year	Wages, bonus, subsidy and allowance	Social insurance	Housing provident fund	Trade union funds and employee education funds	Employee welfare fees	Other expenses*	Total
2016	180,612	26,615	7,673	2,001	7,614	841	225,356
2015	164,832	22,936	6,345	1,519	4,962	3	200,597
2014	131,210	20,678	4,759	1,408	4,850	285	163,190

\* Note: Other expenses refer to other expenses such as post-dismissal welfare.

# Major New Subsidiaries and Partners of the Group in 2016

## Jiangsu Wanbangyun Jiankang Technology Co., Ltd.

Established in February 2016, Jiangsu Wanbangyun Jiankang Technology Co. Ltd. ("Wanbangyun Jiankang") is a holding subsidiary of Jiangsu Wanbang Pharmaceutical Marketing & Distribution Company Limited, a subsidiary of Fosun Pharma.

Wanbangyun Jiankang currently has over 50 employees and has set up several branch offices in Xuzhou, Shanghai and Beijing. "Renfengyouhui", the major product of Wanbangyun Jiankang, is the largest community for people suffering from gout and rheumatology doctors in China.

## Changsha Zhongsheng Zhongjie Biotechnology Co., Ltd.

Changsha Zhongsheng Zhongjie Biotechnology Co., Ltd. is a high-tech enterprise principally engaged in the research, development, production sales and relevant technical services of in vitro diagnostic instruments, reagents and biosensing products. The company introduces advanced technology to provide a quick, reliable, effective and portable mobile platform for screening and diagnosis of diseases.

## Huaihai Hospital Management Group

Huaihai Hospital Management Group is jointly established and financed by Xuzhou Coal Mining Group, Fosun Pharma and Taikang Insurance Group. The existing medical institutions of the group are restructured from the former medical institutions under Xuzhou Coal Mining Group, among which there is one Grade III general hospital and two Grade II-A general hospitals. The group has over 2,800 registered employees and 2,500 professional technical staff.

## Spirosure, Inc.

Established in 2011, Spirosure, Inc., Inc. is a company located at Pleasanton in Silicon Valley of the United States which focuses on the research and innovation of respiratory health. Dr. Solomon Ssenyange and Ryan Leard, the founders of the company, are dedicated to the research of innovative testing technology for the diagnosis and management of asthma.

## Oxford Sciences Innovation plc

Oxford University in the United Kingdom is one of the leading research institutions in the world, and Oxford Sciences Innovation plc ("OSIo") is designed to commercialize the innovative technologies of Oxford University and is aimed at becoming a successful company with international influence through expansion.

## Phagelux, Inc.

Established in February 2014, Phagelux, Inc. is a platform company engaged in creation of antibiotics supplements or alternatives with the use of bacteriophage and lyase. The company has two operating departments, namely human health department with focus on external treatment solution and agriculture health department with focus on solving the problems related to agricultural and animal health as well as food safety.

## Wenzhou Geriatrics Hospital

Wenzhou Geriatrics Hospital commenced operation in June 2016, and is managed as a joint stock company. The hospital focuses on traditional Chinese medicine, and facilitates the development of featured subjects through the integration of Chinese and western medicine. The hospital is aimed at becoming a mid-to-high end geriatrics hospital featured with traditional Chinese medicine in the regions of southern Zhejiang and northern Fujian through planning and expansion.

## Yulin Guanghai Medical Investment Management Company Limited

Yulin Guanghai Medical Investment Management Company Limited is a comprehensive medical management investment company intended to be jointly financed by Fosun Hospital Investment and the No.1 People's No.1 People Yulin City and held by Fosun Pharma. The company is principally engaged in investment and operation management of medical institutions, medical services consultation and sales of drugs and medical devices. At the early stage, the company mainly focused on the establishment of Yulin Cardiovascular Hospital and Yulin Brain Hospital, which are two specialist hospitals and professional body check centers covering medical treatment, education, research and rehabilitation.

## Jinan Qilu Clinical Laboratory Limited

Jinan Qilu Clinical Laboratory is an independent clinical laboratory operated based on Qilu Hospital of Shandong University and Shandong Jiaotong Hospital (both are Class III-A grade public hospitals), and led by a specialist team from the clinical laboratory and department of pathology of Qilu Hospital of Shandong University (National Key Clinical Discipline) with integration of clinical trial, pathological diagnosis, professional training, scientific research and social service. The hospital received the ISO 15189 certification for medical laboratory and is recognized as a national high and new technology enterprise.

## Shanghai Xingshuangjian Medical Investment Management Co., Ltd.

Shanghai Xingshuangjian Medical Investment Management Co., Ltd. is a medical investment management company which is principally engaged in professional elderly care, rehabilitation and community healthcare services. The company is designed to assist Fosun Pharma in the development of Fosun's healthcare beehive city project, in order to establish a comprehensive healthcare system integrated with medical treatment, rehabilitation and healthcare and create a well-recognized brand in the healthcare industry.

## Hangzhou Wanbang Tiancheng Pharmaceutical Co., Ltd.

In April 2015, Wanbang Biopharma entered into the cooperation agreement with Hangzhou Tiancheng Pharmaceutical Co., Ltd. in Xiaoshan District, Hangzhou, pursuant to which Hangzhou Tiancheng Pharmaceutical Co., Ltd. will be managed by Wanbang Biopharma. In June 2016, after negotiation, the two parties decided to form equity cooperation, whereby the proprietary rights of prepared slices of Chinese crude medicine, solid preparations and medicine for external use of Hangzhou Tiancheng Pharmaceutical Co., Ltd. were transferred to Wanbang Biopharma to establish Hangzhou Wanbang Tiancheng Pharmaceutical Co., Ltd., which is owned as to 80% and managed by Wanbang Biopharma.



On 9 September, the charity day, Shanghai Charity Foundation, Fosun Foundation and Shanghai Symphony Orchestra jointly organized the charity concert of "Fosun Charity Night: Let Love Fill the New World". All the donations in the event were donated to Shanghai Charitable Cancer Research Center to finance the doctors and scientific researchers in Shanghai who devote in cancer clinical research, so as to work out the best treatment solutions for patients suffered from cancer as soon as possible.

“

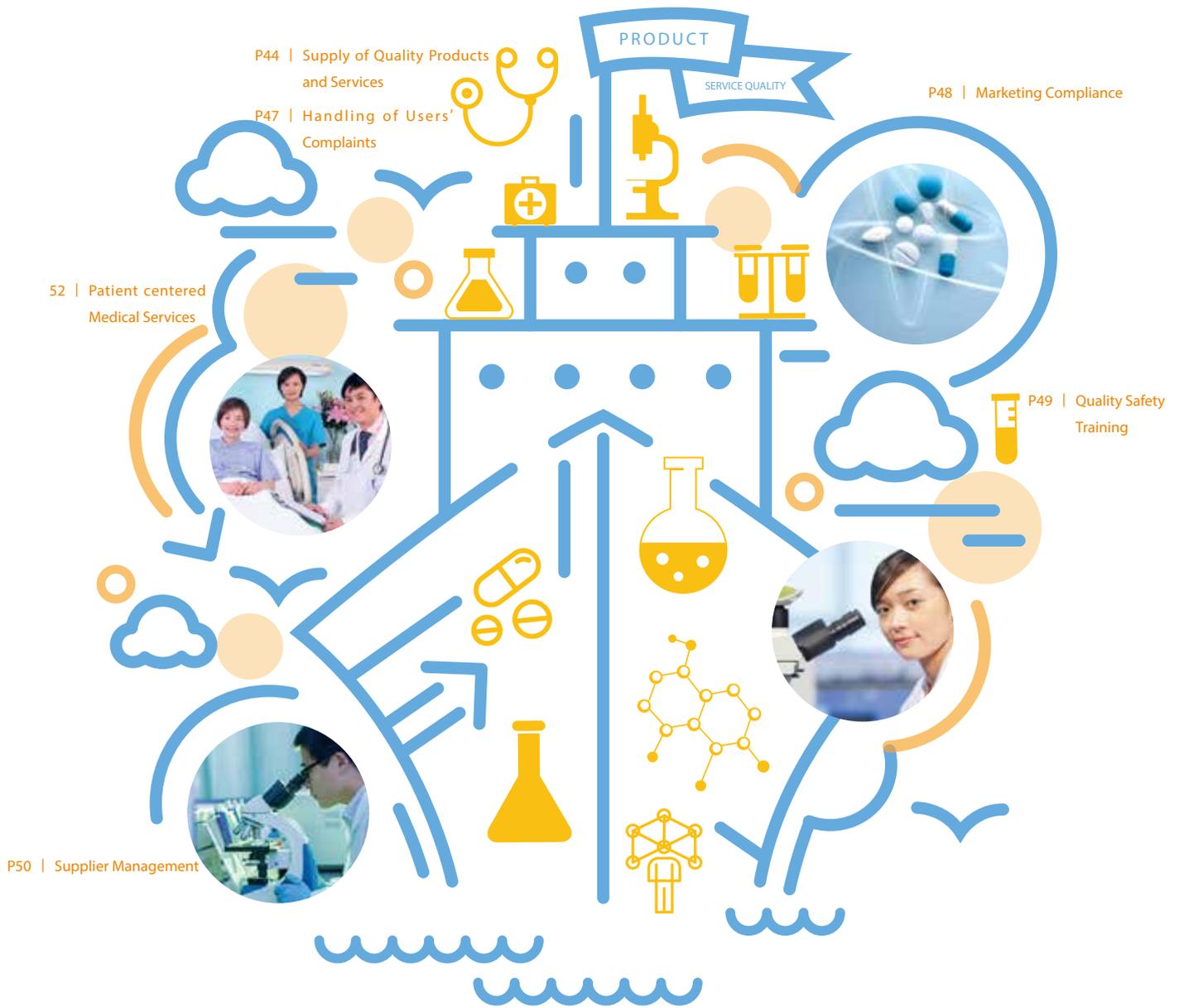
We will organize the activity every year to raise more funds for the scientific research conducted by medical staff on cure of cancer for the benefit of cancer patients.

Ma Zhongqi, deputy secretary-general of the Shanghai Charity Foundation,

I was used to attend concert for art appreciation, but today I'm here for charity. All the people coming are long-time friends from philanthropic community. This is much more meaningful.

Ms. Liao, an audience

”



## High quality for more customers' confidence in us

### 優質 讓客戶更放心

Providing more safe, regulated and reliable products and services is the cornerstone of sustainable development of "Fosun Pharma" brand. Since April 2016, Fosun Pharma officially initiated the launch of brand by "Xing Rong Action". Through systematic brand management system, strict quality control system and EHS management system, it unified and improved the brand image of the Group, the business segments, subsidiaries and various products, and substantially raised its product quality and service standard. Fosun Pharma constantly improves its capability of innovation, services, integration and internationalization. Meanwhile, it provides customers with safe, convenient and quality health products and services and makes continual effort to improve life quality.

Quality and safety are the carved-in-stone unchangeable goals of the Fosun Pharma Group. From the research and development of new drugs to the procurement of raw materials and the manufacturing to the distribution of drugs and medical products, Fosun Pharma Group has been constantly improving its technology and production and workmanship procedures, extending the life cycle of drugs and reducing the cost to provide people with safer, more convenient, and more effective products and high-efficient and humanized services, making health care products and services as universal as possible.



## Enhance quality management



In **2016**, we formulated the Operational Procedures on Quality Audit of Industrial Companies of Fosun Pharma with **13** appendices to form a comprehensive assessment system and conducted quantitative assessment on the quality system of **14** subsidiaries.



## Improve the quality system Construction

Items	2015	2016
Domestic official inspection/ Suppliers Audits	77	58
Number of sampling of domestic official inspections	358	401



Fosun Pharma Group continued to comply with regulations and improve the quality management system of pharmaceutical manufacturing company, by passing strict official inspections at home and abroad.



## Improve the Quality System Certification



Currently, the Group has **13** APIs certified by cGMC from FDA of USA, the EU, Ministry of Health of Japan, Health Bureau of German. and other national health authorities. Guilin Pharma has **1** production line of oral solid dosage and **2** production lines of APIs (5 APIs), all of which passed the WHO-PQ certification. Yao Pharma has **1** production line of oral solid dosage, which passed the certification test of Health department of Canada and FDA of USA.



## Pay attention to quality training

In 2016, Fosun Pharma Group continued to attach importance to the enhancement of management system level, allowed its employees to accept the latest concept of quality, consolidated the standard operation procedures and paid special attention to the quality training.



In 2016, the annual quality training hours per capita of pharmaceutical manufacturing member companies was over 23 hours/person



## Improve customer service



## Improve healthcare services exemplary hospital

In 2016, Chancheng Hospital was awarded title "Exemplary Hospital of Improvement in Medical Services" (NHFPC \ Health News)

# Supply of quality products and services

Providing more safe, regulated and reliable products and services is the cornerstone of sustainable development of "Fosun Pharma" brand. Since April 2016, Fosun Pharma officially initiated the launch of brand by "Xing Rong Action". Through systematic brand management system, strict quality control system and EHS management system, it unified and improved the brand image of the Group, the business segments, subsidiaries and various products, and substantially raised its product quality and service standard.

Fosun Pharma constantly improves its capability of innovation, services, integration and internationalization. Meanwhile, it provides customers with safe, convenient and quality health products and services and makes continual effort to improve life quality.

Research and development and pharmaceutical manufacturing subsidiaries under Fosun Pharma Group are located in eleven provinces, autonomous regions, and municipalities throughout China. The products produced by such subsidiaries include biological products, prepared crude slices of Chinese medicine, prepared Chinese medicine, pharmaceutical ingredients and their preparations and biochemical drugs, etc. The produced medicinal products cover most of the ordinary categories and dosage forms such as small volume parenteral solution, lyophilized powder for injection, powder for injection, tablet, hard capsule, soft capsule, granule and traditional Chinese medicine pill related to the treatment of cardiovascular system, central nervous system, hematological systems, metabolism and digestive system and anti-infection.

Fosun Pharma Group's medical diagnostic subsidiaries, all of which are production enterprises possessing business qualifications for medical devices, mainly manufacture in vitro diagnostic reagents and diagnostic devices, mainly involving R&D, manufacturing and sales of biochemical diagnostic reagents, rapid diagnostic test reagents, nucleic acid diagnostic reagents, microbiological diagnostic reagents, nucleic acid chip diagnostic reagents, and diagnostic devices. Medical devices subsidiaries are mainly engaged in sales of medical device consumables and distribution of high-end medical devices, R&D, production, sales and marketing of transfusion equipment and surgical supplies as well as sales and distribution of high-end imported medical devices.

Healthcare services is one of the key business segments in the future development of the Group. Medical services subsidiaries of Fosun Pharma Group adopt the "patient-centered" service concept, uphold the principle of "patient first, quality first" and highly concern the medical quality and safety of patient. In 2016, medical services subsidiaries had a total of 3,018 authorized beds.

## Construction of quality systems

In 2015, in order to continuously facilitate the improvement in the quality management level of members, the Group formulated and issued ten guidance documents complementary to quality manual, namely the "Plants", "People", "Documentation", "Materials", "Quality Management", "Facilities and Equipment", "Laboratory Quality Control", "Packaging", "Verification and Validation", "Production Management", so as to provide technical guidance for enhancing quality of subsidiaries.

In 2016, the Group continued to focus on the construction of quality systems to be introduced to individual pharmaceutical subsidiaries in order to comply with the latest GMP requirements and relevant national regulations. Based on the operational platform of the Group, we facilitated the establishment of quality system of the subsidiaries complying with the latest GMP requirements through GMP pretesting, quality audit, operation survey, special inspection and special survey of regulations, and continuously improved the compliance standard. The regulation surveys carried out in 2016 include production process checking survey project, data integrity survey project and survey project on the appendix of biochemical drugs.

In 2016, the Operational Management Department of the Group focused on the assessment of quality system of the subsidiaries. In order to facilitate the assessment, we formulated the Operational Procedures on Quality Audit of Industrial Companies of Fosun Pharma with 13 appendices to form a comprehensive assessment system. In 2016, 14 subsidiaries underwent quantitative assessment on quality system, among which Yao Pharma and Wanbang Biopharma received "Excellent" rating, and other subsidiaries received "Good" or "Pass" rating. Through the implementation of quantitative assessment on quality system of subsidiaries, we can identify the deficiencies in corporate quality management, issue objective inspection reports based on the findings and require the subsidiaries in question to make rectification and provide feedback by way of CAPA within one month. The Operational Management Department will conduct recurring follow-up or on-site review in order to continuously promote the ongoing improvement of corporate systems.

For the construction of drug manufacturing quality systems, based on the requirements of the latest domestic GMP, relevant regulations and international cGMP, the Group comprehensively implemented the idea of quality risk management throughout the Group, and focused on the construction of quality warranty systems such as annual product quality review, change management, deviation management, OOS in-depth investigation, supplier audit and risk management etc., thereby comprehensively improving the awareness of quality and compliance standards of the subordinate enterprises. While constantly enhancing the systems, Fosun Pharma also encouraged its enterprises to prioritize advanced equipment and workmanship in the production of drugs, to emphasize workmanship authentication and daily monitoring, and to strictly abide by applicable state requirements and international standards to conduct change management so as to ensure that production process met registered workmanship requirements and drug quality met registered standard requirements.

In 2016, the Group's pharmaceutical subsidiaries were inspected by domestic government for 58 times in total. All of them successfully passed the audits or inspections, proving that their corporate quality systems were in compliance with 2010 GMP and cGMP regulatory requirements. Throughout the year, pharmaceutical subsidiaries were sampled 401 times by the provincial government level or above and no nonconformity reports were reported. In 2016, none of the products of subsidiaries were disqualified by the government.

Medical diagnosis and medical devices subsidiaries of Fosun Pharma Group continue to reinforce internal management, to regulate production behavior, and to guarantee the safety and effectiveness of their products. They have established corresponding quality control systems with proper documentation and records established in accordance with the Medical Instruments Supervision and Management Regulations and other



Medical services subsidiaries had a total of **3,018** authorized beds



In 2016, we formulated the Operational Procedures on Quality Audit of Industrial Companies of Fosun Pharma with 13 appendices to form a comprehensive assessment system. 14 subsidiaries underwent quantitative assessment on quality system



**100%** pass

401 times of official sampling and 58 times of domestic official inspections or supplier audit accepted

relevant regulations. The quality control systems were steadily, constantly, and effectively enforced in each enterprise. Each subsidiaries set up separate quality departments and formulated relevant operating procedures to ensure the performance of quality obligation, and formulated quality policies and quality objectives according to their actual conditions, performed spontaneous inspections or internal reviews, detected problems and timely rectified, and improved preventive measures to further enhance the compliance and effectiveness of respective quality management systems.

In 2016, medical device subsidiaries have obtained quality system certification such as ISO13485 and CE certification for products, and maintained their quality systems in strict compliance with the relevant requirements. According to the requirement on product safety and effectiveness, each medical diagnosis subsidiary of Fosun Pharma has verified the main features of products, production environment, facilities and equipment, major raw material and auxiliary material, procurement, production process, inspection and quality control method and can provide relevant verification information. Also, the record of research and development and verification for self-developed products designed and produced by us can be provided.

#### Inspection and Sampling on Pharmaceutical Subsidiaries of Fosun Pharma Group by Domestic and Foreign Authorities

Subsidiary	Inspection by Domestic and Foreign Authorities	Sampling by Domestic Authorities	Results of inspection or sample tests
Hongqi Pharma	0	16	Pass
Aohong Pharma	2	14	Pass
Aleph	3	0	Pass
Wanbang Folon	7	5	Pass
Huanghe Pharma	5	33	Pass
Wanbang Biopharma	1	22	Pass
Wanbang Tiancheng	2	15	Pass
Zhaohui Pharma	0	39	Pass
Chemo Biopharm	5	1	Pass
Wanbang Jinqiao	4	0	Pass
Wanbang Sainuokang	3	1	Pass
Shine Star	1	0	Pass
Dongting Pharma	2	13	Pass
Erye Pharma	2	60	Pass
Guilin Pharma	9	39	Pass
Yao Pharma	5	136	Pass
Carelife Pharma	2	7	Pass
Hexin Pharma	0	0	Pass
Ruizhe Pharma	4	0	Pass
Shanghai Henlius	2	0	Pass
Total	58	401	Pass

#### System Certification and Related Inspection of Medical Device Subsidiaries of Fosun Pharma Group

Subsidiary	Date	Audit Institution	Scope of Audit	Result
Erye Pharmaceutical	February 2016	U.S. FDA	Clindamycin ydrochlor (Workshop VI), clindamycin phosphate (Workshop II), granisetron hydrochloride (Workshop IV), mitoxantrone (Workshop III), venlafaxine hydrochloride (Workshop V), limepiride (Workshop V), entecavir (Workshop IV), lindamycin palmitate hydrochloride (Workshop VI)	Obtained EIR and passed inspection
Yao Pharma	April 2016	U.S. FDA	Venlafaxine hydrochloride tablets (Workshop for oral solid dosage)	Obtained EIR and passed inspection
Chongqing Research Institute	May 2016	U.S. FDA	Iron sucrose, pemetrexed disodium, abiraterone Acetate (Factory in Tushan Road, Nan'an Dsitric)	Pending for review check
Guilin Pharma	March 2016	WHO	Artemether, artesunate, amodiaquine hydrochloride, pyrimethamine, sulfadoxine	Passed on-site check
Guilin Pharma	March 2016		Production lines for oral formulation (OSD-I production line)	Pending for review check
Huaiyin Medical	12~16 July 2016	Det Norske Veritas (DNV)	ISO13485 Certification, CE Certification Class IIa, CE Certification Class IIb, CE Certification Class III	Qualified
Shanghai Transfusion	24~26 August 2016	TUV Rheinland	EN ISO9001, EN ISO13485, CE Certification for Products	Qualified
Laishi Transfusion	30~31 May 2016	TUV Rheinland LGA Products GmbH	EN ISO 13485, EN I13485:2012/AC	Qualified

Note: this table only includes the official certifications that regulate the markets in Europe and America.



## Medicinal product safety mechanism

The Group values quality risk management throughout the life cycle of its products and has strict quality and safety management mechanisms in place in terms of product research and development, clinical trial, technical transfer, production and manufacturing, marketing and sales, etc. to ensure the safety in the process of research and development, production, sales, recall or market withdrawal of medicinal products and medical devices.

The Group cares about medication safety for patients and values the strict monitoring and reporting of adverse drug reactions as well. In 2016, the Group continued to strictly implement the “Adverse Drug Reaction Reporting and Monitoring Management System” and asked each of its pharmaceutical subsidiaries to report adverse drug reactions as soon as they become aware of the adverse drug reactions. Pharmaceutical subsidiaries implement “zero-reporting” management for adverse reactions according to the requirements of the adverse reaction monitoring procedures of the Group. That is, pharmaceutical subsidiaries shall submit the adverse reaction information sheet to the Group in the beginning of every month even if there is no adverse reaction. For new or serious adverse reactions, reporting must be completed within prescribed period, and pharmaceutical subsidiaries are required to report to the management department of the Group and local adverse reaction reporting centers within prescribed period to ensure that all information of adverse drug reactions are collected and handled in a timely manner. The Group also conducts intensive monitoring on key products and requires the pharmaceutical subsidiaries to take proactive measures to minimize the incidence rate of adverse reactions.

In 2016, pharmaceutical subsidiaries of Fosun Pharma Group have collected adverse drug reactions information and have reported all the information in a timely manner. There were no adverse reactions events caused by drugs with quality defects in 2016. A total of 18 adverse drug reactions events collected voluntarily by the Group have been properly handled. Pharmaceutical subsidiaries attached great importance to the monitoring and management of adverse reactions and actively arranged relevant training sessions related to adverse reactions and implemented effective risk control measures.

## Certification of quality systems

In 2016, the subsidiaries of the Group achieved satisfactory results in the improvement of compliance standard by continuously strengthening quality management. As of the end of 2016, 78 formulation production lines and 61 API products of pharmaceutical subsidiaries under Fosun Pharma Group received 2010 GMP certification with a total of 53 certificates.

With the implementation of internationalization strategy of the Group, its subsidiaries significantly step up the pace of internationalization.

To date, 13 APIs of the Group have passed the GMP Certification from the health departments of various countries such as the FDA of United States, European Union, Japan’s Ministry of Health, Labor and Welfare (MHLW) and Germany’s Federal Ministry of Health. 1 solid oral dosage production line and 2 API production lines (5 APIs) of Guilin Pharma passed the inspection of WHO-PQ Certification. 1 solid oral dosage production line of Yao Pharma received the certification from Health Canada and the FDA of the United States.

Pharmaceutical subsidiaries of Fosun Pharma Group have collected adverse drug reactions information and

reported **100%**

of the information in a timely manner.

There were **0** adverse reactions

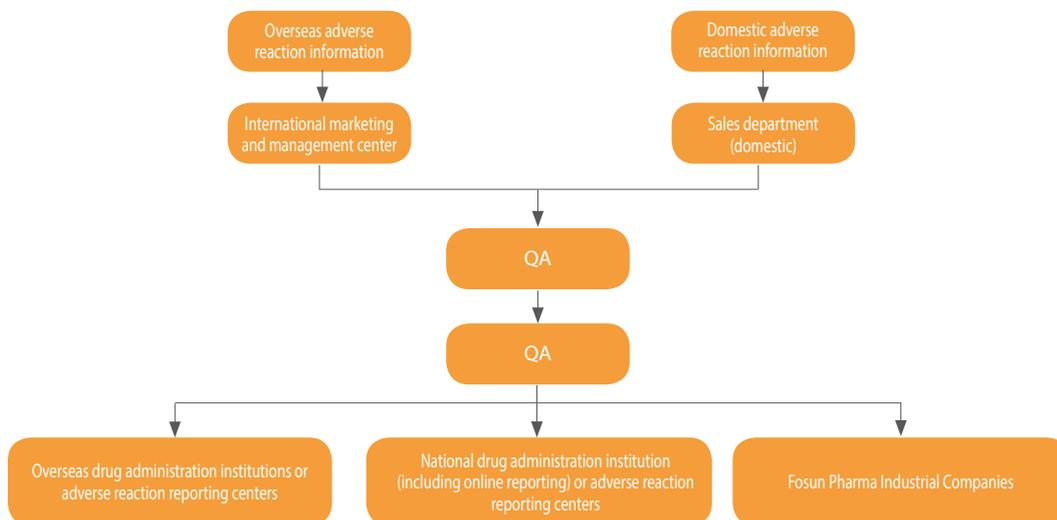
events caused by drugs with defects



**13** APIs have passed the **cGMP Certification**

**1** solid oral dosage production line and **2** API production lines (5 APIs) of Guilin Pharma passed the inspection of WHO-PQ Certification. **1** solid oral dosage production line of Yao Pharma received the certification from Health Canada and the FDA of the United States.

Flowchart for handling of adverse reactions of Yao Pharma



Handling of Users' Complaints by Medical Diagnosis Subsidiaries of Fosun Pharma Group

Name of subsidiary	Total number of complaints received	Number of complaints handled	Response rate of complaints
Long March Medical Fosun Biolog	5	5	100%
Yaneng Bio	2	2	100%
Changxing Medical	0	0	-
Zhongsheng zhongjie	0	0	-

## Handling of Users' Complaints

The pharmaceutical subsidiaries of the Group highly value the handling of users' complaints. There are dedicated personnel for this regard who record complaints to every detail and give satisfactory reply to complainants with thorough explanation after investigation, analysis and responding actions. They also record the batch number of the products in question. The handling of complaints is led by the quality control department and supported by relevant functional departments. Complaints are replied to and properly resolved within prescribed period and remedial and preventive measures will be implemented to ensure high satisfaction of users. In 2016, the pharmaceutical subsidiaries of the Group received a total of 72 complaints related to product quality, and all of which were replied to and handled with the active effort of subsidiaries.

A recall will be put into practice in accordance with the "product recall procedural guidelines" if defects of products with potential safety risk are found in the investigation of complaints.

Medical diagnosis subsidiaries of Fosun Pharma Group value product quality and handling of product complaint. Product manager or marketing personnel is responsible for recording, assessment, investigation and handling of the complaints related to product quality. All information related to the complaint and investigation will be reported to the quality authorised person/quality responsible person of relevant company in a timely manner. All complaints are recorded and verified. Complaints related to quality defect of product will be recorded in detail and investigation will be conducted in this regard. Complaints related to biochemical products and enzyme-linked immune products will be recorded by filling in the "user service form". After the receipt of complaint related to product quality from end-user via telephone or on-site service, product manager or marketing personnel will make relevant record of the complaint related to product quality in a timely manner, and handle the complaint related to product quality via telephone or on-site service in a timely manner after determining the reason of the complaint through preliminary assessment.

### Product recall

Each pharmaceutical subsidiary under the Group conducts drug recall drills regularly in accordance with state laws and regulations and relevant management systems to ensure that drugs can be quickly recalled in case of quality concern and to protect consumers' interests. In 2016, the pharmaceutical subsidiaries of the Group conducted a total of 8 drug recall drills.

Each medical device subsidiary has established medical devices recall and management system, to ensure that effective measures can be taken according to the system and process in case of quality concern, and to protect the interests and health of consumers.

In 2016, there was no product recall events occurred in the subsidiaries of Fosun Pharma Group.



100% response

100% of the complaints from customers were replied and handled

8 drug

recall drills

0 recall

In 2016, there was no product recall events occurred in the subsidiaries of Fosun Pharma Group.

# Marketing compliance

In 2016, subsidiaries of Fosun Pharma Group strictly complied with national laws and regulations related products and services labeling and there was no non-compliance related to products and services information and labeling.

Subsidiaries of Fosun Pharma Group value customer services. Yao Pharma conducted customer satisfaction surveys among distributors, clinical users and patients in 2016. The survey involved a total of over 6,550 people. Questions raised by customers were answered in a timely manner, and the products and services were well received by the customers.

During the market promotion in 2016, no subsidiaries of Fosun Pharma Group were reported and investigated by the regulatory authorities for illegal advertising or promotion. In market promotion, the subsidiaries strictly implemented the measures on compliant operation for marketing and sales team to ensure that the respective company entered into compliant operation agreements with its business units, and the sales department, sales staff and distributors implemented an accountability system for compliant operation. Relevant administrative measures such as "letter of undertaking for operating with integrity" and "agreement of honest sales and purchase" were formulated to prohibit the sales of controversial products.

Meanwhile, there were no violations and non-compliance with marketing and promotion requirements found with pharmaceutical subsidiaries of Fosun Pharma Group in 2016. Approval procedures for marketing plans and relevant contracts were formulated. All responsible departments coordinated with each other in order to achieve prevention in advance, process monitoring and post audits and ensure operational compliance with requirements of national laws and regulations.

Medical device subsidiaries of the Group have established quality management systems and operational guidelines for sales and after-sales services to ensure quality management of sales and after-sale services of products. The production and operation activities of the medical device subsidiaries are conducted in strict compliance with laws and regulations and the requirements of quality management system. The pass rate for qualified products reached pre-set goals and was rising over the years.

Medical diagnosis subsidiaries of Fosun Pharma Group strictly implemented the measures on compliant operation for marketing and sales team to ensure that the respective company entered into compliant operation agreements with its business units, and the sales department, sales staff and distributors implemented an accountability system for compliant operation. Approval procedures for marketing plans and relevant contracts were formulated. All responsible departments coordinated with each other in order to achieve prevention in advance, process monitoring and post audits and ensure operational compliance with requirements of national laws and regulations.

During the market promotion in 2016, medical diagnosis subsidiaries of Fosun Pharma Group conducted over 300 customer satisfaction surveys among distributors and hospitals in 2016. Questions raised by customers were answered in a timely manner, and the products and services were well received by the customers.

Medical diagnosis subsidiaries of the Group set up a national service hotline for 24-hour toll-free telephone support. Customer services provided in 2016 totaled over 40,000 hours with a headcount of more than 5,100 people, among which over 2,000 people were provided with on-site services.



Customer services provided by medical diagnosis subsidiaries

**>40,000** hours

Headcount

**>5,100** people

On-site services

**>2,000** people

## Marketing Compliance Flowchart of Medical Diagnosis Subsidiaries



# Quality Safety Training

In order to continuously enhance the standards for quality management systems, facilitate the employees to absorb the latest quality ideas, and consolidate standard operating procedures, pharmaceutical subsidiaries under the Group highly value the training related to quality. Key production quality managers are sent to attend professional forums and trainings on specific topics such as risk management, the production, change of techniques, verification and change management of sterile preparations on the one hand, and all staff within these enterprises participate in management training on the latest GMP and training of standard operation procedure on the other.

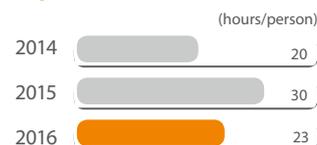
In 2016, the Group focused on quality safety training. According to the statistics, each person in pharmaceutical subsidiaries received more than 23 hours of quality training on average every year.

In light of the implementation of the latest Regulations for the Supervision and Administration of Medical Devices and its implementation rules by the state, medical device subsidiaries of Fosun Pharma Group provided internal and external staff trainings for all employees to strengthen their legal awareness in this regard.

Medical diagnosis subsidiaries of Fosun Pharma Group have established their own production management and quality management mechanisms to specify quality management responsibilities of related departments and staff. Staff engaged in production operation and testing complete pre-service professional training. Staff engaged in production and quality control of in-vitro diagnostic reagents are required to complete the training and pass the test on applicable laws and regulations. Specialized examiners are equipped with professional background knowledge and related practical experience to fulfill their responsibilities at work.



## Quality training hours per capita of pharmaceutical subsidiaries



### Quality Training of the Major Pharmaceutical Subsidiaries of Fosun Pharma Group in 2016

Item	Yao Pharma	Guilin Pharma	Wanbang Biopharma	Aohong Pharma	Erye Pharma	Dongting Pharma
Average training time (hours/person)	15.6	26.0	29.3	24.6	27.4	18.3

Notes:

1. Data of Wanbang Biopharma include data of all subsidiaries under Wanbang Biopharma.
2. Data of Yao Pharma include data of all subsidiaries under Yao Pharma.

### Quality Training of the Medical Diagnosis and Medical Device Subsidiaries of Fosun Pharma Group in 2016

(hours/person)

Name of Subsidiary	External training time	Internal training time
Long March Medical	12	5
Fosun Biolog	12	5
Yaneng Bio	1	4
Changxing Medical	21	46
Zhongsheng Zhongjie	3	1
Shanghai Transfusion	36	44
Laishi Transfusion	28	52
Huaiyin Medical	6	277
Foshion Medical System	8	27

# Supplier Management

Supplier management is one of the important parts of quality management systems of pharmaceutical enterprises. The selection of suppliers has a direct influence on the quality and safety of products.

In 2016, in order to further regulate the procurement and tender of its subsidiaries, Fosun Pharma formulated and issued a total of 8 management systems, namely the Basic Guidelines for Green Suppliers Management of Fosun Pharma Group and Holding Subsidiaries (Trial), Measures on IT Procurement Management of Fosun Pharma Group (Trial), Measures on Non-Production Procurement Management of Fosun Pharma Group (Trial), Measures for Management of Construction Projects for Shanghai Fosun Pharmaceutical (Group) Co., Ltd (Revised), Template of Tender Documents for Procurement of Production Supplies of Fosun Pharma, Template of Documents for Procurement and Tender Procedures of Fosun Pharma, Template of Documents for Procurement and Tender of Medical Services and Template of Tender Documents for Infrastructure Projects of Fosun Pharma, so as to further regulate the templates and operating procedures for the procurement of production supplies, construction project and non-production items of the Group.

Some holding subsidiaries gradually completed their trainings and online works throughout 2016 via procurement and tender platform. Currently, the Group has implemented comprehensive management on key control points such as basic principle of supplier selection, scope of tender, procurement method, announcement, supplier entry, evaluation and calibration. The open and transparent tenders and consistent procurement channels help to reduce procurement costs effectively. Meanwhile, it also enhances the capability of Fosun Pharma to coordinate, support and regulate the procurement and tender of the holding subsidiaries. The Group reviews and assesses the procurement and tender completed on a timely basis based on pre-set key management assessment indicators, continues to further optimize the comprehensive management of procurement and tender, and enhances the integrated capability and standard of procurement management. In 2016, Fosun Pharma and its holding subsidiary made 557 procurement projects via Fosun's procurement and tender platform, of which, 447 were open tenders and 110 were invitations for tender. The tenders covered production supplies, infrastructure and non-production items. In 2016, Fosun Pharma has completed the corporate credit checking proposal, and will gradually conduct credit checking on suppliers in the procurement process and further strengthen the risk warning.

While regulating and strengthening management, Fosun Pharma also advocates the implementation of electronic tender document via electronic tender platform to reduce paper consumption for tender document and supplier tender document.

In 2016, Fosun Pharma coordinated with various segments of holding subsidiaries to commence performance evaluation of major suppliers for 2015 based on uniform supplier assessment indicators (except connected/related transaction), and a total of 671 suppliers were evaluated. The evaluation results of suppliers' performance were disclosed via Fosun's procurement and tender platform to help subsidiaries understand the supplier services in Fosun Pharma and increase the ability of controlling supply quality.

All subsidiaries of Fosun Pharma have formulated their supplier management procedures and established the supplier quality annual review system, and perform various supplier audits (such as on-site quality audits, questionnaire audits and phone audits) prior to determine a qualified supplier based on the principles of fair bidding, procurement through tender and quality as first priority, to ensure the quality and safety of drugs at the source.

In terms of supplier management, pharmaceutical subsidiaries under the Group adopt supplier audit procedures, supplier management regulations, quality agreements entered into with supplier, supplier assessment guidelines, etc. to facilitate the scientific assessment and classification management of suppliers in terms of qualification, production environments, production technique standards, and quality assurance systems, etc.

Prior to the commencement of supply by a new supplier, the subsidiaries perform audit on supplier's qualification, quality system, production techniques and operation of production site, perform quality testing and small-scale inspection on the sample received, and conduct further verification of production techniques, stability inspection and filing of supplier. The supplier must meet all requirements to be qualified. During the supplying period, subsidiaries perform annual statistical assessment on the quality of products received, delivery time and service attitude to achieve effective supplier management. The Group implements classification management for its suppliers based on the risk level related to the impact of materials from the suppliers on quality of pharmaceuticals. Suppliers in higher class have higher risk of impact on the quality of pharmaceuticals, and hence more field audits on quality in higher standards will be performed. Fosun Pharma enters into internal quality agreements with these suppliers to ensure product quality at the source.

Medical diagnosis and medical device subsidiaries have established supplier quality annual review systems. For suppliers failing to meet the quality requirements, the one ballot veto rule is adopted. Through the review, the subsidiaries communicate with and provide feedback to suppliers, in order to facilitate the improvement of quality of materials from the suppliers. They also provided relevant trainings to the suppliers in every year. Medical device subsidiaries of Fosun Pharma provided a total of 14 trainings to suppliers.

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In 2016, through Fosun's procurement and tender platform, Fosun Pharma and its holding subsidiary had

**557** procurement projects

**447** open tenders

**110** invitations for tender

Fosun Pharma coordinated with various segments of holding subsidiaries to commence performance evaluation on

**671** suppliers

Geographical Distribution of the Major Suppliers of the Headquarter, Pharmaceutical, Medical Device and Medical Diagnosis Subsidiaries of Fosun Pharma

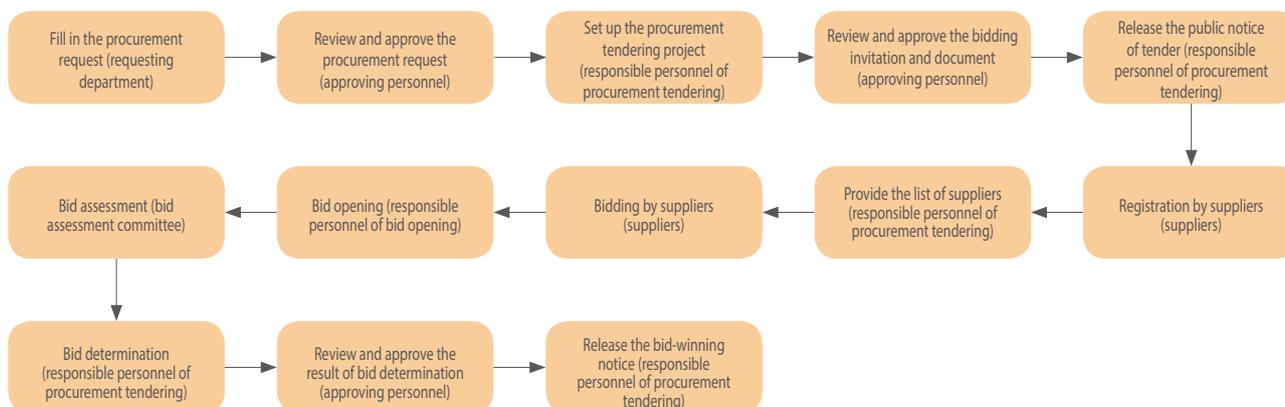


Anhui Province	27	Hubei Province	57
Beijing	60	Hunan Province	60
Fujian Province	10	Jilin Province	25
Gansu Province	4	Jiangsu Province	352
Guangdong Province	107	Jiangxi Province	26
Guangxi Autonomous Region	65	Liaoning Province	85
Guizhou Province	1	Shaanxi Province	24
Hainan Province	10	Shanghai	287
Hebei Province	76	Sichuan Province	55
Henan Province	50	Tianjin	37
Heilongjiang Province	13	Yunnan Province	3
Qinghai Province	5	Zhejiang Province	172
Shandong Province	134	Chongqing	94
Shanxi Province	17	Taiwan	2
Inner Mongolia Autonomous Region	9	Hong Kong	4
Ningxia Autonomous Region	5	Overseas suppliers	98
Xinjiang Autonomous Region	5		
<b>Total</b>			<b>1,979</b>

Supplier Management of Major Pharmaceutical Subsidiaries of Fosun Pharma Group in 2016

Subsidiary	Guilin Pharma	Wanbang Biopharma	Aohong Pharma	Erye Pharma	Yao Pharma
Number of suppliers involved in business for the year	368	619	40	248	394
Number of suppliers under annual review	361	619	40	243	373
Number of suppliers under review/ Number of suppliers involved in business for the year	98.1%	100%	100%	98.0%	94.7%
Audit method for suppliers	Field audit and desk audit				
Number of denied suppliers for the year	0	18	0	0	0

Open Tender Procedure of Fosun Pharma and Subsidiaries



# Patient-Centered Medical Services

The medical quality and safety of patient are the permanent themes for the development of hospitals. Medical services subsidiaries of Fosun Pharma Group adopt the "patient-centered" service concept, uphold the principle of "patient first, quality first" and highly concern the medical quality and safety of patient.

## Medical quality system and measures

In order to strengthen the medical care management of medical services subsidiaries, regulate the medical practice, ensure the medical safety, protect the legal rights and interests of hospitals and patients, comprehensively heighten the level of medical quality and improve the quality of medical services, Fosun Pharma has established a medical quality management committee and a nursing management committee and the president of each medical services subsidiary, as the first person responsible, have set up a quality management system which consists of three different levels including the quality management committee, the functional office (quality control department) and the department quality team of the hospital. As such, the organizational construction of medical quality management of the Group has been improved and the medical system established by medical services subsidiaries has been regulated with the focus on 18 key medical systems. Also, the standard for assessment and evaluation has been established, with monthly checks and quarterly analysis evaluation conducted, in order to continuously supervise and improve the medical quality of medical services subsidiaries. At the end of the year, the Group has conducted a comprehensive performance assessment on medical services subsidiaries with the focus on medical quality, and the level of medical quality of each medical services subsidiary has improved significantly.

During 2016, Chancheng Hospital has accepted several inspections conducted by health administrative department at a higher level such as medical affairs, quality control, hospital-acquired infection, emergency rescue, intensive care, surgical anesthesia, medical technology, pharmacy and public health. The result of each inspection has been highly recognized by the inspection team. Meanwhile, Chancheng Hospital also actively carried out rectification on the deficiencies identified in the inspections, which was recognized by the higher authorities.

In addition, Chancheng Hospital has optimized the patient's medical treatment process through various ways and improved the service quality. The hospital has opened a WeChat service platform which provides services in eight aspects: appointment registration, medical payment, appointment inquiries, report inquiries, free wi-fi, customer service, feedback, healthcare insurance settlement. The hospital has opened online appointment registration service and registration can be done on the official website of Foshan Health Bureau using Foshan Health Card. The hospital also provides self-registration service. Laboratory test results can be obtained through self-service. Queue management system has been implemented at the out-patient clinic, auxiliary examination and pharmacy. Each queue number will be called once in Mandarin and once in Cantonese. Monthly appointments made through WeChat reaches 20,000 people. The average number of queue for daily registered payment has decreased by 2,300 people (In 2015, the average number of queue daily has decreased by 400 people, an increase of nearly 6 times).

Guangji Hospital has implemented various initiatives to strengthen the building of inner qualities, strictly maintain quality control of different areas, so as to ensure the implementation of the core system. By enhancing the construction of discipline to a great extent, it was granted with the laboratory for hepatobiliary surgery in Yueyang City. Adhere to hospital management, it ranked first in medical insurance management inspection in Hunan Province, and first in use of emergency funds inspection in Hunan Province. It has achieved outstanding performance when actively participating in contests organized by regional organizations with respect to obstetric first aid, emergency rescue, knowledge in ECG and graph reading. The hospital has been actively providing service to people, organizing community visits by experts in a regular basis, and carrying out precise charity clinic and health education work to alleviate poverty, which is well recognized by the public.

In recent years, Zhongwu Hospital has continuously focused on establishing the Xuzhou Medical University teaching hospital, with an aim to actively comply with the standards of teaching hospitals to develop a relevant teaching system, as well as carry out substantial work on preparation. The Xuzhou Medical University teaching hospital was approved on 30 December 2016.

Jimin Cancer Hospital is awarded the title of first batch of provincial "inter-competing" advanced social organization party by the Organizational Department of Anhui Provincial Party Committee. With the implementation of quantitative classification management on private hospitals in Hefei city, the hospital is awarded Grade A (the top grade) in the 2016 quantitative inspection in Hefei city.

Wenzhou Geriatrics Hospital is awarded first prize (group) in the 2016 Chinese medical care comprehensive skills competition in Wenzhou City.

## Doctor-patient relationship

In order to ensure the right to life of the patient, each medical services subsidiary has set up green passageway for the rescue of emergency, critical and severe patient. The "two first two after" policy (rescue comes first, registration and payment after; first aid comes first, inpatient procedure after) shall apply once the patients enter the green passageway. All the medical staffs are obliged to actively participate in the rescue of patient from the "green passageway" and shall not pass the buck or ignore the call from "green passageway". Person or department which interfere the "green passageway" shall be held accountable.

All medical services Subsidiaries of Fosun Pharma Group effectively implements the protection for patient's privacy through system and training. Meanwhile, the patient's right of acknowledgement and right of choice are well respected. As one of the important key systems of the hospital, inform management system is strictly implemented by each medical services subsidiary. Medical staff will perform informing duty before each clinical activity by conducting effective communication with the patient and his/her family members, inform the risk involved in the clinical activity, encourage the patient and his/her family members to actively participate in the clinical activity, respect the choice and opinion of the patient, improve the medical quality and ensure the medical safety.

## Medical complaint and medical dispute

All medical services Subsidiaries of Fosun Pharma Group highly values the prevention and management

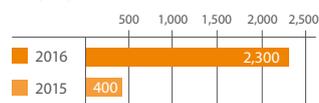


Service training of Chancheng Hospital



In Chancheng Hospital, monthly appointments made through WeChat reaches **20,000 people**. The average number of queue for daily registered payment has decreased by **2,300 people** (In 2015, the average number of queue daily has decreased by 400 people, an increase of nearly **6 times**)

Decrease in the average number of queue for daily registration (people)



of complaint and medical dispute. The hospital has established a two-level (hospital and department) organizational structure for complaint and medical dispute handling, each of them is responsible for handling the complaint and medical dispute of the hospital and the department, respectively. It has also formulated "the rules on management of hospital complaint and medical dispute" and "the implementation procedure of management of hospital complaint and medical dispute" and handles the medical complaint and dispute properly in accordance with the system and the procedure. During 2016, the incidence rate of medical dispute of the medical services subsidiaries has been reduced significantly. Medical services subsidiaries have a total of 17 medical disputes and all of which were duly settled.

According to the regular survey of patient satisfaction (including bedside questionnaire, out-patient random sampling survey, discharged patient telephone follow-up and feedback from the mailbox of the president) conducted by each hospital, the patient satisfaction rate of each hospital is over 92%, which an average satisfaction rate of 95.39%. Chancheng Hospital is awarded the title of "demonstration hospital with improving medical service" (National Health and Family Planning Commission/JKB), ranked first in affiliated hospital in Guangdong Province under "public satisfaction with third party evaluation on large-scale general hospitals", and kept its third rank in top three large-scale general hospitals (Guangdong Provincial Health and Family Planning Commission) in 2016.



Average customer satisfaction rate of medical services subsidiaries of Fosun Pharma Group

95.39%

### Customer Satisfaction Survey of Medical Service Subsidiaries of Fosun Pharma Group

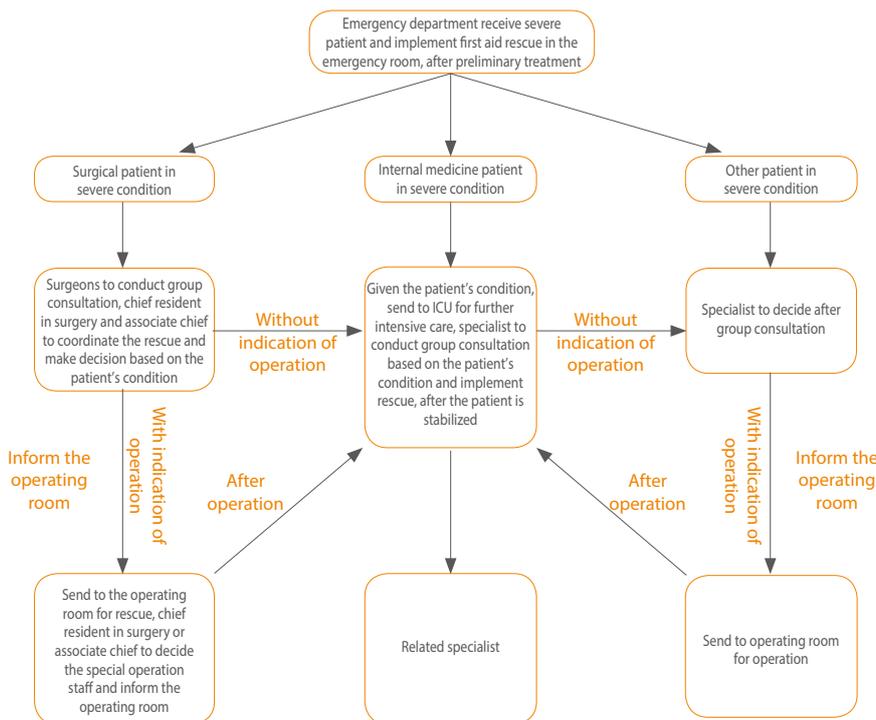
Subsidiary	Jimin Cancer Hospital	Guangji Hospital	Zhongwu Hospital	Chancheng Hospital	Wenzhou Geriatrics Hospital
Satisfaction level of patients	97.8%	95%	95%	96.8%	92.32%

### Medical disputes of medical services subsidiaries of Fosun Pharma

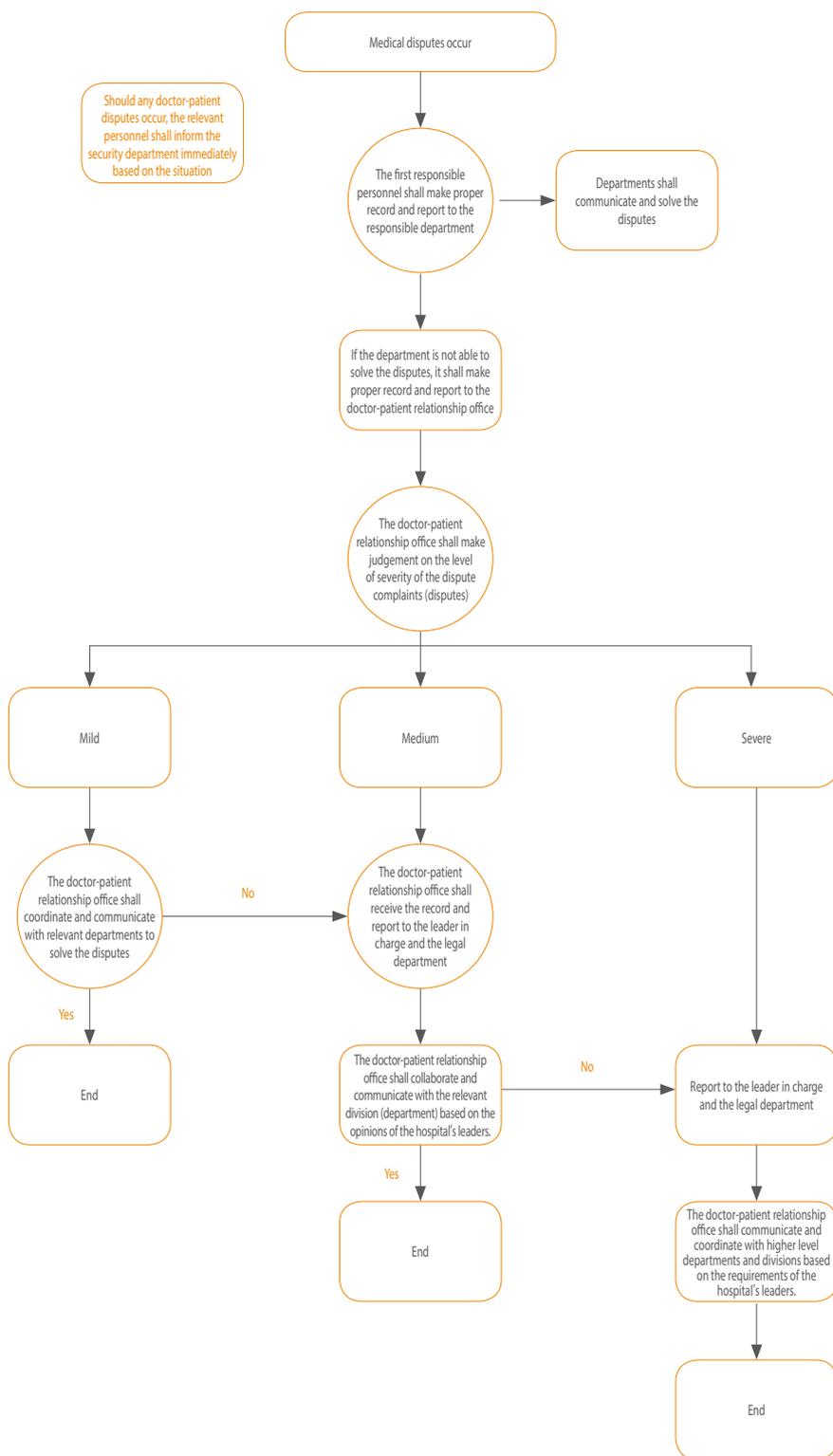
Subsidiary	Guangji Hospital	Chancheng Hospital	Zhongwu Hospital	Jimin Cancer Hospital	Wenzhou Geriatrics Hospital
Medical disputes	9	5	3	0	0

Note: The medical disputes referred here is defined as a medical disputes involving judicial intervention.

### Rescue Procedure for Acute and Severe Patient of Chancheng Hospital (Green Passageway)



## Implementation Procedure of Management of Hospital Complaint and Medical Dispute of Chancheng Hospital





On the Children's Day, volunteers of Fosun Pharma brought their children and joined the children from Shanghai Children's Welfare Institute in the "Family One-Day Play Camp", which was full of joy. They experienced a brand new Children's Day and played with children through simple interacting games. Surrounded by family love, volunteers of Fosun Pharma took good care of the children from Shanghai Children's Welfare Institute.

Shanghai Children's Welfare Institute is a long-term partner of Fosun Pharma, with 6 years of cooperation.

“

I had a good time playing with the volunteers and met a lot of new friends!

A child from the welfare institute

Dad and mum usually have no time for me. I'm happy playing with other children and hope to play with them again.

A child of the volunteer of Fosun Pharma

”



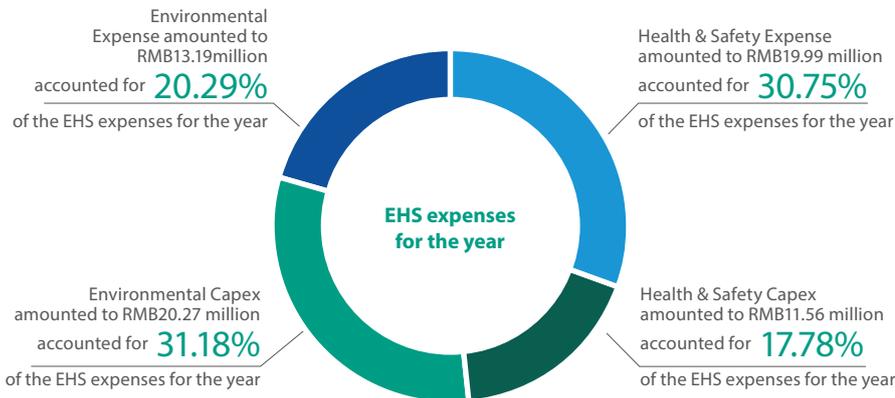
# Improvement for better environment

## 改善 讓環境更美好

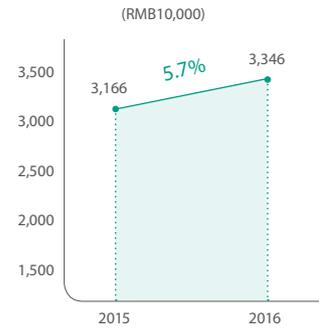
“Fosun Pharma is dedicated to become a globally recognized healthcare company. Under the philosophy of integrity and sustainability, Fosun Pharma publishes its EHS policy that pursues the common developments of enterprises, environment and societies.” Extracted from the Environmental, Health and Safety Policy of Fosun Pharma



## Continuous Investment for Environment



## Investment in environmental protection



In 2016, the investment in environmental protection facilities (including Capex & Expense) was approximately RMB33.46 million, increasing by 5.7% VS 2015.



## Energy saving via new technology



Over **RMB7 million**

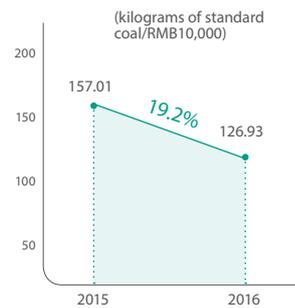
Promote new energy-saving technology and eliminate equipment of high energy consumption and low efficiency. Annual energy savings were over RMB7.00 million



**563,100 tons**

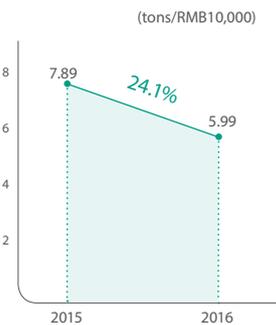
In 2016, 563,100 tons of water was recycled internally

### Energy consumption intensity



Energy consumption intensity in 2016 was 126.93 kilograms of standard coal/RMB10,000, representing a year-on-year decreasing by 19.2% VS 2015

### Water consumption intensity

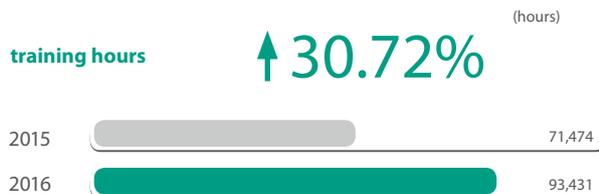


Water consumption intensity in 2016 was 5.99 tons/RMB10,000, decreasing by 24.1% VS 2015



## Establishment & maintenance of EHS management system

In 2016, totally 93,431 hours was spent for EHS training, average 5.75 hours per operators (EHS awareness and skills training)



As of 2016, **21** subsidiaries got the certification of national safety standardization, and **10** subsidiaries certified for the ISO14001/OHSAS18001

a year-on-year increase of **8** subsidiaries and **1** subsidiary, respectively



## Continuous improvement for EHS performance and result



# Implement EHS Program

## Maintenance of Management System

Fosun Pharma Group highly values the importance of the establishment & maintenance of Environment, Health & Safety (EHS) management system. The Group believes that a corporate citizen is responsible for protecting environment, as well as the physical and mental health, and personal safety for its staff.



### Management

At the "Moment of the Brand" section of the 2016 Fosun Pharma annual meeting, the senior management members of Fosun Pharma (including the Chairman and President) signed the commitment for quality and EHS, and released the commitment to the stakeholders of Fosun Pharma that Fosun Pharma will create better and happier life for the people through innovation.



### Measurement System operation & Monitoring

to continue implement the guidelines and basic requirements described in Fosun Pharma The Environment, Health and Safety (EHS) handbook, including EHS seminars, EHS technical & awareness trainings, risk identification and assessment, cross audit, routine & non-routine inspection, EHS concern reported-out, and EHS red/yellow flagged issues. It's the first time to highlight and enhance the reporting-out requirement for EHS accident/incident/potential risks. The relating management team may finally be held accountable for their any violation to the incident report procedure, which aims to enhance the EHS management and control level and to minimize the EHS risks by strengthening the EHS management in a top-down approach.



### Group Internal Audit

the EHS audit scope within the subsidiary, with the five more subsidiaries, two more Business Units being involved in Y2016. Two major business units (medical diagnosis and medical devices) of Fosun Pharma Group for the first time, which marked the extended application of EHS management system on Fosun Pharma Group's subsidiaries in medium and smaller segments, and paved the way for intensive implementation of EHS system in Fosun Pharma Group.



### External Certification

The subsidiaries voluntarily took further steps to carry out external third party certification/assessment. By the end of Y2016, totally 10 subsidiaries of the Group received third party certifications of ISO 14001 and/or OSHAS 18001, and 21 subsidiaries passed the third party assessment on safety standardization of the PRC, representing an increase of 1 and 8 subsidiaries, respectively, as compared with last year.

Certifications on EHS Systems and Standardization of Major Subsidiaries of Fosun Pharma Group in 2016

Name of subsidiary	Certification	Name of subsidiary	Certification
Wanbang Biopharma	ISO14001, OHSAS18001, Class III Safety Standardization	Erye Pharma	ISO14001, OHSAS18001, Class III Safety Standardization
Wanbang Jinqiao	ISO14001, OHSAS18001, Class III Safety Standardization	Carelife Pharma	ISO14001, OHSAS18001, Class II Safety Standardization
Zhaohui Pharma	ISO14001, OHSAS18001, Class II Safety Standardization	Yao Pharma	ISO14001, OHSAS18001, Class II Safety Standardization
Shine Star	ISO14001, OHSAS18001, Class III Safety Standardization	Hongqi Pharma	ISO14001, OHSAS18001, Class II Safety Standardization
Wanbang Folon	ISO14001, OHSAS18001, Class III Safety Standardization	Jimin Cancer Hospital	ISO14001, Class III Safety Standardization
Chemo Biopharm	Tier II Safety Standardization	Ruizhe Pharma	Tier III Safety Standardization
Dongting Pharma	Tier III Safety Standardization	Wenzhou Geriatrics Hospital	Tier III Safety Standardization
Aleph	Tier III Safety Standardization	Long March Medical	Tier II Safety Standardization
Guilin Pharma	Tier III Safety Standardization	Fosun Biolog	Tier II Safety Standardization
Huanghe Pharma	Tier II Safety Standardization	<b>Huaiyin Medical</b>	<b>Tier III Safety Standardization</b>
Shanghai Transfusion	Tier III Safety Standardization		



### Case: The launch of BBS WeChat version enabled the employees to report the safety hazards conveniently

With the popularity of WeChat among the employees, Wanbang Biopharm developed and established the "EHS Hazard Tracking and Rectification System" based on the WeChat Official Account platform, to enable the employees to report the potential hazards through the WeChat platform anytime and anywhere. Relevant responsible personnel may make rectification immediately after receiving the information related to the hazards, thereby increasing the level of participation in EHS hazards identification and enhancing the effectiveness of rectification.



WeChat Official Account platform "EHS Hazard Tracking and Rectification System"

## Environment, Health and Safety (EHS) Policy

### 復星醫藥集團環境健康安全 (EHS) 政策

Fosun Pharma is dedicated to become a globally recognized healthcare company. Under the philosophy of integrity and sustainability, Fosun Pharma publishes its EHS policy that pursues the common developments of enterprises, environment and societies.

Thus, Fosun Pharma commits to:

復星醫藥集團的願景是成為全球主流醫療健康市場的一流企業。我們秉承誠信和可持續發展的理念，倡導及保障企業、社會與環境的和諧發展。為此公司制定並頒佈公司環境健康安全 (EHS) 政策，我們將致力於：



1. Comply with all applicable laws, regulations and standards related to Environment, Health and Safety (EHS) in both China and any other regions/states wherever our business registered;

確保公司的經營活動，符合中國、或經營活動所在國或地區內的，有關環境健康安全 (EHS) 法律法規、標準的各項規定。



2. Implement the strategies for sustainable developments of both environment and society, by preventing contaminants and pollutions, saving energies, protecting ecological civilization, and building environment-friendly communities.

堅持環境與社會可持續發展戰略，預防污染、積極促進節能減排、保護生態多樣性、建設環境友好型社區。



3. Provide safe and healthy workplaces for employees and our business partners, by taking all kinds of efforts to minimize risks, to prevent and eliminate possible hazards and injuries.

為員工和利益相關方提供一個安全、健康的工作場所，採取必要的措施、持續降低風險，預防和消除各類安全事故。



4. Care for the well-being of employees, by taking all means of reducing their exposures to occupational risks and hazards.

關愛員工，重視員工身心健康，採取積極措施降低或減少員工職業危害暴露，保護員工健康不受傷害。



5. Conduct all necessary training courses, and ensure the completion of trainings and abidance to relevant safety rules that are mandatory for employment. Motivate employees to participate in EHS activities to increase EHS awareness.

提供各項環境健康安全 (EHS) 培訓，接受培訓、遵守規定將成為員工被僱傭的前提。倡導員工積極參與公司環境健康安全 (EHS) 的活動與管理，不斷提高全員的環境健康安全 (EHS) 理念和行為表現。



6. Construct and enforce EHS management system throughout all business operations, to continuously improve our EHS performance.

在各級管理層中推進環境健康安全 (EHS) 管理體系的建設、保障其得到有效運行，持續地提高公司環境健康安全 (EHS) 績效。

Fosun Pharma is, and will continually be, enforcing the implementation and proper execution of EHS policy in every business unit. Thank you all for your great supports.

復星醫藥將推動此環境健康安全 (EHS) 政策在本公司範圍內的業務單元和相關方內得到有效執行。感謝復星醫藥集團所有員工對環境健康安全 (EHS) 政策的支持！

## Community Communication and Emergency Response

In 2016, Fosun Pharma Group maintained active communication with the local community and governmental authorities in respect of EHS management, completed relevant filing or reporting procedures based on the requirements of the local communities and governments. The filing information contained the responsibilities of the relevant personnel in different levels in emergency cases, internal/external communication channel and contact details.

Meanwhile, the Group organized regular emergency drills and trainings among relevant personnel to strengthen the awareness for environmental crisis of the personnel of different levels, enhance their emergency response skills and ensure that in case of emergency related to environmental pollution and safety incident, the relevant employees can take rapid responses to minimize the environmental pollution and personal injuries.

Environmental protection emergency response	Fire emergency response	Safety and security emergency response	Medical emergency response
Environmental emergency response plan	Fire emergency evacuation plan	Emergency response plan for production safety accidents	Employee medical aid unit (such as Red Cross first-aid)
Emergency response for discharge of pollutant exceeded relevant standards	Emergency response plan for leakage of hazardous chemicals	Emergency response plan for hospital security	
Emergency response for hazardous waste			



### Case: Upgrading the security hardware and strengthening the security response mechanism of the hospital

In 2016, Chancheng Hospital invested over RMB1 million to continuously installed access control units and surveillance cameras. By the end of 2016, Chancheng Hospital installed 290 access control units and 650 surveillance cameras, built emergency response teams (including security team) and organized relevant personnel to perform emergency drills, to ensure that in the event of security or fire-fighting conditions, professionally trained personnel can get to the scene in a timely manner and control the situation rapidly, thereby minimizing the injuries caused to doctors and patients.



Chancheng Hospital organized relevant personnel to perform fire drills

### Case: Logistics support to the rescue operation in disaster affected area at the front line

In June 2016, Funing County in Jiangsu Province was hit by natural disaster of tornado and hail, and Huanghe Pharma, a subsidiary of the Group, was in the disaster affected area. All employees of Huanghe Pharma performed the internal emergency response tasks to control the impact of natural disaster on production. In addition, they also provided free resting places and showing facilities and foods to firefighters who participated in the disaster relief activities. During the response to emergency events, Huanghe Pharma communicated with the community through practical action and participated in the emergency response activities of the community.



Huanghe Pharma set up the medical rescue point during the disaster relief operation

## Environmental Protection

“Committing to environmental and social sustainable development, preventing pollution from occurring, actively promoting energy conservation and emission reduction, securing biodiversity and building an environmental-friendly community” is the environmental protection policy of Fosun Pharma Group. Environmental protection is one of the important social responsibilities of an enterprise citizen. Based on the bottom line of compliant operation, the Group takes all necessary measures to protect the environment and prevent the pollution.

The Group comprehensively carries out the environmental impact assessment to all construction, alteration and expansion projects and implements the system of simultaneous design, construction and acceptance of environmental protection facilities. The Group also strictly implements the local filing and registration system for pollutant discharge at the places where the subsidiaries operate and cooperates with local environmental protection management authorities in their legal supervision. The control and discharge of pollutant are effectively carried out under the supervision of authorities to prevent the occurrence of major accidents related to discharge of pollutant.

In order to achieve the environmental protection objectives, the Group encourages its subsidiaries to adopt various new products and new technologies which are environmental friendly, voluntarily carry out environmental improvement projects, actively reduce the consumption of power, energy and other resources and increase the recycling rate of resources through clean production measures such as process optimization and source control so as to minimize the impact of operation on the environment. Meanwhile, the Group also increases the investment in the construction of pollutant treatment facilities, strives to reduce the total emission of various pollutants such as waste water, air emission and hazard waste, to avoid the risk of the soil and groundwater pollution, further promotes and implements the environmental management system, and standard environmental management activities within the subsidiaries to achieve continuous improvement.

## Energy Consumption

1) Water consumption and unit consumption intensity: The total water consumption amounted to 8,769,376 ton, representing an increase of 52,439 ton or 0.6% as compared with that of 2015. If compared in the same subsidiary scope, the total water consumption in 2016 decreased by 139,000 ton, decreasing by 1.61% as compared with 2015. The unit consumption intensity was 5.99 ton/RMB10,000, representing a year-on-year decrease of 1.9 ton or 24.1% on an entirely equivalent basis. During 2016, Shine Star enhanced the water recycling efficiency of the cooling tower, which is expected to save 396,000 ton of water within the whole year.

2) Electricity consumption: The total electricity consumption amounted to 478,175,186 kWh, increasing by 53,707,564 kWh or 12.7% as compared with 2015. In 2016, there are three subsidiaries including Dongting Pharma, Wanbang Folon and Laishi Transfusion to replace the coal-fired boilers with electricity (or natural gas)-used ones. Due to the production capacity enlargement of some subsidiaries such as Shine Star, the total electricity consumption of the Group increased significantly in 2016.

3) Overall energy consumption and overall energy consumption intensity: Overall energy consumption amounted to 185,690,272 kg of standard coal, increasing by 12,276,649 kg of standard coal or 7.1% as compared with that of 2015. Overall energy consumption intensity was 126.93 kg of standard coal/RMB10,000 in 2016, decreasing by 30.08kg of standard coal/RMB10,000 or 19.2% as compared with 2015. In 2016, Chemo Biopharm implemented the clean production project, which decreased the overall energy consumption intensity from 184.42 kg of standard coal/RMB10,000 in 2015 to 148.91 kg of standard coal/RMB10,000 in 2016. The overall energy consumption intensity of Wanbang Biopharma, Dongting Pharma and Erye Pharma also decreased significantly.

The impacts of the Group's daily operation on the environment include energy/resource consumption and discharge of pollutant. Energy/resource consumption include but not limited to the consumption of energy such as power, oil and steam, consumption of raw materials and auxiliary ingredients necessary for pharmaceutical manufacturing and municipal water and groundwater. Major sources of environmental pollution are wastewater (including industrial wastewater, hospital wastewater and domestic wastewater, the major pollutant factors of which are COD, NH<sub>3</sub>-N, SS, mineral oil, escherichia coli, etc.), atmospheric emissions (including process waste gas, furnace flue gas, exhaust emissions of transportation vehicles and non-organized emission source, the major pollutant factors of which are SO<sub>x</sub>, NO<sub>x</sub>, VOCs, particulates, etc.) and solid wastes (hazardous wastes including waste activated carbon, boiling residue, waste solvents and trial reagents generated during pharmaceutical manufacturing, expired/defective medicinal intermediates or products, and medical wastes generated by hospital operation and service; general wastes including recyclable (such as packaging materials and wooden boards), materials that can be comprehensively utilized after decontamination treatment (such as furnace residues and biomass raw materials) and wastes generated during operation (such as domestic waste and food waste)).



Data of Energy utilized or consumed during the reporting period:

Water

**8,769,376** m<sup>3</sup>/year

Electricity

**478,175,186** kWh/year

eq. standard coal

**58,815,548** kg/year

Other energy-consumption (eq. standard coal)

**126,874,724** kg/year

Overall energy consumption for the year (eq. standard coal)

**electricity + others = 185,690,272** kg/year

Overall energy consumption intensity

**126.93** kg of standard coal/RMB10,000

Decreased by

**30.08** kg of standard coal/RMB10,000 as compared with 2015

### Comparison of Energy/Water Consumption within Fosun Pharma Group

Year	Total consumption of water (m <sup>3</sup> /year)	Total consumption of electricity (kWh/year)	Electricity equivalent to standard coal (kg/year)	Total consumption of energy other than electricity (equivalent to standard coal) (kg/year)	Overall energy consumption (equivalent to standard coal) (kg/year)	Energy consumption for every RMB10,000 generated (equivalent to standard coal)	Water consumption for every RMB10,000 generated (m <sup>3</sup> /RMB10,000)
2012	6,175,823	249,387,502	no statistics	79,928,627	no statistics	no statistics	no statistics
2013	7,777,884	365,006,317	44,859,276	120,177,461	165,036,737	no statistics	no statistics
2014	8,377,364	421,765,752	51,835,011	122,713,255	174,548,266	171.56	8.23
2015	8,716,937	424,467,622	52,209,518	121,204,106	173,413,623	157.01	7.89
2016	8,769,376	478,175,186	58,815,548	126,874,724	185,690,272	126.93	5.99

Conversion of Major Energy Consumption of the Major Subsidiaries of Fosun Pharma Group in 2016 (with Reference to the General Principles for Calculation of Overall Energy Consumption (GBT2589-2008))

Subsidiary	Total consumption of water for the year (m <sup>3</sup> )	Total consumption of electricity for the year (kWh)	Electricity for the year equivalent to standard coal (kg)	Total consumption of energy other than electricity for the year (equivalent to standard coal) (kg)
Wanbang Biopharma	204,303	9,100,000	1,119,300	2,431,044
Wanbang Jinqiao	114,315	8,030,000	987,690	2,454,958
Zhaohui Pharma	92,698	6,385,400	785,404	1,051,983
Chemo Biopharm	59,910	7,021,980	863,704	1,102,893
Wanbang Folon	8,960	1,353,675	166,502	512,647
Wanbang Sainuokang	24,310	333,900	41,070	102,515
Dongting Pharma	391,608	9,358,414	1,151,085	8,040,063
Aleph	61,388	5,118,909	629,626	1,214,438
Guilin Pharma	720,702	30,072,609	3,698,931	6,550,133
Shine Star	4,603,314	292,250,000	35,946,750	87,430,320
Huanghe Pharma	39,259	2,634,503	324,044	451,782
Aohong Pharma	123,433	7,078,740	870,685	2,818,551
Hongqi Pharma	45,236	1,021,655	125,664	596,698
Erye Pharma	285,663	16,096,174	1,979,829	3,024,794
Carelife Pharma	123,820	6,018,550	740,282	1,010,622
Yao Pharma	348,581	29,640,192	3,645,744	3,808,225
Wanbang Tiancheng	12,952	29,119	3,582	265,678
Wanbang Tiansheng	109,823	513,300	63,136	272,628
Shanghai Henlius	12,166	2,885,625	354,932	918,496
SunTech Pharma	972	5,768,580	709,535	4,941
Chongqing Research Institute	42,387	1,247,716	153,469	64,617
Ruizhe Pharma	12,543	2,416,970	297,287	422,558
Fuchuang Pharma	2,857	220,420	27,112	-
Guangji Hospital	221,800	2,789,010	343,048	226,003
Zhongwu Hospital	132,141	4,555,651	560,345	29,619
Chan Cheng Hospital	511,000	11,930,000	1,467,390	1,187,084
Jimin Cancer Hospital	185,316	1,666,000	204,918	95,700
Wenzhou Geriatrics Hospital	136,888	1,942,106	238,879	1,924
Changxing Medical	820	246,443	30,312	531
Yaneng Bio	6,531	804,042	98,897	6,938
Long March Medical	5,613	1,858,608	228,609	21,369
Fosun Biolog	935	309,768	38,101	122
Zhongsheng zhongjie	1,044	158,182	19,456	-
Foshion Medical System	561	157,114	19,325	4,900
Huaiyin Medical	34,500	1,218,783	149,910	36,813
Chindex (Beijing)	335	47,717	5,869	-
Chindex Shanghai	180	20,151	2,479	6,083
Shanghai Transfusion	36,885	2,884,972	354,852	390,632
Laishi Transfusion	50,000	2,060,000	253,380	316,422
Alma	3,623	925,208	113,801	-
Chindex Tianjin	4	5,000	615	-

**Breakdown of Energy Consumption of the Major Subsidiaries of Fosun Pharma Group in 2016**

Name of subsidiary	Electricity (kWh)	Natural gas (m <sup>3</sup> )	Liquefied gas (kg)	City gas (m <sup>3</sup> )	Steam (kg)	Raw Coal (kg)	Diesel (L)	Gasoline (L)	Fuel oil (kg)
Wanbang Biopharma	9,100,000	-	15,600	-	27,112,000	-	200	74,300	-
Wanbang Jinqiao	8,030,000	-	8,400	-	28,458,000	-	-	-	-
Zhaohui Pharma	6,385,400	5,338	-	-	11,997,000	-	-	15,080	-
Chemo Biopharm	7,021,980	-	-	-	12,629,320	-	5,301	12,569	-
Wanbang Folon	1,353,675	353,787	2,313	-	-	-	180	35,700	-
Wanbang Sainuokang	333,900	-	1,800	-	955,000	-	-	16,500	-
Dongting Pharma	9,358,414	1,283,596	-	-	-	8,855,000	350	6,898	-
Aleph	5,118,909	-	2,890	-	13,867,860	-	-	18,991	-
Guilin Pharma	30,072,609	805,820	-	-	-	7,649,000	1,078	12,614	-
Shine Star	292,250,000	-	-	-	-	122,400,000	-	-	-
Huanghe Pharma	2,634,503	-	2,400	-	4,983,300	-	400	18,650	-
Aohong Pharma	7,078,740	-	10,617	5,009,029	-	-	139,324	51,484	-
Hongqi Pharma	1,021,655	-	5,550	-	-	-	21,849	28,081	371,530
Erye Pharma	16,096,174	-	831	-	34,829,000	-	4,008	29,705	-
Carelife Pharma	6,018,550	41,846	-	-	11,135,340	-	-	-	-
Yao Pharma	29,640,192	2,835,488	-	-	-	-	5,780	28,233	-
Wanbang Tiancheng	29,119	-	-	-	2,979,000	-	-	9,600	-
Wanbang Tiansheng	513,300	109,820	-	-	-	-	76,393	31,649	-
Shanghai Henlius	2,885,625	-	-	-	-	-	750,000	5,636	-
SunTech Pharma	5,768,580	-	-	-	-	-	-	4,651	-
Chongqing Research Institute	1,247,716	36,020	-	-	-	-	-	15,730	-
Ruizhe Pharma	2,416,970	-	-	-	4,920,300	-	400	100	-
Fuchuang Pharma	220,420	-	-	-	-	-	-	-	-
Guangji Hospital	2,789,010	156,250	-	-	-	-	6,569	9,600	-
Zhongwu Hospital	4,555,651	-	-	-	-	-	-	8,289	14,569
Chancheng Hospital	11,930,000	854,000	-	-	-	-	14,924	31,164	-
Jimin Cancer Hospital	1,666,000	48,985	-	-	-	-	5,900	22,000	-
Wenzhou Geriatrics Hospital	1,942,106	-	-	-	-	-	10	1,800	-
Changxing Medical	246,443	-	-	-	-	-	-	500	-
Yaneng Bio	804,042	-	-	-	-	-	-	6,531	-
Long March Medical	1,858,608	-	-	-	-	-	100	20,000	-
Fosun Biolog	309,768	-	-	-	-	-	100	-	-
Zhongsheng zhongjie	158,182	-	-	-	-	-	-	-	-
Foshion Medical System	157,114	-	-	-	-	-	360	4,200	-
Huaiyin Medical	1,218,783	-	-	-	-	-	12,820	19,970	-
Chindex (Beijing)	47,717	-	-	-	-	-	-	-	-
Chindex Shanghai	20,151	-	-	-	-	-	5,000	-	-
Shanghai Transfusion	2,884,972	-	-	-	-	-	316,000	5,800	-
Laishi Transfusion	2,060,000	237,911	-	-	-	-	-	-	-
Alma	925,208	-	-	-	-	-	-	-	-
Chindex Tianjin	5,000	-	-	-	-	-	-	-	-

## Energy Conservation and Pollutants Reduction

In 2016, Fosun Pharma Group continued to carry out energy conservation and emission reduction. According to the energy saving data of the subsidiaries, the total energy saved by the Group amounted to over RMB7 million<sup>\*</sup>. In particular, the Group saved electricity of 5,300,000 kWh, steam of 28,600 ton and natural gas of 461,000 m<sup>3</sup>.

### Major Energy-Saving Measures

Application of new energy-saving technologies	Energy management methods	Awareness of energy-saving Employee Engagement
The equipment of high energy consumption and low efficiency was phased out and replaced to complete the upgrade on production equipment and public facilities (such as energy-saving heating pipes technology, LED lighting, solar power water heater and insulation materials).	We optimized the layout and strengthened the energy management and control measures, such as optimization of energy consumption, zoning controls, reactive power compensation and balancing adjustments between peak-hour and off-hour consumption.	During the implementation of energy saving projects, the subsidiaries put extra effort in the energy saving trainings through various internal training channels, strengthened the awareness of energy conservation and environmental protection among the employees, encouraged green and low-carbon life, provided guidelines and regulated the energy consumption habits of the employees in their daily life.

### Measures on Energy Saving and Emission Reduction of the Subsidiaries of Fosun Pharma Group in 2016

Name of subsidiary	Energy saving measures			Amount of reduction in energy consumption	Reduction in energy consumption (RMB10,000)
	Application of new technologies and equipment	Optimization of production process and layout	Energy management		
Wanbang Biopharma		Installation of temperature based automatic start-stop system on the fan of cooling tower	1. start-stop control system of water cooler units 2. strengthening the equipment downtime management system	Electricity: 700,000 kWh	50.4
Zhaohui Pharma	Removal of diesel-fueled boiler and introduction of external steam		Adjustment through peak hour contract	Electricity: 400,000 kWh	91.5
Chemo Biopharm	1. improvement of inverter system of air conditioner 2. HECC heat pipe energy saving improvement			Electricity: 600,000 kWh Steam: 1,500 tons	83
Wanbang Folon		Shortening the time for drying the aloe vera raw material	1. formulating office power consumption management system 2. optimizing production shift to maximize the efficiency of equipment	Electricity: 17,000 kWh Natural gas: 6,000 m <sup>3</sup>	3.65
Wanbang Sainuokang			Optimizing the operating procedure, controlling the operating time of cooling water circulating pump	Electricity: 500 kWh	0.7
Dongting Pharma	Installation of variable frequency controller on circulating pump and boiler room	1. enlarging the circulating water cooling pipe in the workshop to reduce the concentration time 2. increasing the thickness of insulation layer in the workshop 3. increasing the heat exchange surface of plate condenser to reduce the usage of steam	Refining the production accountability system for energy consumption	Electricity: 260,000 kWh Steam: 1 tons	21.5
Aleph	1. addition of refrigerator and separation of refrigeration for production and refrigeration for air conditioning 2. HECC heat pipe energy saving improvement	Changing the mixed air surface cooler without moving or running the fresh air surface cooler; moving the heater and humidifier without moving the circulating fan		Electricity: 128,000 kWh Steam: 576 tons	24.84
Guilin Pharma	1. usage of energy saving lamp 2. HECC heat pipe energy saving improvement			Electricity: 780,000 kWh Steam: 3,405 tons	103
Shine Star	Installation of turbine on blower of furnace	Energy saving improvement of compression, composition and gasification of circulating water		Electricity: 660,000 kWh	36.25
Huanghe Pharma	Increase of medium in air conditioning units		Limiting the usage time of heating sheet	Steam: 424 tons	8.61
Hongqi Pharma	1. usage of LED lighting 2. change of variable frequency equipment		Strengthening the power saving measures in daily operation	Electricity: 110,000 kWh	10.2
Erye Pharma	Replacement of high power water pumps with new energy saving water pumps			Electricity: 72,000 kWh	5.98
Yao Pharma	Start-stop control of the fans of cooling tower by PLC based on preset temperature	1. installing temperature controller on blower units of air conditioner to achieve thermostatic control 2. recycling the heat of the steam		Electricity: 580,000 kWh Steam: 22,687 tons	16.08
Wanbang Tiancheng	Change of LED lamps in the workshop	Improving the packaging production line to enhance the production efficiency and save energy		Electricity: 4,604 kWh	7.07
Chongqing Research Institute	Usage of energy-saving LED lamps		Setting the temperature control for air conditioner	Electricity: 16,000 kWh	1.12
Guangji Hospital	Addition of modular energy saving boiler			Natural gas: 39,000 m <sup>3</sup>	10
Zhongwu Hospital	Usage of LED lighting			Electricity: 78,800 kWh	6.8
Chan Cheng Hospital	1. usage of energy-saving LED lamps 2. addition of solar power water heating system		Reducing the running time of boiler, and lowering the air supply pressure of the boiler	Electricity: 300,000 kWh Natural gas: 416,000 m <sup>3</sup>	171.3
Jimin Cancer Hospital	Addition of solar power hot water system			Electricity: 120,000 kWh	10
Yaneng Bio	Purifying air conditioning system	Adjusting the running time of equipment		Electricity: 145,000 kWh	16
Long March Medical			Setting the temperature control for air conditioner	Electricity: 500 kWh	0.1
Fosun Biolog			Setting the temperature control for air conditioner	Electricity: 50 kWh	0.01
Huaiyin Medical			Setting the temperature control for air conditioner	Electricity: 27,000 kWh	2.97
Chindex (Beijing)			Formulating office power consumption management system	Electricity: 376 kWh	0.05
Shanghai Transfusion	Application of variable frequency controller		1. reducing the usage of company vehicles 2. centralized printing and photocopying	Electricity: 300,000 kWh	36

\* Note: Deferred reduction of energy saving projects before the reporting period are not included.

## Utilization and resources consumption

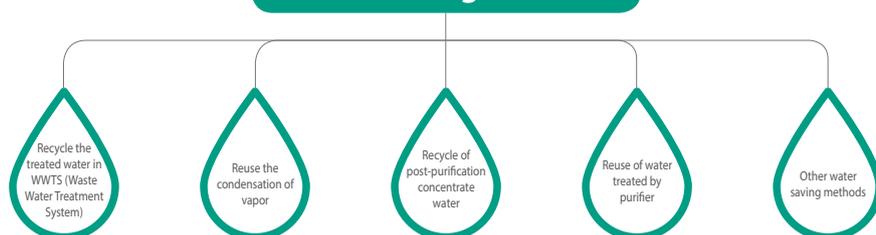
In 2016, the total water consumption of Fosun Pharma Group amounted to 8,769,376 cubic meters (tons), which was mainly used for production manufacturing, operational services, water consumption at offices, environment and fire emergency. The Group values the impact of water consumption on the environment, in addition to actively promote the upgrade and application of water-saving devices (such as sensor faucets, energy-saving nozzles, etc.) among enterprises, it also adopts new water-saving technologies (such as collection of concentrate water, recycling of condensate water collected, recycling of intermediate water, etc.) capitalizing on the opportunities of construction projects, expansion and reconstruction of projects to reduce consumption and utilization of water, and continue to reduce costs and improve efficiency via water conservation. For administrative management, measures such as secondary measurement and non-compliance prevention are taken to treasure every drop of water, and to enhance the water-saving and environmental protection awareness of all employees.

The total volume of water saved by the Group in 2016 amounted to 563,081 cubic meters (tons), accounting for 6.42% of total water consumption of the year.

The total volume of water saved accounted for **6.42%** of the total water consumption for the year



### Water saving method



### Utilization of water of subsidiaries in 2016

Name of subsidiary	Water-saving measures		Total volume of water saving (tons)
	Water saving engineering measures	Administration management measures	
Wanbang Jinqiao	Collection of post-purification concentrate water		700
Zhaohui Pharma	reusing reclaimed water; Recycling and utilization of secondary reverse osmosis concentrate water; saving water by central heating		31,800
Chemo Biopharm	Collection of post-purification concentrate water of water room		1,300
Wanbang Sainuokang	Adopting cooling tower to cooling the cooling water for further use		2,500
Dongting Pharma	wastewater recycling by water purification system; recycling the insulating sprayer water of workshop as cooling water	Signing Water-saving Liability Certificate	30,000
Aleph	Recycling process cooling water as cooling water for air-conditioning; using cooling tower water as fire pool		450
Guilin Pharma	Supplementing cooling tower water by recycling post-purification concentrate water; recycling steam condensate water to boiler room for secondary use as water for flushing the slag		29,000
Shine Star	Increasing frequency of water recycling through cooling tower recycling		396,000
Huanghe Pharma	Building new intermediate water pool, recycling intermediate water as cooling tower and vacuum pump water, recycling cooling water from horizontal packaging machine		3,552
Aohong Pharma	Recycling steam condensate water to boiler; post-purification secondary concentrate water, recycling EDI concentrate water to original water tank		11,550
Erye Pharma	Draining post-purification concentrate water to the fire pool	Forming water assessment system	6,000
Carelife Pharma	Collection of post-purification concentrate water		960
Yao Pharma	Recycling intermediate water; production wastewater recycling system; condensate recycle facility	Promoting water conservation	32,984
Zhongwu Hospital	Recycling treated wastewater of hemodialysis room in bathroom		300
Changxing Medical	Collection of post-purification concentrate water		120
Long March Medical		Using bottle cleaning water for greening and watering	100
Huaiyin Medical	Using recycling water for air-conditioning in purification room		7,415
Shanghai Transfusion	Adopting water-saving sensor faucets; using push-style flush toilet		30

In 2016, the Group made statistical data on the materials used in production, manufacturing and medical services. Details are as follows:

The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate
Wanbang Biopharma	1. Raw material	Insulin	248.01	248.86	-	-
		Low molecular Heparin	354.62	352.28	-	-
		Telmisartan	2,790	2,858.24	-	-
	2. Auxiliary ingredient	Febuxostat	984	959.90	-	-
		Glycerin	2,300	2,410.86	-	-
		Mannitol	1,225	1,329.22	-	-
		Disodium hydrogen phosphate	300	287.23	-	-
		Lactose	12,500	12,635.03	-	-
		Pregelatinized Starch	11,250	10,040.56	-	-
	3. Packaging	Low borosilicate stopper glass injection bottle (10ml, 2ml) (0,000 pieces)	3,609.42	3,561.8	-	-
Bromobutyl rubber stopper for injection (10ml, 2ml) (0,000 pieces)		3,568.77	3,531.59	-	-	
PVC190		27,540	29,659.91	-	-	
Wanbang Jinqiao	1. Raw material	30ml plastic bottles (0,000 bottles)	105.84	117.22	-	-
		Pancreas (ton)	2,068	2,031	-	-
		Febuxostat aldehyde ester	2,640	2,640	-	-
	2. Auxiliary ingredient	Benzene sulfonamide	480	470	-	-
		Consumable alcohol (ton)	419	406	-	-
		ammonia	250,100	253,790	-	-
		Methanol	49,300	49,120	-	-
	3. Packaging	Cardboard drum (piece)	400	247	-	-
		Plastic bags (0,000 pieces)	1.8	2.0	-	-
		Label (piece)	2,000	985	-	-
Zhaohui Pharma	1. Raw material	Lamination packing bags (piece)	1,000	803	-	-
		Lidocaine	8,770	8,770	-	-
	2. Auxiliary ingredient	liquid wax	25,670	25,670	-	-
		Glycerin	36,600	36,600	-	-
		Starch	28,920	28,920	-	-
Chemo Biopharm	1. Raw material	Human serum albumin (L)	300	290	-	-
		fetal bovine serum (L)	4,060	3,672	-	-
		DMEM/F12 Growth medium (L)	425,850	379,500	-	-
	2. Auxiliary ingredient	C4filler	27	28	-	-
		Lyophilization butyl rubber stoppers (0,000 pieces)	1,550	1,278	-	-
		Penicillin bottle (0,000 bottles)	1,107.15	1,248.71	-	-
Wanbang Folon	1. Raw material	Red aluminum cap (0,000 pieces)	1,157	1,218	-	-
		Yi Bao EPO label (0,000 pieces)	1,180.7	1,007.46	-	-
		Aloe	41,906	33,301	-	-
	2. Auxiliary ingredient	Natural indigo	26,430	30,899	-	-
		Amber	32,710	32,676	-	-
Dextrin		14,700	12,232	-	-	
Empty capsule (0,000 capsules)		29,492	28,621	-	-	
3. Packaging	Magnesium stearate	668	675	-	-	
	Sheet	66,240	66,664	-	-	
	Aluminum foil	11,203	9,858	-	-	
	Large box (0,000 boxes)	6.03	5.79	-	-	
	Small box (0,000 boxes)	1,322	1,146	-	-	
Instruction (0,000 sheets)	1,096	1,088	-	-		

The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate	
Wanbang Sainuokang	1. Raw material	Crude heparin (hundred million units)	8,000	6,000	-	-	
		Calcium chloride	1,030	859	-	-	
	2. Auxiliary ingredient	Sodium carbonate	1,030	859	-	-	
		Ethanol (tons)	25.4	25.4	25.4	100%	
	3. Packaging	Aluminum drum (drums)	416	247	-	-	
		Medicinal low-density-polyethylene (LDPE) bags (bags)	2,000	660	-	-	
		Corrugated paper box	0	247	247	100%	
		Heparin label (packaging inclusive) (sheets)	1,000	500	-	-	
Dongting Pharma	1. Raw material	Methyl benzoate	98,500	86,600	-	-	
		Liquid chlorine	70,000	62,000	-	-	
		Liquid ammonia	42,720	42,720	-	-	
			Toluene	67,520	67,520	45,000	66.6%
			Dextrin	2,000	1,529	-	-
	2. Auxiliary ingredient	Lactose	20,300	17,490	-	-	
		Corn starch	16,375	11,687	-	-	
		Magnesium stearate	2,030	1,450.5	-	-	
	3. Packaging	Sodium starch glycolate	3,503	3,703	-	-	
		Paper drum (0,000 drums)	1.43	1.42	0.14	9.6%	
			Plastic bags (0,000 bags)	18.46	15.87	0.3	1.9%
Aleph	1. Raw material	Chicken embryo (0,000 pieces)	358.5	358.5	-	-	
		VP SFMAGT Growth medium(L)	32,500	9,100	-	-	
			M199 Growth medium (L)	3,400	1,300	-	-
	2. Auxiliary ingredient	Sodium chloride	1,500	1,233	-	-	
		Sucrose	1,600	1,168.2	-	-	
	3. Packaging	Penicillin bottle (0,000 bottles)	101.4	63.44	-	-	
Butyl rubber stopper (0,000 pieces)		116.1	162	-	-		
		Aluminum-Plastic Cap (0,000 caps)	38.8	40.8	-	-	
Guilin Pharma	1. Raw material	Amoxicillin	47,500	38,611	-	-	
		Trimethoprim	48,000	29,888	-	-	
		Licorice extract	25,900	30,290	-	-	
	2. Auxiliary ingredient	Sodium hydroxide (tons)	3,500	3,023	-	-	
		Hydrochloric acid (tons)	2,000	1,938	-	-	
	3. Packaging	0#Blue- White Vacant Gelatin Capsules (0,000 pieces)	15,000	13,114	-	-	
		Butyl rubber stopper (0,000 pieces)	4,100	3,850	-	-	
		Aluminum-Plastic Cap (0,000 pieces)	3,242	3,086	-	-	
		Glass ampoule (0,000 pieces)	9,150	7,618	-	-	
		Plastic bags (0,000 bags)	75	72	-	-	
		Low borosilicate stopper glass injection bottle (0,000 bottles)	2,360	2,595	-	-	
Shine Star	1. Raw material	Raw wool, etc. (0,000 tons)	6.54	6.45	-	-	
		Raw coal (0,000 tons)	24.15	24.20	-	-	
	2. Auxiliary ingredient	Hydrochloric acid (0,000 tons)	18.01	18.06	-	-	
		Sodium hydroxide (0,000 tons)	2.14	2.13	-	-	
			Sodium Carbonate (0,000 tons)	0.21	0.26	-	-
	3. Packaging	Weaving bags (0,000 bags)	620.55	845.16	-	-	
		Interior bag (bags)	128.06	126.81	-	-	
		Paper drum (0,000 drums)	21.58	28.26	-	-	
Paper bag (0,000 bags)		10.26	9.59	-	-		
Huanghe Pharma	1. Raw material	Dioscorea zingiberensis	56,709	56,300	-	-	
		Roxithromycin	11,894	13,154	-	-	
		Piperazine Phosphate	11,400	11,710	-	-	
			Levofloxacin	6,675	7,507	-	-
	2. Auxiliary ingredient	Sucrose	74,977	74,048	-	-	
		Ethanol	62,940	62,310	-	-	
		Corn starch	20,373	20,784	-	-	
	3. Packaging	PVC sheet	90,660	91,168	-	-	
		Metronidazole and Fenbufen Capsules	2,006	2,056	-	-	

The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate
Aohong Pharma	1. Raw material	Bovine serum (L)	2,968,294	3,139,334	-	-
		Snake venom (g)	24.54	29.96	-	-
	2. Auxiliary ingredient	Ethanol (tons)	2,452	2,455	2062	84.0%
		Succinyl pharmage (L)	670	889	-	-
	3. Packaging	Ampoule (0,000 bottles)	9,783	9,329	-	-
		Penicillin bottle (0,000 bottles)	3,896	3,563	-	-
		Aluminum-Plastic Cap (0,000 caps)	3,319	3,521	-	-
		Rubber stopper (0,000 pieces)	3,700	3,641	-	-
Hongqi Pharma	1. Raw material	Rifampicin	88,470	75,230	-	-
		Ethambutol hydrochloride	101,970	93,250	-	-
		Pyrazinamide	125,700	104,970	-	-
	2. Auxiliary ingredient	Starch	15,650	14,371	-	-
		Low-substituted hydroxypropyl cellulose (Hydroxypropyl cellulose)	15,600	11,911	-	-
	3. Packaging	Pregelatinized starch	12,679	10,682	-	-
		PVC sheet	43,888	46,661	-	-
		Large box for capsule	43,776	47,283	-	-
Erye Pharma	1. Raw material	Penicillin API (tons)	141	136	-	-
		Cephamecins API (tons)	77.8	84.2	-	-
	2. Auxiliary ingredient	Mannitol	3,000	3,830	-	-
		Capsule (0,000 capsules)	10,457	10,419	-	-
	3. Packaging	Penicillin bottle (0,000 bottles)	23,640	22,830	-	-
Stopper (0,000 pieces)		22,416	22,841	-	-	
Carelife Pharma	1. Raw material	Lincomycin (tons)	226	210	-	-
		N-N- dimethyl formamide	244	223	-	-
	2. Auxiliary ingredient	Bis trichloromethyl carbonate	289	284	-	-
		Acetone (tons)	1,639	1,560	-	-
		Ethanol (tons)	934	916	-	-
		Chloroform (tons)	577	542	-	-
		Methylene chloride (tons)	530	504	-	-
		Activated carbon (tons)	3.2	2.88	-	-
Yao Pharma	1. Raw material	Glutathione	5,930	5,820	-	-
		Yanhuning	4,300	4,300	-	-
	2. Auxiliary ingredient	Microcrystalline Cellulose	11,900	9,700	-	-
		Low borosilicate stopper glass bottle (0,000 bottles)	15,937.4	15,887.6	-	-
3. Packaging	Hologenated butyl rubber stopper (0,000 pieces)	21,020.5	18,357.5	-	-	
	Aluminum-Plastic Cap (0,000 pieces)	19,240.9	17,238.9	-	-	
Wanbang Tiancheng	1. Raw material	Immature Orange Fruit	12,052	12,052	-	-
		Fructus cannabidis	10,916	10,916	-	-
		Bitter almond	6,038	6,038	-	-
	2. Auxiliary ingredient	Medicinal ethanol	9,760	10,168	408	4.0%
		Sucrose	566	1,783	1,217	68.3%
	3. Packaging	Small box (0,000 boxes)	230.10	174.26	-	-
		Instruction (0,000 sheets)	209.66	174.41	-	-
		Paper box (0,000 boxes)	1.34	1.50	0.16	10.7%
		Plastic bottle (0,000 bottles)	69.63	55.56	14.07	25.3%

The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate
Wanbang Tiansheng	1. Raw material	Porcine intestine (0,000 pieces)	474.94	474.75	-	-
		Salt (tons)	1,749	1,657	-	-
	2. Auxiliary ingredient	Alkali (tons)	38	41	-	-
		Resin (L)	3,000	850	-	-
		Protease (tons)	22	22.9	-	-
		Anhydrous ethanol (tons)	11.8	10.15	10.15	100%
Shanghai Henlius	1. Raw material	Growth medium, single-use bioreactor bags, single-use filter plate	No statistics	No statistics	-	-
	2. Auxiliary ingredient	Auxiliary ingredient for preparation	No statistics	No statistics	-	-
	3. Packaging	Rubber stopper, aluminum cap	No statistics	No statistics	-	-
SunTech Pharma	1. Raw material	Bupropion hydrochloride	15	15	-	-
		Topiramate	15	15	-	-
	2. Auxiliary ingredient	Caprylocaproyl Macroglycerides	165	165	-	-
		Sorbitol	50	50	-	-
		Microcrystalline cellulose	105	105	-	-
		Lactose	148	148	-	-
	3. Packaging	Rubber stopper for injection (pieces)	6,500	6,500	-	-
		Stopper glass injection bottle (20ml) (0,000 bottles)	1,247	1,247	-	-
		Aluminum-plastic cap for antibiotic bottle (0,000 pieces)	2.1	2.1	-	-
		Polyethylene bag (0,000 bags)	0.56	0.56	-	-
Chongqing Research Institute	1. Raw material	Sucrose(tons)	7.55	4.6	-	-
		Anhydrous ethanol (tons)	12.96	8.8	-	-
		Industrial acetone (tons)	7.8	6.6	1	15.2%
		Dichloromethane (tons)	10.25	7.75	3	38.7%
		Methanol (tons)	6.4	5.12	1.4	27.3%
		Ethyl acetate (tons)	3.78	5.04	-	-
		Paper box (boxes)	903	870	-	-
3. Packaging	20 Aluminum and plastic composite bag (bags)	200	292	-	-	
Ruizhe Pharma	1. Raw material	Dehydroepiandrosterone	1,200	1,150	-	-
		V compound of Rocuronium	3,100	3,100	-	-
		Sucrose	1,000	890	-	-
		Piperazine butanol	2,000	1,980	-	-
Fuchuang Pharma	3. Packaging	Centrifuge tube (packs)	10	10	-	-
Sample bottle (boxes)		5	5	-	-	
Guangji Hospital	2. Auxiliary ingredient	Syringe (5.5#, 7.0#) (0,000 pieces)	12	11	-	-
		84 disinfectant (0,000 bottles)	4	3.6	-	-
	3. Packaging	Syringe (10ml, 20ml) (0,000 pieces)	17	17	-	-
		Medicine bag (0,000 bags)	21.2	21.2	-	-
Zhongwu Hospital	2. Auxiliary ingredient	Oral medication bag (0,000 bags)	3	3	-	-
		CT plastic bag (0,000 bags)	3	3	-	-
	3. Packaging	Liquid oxygen (tons)	159.64	159.64	-	-
Chancheng Hospital	2. Auxiliary ingredient	Oxygen bottle (40L) (bottles)	2,301	2,301	-	-
		Packaging bag (Radiology and outpatient) (0,000 bags)	11.4	9.5	-	-
	2. Auxiliary ingredient	Liquid nitrogen (L)	520	520	-	-
		Carbon dioxide (25)	138	138	-	-
Jimin Cancer Hospital	2. Auxiliary ingredient	Liquid nitrogen(L)	1,444	1,444	-	-
		Medical oxygen (40L, 10L) (bottles)	316	316	-	-
		Medical liquid oxygen (tons)	334.2	334.2	-	-
		Medical film gloves	1,000	1,000	-	-

The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate
Wenzhou Geriatrics Hospital	2. Auxiliary ingredient	Medical Syringe (5.5#, 7.0#) (0,000 pieces)	2.8	2.8	-	-
		Medical Syringe (10ml, 20ml) (0,000 pieces)	3.84	5.52	-	-
	3. Packaging	Medicine bag (0,000 bags)	93	93	-	-
		Oral medication bag (0,000 bags)	11	11	-	-
		CT plastic bag (0,000 bags)	0.44	0.44	-	-
Changxing Medical	1. Raw material	Disodium hydrogen phosphate	2.50	1.37	-	-
	2. Auxiliary ingredient	Anhydrous ethanol (L)	60	60	-	-
	3. Packaging	Paper boxes (0,000 boxes)	0.50	0.31	-	-
Yaneng Bio	1. Raw material	Buffered solution(Y and Q type)(L)	5,828,800	6,257,600	-	-
		HPV primer	785,380	847,300	-	-
		Hybridization box	421,590	404,286	-	-
	2. Auxiliary ingredient	Sealed bag (0,000 bags)	42.33	36.29	-	-
		Suction tip (0,000 tips)	44.3	51.2	-	-
		0.2mLPCR tube (0,000 tubes)	430.8	375.35	-	-
	3. Packaging	Extraction buffer label (0,000 pieces)	384	385.97	-	-
		Sterilized bag (0,000 bags)	379.5	377	-	-
		Blister card (0,000 pieces)	358.83	361.18	-	-
Long March Medical	3. Packaging	Paper box	3,000	2,757	2,757	100%
		Paper box	36,600	29,280	-	-
Fosun Biolog	3. Packaging	Paper box	1,200	1,100	-	-
Zhongsheng Zhongjie	1. Raw material	Ink (cans)	43	63	-	-
		Enzyme (0,000 KU)	1.08	0.55	-	-
		Circuit board (0,000)	1.58	1.8	-	-
	2. Auxiliary ingredient	Chip Resistor (0,000)	81.5	4.36	-	-
		Chip capacitors (0,000)	112.5	5.43	-	-
		PET plates (0,000 sheets)	4.45	3.50	-	-
		Veil (0,000 sheets)	3.60	3.92	-	-
	3. Packaging	Drum label (0,000 sheets)	21	12.73	-	-
		Sealing label (0,000 sheets)	17	9.96	-	-
		Instruction (0,000 sheets)	32.06	9.12	-	-
Foshion Medical System	3. Packaging	Test strip bottle (0,000 sets)	7.5	9.10	-	-
		Packing box	37,900	37,900	-	-
		Check card	5,700	5,700	-	-
	3. Packaging	Box	2,900	2,900	-	-
		Ceramic card	1,400	1,400	-	-
		Internet card	400	400	-	-
		Grooving insert Blank (0,000 pieces)	5,816	5,816	-	-
Huaiyin Medical	1. Raw material	Suture (0,000 meters)	1,636	1,636	-	-
		Stainless steel wire	7,340	7,340	-	-
	2. Auxiliary ingredient	Isopropyl alcohol	14,000	14,000	-	-
		Epoxyethane (bottles)	293	293	-	-
Chindex (Beijing)	3. Packaging	Aluminium foil	99,000	99,000	-	-
		Paper packaging materials (0,000 pieces)	376	376	-	-
		Bubble film	25	20	10	50.0%
Chindex Shanghai	3. Packaging	Stretch film	500	450	-	-
		Paper box	350	300	150	50.0%
Shanghai Transfusion	1. Raw material	PVC pellets	471,450	467,550	-	-
	2. Auxiliary ingredient	Activated carbon	250	225	-	-
	3. Packaging	Paper box (0,000 pieces)	12.6	11.3	5.5	48.8%
Laishi Transfusion	1. Raw material	PVC resin/dioctyl (tons)	786	770	-	-

## The purchase, utilization and recycle of materials by major subsidiaries of Fosun Pharma Group in 2016

Name of company	Type of material	Name of materials	Total purchased quantity for the year	Actual utilization	Recycled quantity	Recycled rate
Alma	3. Packaging	Plastic box (tons)	865	865	-	-
		Stretch film	10	5	-	-
Chindex Tianjin	3. Packaging	Bubble film	10	5	1	20.0%
		Duct tape	6	1	-	-
		Paper box	15	10	5	50.0%

Note: All calculated by kg except for the stated units in this table.

## Generation of Pollutants and Discharge Control

Fosun Pharma Group values environmental protection. Waste water discharge, air pollutants emission, noise at boundary and industrial waste (general waste and hazardous waste) produced during production and operation are discharged in compliance with relevant national and local requirements. In addition to simultaneous construction of pollution control devices and facilities at the preliminary stage of the construction projects, adequate organizational guarantee and technical support are provided for environment management such as manpower allocation, operational procedures, monitoring and control, and environmental emergency response plan, to ensure the sustainable development of enterprises.

Under the premise of meeting the regulation requirement, the Group actively explores measures and ways to reduce the emission of pollutants, and strives to reduce the impact of its operations on the environment. In 2016, each subsidiary switched their furnaces from coal-fired to clean diesel and oil-and gas-fired, adopted centralized gas supply in industrial park, upgraded waste water treatment devices, increased subsequent advanced treatment units, and adopted intermediate water recycling measures, in order to constantly reduce the impact of the Group on the environment. Individual subsidiary started to launch the pilot project of carbon emissions measurement and looked for improvement measures so as to strive for low-carbon and green operation and to create an ecological community.

In 2016, a total of 41 subsidiaries were included in the Group's list of disclosure of environmental pollutants discharge, representing an increase of 3 subsidiaries as compared with 2015. The total volume of pollutants discharged by the Group increased in various extents.

### Environmental Pollutants Discharged by Fosun Pharma Group

Year	Total wastewater discharged (cubic meters/year)	Total COD discharged (tons/year)	Total NH <sub>3</sub> -N emission (tons/year)	Total waste gas emission (cubic meters/year)	Nitrogen oxide (tons/year)	Sulfur oxide (tons/year)	Particles (tons/year)	Total solid waste (tons/year)
2014	5,677,448	440	60.94	1,773,160,913	90	318	130	50,258.24
2015	6,285,061	488	56.00	2,051,712,082	411	408	110	65,597.22
2016	6,785,400	490	60.55	No Statistics	466	485	19	80,848.14

## Waste water management

The total annual discharge of COD in waste water was 490 tons in 2016, representing an increase of 0.5% over 2015. The total annual discharge of NH<sub>3</sub>-N was 60.55 tons, representing an increase of 8.1% over 2015. Fosun Pharma Group was in compliance with rules and regulations and continuously reached the standard in discharging water pollutants.

During the reporting period, no penalty of excessive waste water discharge or complaint from surrounding communities about subsidiaries' waste water discharge was reported to the Group.



Waste water discharge

0 Administrative penalty

Discharge of wastewater of the major subsidiaries of Fosun Pharma Group in 2016

Name of subsidiary	Total water Discharged for the year (tons)	COD for the year (tons)	NH <sub>3</sub> -N for the year (tons)	If pretreated by internal treatment (yes/no)	If discharged by municipal pipe (yes/no)	If discharge reaching the standard (yes/no)	Discharge destination and method
Wanbang Biopharma	163,450	23.864	0.670	Yes	Yes	Yes	Piped discharge into municipal waste water treatment plant
Wanbang Jinqiao	91,000	9.282	0.002	Yes	Yes	Yes	Piped discharge into municipal waste water plant
Zhaohui Pharma	18,584	0.855	0.003	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Chemo Biopharm	53,919	1.941	0.511	Yes	Yes	Yes	Xinjiang Waste water Treatment Plant
Wanbang Folon	7,200	0.504	0.017	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Wanbang Sainuokang	21,000	0.000	0.000	No	Yes	Yes	Huiquan Waste water Treatment Plant
Dongting Pharma	313,286.4	18.703	2.115	Yes	Yes	Yes	Discharge into Deshan Concentrated Waste water Treatment Plant
Aleph	52,180	3.340	0.000	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Guilin Pharma	576,562	40.359	0.000	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Shine Star	3,722,626	279.197	44.672	Yes	Yes	Yes	Discharge into industrial park waste water treatment plant before into the Yangtze River
Huanghe Pharma	36,586	1.463	0.013	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Aohong Pharma	80,000	9.600	0.000	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Hongqi Pharma	36,188	0.984	0.090	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Erye Pharma	197,104	16.872	0.487	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Carelife Pharma	80,937	3.262	1.531	Yes	Yes	Yes	Sino French Water Development Company Ltd in the Park
Yao Pharma	96,417	3.754	0.329	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Wanbang Tiancheng	12,952.26	2.590	0.000	Yes	Yes	Yes	Qianjiang Waste water Treatment Company
Wanbang Tiansheng	93,349.65	0.000	0.000	Yes	Yes	Yes	Puhebei Waste water Treatment Plant in Shenbei New District
Shanghai Henlius	6,083	0.274	0.091	Yes	Yes	Yes	The Clone park pipe network
SunTech Pharma	972	0.292	0.010	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Chongqing Research Institute	33,909.6	3.221	0.458	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Ruizhe Pharma	12,150	3.038	0.122	Yes	Yes	Yes	Park waste water treatment station
Fuchuang Pharma	2,285.6	0.217	0.031	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Guangji Hospital	221,800	12.643	0.956	No	Yes	Yes	Dongting Lake
Zhongwu Hospital	118,926.9	3.496	0.035	Yes	Yes	Yes	City pipe network
Chancheng Hospital	332,279	8.307	5.316	Yes	Yes	Yes	Collect at the municipal pipeline
Jimin Cancer Hospital	148,252.8	12.572	1.097	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Wenzhou Geriatrics Hospital	136,194	9.806	1.634	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Changxing Medical	656	0.033	0.005	No	Yes	Yes	Piped discharge at the park waste water pipe
Yaneng Bio	6,531	0.000	0.000	No	Yes	Yes	Piped discharge at the municipal waste water pipe
Long March Medical	5,052	0.808	0.019	Yes	Yes	Yes	Piped discharge at the park waste water pipe
Fosun Biolog	842	0.135	0.003	Yes	Yes	Yes	Piped discharge at the park waste water pipe
Zhongsheng Zhongjie	1,043.57	0.000	0.000	No	Yes	Yes	Piped discharge at the park waste water pipe
Foshion Medical System	505	0.000	0.000	No	Yes	Yes	Piped discharge at the park waste water pipe
Huayin Medical	27,600	2.208	0.276	Yes	Yes	Yes	Discharge into the park waste water pipe
Chindex (Beijing)	335	0.000	0.000	No	Yes	Yes	Discharge into the park waste water pipe
Chindex Shanghai	180	0.000	0.000	No	Yes	Yes	Discharge into the park waste water pipe
Shanghai Transfusion	33,196.5	16.233	0.050	No	Yes	Yes	Piped discharge into the municipal waste water plant
Laishi Transfusion	40,000	0.000	0.000	Yes	Yes	Yes	Piped discharge into the municipal waste water plant
Chindex Tianjin	4	0.000	0.000	N/A	N/A	N/A	-



## Case: Waste Water Treatment System newly constructed

Investing RMB5.11 million, Wanbang Jinqiao built a new 600m<sup>3</sup>/d waste water treatment station for the terminal waste water treatment of four workshops including the biological products phrase I, biological products phrase II, pilot platform and chemical synthesis workshops. Processing technologies mainly include air flotation + coagulation sedimentation + Fenton pre-treatment + TRIC anaerobic reactor + A/O biological denitrification + biological aerated filter.



## Case: Upgrade of Waste Water Treatment System

Low stomatal density of air supply pipeline in aerobic aeration tank resulted in insufficient dissolved oxygen in water, weakening the activity of bacteria and the removal of pollutants. Therefore, Erye Pharma conducted pipeline reconstruction to the original waste water station in 2016, and the aeration pipeline has been rearranged to improve the removal efficiency of COD, BOD and SS in waste water and effectively increase the pollutants removal rate of the waste water station, thereby reducing the discharge of pollutants.



## Air emission

In 2016, Fosun Pharma Group complied with the relevant provisions of air emissions, continuously replaced the current coal-fired boilers, of which Wanbang Folon, Dongting Pharma, Laishi Transfusion and other subsidiaries were involved; Shine Star reconstructed its internal environmental protection facilities to reduce the soot particles in coal-fired boiler's air pollutants, which reduced the emission of approximately 91 tons of soot particles in total.

In 2016, Shanghai first launched the VOCs emission reduction control requirements. In response to the appeal of pollutant emission reduction, Zhaohui Pharma actively completed the filing of One Enterprise One Policy for management of VOCs, identified the organic volatiles emission sources and determined emission reduction plans. In the second half of 2016, the construction project of VOCs removal facility was launched with the aim to reduce the emission of VOCs during the production and manufacture of APIs and preparations in a practical manner.

In 2016, Carelife Pharma received one NOV (notice of violation) due to not running the air emission treatment devices (absorption liquid circulation pump) during the construction work. The management team feedback the quick action, including re-working the pollutant control device, root-cause investigation and accountability and strengthening the environmental management to no more impact on the environment. No more NOV of air pollution has been received.



Shine Star improved the internal environmental protection facilities to reduce the soot particles in the atmospheric pollutants generated from the coal-fired boilers. Such improvement reduced a total of

**91** tons of atmospheric soot particles

## Air Emission of some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Nitrogen oxides (tons/year)	Sulfur oxides (tons/year)	Particles (tons/year)	Non-methane hydrocarbon (tons/year)	Types and methods of emission source
Wanbang Jinqiao	0.000	0.001	0.000	0.12	Activated carbon adsorption; Biological Filter deodorization
Zhaohui Pharma	0.000	0.010	0.130	0.07	dust collectors, exhaust cylinder
Wanbang Folon	3.359	0.611	0.370	0.00	Fuel boiler gas emission
Dongting Pharma	0.002	0.001	0.000	0.00	Dust removal, desulfurization and denitrification with pocked-stone water film
Guilin Pharma	32.863	23.886	8.817	0.00	Dual-alkali wet dedusting and desulphurization tower and dedusting cloth bag facility
Shine Star	419.839	441.936	6.187	0.00	Desulfurization inside the circulating fluidized bed boiler+ wet ammonia desulfurization
Aohong Pharma	0.000	15.747	1.030	0.00	N/A
Hongqi Pharma	3.384	2.269	1.086	0.00	Emission after being filtered by bags
Erye Pharma	0.869	0.000	0.185	0.00	Emission from 35-meter exhaust cylinder is absorbed via lye spray and combustion control method
Carelife Pharma	0.000	0.000	0.000	1.34	Multi-stage condensation recovery, paraffin oil absorption + lye spray and activated carbon absorption, emission at a height of 20 meters
Yao Pharma	4.007	0.180	0.604	0.00	Direct emission at high altitude and dust removal with cloth bags
SunTech Pharma	0.000	0.000	0.000	0.01	Direct emission at top floor after being extracted by fan
Chongqing Research Institute	0.03	0.038	0.013	-	Direct emission of boiler fume
Ruizhe Pharma	0.000	0.000	0.000	0.55	Outward emission after the treatment of three-stage absorption and treatment device of "lye absorption + paraffin oil absorption + activated carbon adsorption"
Chancheng Hospital	1.414	0.000	0.007	0.00	1. Installation of soot filter for kitchen exhaust duct 2. Using natural gas for boiler
Long March Medical	0.002	0.000	0.000	0.00	Equipped with acid fog treatment and spray device
Shanghai Transfusion	0.010	0.014	0.014	0.00	N/A

Note: The data of newly merged subsidiaries and subsidiaries which are not involved in the organized discharge are not disclosed.

### Case: Boilers Project of "Coal-to-Gas Electricity Conversion"

The thermal value of coal is relatively low. The coal consumption of coal-fired boilers is larger than the natural gas consumption of gas-fired furnaces by heating hot water of equivalent volume, thus resulting in relatively more carbon emissions. In addition to the greenhouse gases, the burning of coal also generates sulfur oxides, nitrogen oxides, soot particles and other compositions, which pollutes the environment and deteriorates the smog effects. As such, the subsidiaries communicated with the local governmental authorities and actively participated in the transformation of "coal-to-gas electricity conversion". During 2016, Dongting Pharma, Wanbang Folon and Laishi Transfusion had completed the transformation.

### Case: Transformation project of waste gas collected purification

Guilin Pharma has invested over RMB2 million in the transformation project of open air waste gas collected purification of WWTU (wastewater treatment station), which mainly involved the sulfur oxide, organic volatile gases (VOCs) and malodorous gases generated during the process wastewater treatment. The waste gas discharged in the process of wastewater treatment will be collected in a centralized manner. The waste gas will then be purified by using the wet micro-charge spraying system, photocatalytic oxidation device and activated carbon absorption, and will be discharged through a chimney at a height of 30 meters

## Solid waste management

In 2016, total solid waste of Fosun Pharma Group amounted to 80,848.14 tons. Dongting Pharma, Wanbang Folon and Laishi Transfusion reduced the coal consumption of 3,158 tons due to the coal to electricity (or natural gas) project, thereby reducing 909 tons of coal cinder.

In 2016, most of the packaging materials in the general solid wastes generated by the Group were comprehensively utilized to reduce the impacts on the environment. Each subsidiary was able to engage qualified companies to dispose of hazardous wastes in compliance with statutory requirements of application, approval, transportation and disposal.

### Disposal of solid waste of the major subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Total solid waste (tons)	Household waste (tons)	Industrial waste (non-hazardous waste) (tons)	Hazardous waste (tons)	Treatment for hazardous waste				Disposal and comprehensive utilization or addition of comprehensive utilization of waste
					Recycle/ Reused(tons)	Incinerate (tons)	Landfilled (tons)	Other (tons)	
Wanbang Biopharma	172.94	121	13.44	38.5	0	37.3	0	1.2	Consumer waste removed by property, hazardous wastes be disposed by qualified unit
Wanbang Jinqiao	1,365	15	1,300	50	0	47.7	0	2.3	Household waste removed by property, hazardous wastes be disposed by qualified unit, 1,300 tons of pancreas slag used as animal feeds additive
Zhaohui Pharma	86.48	22	36	28.48	0	28.48	0	0	Signing of contract regarding emission compliance
Chemo Biopharm	30.2	21.3	4.8	4.1	0	4.1	0	0	Ordinary waste be outsourced to sanitation companies for disposal. Hazardous wastes be outsourced to qualified unit for disposal
Wanbang Folon	76.79	48	25.32	3.47	0	0	0	3.47	Ordinary solid waste be rationally disposed by County Urban Management Bureau; recyclable waste collected for recycling; hazardous waste be outsourced to qualified unit for disposal; Chinese medicine residues be rationally disposed by county waste disposal centre
Wanbang Sainuokang	3.37	3	0.2	0.17	0	0.17	0	0	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste processed by the Environmental Sanitation Institute on regular basis
Dongting Pharma	1,825.34	80	1,653	92.34	0	46.05	46.29	0	1,633 tons of coal cinder as raw materials used in construction be outsourced to qualified unit for disposal
Aleph	29.55	10	7	12.55	0	11.6	0	0.95	Hazardous wastes be outsourced to qualified unit for disposal
Guilin Pharma	6,193.53	1,522	4,490.49	181.04	0	181.04	0	0	Hazardous wastes be outsourced to qualified unit for disposal. 4,400 tons of boiler coal cinder delivered to construction material manufacturers for use
Shine Star	67,175.5	62	67,003.5	110	0	0	0	110	Hazardous wastes be outsourced to qualified unit for disposal; 67,000 tons of coal cinder delivered to cement plants for producing construction materials
Huanghe Pharma	179.82	65	105.3	9.52	0	3.6	0	5.92	Ordinary waste shipped to municipal station; hazardous wastes be outsourced to qualified unit for disposal
Aohong Pharma	199.74	50	147.74	2	0	0	0	2	Hazardous wastes be outsourced to qualified unit for disposal
Hongqi Pharma	87.42	38.46	39.52	9.44	0	0	0	9.44	Domestic waste discharge compliance; hazardous wastes be outsourced to qualified unit for disposal; recycled solid waste is disposed of consistently
Erye Pharma	368.97	54.75	285	29.22	0	29.22	0	0	Waste solvents and liquid waste are incinerated; hazardous wastes (such as activated sludge and waste pharmaceuticals) are transported to qualified company for treatment
Carelife Pharma	413.79	0	8	405.79	0	405.79	0	0	Hazardous wastes be outsourced to qualified unit for disposal
Yaoyou Pharma	450.02	370	55.48	24.54	0	18.2	0	6.34	Hazardous wastes be outsourced to qualified unit for disposal
Wanbang Tiancheng	75.05	43	31	1.05	0	1.05	0	0	Chinese medicine residues extracted from liquids used as animal feeds, domestic waste disposed by the sanitation of the park, hazardous waste is disposed of by qualified company
Wanbang Tiansheng	24	24	0	0	0	0	0	0	Domestic waste disposed by local sanitation
Shanghai Henlius	8.4	0	0	8.4	0	8.4	0	0	Industrial waste (non-hazardous) generated will be collected and stored in centralized manner, then disposed by the Environmental Sanitation Institute
SunTech Pharma	5.3	1.3	2	2	0	2	0	0	Hazardous wastes be outsourced to qualified unit for disposal
Chongqing Research Institute	51.14	20	1	30.14	0	28.64	0	1.5	Collected centrally and delivered to qualified service providers for disposal by the Company
Ruizhe Pharma	173.3	20	0.3	153	0	153	0	0	Workshop relocated to solid waste dumps sites, followed by contacting recycling service providers for processing
Shanghai Fuchuang	1.4	1.4	0	0	0	0	0	0	Collected centrally and delivered to qualified service providers for disposal by the Company
Guangji Hospital	451	420	11	20	0	20	0	0	Hazardous wastes be outsourced to qualified unit for disposal

## Disposal of solid waste of the major subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Total solid waste (tons)	Household waste (tons)	Industrial waste (non-hazardous waste) (tons)	Hazardous waste (tons)	Treatment for hazardous waste				Disposal and comprehensive utilization or addition of comprehensive utilization of waste
					Recycle/ Reused(tons)	Incinerate (tons)	Landfilled (tons)	Other (tons)	
Zhongwu Hospital	229.67	146	0	83.67	0	83.67	0	0	Hazardous wastes be outsourced to qualified unit for disposal
Chan Cheng Hospital	738	535	0	203	0	203	0	0	Hazardous wastes be outsourced to qualified unit for disposal
Jimin Cancer Hospital	23.87	11.91	11.91	0.04	0	0.04	0	0	Hazardous wastes be outsourced to qualified unit for disposal
Wenzhou Geriatrics Hospital	192	75	0	117	0	0	0	117	Hazardous wastes be outsourced to qualified unit for disposal
Changxing Medical	0.67	0.63	0.02	0.02	0	0	0	0.02	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste removed by the Environmental Sanitation Institute
Yaneng Bio	15.3	9.6	0	5.7	0	2.5	0	3.3	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste removed by the Environmental Sanitation Institute
Long March Medical	25.3	12	12	1.3	0	1.3	0	0	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste removed by the Environmental Sanitation Institute
Fosun Biolog	3.37	2.08	1.08	0.21	0	0.21	0	0	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste removed by the Environmental Sanitation Institute
Zhongsheng zhongjie	0.84	0.75	0	0.09	0	0.09	0	0	Hazardous wastes be outsourced to qualified unit for disposal, consumer waste removed by the Environmental Sanitation Institute
Foshion Medical System	1.51	1.5	0.01	0	0	0	0	0	Consumer waste removed by the Environmental Sanitation Institute
Huaiyin Medical	63	60	3	0	0	0	0	0	Sale of scrap iron, consumer waste removed by the Environmental Sanitation Institute
Chindex (Beijing)	13	13	0	0	0	0	0	0	Consumer waste removed by the Environmental Sanitation Institute
Chindex Shanghai	0.5	0.5	0	0	0	0	0	0	Consumer waste removed by the Environmental Sanitation Institute
Shanghai Transfusion	15	5	10	0	0	0	0	0	Consumer waste collected by environmental hygiene divisions for centralized processing; waste produced during production processed by specialized waste recycling organizations; packaging materials being looped for usage
Laishi Transfusion	78	50	28	0	0	0	0	0	Consumer waste removed by the Environmental Sanitation Institute
Chindex Tianjin	0.08	0.08	0	0	0	0	0	0	Consumer waste removed by the Environmental Sanitation Institute

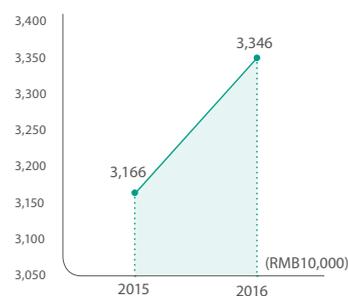
## Investment in environmental protection of the major subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Expense for environment protection		Expense for environment protection	
	Project description	Amount (RMB10,000)	Project description	Amount (RMB10,000)
Wanbang Biopharma	Online monitoring equipment, transformation of sewer network, three simultaneity of project environmental protection	9.30	Disposal of hazardous waste, environmental monitoring, environmental system certification, consultation fee	35.20
Wanbang Jinqiao	Three simultaneity of environmental protection project, newly constructed waste water plant, transformation of hazardous waste warehouse, online waste water monitoring equipment, etc.	519.20	Operation of waste water plant, treatment of hazardous waste, environmental monitoring, environmental system certification, consultation fee	28.50
Zhaohui Pharma	Costs for environmental protection facilities rectification, environmental protection marks and signs, etc.	45.00	Operation of three wastes facilities, treatment of hazardous waste, environmental monitoring	42.00
Chemo Biopharm	Transformation of waste water facilities	0.35	Maintenance of online waste water monitoring system; annual environmental monitoring; environmental system certification; disposal of domestic waste; treatment of hazardous waste; waste water piped discharge; reagent for waste water treatment	29.36
Wanbang Folon	Environmental assessment of new products, replacement of sewer/filler of waste water treatment station, transformation of rainwater pipe and waste water pipe network, maintenance of waste water plant	22.90	Operation and maintenance, solid waste disposal, environmental monitoring, disposal, system audit, training, compiling of discharge permit	17.75
Wanbang Sainuokang	Addition of rainwater and waste water division pipelines, newly constructed alcohol cofferdam	5.00	Treatment of hazardous waste	1.00
Dongting Pharma	Transformation of hazardous waste temporary warehouse in factory area, environmental protection marks and signs, UPS online testing equipment, pH meter, conversion and expansion of project's environmental protection facilities, etc.	20.00	Environment testing, discharge right usage, discharge fee, expense of hazardous waste disposal, environmental protection training, expenses of waste water plant operation and boiler fume disposal, etc.	100.00
Aleph	Environmental protection rectification	1.00	Waste water treatment, hazardous waste disposal, environmental monitoring, etc.	13.49
Guilin Pharma	Transformation of waste gas collection and treatment	206.00	Waste water treatment station operation, hazardous waste disposal, environmental monitoring, system certification and consultation fee, etc.	156.00
Shine Star	Refinement and transformation of environmental projection equipment and facilities, etc.	218.00	Education and training, drills and hazards rectification	83.00
Huanghe Pharma	Environmental protection facilities	1.21	Soil testing, waste water disposal, hazardous waste disposal, etc.	7.14

## Environmental Investment

In 2016, in order to control the environmental impacts the operation of Fosun Pharma Group, the Group continuously directed more capital into the environmental protection projects with a total investment amount in environmental protection of RMB33.46 million, among which, RMB20.27 million was invested in environmental protection facilities, RMB13.19 million was invested in the operation maintenance, including expenses for pollutant treatment, energy saving and emission reduction and operation maintenance.

### Investment in environmental protection facilities



### Investment in environmental protection of the major subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Expense for environment protection		Expense for environment protection	
	Project description	Amount (RMB10,000)	Project description	Amount (RMB10,000)
Aohong Pharma	-	-	Drugs and biological bacteria used for waste water treatment	22.00
Hongqi Pharma	-	-	Expense for operation of environmental protection facilities	14.00
Erye Pharma	Transformation of waste water plant, purchase of analytical instrument, etc.	35.10	Facilities maintenance, waste water treatment, hazardous waste disposal, environmental monitoring, clean production, etc.	168.10
Yaoyou Pharma	Environmental protection facilities	10.40	Hazardous waste disposal, discharge fee, discharge right, etc.	19.50
Carelife Pharma	Including environmental protection facilities rectification, maintenance and repair, consultation fee for project environmental protection completion acceptance	136.59	Expenses of hazardous waste disposal, waste water disposal, discharge fee, environmental monitoring, repair and maintenance of waste water plant and equipment	192.90
Wanbang Tiancheng	Diversion of outdoor rainwater and waste water pipes of workshop	5.31	Disposal of hazardous waste	1.11
Wanbang Tiansheng	Activated carbon deodorization system for waste water treatment station	6.12	-	-
Shanghai Henlius	-	-	Disposal of hazardous waste, annual inspection of three wastes, operation of waste water treatment system, pest control	27.00
SunTech Pharma	Maintenance and replacement of equipment	0.75	Disposal of hazardous wastes	5.20
Chongqing Research Institute	Rectification of liquid waste warehouse	2.00	Disposal of hazardous waste, environmental monitoring, discharge fee, and operation of waste water system	9.84
Ruizhe Pharma	Waste water treatment facilities, exhaust absorption and treatment facilities, noise treatment facilities, temporary warehouse for hazardous waste	622.00	Environmental hazards rectification, capital for operations, waste water discharge, solid/hazardous waste disposal, environmental protection education and training, etc.	145.00
Shanghai Fuchuang	-	-	Treatment of waste water from the hospital	3.50
Guangji Hospital	Cleaning tools	12.00	Operation of cleaning facilities	40.00
Zhongwu Hospital	-	-	Operation and inspection of waste water treatment, exhaust testing	1.48
Chancheng Hospital	Rectification of waste water treatment facilities, addition and transformation of solar power hot water system	116.00	Operation of waste water treatment facilities, medical waste treatment, waste water treatment	103.80
Jimin Cancer Hospital	Greening maintenance	6.00	Operation of waste water treatment	0.60
Wenzhou Geriatrics Hospital	-	-	Environmental certificate, waste water treatment, dangerous goods handling	37.29
Changxing Medical	Environmental protection rectification	0.50	Environmental monitoring	0.88
Long March Medical	-	-	Solid waste treatment, environmental monitoring	7.00
Fosun Biolog	-	-	Solid waste treatment	0.80
Foshion Medical System	-	-	Occupational and environmental health testing	6.00
Huaiyin Medical	Discharge fee	2.40	Operation of waste water treatment	1.50
Chindex (Beijing)	Purchase of air purifier	4.39	Purchase of air purifier filter	0.45
Shanghai Transfusion	Upgrade of environmental protection facilities hardware	3.00	Environmental monitoring and facilities operation	3.00
Laishi Transfusion	-	-	Environmental monitoring/certification/clean production	8.05
Chindex Tianjin	-	-	Environmental assessment project	3.00

# Green Supply Chain

In 2016, Fosun Pharma and its holding subsidiaries and suppliers jointly launched the green supply chain construction project called "Green Fosun". Fosun Pharma Group established the project implementation committee chaired by the Chairman of the Company, and established a general office based on the functional sections and major coordinating departments, so as to achieve interaction between the Group and the enterprises on the strategy and implementation of green supply chain project and ensure the sustainable development of the project.

For system construction, Fosun Pharma issued the "Basic Standards of Green Supplier Management of Fosun Pharma (trial)", which included the green performance on top of the focus on supply performance such as quality, cost, delivery and service. Such performance assessment adopts a hundred-mark system, and is conducted on the suppliers in eight aspects (including EHS compliance, organizational institution, investment amount, target and plan, energy saving and emission reduction, awareness training, ongoing improving and impact on supply chain) with 25 score items. The suppliers will be graded from 1 star to 5 stars (the highest grade) based on the assessment results.

During the period from September to October 2016, Fosun Pharma provided training of green supplier assessment system to over 120 staff in 24 subsidiaries in pharmaceutical, healthcare services, medical diagnosis and medical devices sectors, and 16 subsidiaries participated in the first round of pilot assessment. With the informatization method, Fosun Pharma achieved 100% online assessment for the first round of green supplier assessment and conducted assessment on a total of 66 suppliers mainly in raw material, packaging and ancillary material, equipment assets and office supplies sectors.

Fosun Pharma issued the "Proposal of Green Supply Chain for Fosun Pharma" (the "Proposal") via Fosun's procurement and tender platform. The bidders will be given a first-hand opportunity to understand Fosun Pharma's social responsibility philosophy of green and sustainable development when they registered to participate in the tender projects of Fosun Pharma and its subsidiaries. 600 suppliers had recognized and responded to the Proposal.

The implementation of green supply chain project marked an important step of the Company in supply chain environment management. Through the implementation of such project, Fosun Pharma joined force with its subsidiaries and suppliers in upstream and downstream to facilitate the green supply chain management and establish a comprehensive green supply chain management system. As a leading company in the industry, Fosun Pharma will interact and collaborate with its subsidiaries based on the "Green Supply Chain" project to improve the supply chain environment management, reduce the impact of corporate operation activities on the environment, effectively lower the burden on the nature and environment. Fosun Pharma will also actively collaborate with the enterprises in upstream and downstream of the supply chain to jointly promote the energy saving and emission reduction and resource recycling, facilitate the implementation of green and environmental protection measures, and strive to create a more harmonious industry ecosystem.



In 2016, a total of 16 subsidiaries conducted the green assessment on their downstream suppliers. After the first round of assessment,

**66** suppliers

were admitted in the Group's green supplier list

In 2016,

**600** suppliers

had responded to the Green Proposal of Fosun Pharma

## Green Procurement + Quality • Cost • Delivery • Service + Environment



## Establishment of "Green Fosun" Green Supply Chain

# Alleviation and adaptation to the climate change

## Emission of greenhouse gases

In 2016, the Group made its first attempt to disclose the carbon emission data of the whole group, set the physical boundary of the production, operation and office structure of its subsidiaries as the scope of responsibility. It was preliminarily determined that the direct emission sources of greenhouse gases of the Group included natural gas, liquefied gas, city gas, raw coal, diesel, gasoline, biological fuel and other energy consumption, while the indirect sources included the greenhouse gas generated by electricity and steam consumption, biogas generated by waste water treatment, chlorofluorocarbon substance related to air-conditioning and fire extinguishers and so on.

According to internal estimates, the total emissions of greenhouse gases (CO<sub>2</sub>) of the Group within the boundary of operation premises in China was 750,000 tons\* based on direct and indirect calculations. The Group has committed to continue to record and disclose the carbon emission statistics, and actively facilitate the reduction of emission of greenhouse gases and make active and positive contribution to the sustainable development of the environment.

In 2016, the Group gradually reduced and minimized the emission of greenhouse gases within their control, and encouraged to use clean energy. Chancheng Hospital and Jimin Cancer Hospital satisfied the demand for hot water of staff and patients in the hospitals by heating the water with solar power instead of electricity (steam). In terms of internal management, production subsidiaries gradually regulated the electricity management, optimized the operating time and downtime of electrical equipment and the start and stop temperature of air-conditioners in the office, added insulated materials in the production sites according to seasonal changes or process requirements, reduced the heat loss resulting from heat exchange during the process of pipeline transportation or storage, thereby reducing the energy consumption of heating. Fully-insulated glasses were installed in the conference area on the second floor of Fosun Pharma's, which further prevented the office building from the "strong wind" phenomenon resulting from hot air effect, effectively maintained the air temperature in the lobby and in the building, and reduced the energy consumption of air-conditioning.

Meanwhile, Fosun Pharma Group persisted in promoting education and training relating to environmental protection to our employees, so that each of them knew how to be environmentally aware in daily work and life and to change habits and behavior, thereby achieving the goal of emission reduction. In terms of vehicle management, on the basis of the real situation, the Company adopted certain incentive measures to formulate the fuel saving goal for every drivers. Saving electricity was also promoted by formulating the conditions under which air-conditioners could be used and setting the temperature of air-conditioners to not less than 26° in summer and not more than 18° in winter. Employees were encouraged to turn off lights before they left offices at the end of the day. For office process flow control, paperless OA management was basically adopted to maximize the utilization of electronic materials and minimize printing in the office, thereby reducing the consumption of paper. Our behavior in daily lives makes great contributions to energy saving, while the reduction in energy consumption in turn contributes to alleviate global warming by reducing the emission of greenhouse gases.

## Environmental protection, bio diversities and the recovery of the natural habitats

The Group values the protection of biodiversity in the region and area of the projects. None of its offices, operation premises and manufacturing facilities is located in natural reserves in order not to destroy primitive vegetation. It does not use rare animals in animal studies, either and does not use valuable plants and rare animals as raw materials during the process of production.

### Case: Newly constructed solar power hot water system

The original hot water supply system in the hospital was mainly heated with natural gas furnaces. As the heated water is used for the daily needs of medical staff, the continuous consumption of natural gas has become a fixed emission source of greenhouse gases. In order to eliminate or reduce the emission of greenhouse gases resulting from the activities, the hospital has installed new solar power equipment. The renewable clean energy is used to replace the consumption of natural gas (electricity). Chancheng Hospital and Jimin Cancer Hospital have made such transformation, which reduces the natural gas consumption of 416,000 cubic meters and electricity consumption of 120,000 kWh, equivalent to carbon emission of approximately 998 tons.



### Case: Transformation of chemical storage area

The chemicals were mainly stored in small packages originally, resulting in higher risks of ground soil and underground water pollution due to damage of packaging containers or sub-packaging in the process of storage. In 2016, a new storage tank area has been established. Rain sheds have been set up and a layer of sand for absorption has been laid in the cofferdam, which help to prevent leakage spreading to the storage area in case of damage and leakage of tanks. Emergency measures are adopted to control soil and underground water pollution. Also, pipelines are used to transport chemicals between the tanks and the workshops, so that the risk of pollution during the process of sub-packaging can be avoided. The transformation involves two subsidiaries, namely Huanghe Pharma and Wanbang Folon.



\* Note: Such data did not include the emission of greenhouse gas from the biological and chemical sources within the responsible boundary, i.e. the physical boundary of production, operation and office work.

In 2016, Fosun Pharma Group enhanced the control on soil and underground water pollution risk and adopted the control of soil and underwater water in the subsidiaries gradually. In regard to risk identification, the risks of polluting soil and underground water of the regions where we operated our business in the process of operation were identified, and banned the construction of new underground storage tanks. All chemical storage areas are built with leakage cofferdam and leakage prevention, in order to prevent secondary pollution to soil and underground water resulting from chemical leakage. Specific training relating to soil and underground water protection are provided for relevant personnel in the process of operation, aiming to enhance the protection awareness and skills of relevant personnel. As of the end of 2016, 9 subsidiaries of Fosun Pharma Group has completed the external test and local investigation of the soil and underground water.

For the mergers and acquisitions in 2016, Fosun Pharma Group requested to perform EHS due diligence on all acquired companies (manufacturing companies), in order to identify the potential environmental risks of the acquired companies. The due diligence included the assessment of soil and underground water risks. If the acquired companies have high potential risks in the aspects of bio diversities, soil and underground water protection, or are classified as conditional acquisitions, or have been rejected for the acquisitions, Fosun Pharma Group will not sacrifice the environment in exchange for economic benefits. We strive to engage in practical actions to dedicate our contributions to the well-being of the society.



## Occupational health and safety

Fosun Pharma Group commits to provide employees with a healthy and safe working environment. In 2016, Fosun Pharma continues the implementation of the health and safety management system, and promotes globalization, specialization and delicacy management in the health and safety management among subsidiaries.

In 2016 reporting period, Fosun Pharma achieves 0 major accidents, 703 days of no fatality, a positive performance in healthy and safety.

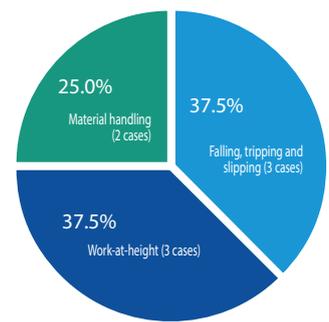
### Safety

Fosun Pharma has strengthened the reporting of incidents and mandate subsidiaries to report any injury or fatality incident (including contractor). The corporate EHS department categorizes the incidents according to GB6441-86 <The Standard to Categorize the Injury And Fatality Incident of Enterprise Employees> and OSHA standard. Loss time incident and recordable injury incident (including incident that requires a doctor prescription) have been presented in the report.

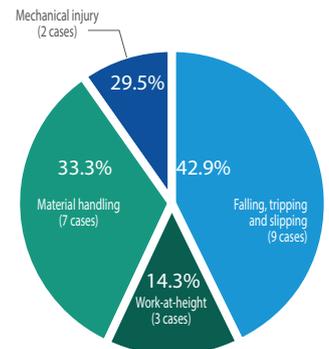
In 2016, the rate of 20 million working hours are 0.044 (8 cases) for serious injury, 0.072 (13cases) for minor injury, 0.116 (21cases) for loss time injury (excluding contractor), and 0.21 (38 cases) for recordable injury. Compared to the rate of 2015, the rate of major injury increased 69.6%, the rate of minor injury decreased 81.7%, the rate of loss time injury decreased 72.7%, the rate of recordable injury decreased 60.7%. All the personnel that suffered major injury have received proper treatment and returned to work without the consequence of amputation or paralysis.

Fosun Pharma has been actively improving performance on safety, including risk assessment on machine hazard and electrical hazard to prevent fatality or major injury.

Fosun Pharma has started process safety management (PSM) in the subsidiaries with API operation and made progress. Assessment and improvement on the control measures in flammable materials operation have been carried out. By the effort, in 2016, 0 fatality incident or explosion is achieved.



Analysis of major injury accidents in 2016



Analysis of loss-time accidents in 2016



## Key activities in occupational health and safety

### Building Leadership

Fosun Pharma made efforts to establish safety leadership, three-tier management network, cross-department special committee, EHS personnel inventory and enhancement, and established the EHS management personnel database which included the information of management leaders, dedicated and temporary EHS personnel and personnel responsible for system elements;

### Risk Management

Based on their respective operational risk characteristics, the subsidiaries also actively identify, evaluate and control all types of health and safety risk factors, and took engineering and administrative measures to control and eliminate such risks.

### Result-Oriented

Fosun Pharma have implemented comprehensive multiple-level inspection, cross-division audit, EHS concern identification and follow-up, red/yellow flagging supervision and rectification within prescribed period, and thorough inspection on hazardous chemicals. In addition to focusing on lagging indicators, such as incident rates, Fosun Pharma also introduced the leading indicators in EHS management, including but not limited to the frequency of safety inspection, the rate of EHS concerns rectification (rates of rectification by 30/60/90 days) and EHS training hours for employees.

### Delicacy Management of System Elements



## Key performance indicator of health and safety of Fosun Pharma Group

Year	Total number of employees	Serious injury rate	Major injury rate	Minor injury rate	Loss time injury rate	Recordable injury rate	Occupation hazard exposure rate	H&S capital expenditure (RMB10,000)	Total training time (hours)	Average training time per person (hours)
2014	15,757	0	0.006	0.46	-	-	14.88%	2,060	No statistics	No statistics
2015	15,187	0.006	0.026	0.392	0.424	0.533	12.57%	4,505	71,474	4.71
2016	16,235	0	0.044	0.072	0.116	0.21	14.89%	3,155	93,431	5.75



## Safety Indicators of key subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Total number of employees	Total working hours (hours)	Indicators of injuries statistics in China						International indicators of injuries statistics						IH disease case	Day for LTC
			Major incident	Serious injury case	Number of major injury case	Number of minor injury case	Number of injury case	Injury rate per 200,000 working hours	Fatal rate per 200,000 working hours	Lost-time case	Recordable case	Lost-time case	Recordable case			
Wanbang Biopharma	779	1,607,070	0	0	1	0	1	0.12	0.00	1	3	0.12	0.37	0	105	
Wanbang Jinqiao	169	344,110	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Zhaohui Pharma	306	708,990	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Chemo Biopharm	157	375,303	0	0	0	1	1	0.53	0.00	1	2	0.53	1.07	0	40	
Wanbang Folon	210	443,520	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Wanbang Sainuokang	98	250,880	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Dongting Pharma	943	1,968,984	0	0	1	1	2	0.20	0.00	2	3	0.20	0.30	0	212	
Aleph	301	660,030	0	0	0	0	0	0.00	0.00	0	1	0.00	0.30	0	0	
Guilin Pharma	1,155	2,310,000	0	0	0	2	2	0.17	0.00	2	3	0.17	0.26	0	84	
Shine Star	1,860	4,464,000	0	0	3	0	3	0.13	0.00	3	3	0.13	0.13	0	350	
Huanghe Pharma	289	622,104	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Aohong Pharma	613	1,331,090	0	0	0	0	0	0.00	0.00	0	1	0.00	0.15	0	0	
Hongqi Pharma	369	734,768	0	0	0	0	0	0.00	0.00	0	5	0.00	1.36	0	0	
Erye Pharma	789	1,841,777	0	0	0	2	2	0.22	0.00	2	2	0.22	0.22	0	65	
Carelife Pharma	316	740,918	0	0	1	2	3	0.81	0.00	3	5	0.81	1.35	0	160	
Yaoyou Pharma	1,195	2,495,160	0	0	0	1	1	0.08	0.00	1	2	0.08	0.16	0	25	
Wanbang Tiancheng	88	198,904	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Wanbang Tiansheng	28	6,368	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Shanghai Henlius	292	511,704	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
SunTech Pharma	95	198,360	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Chongqing Research Institute	248	496,000	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Ruizhe Pharma	148	340,000	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Shanghai Fuchuang	31	80,600	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Guangji Hospital	541	1,137,552	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Zhongwu Hospital	660	1,326,480	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Chan Cheng Hospital	1,700	4,406,400	0	0	1	3	4	0.18	0.00	4	6	0.18	0.27	0	270	
Jimin Cancer Hospital	307	677,856	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Wenzhou Geriatrics Hospital	291	584,328	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Changxing Medical	19	30,818	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Fosun Med-Tech	151	280,000	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Long March Medical	321	656,588	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Fosun Biolog	18	36,860	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Zhongsheng zhongjie	67	102,137	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Foshion Dental	89	154,784	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Huaiyin Medical	577	1,505,970	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Chindex (Beijing)	51	96,024	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Chindex Shanghai	126	245,844	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Shanghai Transfusion	231	616,875	0	0	1	0	1	0.32	0.00	1	1	0.32	0.32	0	110	
Laishi Transfusion	186	428,544	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	
Alma	213	444,744	0	0	0	0	0	0.00	0.00	0	1	0.00	0.45	0	0	
Chindex Tianjin	4	3,392	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0	0	

Note: 1. 1 minor injury incident in the headquarter of the Fosun Pharma Group was included in the lost-time cases and recordable injury cases;

2. (Total, Lost-time, Recordable) Rate = (Total, Lost-time, Recordable) Number \* 200,000 / Total Working Hours



## Case: Improvement on process safety in Ruizhe Pharma

Ruizhe Pharma has invested RMB6.05 million to build a new DCS, to monitor the potential risk of chemical runaway reaction and explosion in the API units. Flammable gas and toxic gas detectors are also installed in the plant. In traditional API process, operator surveillance and patrol has been applied in the process control. In Ruizhe, DCS system with alarm and interlock is introduced to replace the traditional approach to improve process safety performance.



## Case: Mechanical protection improvement on wire cut equipment

In Foshion Dental Clinic System, wire cutter is traditional key equipment. It is without any machine guarding. The uncovered slicing wires may cause amputation and other major incidents in operation. In 2016, Foshion Dental Clinic System completed the machine guarding improvement on the equipment. The installation of interlock (as shown in the diagram below) ensures that no one can open the protection door and touch the moving wires when the equipment is in operation. Also, the upper and lower axes and left and right axes are equipped with protection to prevent potential crash injury due to the pinching point during the equipment movement.

## Occupational Health

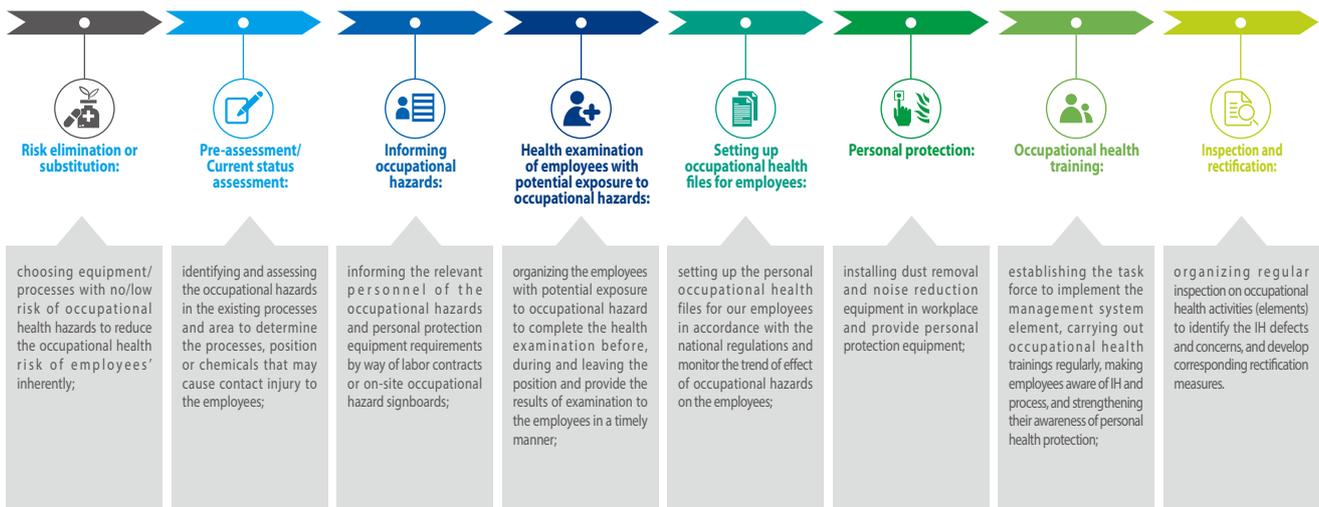
Fosun Pharma have been providing employees with good working environment for their daily work to reduce the employees' risk of exposure to occupational health hazards.

Due to Fosun Pharma's business characteristics (pharmaceutical and related industries), our subsidiaries provide employees with annual health examinations who are directly or indirectly exposed to the occupational hazards (such as noise, chemical, dust and radiation) in the workplace. In 2016, 2,417 exposed employees, or 100% are provided with health examination, and the abnormal case is 0. The pass rate of the occupational health examination is 100%.



**100%**  
complete rate of health examination

In 2016, a total of 2,417 employees who were exposed to occupational hazards completed health examinations with complete rate of 100%. In particular, the number of employees with abnormal result was 0, and the pass rate of occupational health examination was 100%.



### Occupational health of some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Number of employee exposed to occupational hazards	Percentage of the employees exposed to occupational hazard over the total employees	Employee required for occupational health check	Completion rate of occupational health examination	Number of abnormal case	Major occupational hazards
Wanbang Biopharma	354	45.44%	354	100%	0	Noise, dust, chemical (methanol, acetone, nitrile, phenol, ethyl acetate, hydrochloric acid, etc.)
Wanbang Jinqiao	140	82.84%	140	100%	0	Noise, dust, chemical (methanol, acetone, nitrile, tetrahydrofuran, diethyl ether, etc.)
Zhaohui Pharma	8	2.61%	8	100%	0	Dust, noise, chemicals

## Occupational health of some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Number of employee exposed to occupational hazards	Percentage of the employees exposed to occupational hazard over the total employees	Employee required for occupational health check	Completion rate of occupational health examination	Number of abnormal case	Major occupational hazards
Chemo Biopharm	18	11.46%	18	100%	0	Noise, sodium hydroxide, hydrogen sulfide, ammonia, fur dust, drug dust
Wanbang Folon	18	8.57%	18	100%	0	Noise, dust
Wanbang Sainuokang	4	4.08%	4	100%	0	Noise
Dongting Pharma	264	28.00%	264	100%	0	Toluene, ammonia, chlorine, dust, etc.
Aleph	6	1.99%	6	100%	0	Noise, smoke dust
Guilin Pharma	223	19.31%	223	100%	0	Dust, noise, hazardous gas
Shine Star	381	20.48%	381	100%	0	Noise, dust, chemical
Huanghe Pharma	86	29.76%	86	100%	0	Dust, noise, heat, power frequency electric field, toxic and hazardous substances, etc.
Aohong Pharma	9	1.47%	9	100%	0	Carbon monoxide, noise, heat
Hongqi Pharma	83	22.49%	38	100%	0	Dust, noise
Erye Pharma	83	10.52%	83	100%	0	Ethanol, acetone, ethyl acetate, butyl acetate, sulfuric acid, butanol, welding fumes
Carelife Pharma	231	73.10%	231	100%	0	Chemicals (acetone, methylene chloride, chloroform, triethylamine, etc.)
Yaoyou Pharma	41	3.43%	41	100%	0	Noise
Shanghai Henlius	12	4.11%	12	100%	0	Noise
SunTech Pharma	80	84.21%	80	100%	0	Organic solvents
Chongqing Research Institute	38	15.32%	38	100%	0	Chemicals (toluene, methanol, acetonitrile, etc.), organic dust (drug dust)
Ruizhe Pharma	103	69.59%	103	100%	0	Noise, dust, volatile solvents, etc.
Fuchuang Pharma	16	51.61%	16	100%	0	Chemicals
Guangji Hospital	16	2.96%	16	100%	0	Radiation
Zhongwu Hospital	29	4.39%	29	100%	0	Radiation
Chan Cheng Hospital	59	3.47%	59	100%	0	Radiation hazards of clinical hospital, radiology department, interventional radiotherapy room
Jimin Cancer Hospital	14	4.56%	14	100%	0	Source of radiation
Wenzhou Geriatrics Hospital	89	30.58%	89	100%	0	Infectious, infectious, radiant, toxic gas operation
Changxing Medical	8	42.11%	8	100%	0	Dust, acid fog, nitrogen oxides, ultraviolet radiation
Long March Medical	11	3.43%	11	100%	0	Acid and alkali chemical reagents
Zhongsheng Zhongjie	6	8.96%	6	100%	0	Blood contamination, cutting injury, benzene
Foshion Medical System	4	4.49%	4	100%	0	Noise, dust
Chindex (Beijing)	NA	-	-	-	NA	Not involved in occupational hazard factors
Chindex Shanghai	2	1.59%	2	100%	0	Radiation
Shanghai Transfusion	16	6.93%	16	100%	0	Noise, heat
Laishi Transfusion	10	5.38%	10	100%	0	Noise, dust
Chindex Tianjin	NA	-	-	-	NA	Not involved in occupational hazard factors

## Investment in health and safety

In order to ensure the safety and health of the employees during the production, operation and office administration, Fosun Pharma have been continuing to invest in the improvement of health and safety with RMB31.55 million in total in 2016, which mainly included expenditure on improvement of fire safety and occupational health equipment and operation cost of these equipment.

### Investment in safety of some subsidiaries of Fosun Pharma Group

Name of enterprise	Investment in safety equipment		Investment in operation of safety equipment	
	Project description	Amount (RMB10,000)	Project description	Amount (RMB10,000)
Wanbang Biopharma	Upgrading surveillance equipment, procurement of emergency supplies, project safety assessment, safety protection equipment, procurement of firefighting equipment	21.52	Firefighting inspection, lightning inspection, equipment maintenance, firefighting equipment maintenance, special equipment inspection, etc.	41.90
Wanbang Jinqiao	procurement of emergency supplies, project safety assessment, safety protection equipment, procurement of firefighting equipment	7.55	Firefighting inspection, lightning inspection, equipment maintenance, firefighting equipment maintenance, special equipment inspection, etc.	28.00
Zhaohui Pharma	Firefighting rectification, firefighting alarm system, safety warning posts and signs, safety protection equipment, etc.	101.00	Safety training, firefighting equipment, safety inspection, consultation fees, safety equipment maintenance, spare parts, etc.	0.00
Chemo Biopharm	Procurement of firefighting equipment	0.78	Occupational hazards monitoring, health examination for occupational hazards, lightning inspection, security alarm service, system certification, firefighting equipment inspection and maintenance, maintenance and inspection of special equipment, training, safety labels, personal protection equipment	30.75
Wanbang Folon	Safety rectification, current status safety assessment, fire extinguishers, emergency supplies, installation of freight elevators	18.80	Firefighting equipment inspection and maintenance, occupational hazards monitoring, current status safety assessment, health examination for occupational illness, inspection of safety valves and special equipment, personal protection equipment	20.28
Wanbang Sainuokang	Firefighting equipment in new building	9.20	Replenishment of powder for dry powder fire extinguishers, helmets, cordon and etc.	1.00
Dongting Pharma	Firefighting equipment for conversion and expansion project, firefighting and safety posts and signs, emergency surveillance equipment, procurement and installation of switchboards, procurement and installation of video surveillance, procurement of hydrogen and chlorine alarms, etc.	262.00	Maintenance and inspection of firefighting system, firefighting safety assessment, occupational hazards monitoring, safety training, safety system re-assessment, preparation and review of emergency response plan, safety production liability insurance, maintenance of elevators/hoists, annual inspection of elevators and relevant management fees, etc.	52.50
Aleph	Fire extinguishers, smoke masks, firefighting emergency supplies, upgrade the protection devices of grinders and cutting machines	6.00	Maintenance and inspection of firefighting system, safety training	8.10
Guilin Pharma	Upgrade firefighting equipment in part of the plant	29.00	Spare parts of safety equipment, safety equipment maintenance, maintenance and inspection of firefighting facilities, consultation fee	128.00
Shine Star	Refinement and renovation of safety protection equipment	261.40	Training, drill and improvement on safety	91.00
Huanghe Pharma	Firefighting equipment, emergency supplies, rectification, etc.	20.59	Training, facilities maintenance, occupational health examination, etc.	11.85
Aohong Pharma	Renovation and replacement of automatic fire and smoke alarm system, fire extinguishers, emergency lights, evacuation signs	0.88	Firefighting control room operator training, maintenance of reusable fire engine, fire extinguishers, replacement of broken gas detector, evacuation signs, emergency lightings, etc.	0.94
Hongqi Pharma	Safety inspection, occupational health inspection, maintenance of firefighting equipment/facilities	7.00	Safety hazard rectification, PPE, safety operation	14.70
Erye Pharma	Replacement of flammable gas detector, current status safety assessment, replacement of firefighting equipment, procurement of emergency equipment, etc.	39.81	Flammable gas detector test, occupational health examination, PPE, etc.	40.88
Carelife Pharma	Solvent recycling and storage tanks project and three simultaneity	37.57	Including training expense, employee health examination, PPE, safety facilities operation and maintenance cost, firefighting system maintenance cost, special equipment and measuring instrument inspection fees	159.10
Yao Pharma	Upgrade firefighting equipment, and firefighting system, etc.	224.70	health examination, safety facilities inspection, PPE, etc.	122.30
Wanbang Tiancheng	-	-	Safety posts and addition of fire extinguisher	1.10
Wanbang Tiansheng	-	-	Training for welder certification, safety officer certification, Business owner safety certification, etc.	0.50
Shanghai Henlius	PPE, safety promotion	2.50	Maintenance of safety facilities and training of safety facilities operation	1.50
SunTech Pharma	Fire extinguishers, chemisorption cotton, etc.	1.65	Inspection of occupational hazards, purchase of gloves, masks and other protective articles	11.19
Chongqing Research Institute	Procurement of firefighting equipment, PPE, heatstroke prevention etc.	18.00	Fire safety contest, drills, occupational health examination, etc.	3.40
Ruizhe Pharma	Flammable gas detector and alarm system, toxic gas detector and alarm system, liquid level indicators, thermometer, pressure gauge, pressure relief system, video surveillance system, automatic fire alarm system, lightning protection and grounding system, ex-rated equipment, protective devices in workplaces, safety warning system, emergency response system, fire extinguishing system, eyebaths, DCS system, emergency rescue equipment, PPE	605.00	Investment in safety hazards rectification, safety and firefighting equipment, safety training, occupational health examination, occupational illness prevention measures, personal protection equipment, occupational health training, etc.	60.00
Fuchuang Pharma	-	-	Health examination, protective suit, protective masks, gloves, etc.	2.52
Guangji Hospital	Replacement of fire extinguishers, fire hoses	8.00	Firefighting equipment and installations, security installations	15.00
Zhongwu Hospital	Firefighting equipment and replenishment of powders for ineffective fire extinguishers	1.62	Maintenance of firefighting system	3.90
Chan Cheng Hospital	renovation of firefighting and security installations	58.00	Maintenance and operation of firefighting facilities, maintenance of security facilities, expense on security services of third-party	267.30
Jimin Cancer Hospital	Addition of eyebaths, preparation cabinet for chemotherapeutic medicine, mini-firefighting cabinet	4.00	Water and electricity charges in operation of relevant equipment	0.50
Wenzhou Geriatrics Hospital	Firefighting installation for phase I project	220.08	Daily maintenance of firefighting and security facilities	7.50
Changxing Medical	Three simultaneity of project safety	3.85	Maintenance of firefighting facilities, inspection of fire extinguishers	1.20
Yaneng Bio	occupational health and safety assessment and firefighting equipment	1.00	chemical management consultation	0.90
Long March Medical	Addition of electronic fences for phase II of diagnosis division	3.00	Health examination for employees, maintenance of firefighting facilities	15.00
Fosun Biolog	-	-	Health examination for employees	0.40

## Investment in safety of some subsidiaries of Fosun Pharma Group

Name of enterprise	Investment in safety equipment		Investment in operation of safety equipment	
	Project description	Amount (RMB10,000)	Project description	Amount (RMB10,000)
Foshion Medical System	Investment in safety fixed assets (machine guarding, firefighting equipment, fire doors, emergency supplies, etc.)	9.50	Procurement of safety cabinets, safety training	3.80
Huayin Medical	Establishment of mini firefighting station, replacement of fire extinguishers	1.10	pressure vessel inspection	2.70
Chindex (Beijing)	-	-	Annual inspection of fire extinguishers and OTC medicine for office	0.08
Shanghai Transfusion	Periodic replacement of firefighting equipment, procurement of emergency supplies, replacement of unsafe equipment	13.00	Safety training, maintenance costs of firefighting facilities, inspection charges, safety facilities decommissioning, etc.	5.00
Laishi Transfusion	Fire extinguishers	0.70	Inspection of elevators/boilers/sterilizers	1.00

## Employee Engagement

Fosun Pharma focuses on improving the EHS team's skill and knowledge, not only carrying out technical discussion and knowledge sharing by internet media such as WeChat and FosunLink, but also organizing task force to develop EHS toolbox, including chemical management, confined space, electrical equipment management. The toolbox illustrates the key points in EHS check with graphics and textures.

In 2016, Fosun Pharma devoted more effort to the EHS training of the subsidiaries. The total training hours are 93,431 hours, with total 34,913 person-times, including 2.15 training per person and 5.75 training hours per person. The training time per person increased by 22.2% compared to the corresponding period in 2015.



In 2016, Fosun Pharma devoted more effort to the EHS training of the subsidiaries. The training totals

**34,913** people

5.75 hours per person (focusing on EHS awareness training and professional skills training)

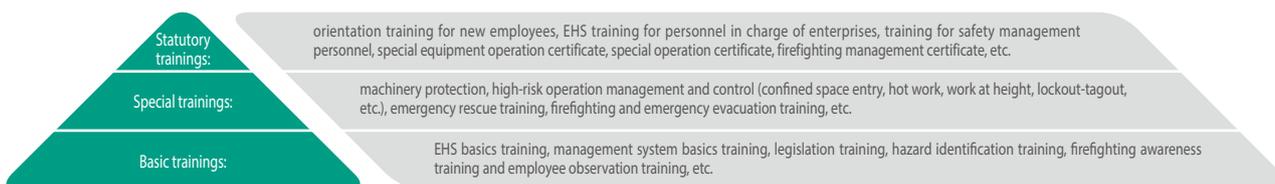
### Total training hour

	(hours)
2016	93,431
2015	71,474

Training duration per person recorded a year-on-year increase of

**22.2%**

### Three-level framework of EHS training of the subsidiaries



### EHS training for some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Mandatory training					Basic training			Special training		
	Number of participants required	Actual number of participants	Completion %	Total duration (h)	Training programme	Number of participants	Duration(h)	Training programme	Number of participants	Duration (h)	Training programme
Wanbang Biopharma	39	39	100%	936	New employee orientation, safety management certification training for the Business owner	896	1,210.5	EHS general training, system training	391	703	Emergency response plan training, first aid training
Wanbang Jinqiao	16	16	100%	384	New employee orientation; safety management certification training for the Business owner	118	207	EHS general training, system training	139	292	First aid, fire emergency drills, chemical release drills, flood control training
Zhaohui Pharma	32	32	100%	768	Special safety and quality inspection	1,299	2,726.5	EHS general training	96	96	Storage, laboratory operation, etc.
Chemo Biopharm	42	42	100%	174	New employee orientation, special operation permit	207	353.5	EHS general training, system training	577	1,054	Contractor management, training for eight dangerous works
Wanbang Folon	50	50	100%	354	Safety management certification training for the Business owner, new employee orientation	204	516	EHS general training, system training	269	318.5	Contractor management, operation of fire-fighting gear control, fire evacuation drills
Wanbang Sainuokang	3	3	100%	72	Safety management certification training for the Business owner	69	89	EHS general training, system training	4	2	Management of hazardous waste
Dongting Pharma	96	96	100%	828	New employee orientation; safety management certification training for the Business owner; special operation permit	795	2,403.5	EHS general training, laws and regulations	187	414	Contractor management, dangerous works, inspection and maintenance of equipment, fire safety

## EHS training for some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Number of participants required	Actual number of participants	Mandatory training			Basic training			Special training		
			Completion %	Total duration (h)	Training programme	Number of participants	Duration(h)	Training programme	Number of participants	Duration (h)	Training programme
Aleph	693	693	100%	1,392	New employee orientation	2,989	5,218.5	EHS basic knowledge, training of fire-fighting knowledge	1,205	1,645.5	EHS operating procedures training
Gulin Pharma	260	260	100%	6,392	New employee orientation, safety management certification training for the Business owner, fire safety training	402	603	fire-fighting training for autumn, team safety training	227	303	PPE training, EHS operating procedures training, training for use of seat harness
Shine Star	390	390	100%	1,550	Safety management certification training for the Business owner for chemical production	56	672	Laws and regulations	1,860	1,860	GB30871 and safety and environmental protection training
Huanghe Pharma	64	64	100%	571	New employee orientation, safety management certification training for the Business owner	795	1,745.25	Laws and regulations, system training	911	1,956.25	Lockout-tagout, high-risk operations, firefighting training and first aid
Aohong Pharma	77	77	100%	1,752	New employee orientation	600	2,700	EHS general training, laws and regulations	182	341	Elevator safety training, firefighting training, inspection on safety hazards, hazardous chemical management
Hongqi Pharma	129	129	100%	512	Safety management certification training for the Business owner, new employee orientation, special operation	680	1,902.5	EHS general training, system training	805	1,428.5	Confined space, chemical management program, firefighting, lockout-tagout
Erye Pharma	91	91	100%	3,856	New employee orientation, safety management permit; special operation	2,080	4,835	EHS general training, system training	1,125	2,838.5	LOTO, equipment protection, electrical safety, special equipment, contractors, chemicals
Carelife Pharma	16	16	100%	3,931	Safety management certification training for the Business owner, new employee orientation	330	419.5	EHS general training, system training, laws and regulations	122	126	HAZOP and JHA risk analysis methodology, behavioral safety observation and communication, fire fighting and first aid
Yao Pharma	161	161	100%	1,552	Training for safety management personnel, new employee orientation	1,353	1,731	EHS general training, laws and regulations	108	290	MG&LOTO special training
Wanbang Tiancheng	-	-	-	-	-	96	138.88	EHS general training, laws and regulations	71	98.5	Hazardous chemical, fire fighting and emergency response
Wanbang Tiansheng	-	-	-	-	-	12	1	EHS training	-	-	-
Shanghai Henlius	-	-	-	-	-	650	300	EHS general training, laws and regulations	60	360	First aid training
SunTech Pharma	33	33	100%	792	New employee orientation, training for safety production and management personnel	465	697.5	EHS general training, system training	465	697.5	Electricity safety, lockout-tagout, Hot work
Chongqing Research Institute	72	72	100%	1,154	Safety management certification training for the Business owner, new employee orientation	108	171	EHS general training, laws and regulations	5	5.5	Construction Safety, work at height, hot work
Ruizhe Pharma	136	136	100%	3,600	New employee orientation, safety management personnel permit, special operations and permits	993	4,000	EHS general training	215	1,700	work permit
Shanghai Fuchuang	4	4	100%	3	New employee orientation	-	-	-	26	16	Laboratory safety operation training
Guangji Hospital	42	42	100%	1,008	New employee orientation	50	50	Hospital vulnerability analysis, hazard identification and responses	63	63	Firefighting and hospital violence prevention drills
Zhongwu Hospital	2	2	100%	64	New employee orientation, training for safety management personnel	124	114	EHS general training, system training	166	138	Site safety, high-risk operation, loto training, hot work, fire fighting
Chancheng Hospital	56	56	100%	224	Safety training for new employee, special operation permit	3,006	2,750	fire safety, hazardous chemical safety training	630	1,863	Training in hospital violence prevention, training in security emergency
Jimin Cancer Hospital	50	48	100%	48	Training for safety production and management	100	95	Briefing of EHS basis concept	50	45	Firefighting skills
Changxing Medical	9	9	100%	48	Training for safety production and management, new employee orientation	19	38	EHS laws and regulations training	19	152	Fire training, machine guarding
Yaneng Bio	856	507	100%	277	Training for safety production and management, new employee orientation	-	-	-	18	41.5	Chemical management
Long March Medical	15	15	100%	180	Training for safety production and management, special operations and permits	1,462	3,100	EHS general training	22	55	First aid
Fosun Biolog	2	2	100%	40	Safety production and management, special operation	151	377	EHS general training	2	5	First aid
Zhongsheng zhongjie	12	12	100%	6	Safety	-	-	-	-	-	-
Foshion Medical System	2	2	100%	48	Safety management certification training for the Business owner	258	169	EHS general training	152	268	Firefighting and first aid training
Huaiyin Medical	4	4	100%	48	Special operation	577	577	EHS general training	2	24	Firefighting and emergency response
Chindex (Beijing)	-	-	-	-	-	1	8	EHS basic concept training	-	-	-
Chindex Shanghai	-	-	-	-	-	4	8	EHS general training	-	-	-

## EHS training for some subsidiaries of Fosun Pharma Group in 2016

Name of enterprise	Mandatory training				Training programme	Basic training		Special training			
	Number of participants required	Actual number of participants	Completion %	Total duration (h)		Number of participants	Duration(h)	Training programme	Number of participants	Duration (h)	Training programme
Shanghai Transfusion	102	108	100%	230	New employee orientation, safety management permit, special operation	231	116	Training of EHS basic concept, and laws and regulations	15	15	job safety skills
Laishi Transfusion	-	-	-	-	-	222	780	EHS basic concept, laws and regulations and system training	28	592	job safety skills
Chindex Tianjin	-	-	-	-	-	1	8	EHS basic concept training	-	-	-

## EHS Culture

Fosun Pharma encourages employees to actively participate in health and safety activities and management, develop self-management activities with great variety and enrichment content and grants the employees' entitlement on healthy and safety.

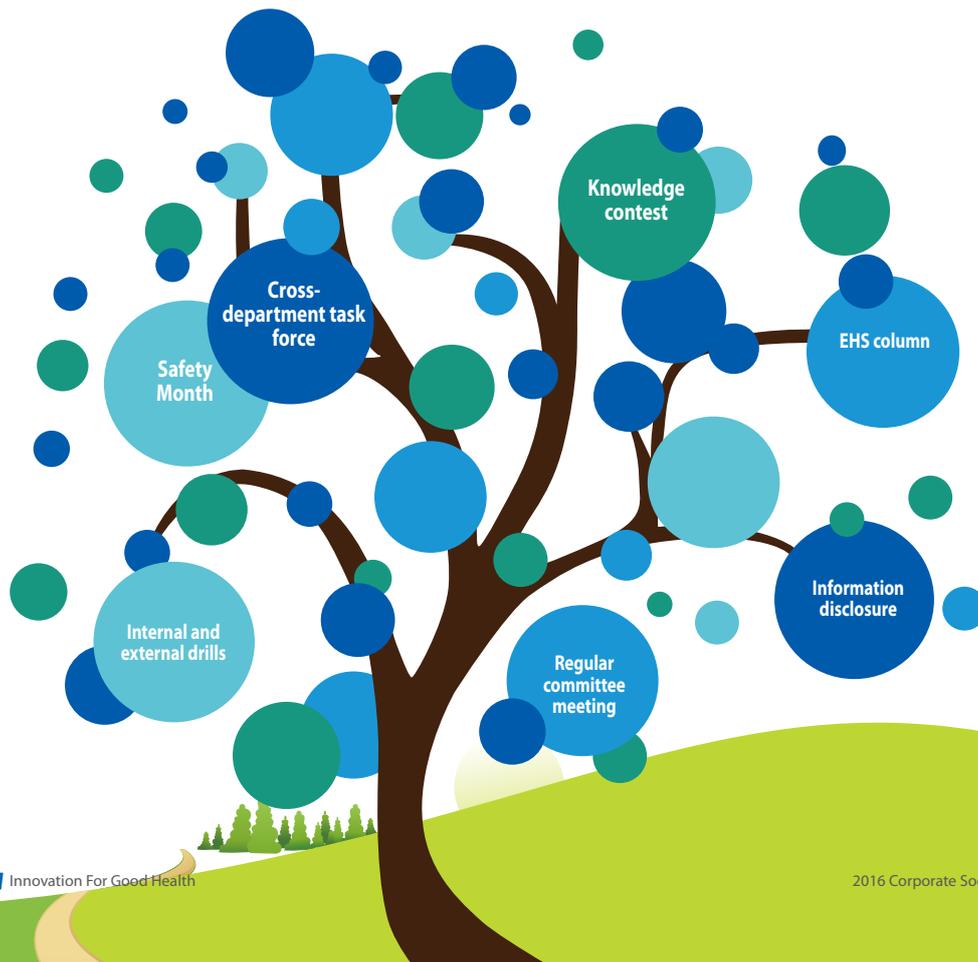
In 2016, the subsidiaries of Fosun Pharma Group also gradually established a cross-enterprise and cross-division communication channel, which allows the active communication between business divisions and subsidiaries and promotes the model of "cross division learning". Our corporate safety culture is evolving from "passive reaction" to "active autonomy".

Fosun Pharma continued to implement the accountability system on managing the EHS management system element. Personnel from various departments are assigned to be the responsible person of a system element, who is responsible to promote the "all-encompassing" implementation of the system element within the subsidiaries.

In 2016, the EHS team annual conference of Fosun Pharma Group was held in Shanghai. Focusing on the "intensive development of systems and reinforcement of responsibilities", the attendees had discussion and shared experience on specific topics. Guest speakers were invited to share best practice in EHS subject. The conference not only broadens the attendees' horizon and also builds a communication platform.



Photo of attendees of EHS department annual conference in 2016



## Employees' engagement in health & safety activities of some subsidiaries of Fosun Pharma Group in 2016

Subsidiary	Management organization	Management status
Wanbang Biopharma	Wanbang Biopharma EHS committee, site EHS committee	Regular EHS committee meetings, fire emergency evacuation drills, flood control desktop drills, monthly safety campaigns and quizzes
Wanbang Jinqiao	EHS committee	Fire emergency evacuation drills, monthly safety campaigns, Ankang Cup contest, Regular EHS committee meetings
Wanbang Folon	EHS committee	There are 7 special management teams under the committee, namely, high-risk operations, LOTO management, chemical management, environmental protection, firefighting, contractor management and occupational health management. The teams have meetings regularly, discuss the operation of EHS system of the Company and EHS requirements of employees, and strive to improve and enhance EHS performance.
Wanbang Sainuokang	EHS committee	The head and deputy head of the committee are general manager and deputy general manager respectively; members are the Business owner of various departments. At least one EHS meeting is held each month.
Dongting Pharma	EHS management committee	The Changde City Occupational Health Institution was invited to provide training and consultancy in April; 2015 safety production award ceremony was held in June; emergency drill on major hazard (liquid ammonia leaking) in August; Extensive GMP and EHS training for all employees during overhaul period in August; Fire evacuation drill in November; and three-tier safety training for new employees and safety training for transferred employees throughout the year.
Aleph	Safety production and management committee	Safety, firefighting training, contest on safety information
Guilin Pharma	EHS management committee	Conducted safety checks regularly, Safety production month campaign, regular meetings for safety production
Huanghe Pharma	EHS committee	Identification of environmental hazards, EHS system audit, emergency drills, etc.
Aohong Pharma	Safety production committee, hazardous chemical management committee	Safety production month campaign, Ankang Cup campaign, essay competition on safety, training of safety hazards inspection, major inspection and rectification of hazards, training of hazardous chemical management, MSDS card making and training, developing and implementing routine patrol rules in hazardous chemical areas
Hongqi Pharma	EHS committee	Regular EHS meetings, drills of using firefighting equipment, drills on emergency plan of special equipment (i.e. boilers, elevators), fire evacuation drills, training on environment and occupational health and safety, monthly EHS journal on safety, internal newsletter on EHS
Erye Pharma	EHS management committee	Held EHS committee meetings quarterly, established and improved EHS management systems, conducted fire drills and drills on emergency response plan
Yaoyou Pharma EHS committee, Branch of safety committee, etc.	EHS committee, sub-committee of safety committee, etc.	<ol style="list-style-type: none"> <li>held EHS meetings, developed EHS targets and indicators;</li> <li>organized and conducted system certification, internal audit;</li> <li>organized EHS contest, safety month campaign, campaign on environmental day and various special trainings;</li> <li>Conducted emergency drills on safety and occupational health, emergency drills on environmental emergency events;</li> <li>Implemented checks and inspections at all levels.</li> </ol>
Wanbang Tiancheng	Safety committee	Conducted inspection and held meetings twice a month
Wanbang Tiansheng	EHS committee of Wanbang Tiansheng	Held a committee meeting once a month
Shanghai Henlius	EHS safety group	Held two meetings for safety personnel every month, communicated with the senior management in charge once or twice a month
SunTech Pharma	EHS committee	Fire drills, safety standardization for small enterprises
Chongqing Research Institute	EHS committee	Attended EHS committee meetings, established EHS systems, participated in incidents investigation and other activities
Ruizhe Pharma	Safety production committee	Held 4 safety committee meetings, organized 3 staff to participate in environmental emergency knowledge contest and 11 staff to participate emergency response plan contest held by the local industrial park, carried out 2 internal hazardous chemical quizzes and 2 firefighting competitions
Shanghai Fuchuang	Laboratory operation committee	Checked safety operation of laboratories from time to time, and made rational suggestions
Zhongwu Hospital	EHS committee	The committee is led by the president and EHS work is managed by a vice president. There are 5 working groups under the EHS committee, namely, system group, environmental group, occupational health group, safety group and equipment group.
Long March Medical	EHS management department	Safety system standardization, EHS system implementation
Fosun Biolog	EHS working group	Safety system standardization, EHS system implementation
Huaiyin Medical	EHS committee	The safety committee organized all employees to participate in a winter fire drill on 11 November 2016
Shanghai Transfusion	Safety committee	Regular EHS committee meetings, fire emergency evacuation drills, flood control desktop drills, safety month campaigns, EHS knowledge quiz
Laishi Transfusion	EHS committee	Fire emergency evacuation drills, safety month campaigns, Ankang Cup contest, regular EHS committee meetings

Disclosure description: 1. The report discloses the health, safety and environmental protection quality, which is part of the working environment quality and has important effect on the Group. They include the related important performance indicators. For some key indicators which have general effect on the Group, the report has also made voluntary disclosure to some extent. 2. Six new subsidiaries, namely Wanbang Tiancheng, Wanbang Tiansheng, Fuchuang Pharma, Wenzhou Geriatrics Hospital, Zhongsheng Zhongjie and Chindex Tianjin, were included in the major subsidiaries disclosed. 3. The calculation method of total number of employees in EHS section is different from the calculation method of total number of employees in Employees section in this report, the statistical scope of number of employees for EHS section is the number of employees in service.

Data description: the statistics of the data disclosed in the above sections and each table in the EHS report are conducted in accordance with related national or local regulations, industrial standards, administrative requirements or practices formulated by subsidiaries. They are derived after reasonable verification. For the data whose validity or completeness cannot be confirmed due to various objective reasons, they are denoted with "-". For the appropriate data, they are denoted with "NA".

P92 | Sustainable Development of Talent



P93 | Talent Education



P98 | Employee Development



## Care for more happiness of employees

### 關愛 讓員工更幸福

Fosun Pharma Group cares about the sustainable development of talent. Since its establishment, Fosun Pharma has been holding the talent perspective of "attracting people with development, mobilizing people with career, cultivating people with challenge, and recognizing people by their performance". Right now, the entrepreneurship-based team has been at the core of the Group's development. While the Group is developing rapidly, it provides more outstanding talents with room for growth by Talent Retention Program and Succession Management Program, and we also provide them a platform to discover their value and improve themselves.



## Young talent



In 2016, over **65.6%** of employees were under the age of 40.

Fosun Pharma Group has more and more young talents and they are becoming the backbone of the Group.



## Personnel Incentive



In 2016, the promotion rate of Fosun Pharma Group employees was **23.92%**

An incentive mechanism is established to share the result of development with employees.



## Highly educated professionals



**27.6%**

Fosun Pharma Group continued to increase the introduction of highly educated professionals. The number of PhDs has reached 134, increasing by 27.6% as compared to 2015.

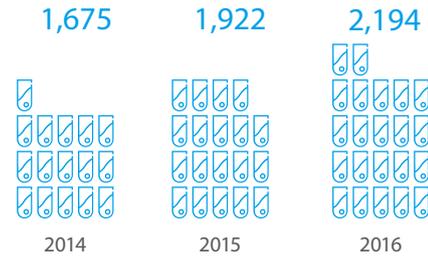


**14.85%**

The number of employees with master degree was 1,021, increasing by 14.85% as compared to 2015.



## Value R & D talents



The Company focused on technological innovation and increased the introduction of R & D staff. The number of R&D staff (including QA and QC Employees) has reached 2,194, increasing by

**↑ 14.2%** as compared to 2015.



## Talent Development



Total training expenses of Fosun Pharma Group amounted to

**8.19 million**

representing a year-on-year increase of **↑ 47%**

Training hours per employee was **33 hours/person**, representing a year-on-year increase of **18%**. Of which, training hours per female employee was **37 hours/person**, representing a year-on-year increase of

**↑ 23%**

Total hours/person of training of general employee was **710,701 hours/person**, representing a year-on-year increase of

**↑ 23%**



## Employee rights

Female employees **50.96%** Male employees **49.04%**



The Group advocated a fair competition, fighting against discrimination and respecting the freedom of religious. In the composition of employees in 2016, female employees, disabled employees and employees of ethnic minority accounted for **50.96%**, **0.36%** and **2.49%**, respectively.

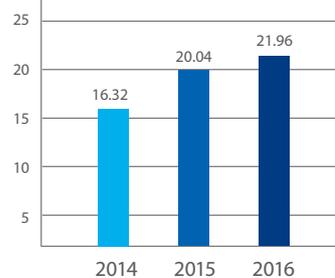
Retain job positions for **100%** of female employees when they are pregnant, during childbirth and breast-feeding period and their returning to work is **100%** guaranteed. **100%** of male employees whose spouse gives birth will enjoy paternity leaves.



## The remuneration of all employees of the Group in all operating location is higher than local minimum wage.

### Cash payment to employees and on behalf of employees

(RMB100,000,000)



In 2016, the Group's cash payment to employees and on behalf of employees totaled **RMB2,196 million**, an increase of **9.58%**



# Sustainable Development of Talent

The sustainable development of talent is an important step in the accomplishment of Fosun Pharma's goals. Adhering to external introduction and internal development, the Group does not only proactively attract outstanding talents from outside, but also reinforces its internal development and promotion, so that we can build a team that recognizes the company's culture and full of entrepreneurship, which will contribute to establish a talent highland.

The Group cares about the talent acquisition and development in the affiliated companies. In the acquisition, development, and promotion of talents, men, women, minorities, and disabled employees are entitled to equal rights.

## Talent Acquisition

Fosun Pharma Group advocates "attracting people with development".

Driven by two wheels of "investment and operations", the Group was further improved and extended in the macro-health sector. There had been sustainable growth in business, with the scale and platform expanding further. Internationalization allowed us to move out from China and tapped into the rest of the world, thereby attracting a growing number of local and overseas talent to join.

## Optimized Structure

The Group had a total of 19,523 employees in all areas with presence combined as of December 31, 2016, a increase of 9.4% from 2015.

All employees of Fosun Pharma Group are widely distributed in Eastern, Southern, Central, Southwestern and Northeastern China. The Group has provided a lot of job opportunities.

In 2016, more than 65.6% of the Group employees were below 40 years old, and more and more young talents have become the backbone of the enterprises.

The Group continued to hire talents with advanced education in 2016. There were up to 134 employees holding a doctorate degree, an increase of 27.6% from the last year. Those holding master's degrees surged by 14.85%. Fosun Pharma further focused on enhancing the overall education qualification of employees. Employees holding qualifications of college degree or above accounted for 59.0%. There were up to 2,194 technical R&D employees (including QA and QC employees), representing an increase of 14.2% as compared with that of the last year.

## Internal Referral

The Group actively encourages internal staff to recommend external personnel (Bole Plan) for enriching the reserve of human resources, which helped the Company to build a first-class team.

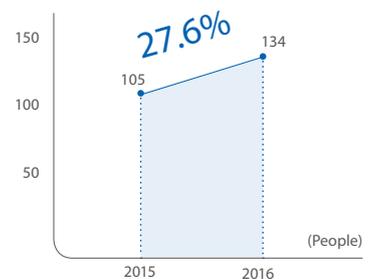
Our employees actively participate in talent acquisition plan. In 2016, 31.0% of the new employees joined the Company through internal referral channels, which helped the Company to find talents that fit its needs.

Proportion of employees aged below 40

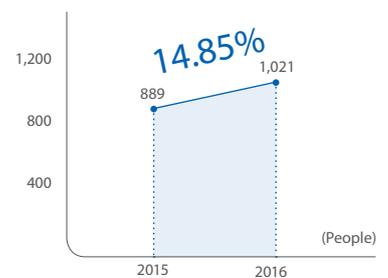
**65.6%**



## Number of employees with doctorate degree



## Number of employees with master degree



## Structure of Human Resources of Fosun Pharma Group

(People)

Year	Total	Gender	
		Male	Female
2016	19,523	9,574	9,949
2015	17,842	8,653	9,189
2014	18,081	8,800	9,281
2013	16,791	8,246	8,545
2012	14,357	7,222	7,135

## Educational Background of Employees of Fosun Pharma Group

(People)

Year	Doctorate	Master	Bachelor	Diploma	Secondary and below
2016	134	1021	5,395	4,977	7,996
2015	105	889	4,453	4,643	7,752
2014	93	749	4,229	4,693	8,317
2013	80	637	3,794	4,368	7,912
2012	50	472	2,931	3,364	7,540

## Regional coverage of employees of Fosun Pharma Group: (based on the location of the company)

(People)

Region	Number of employees in 2015	Number of employees in 2016
Eastern regions of China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	7,803	8,869
Southern regions of China (Guangdong, Guangxi, Hainan)	3,144	3,276
Central regions of China (Hubei, Hunan, Henan, Jiangxi)	3,110	3,442
Northern regions of China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	176	191
Northwest regions of China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	-	-
Southwest regions of China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	2,038	2,001
Northeast regions of China (Liaoning, Jilin, Heilongjiang)	1,256	1,387
Hong Kong, Macao and Taiwan		14
Overseas	315	343

## Statistics of Male, Female, Disabled, and Minority workers at Fosun Pharma Group

(People)

Item	Total number of employees	Male	Female	Disabled	Minority
Number of persons	19,523	9,574	9,949	70	487
Ratio to total	100%	49.04%	50.96%	0.36%	2.49%

# Talent Education

Fosun Pharma concerns “cultivating people with challenge”.

The Group provides an open platform and a variety of career choices, so that the staff can display their talent in the growing stage to achieve a successful career.

In 2016, the Company further reinforced the Succession Management Programs. We conducted a comprehensive and in-depth Talent Review for the headquarter, business units, affiliated companies and affiliated hospitals. It fully demonstrated the strategic importance of talent to Fosun Pharma and laid an important foundation for the ever-lasting growing business in the future through multifaceted analysis at personal and organizational levels as well as reporting to and discussion with senior management team.

Meanwhile, Fosun Pharma proactively cares about the incubation of young talents. In 2016, the Group organized and commenced specific review and training activities for our MTs (management trainees) and fresh graduates, to accelerate the inclusion and development of those young talents via a number of challenging tasks (such as assignment of expatriate workers).

In addition, when new opportunities open, the Company will consider the internal talents as priority. By accelerating the mobility of talents, and pro-actively promoting the internal high-potential staff, our talents can obtain sustainable development in this broad platform.

## Positioning of Learning & Development Center

**The Ambassador for Culture Advocator:** Everlasting Enterprises have an excellent, historic, updated corporate culture. The Group is a diversified company, the unity and consensus of culture is important to the cohesion of the enterprise.

**The Expert of Knowledge Management:** To collect and share Fosun Pharma's knowledge and practices, which contributes to the transfer and heritage of our excellence, especially in the ever-changing era it's quite important for us to extract and refine the successful stories, as well as absorb and convert new knowledge.

**The Cradle of Talent Development:** With the rapid internationalization process, the improvement of Internet System, as well as the deeper evolution of macro-health ecosystem, we need to accelerate the progress of Succession Management Programs, so we provide sorts of professional and managerial training, which will enable our talents to get sustainable development.

**The Platform of Resources Integration:** The Group actively promote the sharing platform among Headquarter, Business Units and Affiliated Companies in learning and development, so that the resources (such as: vendors, internal trainers, training materials, cases, etc.) are widely spread and leveraged, which will reduce the training cost, obtain internal resources and improve the efficiency and effectiveness.

## Learning and Development Center System

In 2016, the Group continued to further develop drugs, medical devices, innovative research and development of medical diagnostic technology and manufacturing. At the same time, the Company is also actively developing high quality medical service area, optimize the integration and transformation of drug distribution and retail, pro-actively participate in mobile medical area. With the rapid development of business, the curriculum has become broader (multi-themes), lighter (short lessons), more flexible (interaction in mobile phone), so we can easily cover more targeted groups, and participants from different companies, positions and levels pro-actively enroll and participate.

In 2016, the training system of Fosun Pharma continued to root in its culture. We have four series of training courses/programs, namely "New Employee/Company Series", "Leadership Development Series", "Professional/Functional Series" and "Common Skill Series".



In 2016, total training expenses of Fosun Pharma Group amounted to **RMB8.19 million**, representing a year-on-year increase of

↑ 47%

Training hours per employee was **33 hours/person**, representing a year-on-year increase of **18%**. Of which, training hours per female employee was **37 hours/person**.

↑ 23%

Total hours/person of training of general employees was **710,701 hours/person**, representing a year-on-year increase of

↑ 23%



Trainings for new employees helps newcomers to better integrate into Fosun Pharma Group

### New Employee/ Company Series

Fosun Pharma provided informative orientation to newly-join employees and continued to care about their work and life within two months since the Day 1, to help newcomers better integrate into Fosun Pharma's family. In 2016, we continued to implement the "Training Camp for New Stars", which mainly targeted at the excellent fresh graduates of various affiliated companies.

### Leadership Development Series

we provide management and leadership program to those experienced and senior talents, which will accelerate the development of managers and leaders and reserve excellent talents for the whole company. At the end of 2016, we initiated the "Seminar on Leadership" for the core middle-to-high level managers of Fosun Pharma, so as to further improve their personal leadership and promote the management standard of the entire organization.

### Professional/ Functional Series

a combination of courses and programs were designed to meet the development needs of target groups in different functions, which helped to cultivate systematicness and depth of those professionals. In 2016, several dozens of professional trainings targeting key talents such as investment talents and presidents of hospitals were well-received, and the series of training will continue to be carried out in 2017.

### Common Skill Series

The new staff genuinely cared about their self-improvement, so we organized a wide variety of common skill course. The participants were mostly from affiliated companies, and what's more several courses were also conducted within enterprise. In 2016, we continued to explore excellent internal trainers and added many courses, including a dozen of training series of "Lunch & Learn" conducted by internal trainers.

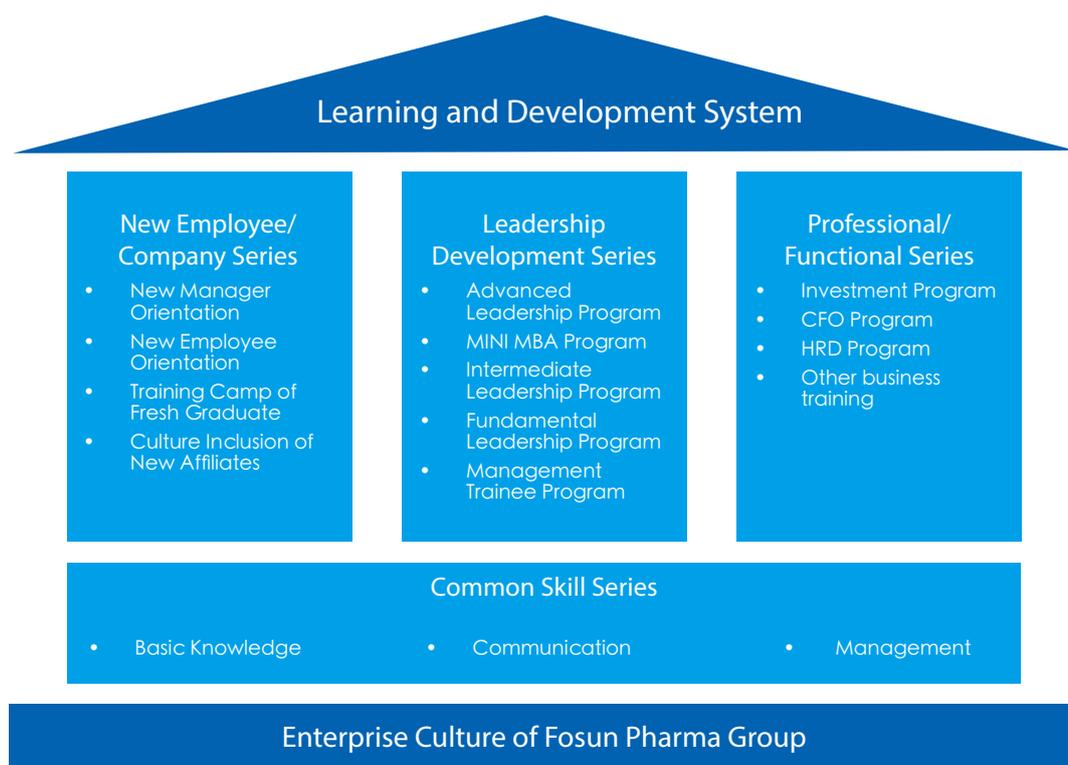
### Corporate Culture

corporate culture were promoted through various activities, so that the corporate culture of "Fosun" was being felt everywhere. In 2016, a reading month was launched, birthday celebrations were held for staff and there was the club carnival, the New Year climb relay, retired workers gathering and many other activities.

## Major Training indicators of Fosun Pharma Group

Training indicators	Unit	2012	2013	2014	2015	2016	
Total Training Expenses	Amount (RMB10,000)	813	931	879	557	819	
Training Hours Per Person	All employees	hours/person	-	-	36	28	33
	Of which, male employees	hours/person	-	-	37	29	31
	Of which, female employees	hours/person	-	-	34	30	37
Training for Senior Management	Number of persons	People	118	154	180	226	249
	Total hours/person trained	hours/person	4,610	5,844	20,815	6,627	6,348
Training for employees (including fresh graduates) other than senior management	Number of persons	People	8,971	14,050	18,278	20,697	21,255
	Total hours/person trained	hours/person	405,406	543,758	652,405	577,366	710,701
Of which: Training for Fresh Graduates (including former employees)	Number of persons	People	317	434	714	924	543
	Total hours/person trained	hours/person	23,392	44,080	44,681	53,994	65,639

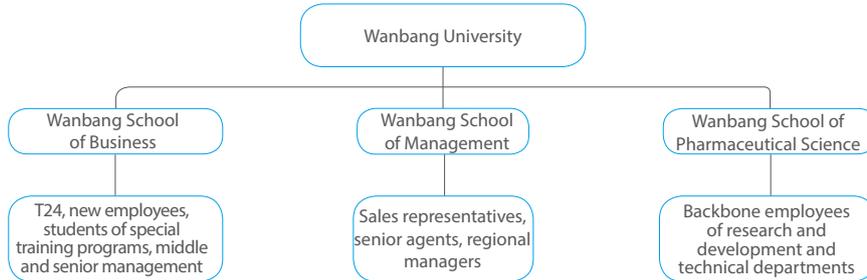
## Learning and Development System





## Case: Establishment of Wanbang University and commencement of the first production and operation class

During the rapid development progress of the Group, Wanbang Biopharma has accumulated and formed various toolkits and methodologies with specific functions and characteristics. To promote the systematic summarization and extraction of successful experience of each function operated by the enterprise, and to share and spread the experience rapidly, Wanbang University initiated the preparation and the construction of the curriculum system of the university in March 2016.



Based on the research of the corporate university, the resources of Wanbang, the curriculum of the first class of Wanbang University is positioned to provide courses on common professional skills required by typical working missions of the chief officers of workshops. Without the resources of external trainers, the working group of the university managed to invite over 20 experienced core backbones of Wanbang's production and management team to jointly develop seven courses on professional management and run seven courses on comment skills and three courses on sharing the experience of senior management. In the course of studying, outreach programme, corporate exchange and seminars, visitation, competency enhancement and other activities were conducted.

The first class of Wanbang University received a total of 30 students who were the backbones from the production team. Three classes were organized during the year. The students have already met the credit requirements set down for 6 established programmes. The purpose is to enhance the operational efficiency via spontaneous improvement of business performance, by strictly refining the professional design of each teaching area, class management before, during and after training, improvement of students' behavioral after training, and the assessment and recognition of the final result by the chief executive officer of the enterprise.

### Training System of Wanbang Biopharma

Category	Name	Contents
Talent Development	Talent Review	The annual promotion plan, elimination plan, adjustment plan and key talent development plan are defined based on assessments and analyses of the quantity and quality of talents in accordance with the Wanbang Biopharma's strategies and business demand.
	Military Training for New Graduate	It helps enhance the physical performance and awareness of mutual assistance among new hires so that they can better adapt themselves to the military-like culture of the Company.
New Hires Series	Orientation Training	Orientation training targets on new hires who entered Wanbang Biopharma at different stage. It helps new hires understand the basic information, policy and regulation and systems, covers training on basic working skills and occupational competency, and helps employees quickly adapt to the job requirements.
	Culture Integration for New Companies	It accelerates the culture inclusion of Wanbang Biopharma and the management of new enterprises joining the alliance. The arrangements include the integration of culture and bridging of three major areas (strategy, performance, and budget).
New Members Series	Open Courses of Common Skills	This external program is provided to outstanding T24 and new backbones in order to enhance their common abilities. Employees can choose courses on their own and get the approval from the superiors. The company will pay for the cost.
	HQ Courses	It connects the training and resources sharing system established with Fosun Pharma Industrial Research Institute, and invites professionals to exchange ideas and provide guidance on the R&D technology management and project progress of Wanbang. It also participates in expertise research seminars and trainings held by research institutes; Outstanding key employees are screened to participate in position exchange program with corresponding departments in Fosun Pharma.
	Theme Learning	Theme training programs are organized on a yearly basis to enhance their mental level according to the characteristics of T24 and new managers. Learning for related staff is organized through forums on topics such as knowledge of psychological health and the workplace.
Specialty Class of Wanbang University	First Production and Operation Class	The affiliated companies of Wanbang Biopharma mainly engage in production and manufacturing. Based on the research, the curriculum of the first class of Wanbang University is positioned to provide courses on common professional skills required by typical working missions of the chief officers of workshops. Seven courses on production and management were developed and 30 students, who were the backbones of production team, were screened from the affiliated companies. Three classes were organized in 2016.
Middle-to-high Level Series	Common Managerial Program for Middle-to-high Level Managers	Training programs on common management capabilities targeting middle-to-higher ranking managers are held periodically to meet the needs of the Company. Training topics, which stick to the latest trend, are finalized on the basis of 360 degree feedback, management highlights of the Wanbang Biopharma, strategies, culture and business orientation. The training programs are conducted by means of experience sharing, discussions, and lectures. Subsequently, trainings focused on different topics, such as "Design and Development of Program", "TTT", "Amoeba Business Mode of Chinese Style", were held. Moreover, selected middle-to-high ranking managers had participated in various courses, including "EMBA training class of China-Europe International Business School".
Production Quality Training	New GMP, cGMP Training	The training focuses on the learning, recording, and examination on new GMP documents for production quality organizations.
	Operation Procedures	Learning the documents and process & procedure of SOPs for operating positions as well as equipment maintenance.
EHS	New Employee's EHS Orientation	Employees should receive training on knowledge of tertiary safety documents, required technical knowledge and skills, and safety protection in accordance with applicable EHS system documents at the company, workshop (department), and shift levels, respectively. Fire drill will be held at least once a year, and EHS quizzes for all staff are held.





## Case: Training Programmes of SunTech Pharm in 2016

SunTech Pharm has established a perfect training management system that improves the entire regime, regulates training procedures and results in a more significant effect of employees' training, by regulating employees' correct understanding of training through systems. It has made remarkable contributions to incubating and developing corporate talents, fostering successors, and establishing the company brand externally.



### Training System of SunTech Pharm

Category	Name	Contents
New Hires Series	Position training of department	For each new employee: Departmental pre-job training is conducted. Guidance training is provided based on the specific departmental issues to avoid problems in the subsequent practical operation.
Position Training	Training of staff position qualification confirmation	For new employees and employees after change of positions: Position qualification confirmation training plan is formulated based on the academic and working background of employee and the training of staff position qualification confirmation is completed within a prescribed period of time. The suitability of staff for the corresponding position will be evaluated based on the final training result, and retraining will be provided to the unqualified staff.
Talent Development	Enhancement training	To enable the staff to better understand and apply CGMP and relevant laws and regulations: To analyze the higher-level staff training to be conducted by QA department, such as the application of quality control tools, concerns of FDA audit and scene response, technical guidance and training provided by outsiders to our staff.
	Enhancement training (external)	To select outstanding staff: To participate training of external organizations, and share the contents after the training, so that all of us are benefited.
Management and procedures training	Special training	Specific training are provided in respect of issues identified in the process of day-to-day management and GMP implementation, such as management of experiment record, GDP, management of laboratory samples, management of chemicals and reagent. Learning and development are more specific and training system is improved.



## Case: The Convening of the First Seminar on Management of Contemporary Hospitals of Fosun Pharma for the Presidents

In order to inherit and integrate Fosun Pharma's corporate culture, finance for resources of medical industry, prepare for the future development of the medical service subsidiaries of Fosun Pharma and the development needs of the management talents of the affiliated hospitals, Fosun Pharma organized the training program of the First Seminar on Management of Contemporary Hospitals of Fosun Pharma Group for the Presidents

The President Seminar was held in November 2016. Such seminar was a training program customized and designed fully based on the needs of development of medical service business of the Group and integrated powerful resources of internal and external lecturers. It was planned to improve the management level of the management members of affiliated hospitals through 120 hours of teaching, case analysis, benchmark hospital visitations and one-on-one tutorial guidance in one year. Chen Qiyu, the Chairman of Fosun Pharma, gave a speech on "The Culture and Entrepreneurship of Fosun" to the participants and trainers, encouraging them to be the pioneer of industry reform and uphold the innovative and challenging spirit.



Seminar for the Presidents helps to improve the management of administrators of subsidiary hospitals



## Case: The Program of "Leadership Enhancement for Middle-Ranking Managers" commenced by Chindex (CML)

To align with the development strategies of Succession Management Programs of Fosun Pharma Group, Chindex (CML) commenced the training program of "Leadership Enhancement for Middle-Ranking Managers". The program is aimed at demonstrating the role conversion of middle-to-higher ranking managers in the way of thinking and behavior of via a training program taking efficiency as principle, thereby enhancing their leadership qualities in stimulating, incubating and developing the subordinates ultimately.

The team building and training course was comprised of two parts: Prior to the commencement of the program, a 2-day team building activity was conducted to break the line between departments and strengthen teamwork and communication. The training course included leadership cultivation, subordinate cultivation and communication skills, and was effectively integrated with the leadership and communication model assessment. The evaluation gave participants a new understanding of themselves, thereby strengthening the study of management theories. Meanwhile, the management theories were materialized via scenarios simulation, role playing, description of visions and other methods, thus enabling them to review their own leadership skills and team management on the other side of the coin. Every participant was actively involved in the training program, thought seriously in classes and interacted with trainers. Group discussion was conducted in a lively atmosphere. The participants, who have a strong sense of unity, gave advices and expressed their views freely, and were willing to present themselves.



Many of the participants said, they have better understanding of the Chindex (CML)'s visions after the training. They also want to participate in the advanced training so as to improve themselves.

# Employee Development

## Performance management

The design, implementation and utilization of the results obtained from the Group's KPI management system are based on the comprehensive and objective assessment of employees' overall performance, and are meant to improve the matching among employees' quality, capability, performance and functional requirements and facilitate constant perfection in terms of sustainable development between employees and the corporation.

Fosun Pharma Group assesses the management teams at respective enterprises to ensure effective relay of KPI and advancement and consolidation of the performance culture. In hospital management, for example, the superintendent responsibility system under the leadership of the Board of Directors of the hospital is adopted. Each year, the Board of Directors of the hospital reviews and activates amendment of mid-term to long-term strategic plans of the hospital, deliberates on the annual operation and development goals for the hospital, and confirms the superintendent performance rating proposal. Apart from financial results, among performance rating indicators, the Group pay more attention to hospital strategies, discipline construction, healthcare quality and safety, medical characteristics, patient and employee satisfaction, service process flows, talent cultivation, employee development, etc. For medical liability incidents, the one-vote down system is adopted. Efforts are made to ensure that operation of the hospital is not meant to pursue short-term interest. Instead, it is focused on long-term, sustainable, and benign developments that answer to the social and community charity nature of the hospital.

Department-based normal distribution is enforced on the performance results of employees at the Group. With reference to the 360-Degree Feedback System, it is meant to tailor personalized enhancement and improvement solutions for each of the employees in order to enhance their specific performance and capabilities.

## Employee Incentives

Fosun Pharma Group values "mobilizing people with a career".

The Group has established an incentive system to share development accomplishments with all employees so that employees can feel a sense of success while working for the Group and be willing to devote themselves, helping the Group grow over the long term.

In order to encourage the employees to take proactive approaches when facing new business challenges and achieve challenging goals, the Company has introduced various incentive schemes in 2016, such as the BD project incentive, the silent project transfer incentive and the consistency evaluation of the quality and efficacy of generic drugs.

## Long-term incentives

The framework of a long-term incentive system at Fosun Pharma Group was formed preliminarily based on the properties in the Group's business development, including the "Long-term Incentive Solution for Management", "Restricted Stock Incentive Solution", "R&D System Incentive Solution", "Incentive Solution for Strategic Investment Items", and "Incentive Solution for Pre-IPO Investment Items". Constantly perfected, the long-term incentive system of Fosun Pharma Group realizes the strategic support and innovation in terms of business development. Since it was established in 2007, the system mentioned above has been practiced by the management over the years. The compensation and incentive system effectively supports investment and operation strategies and comprehensively covers the Company and individual subsidiaries to successfully facilitate the fulfillment of long-term performance goals by the enterprises. It has also helped inspire and retain talent management goals. In addition to enhancing R&D quality and efficiency, it also promotes and stimulates the incentive of the staff.

## Employee Benefits

The Group promotes fair competition, disapproves of discrimination and respects freedom religions belief. Its 2016 employee structure consisted of 50.96% female employees, 0.36% disabled employees, and 2.49% minorities. Regulated by the Company's employee handbook, working overtime shall be compensated after passing the application according to the law.

The remuneration of all employees of the Group in all operating location is higher than local minimum wage and complied with local labor laws and regulations. The Group upholds fair principle and opposes discrimination. It implements the policy of same starting salary for employees with different gender. It also complies with minimum wage standard, and achieves same salary at same position.

The Group complies with the labor laws and regulations in operating locations. It has contributed social security and public accumulation fund and provided statutory holidays for all employees. Employees are entitled to have statutory paid annual leave and home leave. The Group has provided holidays and benefits in accordance with national and local laws and regulations for all female employees during their three stages in pregnancy (i.e. pregnancy period, birth period and breastfeeding period). The working position of pregnant employees retains unless the employee resigns, and she can go back to her position after pregnancy holidays. For male employees, they are entitled to paternity leave.

The Group encourages employees to proactively participate in various activities of the Party, the League and the Labor Union. Employees' right of participating and organizing labor union is written into the Group's regulations and systems and is implemented. Necessary facility and outlay on activities are provided by the Company. The Group cares about its employees and provides periodic health examinations, health consultation or seminars, so as to take the initiative to invest in the health of its employees.

Female employees 50.96% Male employees 49.04%



The Group values the protection of personal information and privacy of employees. Basic information of employees is managed by designated personnel and is strictly confidential. We respect the hearing and appeal rights of employees and offer unimpeded channel for them to complain and express their opinions by ways of mail, seminars and so on. We also take measures to keep confidentiality and safeguard employees from retaliation.

The Group strives to hire legal labor. There is no child labor being hired or forced labor. When selecting supplier, Fosun Pharma conducts assessment on supplier. The number of juvenile workers employed is strictly controlled and the employment of juvenile workers complies with the requirements of laws relating to labor protection and working hours.

#### Staff change at Fosun Pharma

(People)

Staff change at the headquarter of Fosun Pharma	2012	2013	2014	2015	2016
Total number of person-in-charge and vice general managers throughout departments of the company	40	49	52	64	47
Of which, number of new hires	2	7	3	5	3
Of which, number of new promotions	4	9	5	4	11
Total number of supervisors and general managers in the company	160	159	193	233	283
Of which, number of new hires	23	37	32	54	101
Of which, number of new promotions	33	30	21	46	64

#### Promotion Rate of Fosun Pharma

Year	2012	2013	2014	2015	2016
Total	20.60%	19.12%	11.48%	18.45%	23.92%

Note: Promotion/mean at the start and end of term

#### Staff outflow change at Fosun Pharma Group

Year	2012	2013	2014	2015	2016
Outflow rate	18.90%	17.57%	17.05%	17.12%	17.89%
Loss rate	17.21%	14.76%	14.50%	13.24%	14.86%

Note: The outflow rate=The total number of employees leaving the company\*2/(totals at the start + end of term). The loss rate = The number of employees spontaneously leaving the company\*2/(totals at the start + end of term)

## Labor Union

All the subsidiaries of Fosun Pharma Group are equipped with labor unions. All employees are members of labor unions and are protected by the agreement on group negotiations.

The labor union of the Group has entered into collective labor contract with the enterprises on behalf of all of its employees. The collective agreement stipulates relevant terms on notification period for negotiation and discussion. In the event of significant operational changes which seriously affect employees, employees and their representatives will be informed in advance.

## Democratic Management

In 2016, in face of the rapid and new development trends, the Fosun Pharma Labor Union further strengthened its own constructions and fully exercised the bridging and pivotal functions as Labor Union to comprehensively improve the overall level of its responsibilities that closely surround the Fosun Pharma Group's development strategies featuring research and development innovation and international expansion together with the Group's working centers for production, operation, management, and service. With the creation of a role-model family of workers as the carrier, it closely focuses on employees' rights, corporate management, protection of labor safety, diversification of employees' sideline cultural life, promotion of corporate cultural constructions, and precise fulfillment of the various functions of the Labor Union. It acts to be the pioneer, promoter, and practitioner of Fosun culture. The Labor Union fully exercises its function in the construction of a "Fosun family" and "harmonious Fosun" and the promotion of Fosun corporate culture.

## EHS staff labor safety

Fosun Pharma Labor Union is dedicated to liaise with Red Cross. With the arrangement for employees to attend first aid training in October 2016, 63 employees eventually passed the examination to receive the Elementary Red Cross First Aid Certificate. The employee care center and medical consultation team of the Company provided free medical consultation services to the employees when necessary in a timely manner and paid attention to the physical and mental health of the employees. The labor unions of all subsidiaries actively carried out firefighting drills and emergency drills to improve the emergency treatment and escaping ability of the employees. The labor union of Yao Pharma fully participated in

the environment safety and occupational health management works, and performed its function of supervision, participation, organization and education in the labor protection works through Employee EHS Reporting Cards, safety training and monthly safety campaigns.

## Employee Activities

Employee activities are important to the corporate cultural construction of Fosun Pharma Group. The Corporate Culture Working Committee ("Culture Working Committee") of Fosun Pharma fully utilizes the resources of the organization, proactively organizes and coordinates among individual departments and individual subsidiary with the support from various aspects such as the labor union, administration, human resources and branding and joins efforts in the organization of various events that help invigorate employees' cultural life and jointly proceed corporate cultural constructions.

To create an innovative culture within Fosun Pharma Group, in the first half of 2016, Fosun Pharma organized the Fosun Pharma 2016 Innovation Contest named "Xingrong e-action", which aims to identify innovative talent within the Group, uncover high quality projects and to provide support for an innovative internal environment. In view of the "Unicorn Potential Award" and "Business Innovation Award", the contest has received a total of 98 pieces of work, with more than 900 audiences voting to ultimately decide the winner.

In 2016, the labor unions of Fosun Pharma and its subsidiaries organized over 350 cultural and sports activities, including various festival caring events for employees such as Chinese New Year, Lantern Festival, International Women's Day, Children's Day, Mid-Autumn Festival, Chung Yeung Festival, Children's Day, high temperature allowance, birthday parties, employee physical examination and street market activities, as well as various employees' club activities. Fosun Pharma Group has established 12 employees' clubs which will organize various activities welcomed by the employees regularly. Meanwhile, each club proactively participates in neighborhood activities and community interaction through the labor union and significantly enhances the influence among the employees and the community. In 2016, the badminton, darts and fitness clubs of Fosun Pharma participated in several regional competitions and achieved good results such as the second prize of the "Xuandong Hongmei Zhumu Caohejing" Darts Competition, the first place of women's 50-meter freestyle, the second place of men's 400-meter freestyle, the third place of men's 50-meter freestyle and the third place of women's 50-meter breaststroke in the Third "Le Kang Cup" swimming competition of Sinopharm.

As the corporate culture construction base of Fosun Pharma, Xinglong Library, the library of Fosun Pharma, has a collection of over 4,900 books, and the employees borrowed the books for over 1,300 times in the year. In 2016, Xinglong Library was awarded as the "Employees' Library" by the All-China Federation of Trade Unions, and received books and periodicals covering different areas such as politics, economics and management from the All-China Federation of Trade Unions, which significantly increased the categories of books and satisfied the diverse needs for reading and education of employees in different positions. The Lunch & Learn training series based on Xinglong Library is one of the featured corporate culture activities of Fosun Pharma. 92 lectures of different types and subjects were held during the year in various ways featuring different business topics, and there was an average of at least 35 attendants in each lecture. Xinglong Library participated in the book floating activity and was given nearly 1,400 books from Hongmei neighborhood, Shanghai Library and Xuhui District Library. It was also equipped with e-book readers, and online reservation for borrowing books from Xuhui District Library can be made by scanning the QR code. With the platform provided by Xinglong Library, Fosun Pharma interacted with Hongmei neighborhood and provided cultural showroom, digital cinema and self-service reading room in order to enrich the employees' life.

The labor unions of Fosun Pharma and its subsidiaries actively organized employees to participate in blood donation activities and received active responses from the employees. The labor union of Wanbang Biopharma coordinated with Red Cross Society of Xuzhou to invite the blood donation vehicle to the factory area, and over 50 employees actively participated in blood donation activity in only three hours.

In 2016, the liquid vial workshop of Aohong Pharma was awarded as the "National Workers Pioneer" by the All-China Federation of Trade Unions. Wang Kexin, the chairman of Aohong Pharma, and Zhang Fengjuan, the president of the labor union of Aohong Pharma, were awarded the May Day Labor Medals by Xuzhou Federation of Trade Unions. The president of the labor union of Yao Pharma was included in the management of Chongqing Municipal Federation of Trade Unions as a representative of non-public enterprises in the pilot reform of Party organization and served as a part-time vice-chairperson and a member of the women worker department.



> 350 recreational and sports activities were organised by the labor unions of Fosun Pharma and its subsidiaries

## Employees' Clubs of Fosun Pharma Group





**eCME**  
Where  
When

The Me... ai... online

Guilin Pharma, a subsidiary of Fosun Pharma, launched "eCME multimedia online medication training" program with experts in malaria prevention and control. Online learning and experience sharing platform, which conducted in online interactive mode such as video conferences, was established for health care professionals in Africa with respect to hot topics like malaria control in Africa. This helps them learn the latest medical knowledge and facilitate medical advancement in Africa.

“The cartoon promotion launched by Guilin Pharma featuring malaria prevention is a very effective for educating the general public, particularly the children, regarding malaria prevention and treatment, and it will be helpful in enhancing their ability of self-protection against malaria.”

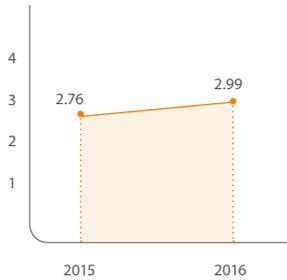
Dr. Chilufya, Deputy Health Minister





## Social contribution value per share

Social contribution value per share (RMB/Share)



Social contribution value per share is a comprehensive reflection of the contribution made by the company to all sectors of society interest groups and is of great significance in promoting corporate social responsibility



## Public welfare contributions

Total donations to the community  
**>RMB7.97 million**

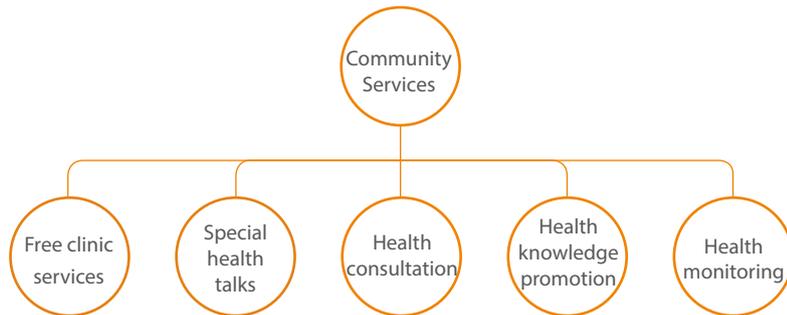
Currently, Fosun Pharma Group has established a complete system of public welfare, the Future Star plans. The Group bore its corporate social responsibility and contributed to the community by supporting education, funding scientific research, providing medical and health community services, helping sick orphans, donating the poor and disaster assistance.



## Community service

**>300 times**  
Volunteer team activities

**>90 times**  
Public welfare health talks and health consultation



## Foreign aid project



**1 Project**

In 2016, Guilin Pharma served as the supplier of the foreign aid project of MOC



## Honours

**2015 Best Social Responsibility Brand Award**



**Golden Bee • Leadership Enterprises Award**



**"Responsibility Innovation Best Case Award for the Year"**



Ranked first in the corporate social responsibility report assesses of Shanghai listed companies

**NO.1**

Ranked second in the social responsibility development index evaluation of Shanghai listed companies

**NO.2**

**Excellent Enterprise Award**

of "Corporate Social Responsibility of Listed Companies"





## Social Contribution Value per Share

In 2016, the social contribution value per share of Fosun Pharma Group was RMB2.99.\*

Being the overall demonstration of the contributions that a corporation has made to all stakeholders in society, social contribution per share is significantly important in terms of a corporation undertaking its social responsibilities. Shanghai Stock Exchange released the “Notice on Enhanced Undertaking of Social Responsibilities for Listed Companies and Release of the ‘Guidelines to Environmental Information Disclosure of Listed Companies at Shanghai Stock Exchange’” on 14 May 2008, to encourage respective listed companies to disclose social contribution per share in their annual social responsibility report, and accordingly to help society and the general public with a comprehensive understanding of the real value that the Group has created for its shareholders, employees, customers, creditors, communities, and the overall society.

\*Note: Social contribution value per share = earnings per share + (tax revenue, employee cost, interest expenditure, devotion to community charity)/total share capital at the end of term



In 2016, the social contribution value per share of Fosun Pharma Group was

**RMB2.99**

representing an increase of

**8.3%**

as compared to RMB 2.76 of 2015

## Corporate Citizen Commitment

### Anti-corruption management

Fosun Pharma has always been implementing the establishment of honest culture as its strategic effort. To protect normalized and orderly management in the company, and boost awareness and spontaneous compliance with local laws and regulations and the various requirements and systems of the company, honest fulfillment of duties, and honest practice, in accordance with the spirit of “Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Anti-corruption Supervision and Management System” implemented by Fosun Pharma and as required by “Honest Practice and Management Requirements for Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.”, as one of the important measures in establishing honest culture, new hires of Fosun Pharma headquarter must sign the “Letter of Undertaking for Honest Employee Practice of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.” upon employment. Basically, the letter of undertaking covers all of the employees with a signing rate of 100% basically. The letter of undertaking stipulated that

employees of Fosun Pharma may not take advantage of their duties and work to seek illegitimate interest and undermine corporate interest.

To reinforce the ideological education on the anticorruption initiative, enhance the awareness of anticorruption and honesty promotion and spontaneous resistance to corrupt ideas, and ensure smooth development of the company. In 2016, the Fiduciary Administration Supervision Department of the Company conducted a series of anti-corruption and honesty practice promotion and education for its new hires in Shanghai. Training programs on creating an honest culture were held. The company required new hires to comply with national laws and rules and regulations of the Company, with an aim to achieve integrity and compliance regarding their respective duties.

In addition to the setup of portals to the Disciplinary Committee and its Fiduciary Administration Supervision Department on the company's OA network, Fosun Pharma proactively conducted promotion and education on anti-corruption and honesty promotion regulatory system, with the number of target employees expanded. During the year, under the existing four columns, namely news on anti-corruption and honesty promotion, case analysis, honesty culture and relevant laws and regulations, the company proactively conducted promotion and education on anti-corruption and honesty promotion regulatory system through this platform. A total of 42 articles on various topics were released throughout the year.

## Fiduciary Administration Supervision Department

To fortify the immunity of the corporation, guide employees through honest practice and further enhance the corporate management level on Fiduciary Administration construction, in 2016, under the leadership of the Company's Board of Directors, we commenced work by adhering to the principle of "taking care of both discipline and prevention, and emphasizing prevention" and focusing on the duties of the Fiduciary Administration Supervision Department, in combination with the key project of the Company this year. We will further improve the Company's compliance system through the establishment of regulations, promote honesty and self-discipline with integrity operation by way of strengthening education and publicity. We also provide business operation management service via compliance consultation, and standardize employees' duties through investigation and reporting, so as to promote the values of integrity and honesty of the Company, ensuring the healthy, stable and sustainable development of the Company.

In 2016, on the basis of modifying and improving the existing system, the Fiduciary Administration Supervision Department established and formed a relatively complete compliance and honest system. The newly formulated Fosun Pharma "Anti-Corruption Ordinance" has been submitted to the Board of Directors as a fundamental profile of the Company's compliance and honesty. The "Honest Practice and Management Requirements for Employees of Fosun Pharma" was submitted to the management of the Company as specific guidelines for employees' duties.

Supervision and inspection are important tasks of the Fiduciary Administration Supervision Department. In order to prevent risks on a fundamental basis, the Fiduciary Administration Supervision Department carried out compliance supervision and inspection throughout the whole bidding process, and set up a firewall to centralized procurement activities through monitoring bidding activities. In connection with projects of subordinate enterprises, productive materials procurement and equipment procurement and other matters, the Fiduciary Administration Supervision Department actively participated in the monitoring of bidding activities. According to statistics, it has participated in the monitoring of 23 bidding projects this year, and has identified and effectively halted certain non-compliance incidents, as well as eliminated some potential risks.

The Fiduciary Administration Supervision Department also actively provided compliance consultation to the subsidiaries, participated in the subsidiaries' external compliance meetings and compliance investigation, helped the subsidiaries to improve their compliance system to meet the external compliance requirements and provide effective support to the execution of cooperation agreements.

Moreover, the Fiduciary Administration Supervision Department also commits to anti-corruption against multinational enterprises through participating in compliance forum and other platforms, to absorb, transform and utilize advanced anti-corruption compliance concepts and measures. In 2016, the Fiduciary Administration Supervision Department participates in the national working group of the ISO19600 Compliance Management System – Guide, and involves in the drafting and assessment of the guidelines for compliance management system.

## Community Charity

Fosun Pharma has been proactively participating in community charity events along with its subsidiaries to demonstrate their love to the neediest people in society. In 2016, the Fosun Pharma Group donated more than RMB7.97 million in total to society (including physical donation and individual donation).

### Increased devotion to community charity to continue perfecting the "FUTURE STAR" community charity system

Fosun Pharma Group upholds the principle of sustainable development, and actively fulfills the corporate social responsibility with an aim to build up a more harmonious industry ecosystem. Fosun Pharma Group has been participating in and organizing a large number of community charity events in fields such as education and research, environmental protection, health care and social needs, and culture since it went public in 1998. Fosun Pharma Group has now formed a perfect community charity system, the "FUTURE STAR" community charity program. It is hoped to fulfill its corporate social responsibilities and return to society by supporting education, sponsoring scientific research, providing health care services to communities, helping sick orphans, making donations to help the poor, and providing assistance in disasters, etc.

### Fosun Foundation

In 2016, Fosun Pharma donated RMB5.00 million to Fosun Foundation to set up the Shanghai Baiyulan C.C. Tan Life Science Development Fund and carried out the "Double Thousand Actions" project to alleviate the poverty of those suffered from tuberculosis. "Fosun Foundation" is a non-publicly raised fund. The foundation is meant to help disadvantaged people in society, aid in natural disasters, provide medical assistance, support the poor and the disabled, sponsor cultural and educational enterprises, and sponsor young people expecting to start a business for the sake of community charity.

### Targeted Poverty Alleviation

Fosun Pharma Group actively responded to and facilitated the implementation of the Central



In 2016, Fosun Pharma's donation to Fosun Foundation amounted to

**RMB5** million



Government's decision and plan of "targeted poverty alleviation and elimination" by fully utilizing its advantages in pharmaceutical and healthcare industries and adopting various measures. Currently, Fosun Pharma Group carried out targeted poverty alleviation mainly through industry development, education, healthcare, basic support and society poverty alleviation, and achieve certain results.

In 2016, Fosun Pharma and its subsidiaries put great efforts in carrying out various poverty alleviation activities based on the overall poverty alleviation strategy of the Group, investing over RMB6.45 million in total.

Fosun Pharma, together with its subsidiary, Hongqi Pharma, donated RMB1,000,000 to Chinese Antituberculosis Association through the Fosun Foundation, to launch the "Double Thousand Actions" project (a project of poverty alleviation for those suffered from tuberculosis) to provide various support such as funds and drugs.

Fosun Pharma set up scholarship programs in certain reputable universities in China such as the School of Life Sciences in Fudan University and China Pharmaceutical University to provide financial assistance and incentives to outstanding university students with good behavior and academic performance. Under the same conditions, scholarship will be firstly granted to students suffered from severe financial difficulties to support their comprehensive development. In 2016, a total of RMB150,000 was granted to finance 29 outstanding students (Fudan University: 4 first prizes and 10 second prizes; China Pharmaceutical University: 15 outstanding post graduates).

Jimin Cancer Hospital under Fosun Pharma provided deduction and exemption of treatment fees in different amounts to 100 low-income elderly persons aged 60 or above who suffered from tumors and other patients in difficulties, with a total amount of RMB5,000,000.

The Party office of Chancheng Hospital expensed certain operation fund in the form of administrative approval fund, which was mainly used to carry out local free medical consultation and holiday caring activities and helped 9 left-behind children, elderly persons and women.

Based on the unified arrangement of Jinzhou government, Aohong Pharma provided support of over RMB30,000 in the form of supplies give away and industrial support to 30 poverty households in Dayetun Village, Liulonggou Town, Yi County, a "one-on-one" poverty alleviation target. Meanwhile, it donated over RMB50,000 to the Jinzhou Charity Federation and donated school uniforms, school bags, stationary and other educational products to a total of 207 students in two poverty areas in Heishan County. 17 October 2016 was the third national poverty alleviation day. Based on the unified arrangement of the Implementation Plan of "Poverty Alleviation Day" Activities of Guilin in 2016, Guilin Pharma donated RMB60,000 in the poverty alleviation activity of "Join Force to Alleviate the Poverty" to support the local poverty alleviation activities. The Health and Family Planning Commission of Chongqing organized Chongqing Food and Drug Administration, Yongzhou District Government, Chongqing Water Conservancy Investment Group, Chongqing Commercial Group, Chongqing Health Education Center, Chongqing Research Institute and other enterprises to formed a poverty alleviation group to facilitate the agricultural development, construction of infrastructure and support to poverty households in the poverty village in Qianjiang District. In 2016, Chongqing Research Institute provided financial support of RMB150,000 which effectively facilitated the in-depth implementation of poverty alleviation activities in Qianjiang District, and provided contribution to the results of poverty alleviation in Chongqing.



Li Xianlin, the consultant of Pharmaceutical Industry Management Committee of Fosun Pharma presenting an award to the recipient of scholarship of China Medical University

## Case: Joined force with Shanghai Charity Foundation to provide support to patients suffered from cancer

On 9 September, the charity day, Shanghai Charity Foundation, Fosun Foundation and Shanghai Symphony Orchestra jointly organized the charity concert of "Fosun Charity Night: Let Love Fill the New World". All the donations in the event were collected through various mobile and internet charity platforms such as Tencent, Alipay, official WeChat account of Fosun Foundation (fosunfoundation) and the official website of Shanghai Symphony Orchestra, and were donated to Shanghai Charitable Cancer Research Center to finance the doctors and scientific researchers in Shanghai who devote in cancer clinical research, so as to work out the best treatment solutions for patients suffered from cancer as soon as possible.

## Case: "Double Thousand Actions" provided timely support and care to all patients suffered from tuberculosis

On 22 March, at the promotion event of World Tuberculosis Day, Chinese Antituberculosis Association established the Chinese Anti-tuberculosis Non-profit Foundation and jointly launched the Chinese Anti-tuberculosis Non-profit Foundation - "Double Thousand Actions" assistance project for tuberculosis with Fosun Foundation and Hongqi Pharma (a subsidiary of Fosun Pharma). The "Double Thousand Actions" project will last for five years from 2016 to 2020. At least 1000 needy patients suffering from tuberculosis can be helped each year and the funding for each patient would not be less than RMB1,000. Fosun Foundation collaborates with Hongqi Pharma, a subsidiary of Fosun Pharma, to provide continuous sponsorship in the form of funding and medicine etc.

On 27 April, the 2016 National Academic Meeting of Chinese Antituberculosis Association was held in Zhuhai, Guangdong Province, and the unveiling ceremony of Chinese Anti-tuberculosis Non-profit Foundation took place at the opening ceremony.

## Case: Organization of the 2nd "Climb for Charity Competition" by Fosun Pharma with the donation allocated to Qixiang Institute of Child Development

In February, the "Climb for Charity Competition" co-organized by Fosun Foundation and Fosun Pharma was held in the headquarter building of Fosun Pharma. About 22 teams participated the activity with participants covering staff of Fosun Pharma and their families, media as well as other stakeholders. All teams completed the competition within required time. The competition finally raised a total donation amount of RMB66,000.

A meeting to allocate the donation from the "Climbing for Charity Competition" was held in April. Six project leaders of the public welfare projects which applied for the donation presented their projects. After the voting, the "Family of Children with Special Needs Rehabilitation Support Program" by Shanghai Qixiang Institute of Child Development was granted the donation.

## Case: Walking for Love— the "Shanghai United Walkathon" Volunteer Event was held again

In April 2016, the "Shanghai United Walkathon" Volunteer Event was held again. Participants and volunteers of Fosun Pharma participated the event with full enthusiasm despite of the bad weather. With the support, accompany and encouragement of teammates and the Company's volunteers, the whole 12-hour walkathon covering a total of 50 kilometers was completed successfully with full love. Fosun Pharma volunteers have participated in the "Shanghai United Walkathon" charity event for four successive years and raised over RMB300,000 for supporting the children nutrition in poor areas, rural children's reading, children with autism, quality training for migrant children as well as other sectors.

## Case: the "Bang Program": Trying the best to participate in public welfare activities

As the extension of the Company's core value of "self-improvement, teamwork, performance and contribution to society" as well as the inheritance of the public welfare mission of "trying the best to participate in public welfare activities", the "Bang Program" public welfare project team expanded the activity scope in 2016 to further cover more students in poverty and fundamental hospitals in remote areas. Through preliminary study and careful selection, in 2016, the "Bang Program" public welfare project team of Wanbang Biopharma visited Yuanyang County and Zhengzhou in Henan Province, Jingxing County in Hebei Province and Suining County in Jiangsu Province, carried out in-depth interaction with the grassroots, supported the local education and healthcare, and further improved the local educational and medical conditions and levels, which was well recognized and encouraged by the supported students in poverty areas, fundamental medical works and experts participated in the activities.



## Volunteer Team

The headquarter of Fosun Pharma currently has more than 100 volunteers. Since its establishment in 2010, through public welfare service platform provided by enterprises which aligns with various resources of Fosun Pharma, it is committed to carrying out many charitable activities with respect to environmental protection, aids, support to education, health services, etc., in a way to actively assume social responsibility, guide and drive employees of Fosun Pharma to participate in public welfare undertakings, and to serve the community. Various kinds of volunteer activities are held five times a year, including the "Hold my hand" free scientific education campaign, run for public welfare and health activity, "Shanghai United Walkathon" volunteer event, and themed activities of the Shanghai Children's Welfare Institute.

Fosun Pharma and Shanghai Children's Welfare Institute are long-term partners. Since 2010, there have been seven years of mutual interaction. Every year, different kinds of charity activities are organized to care for the children of the welfare institute and the "mothers" who look after them. In July this year, Fosun Pharma Trade Union organized volunteers and employees' children, together with students from the schools of Qibao Town, Minhang District, to visit Shanghai Children's Welfare Institute and hold an event named "Fly For Love" as a tribute to the "mothers" of Shanghai Children's Welfare Institute, while alleviating their pressure.

The subsidiaries of Fosun Pharma are active in volunteer activities. Fosun Pharma Medical Diagnosis Division volunteer team liaises with Shanghai Su Min School (school for foreigners' children), and arranges volunteers to give quarterly talks on popular science for primary school students on a regular basis, which is highly popular and well recognized by students. Guilin Pharma organized the "Love for Left-behind Children, Love Together" activity, embracing left-behind children of Yaji village with love, care and warmth, with a total of 25 participants. The medical service subsidiaries of Fosun Pharma carried out a total of nearly 30 volunteer service activities and served a total of approximately 17,000 people, and carried out themed volunteer activities such as flood relief, giving love to special schools and holiday care. Chancheng Hospital held a total of about 10 volunteer events, including Lunar New Year celebration for Zen medical volunteers, 1 June special event for Zen medical volunteers, with a total of more than 1,100 participants. Guangji Hospital carried out the "Special School Volunteer Activity" and organized 3 to 5 hospital volunteers to provide care to the special school. The volunteers of Guangji Hospital also participated in the flood rescue activities.

## Community Service

In 2016, each segment of the Group actively participated in around 100 community serviced events, including free healthcare consultancy and seminars, public relief and charity clinic, to serve the people in the community.

Aohong Pharma organized the "Hand in hand - I dedicate my love for the underprivileged children living in mountains" event in October 2016. With the help of Jinzhou Charity Federation, school uniforms, school bags and stationery were donated to a total of 207 students of Gang Zi Cun Primary School in Jiangtun Town, Heishan County and Wang Zhuang Cun Primary School in Xinlituen Town, Heishan County, embracing the underprivileged children living in mountains with love and warmth.

Wanbang Biopharma commenced the Wanbang Diabetic Patient Care campaign throughout the year, providing free blood glucose and blood pressure test for local diabetic patients through its drug stores in Xuzhou, Nanjing, Zaozhuang and Tianjin. Meanwhile, free education books and brochures were distributed to patients. With the help of free testing service and popular science education, the majority of diabetic patients are able to better understand their physical condition as well as protection and treatment towards diabetes.

The healthcare service subsidiaries are active in public welfare services through various medical volunteer activities such as helping needy patients, free clinics, humanistic care and free body check for gynecologic, children, elderly, chronic diseases, special patients, malignant tumor patient in need. During the year, over 90 talks on public health and health consultancies were held, and fee reduction was provided to patients with financial difficulties, continuously highlighting medical public welfare.

Throughout 2016, Guangji Hospital carried out free volunteer campaign for hospitals and villages in various towns, with community residents organization arranging charity clinic by hospital experts for villages 2 ~ 3 times a week, and providing guidance on medical techniques, which benefits more than 5,000 residents. Meanwhile, Guangji Hospital organized the "Top Eleven Project" free activity jointly with community health service center for community residents, among which includes free medical examination regarding gynecological check, children, elders, chronic diseases, and special patients. Jimin Cancer Hospital organized the "Middle-Aged Poverty Relief" campaign, which in combination with the "65-year-old Malignant Tumor Patient in Poverty" service project under Central Financial Support Society, helps patients with malignancies aged 65 and over in poverty to actively receive treatment towards tumor, embracing the majority of cancer patients with health and warmth. Chancheng Hospital organized the "Sound of Chancheng" art corner series charity campaign of free performance. In 2016, the shows were continuously held on a monthly basis, and 21 shows had been held so far. Through the diverse presentation of arts, Chancheng Hospital had delivered a message that the hospital is not only a place for treatment, but also a place filled with love that deeply touches the heart of patients. As such, Chancheng Hospital provides great experience to the patients.



The medical service subsidiaries actively participated in public welfare services and held over 90 healthcare seminars and consultations

>90



Guangji Hospital provided free health examination to the children in kindergartens



On the World Hearing Day, Chancheng Hospital and the Royal Danish Consulate General in Guangzhou jointly held the event of hearing aids donation and free clinic services

## Donations made by Fosun Pharma and subsidiaries (including individual employees) in 2016

Enterprise	Project name	Time of donation	Recipient	Amount (RMB10,000) (including yuan worth materials)	Brief description and purpose
Fosun Pharma	2016 Fosun Pharma Charity Project		Shanghai Fosun Foundation	500	<p>Main use: Donated RMB1,500,000 to establish the "Shanghai Magnolia Tan Jiazhen Life Science Foundation" as one of the founding member units to further support the "Tan Jiazhen Life Science Award" and promote the development of life science study in China under the principle of promoting the innovation and development in Chinese life science study and the application of technological achievements.</p> <p>Donated RMB1,000,000 to the China Antituberculosis Association in 2016. Worked with Fosun Foundation together with Fosun Pharma member enterprises, Hongqi Pharma to sponsor a project of Chinese Anti-tuberculosis Non-profit Foundation TB poverty relief "Shuangqian Action". The project can at least help 1,000 poor TB patients and sponsor RMB1,000 for each patient.</p> <p>Donated RMB400,000 to Shanghai Charity Foundation in 2016 for supporting its partner, Shanghai Charity Cancer Research Center to conduct researches on cancer treatment and prevention.</p>
Wanbang Biopharma	Donation of IT Products		Hantang Welfare Development Center	1.5	Donated a total of 7 hosts and some keyboards to Hantang Welfare Development Center for skill training of people with disabilities
Wanbang Biopharma	"Wanbang Medical Scholarship"		Medical students in Xuzhou Medical College	2	Sponsored the "Wanbang Medical Scholarship" for Xuzhou Medical School, aiming to encourage and praise students with outstanding academic performance
Wanbang Marketing & Distribution	"Bang Program" charity project		Red Cross Hospital in Yuanyang County, Henan, Dahuzhuang Cun Primary School in Zhulou Town, Mingde Primary School in Xiaozhai Cun, Xiaozuo Town, Jingxing County, Hebei, Jingxing County Hospital, Yuqiao Primary School in Weiji Town, Suining County, Jiangsu, People's Hospital in Suining County	30	Provided scholarship to subsidized primary school students living in remote areas to finance their learning experience. Donating sports equipment, bedding, flagpoles, school bags and caring supplies to many schools. Organized nationally-renowned experts on kidney disease to the People's Hospital in Rongjiang County in carrying out various kinds of medical charity activities for grassroots, such as education, patients education, public free clinical treatment, hospital consultation etc.
Wanbang Biopharma	Wanbang Diabetic Patient Care campaign		Diabetic patients	60	Through its drug stores in Xuzhou, Nanjing, Zaozhuang, Bangbu, Huainan, Shijiazhuang, Baoding, Jinan, Qingdao, Beijing and Tianjin, Wanbang provided free blood glucose and blood pressure test for local patients. Meanwhile, free education books and brochures were distributed to patients.
Wanbang Sainuokang	Financial aids to poverty		Getabu street	0.5	Visited and offered financial aids to poor families within the street area
Wanbang Tiansheng	Financial aids to poverty		Huishan street	4	Visited and offered financial aids to poor families within the street area, donation to 12 families
Huanghe Pharma	Aids to disaster area affected by earthquake		Red Cross of Funing County	18.8	Huanghe Pharma provided financial aid and donated supplies to Funing County, a disaster area significantly affected by tornado.
Zhaohui Pharma	Financial aids to poverty		Employee	2	Fundraising for Zhu Bo Rong, an employee of the Company diagnosed with cancer
Zhaohui Pharma	Financial aids to poverty		7 underprivileged families	0.4	Console and financial aid to families with retired staff and existing employees' families in need
Yao Pharma	Academic exchange program on liver diseases		Chinese Foundation for Hepatitis Prevention and Control	6	2017 Asia Pacific academic exchange project for liver disease
Yao Pharma	Special study on liver diseases and AIDS		Primary Health Care Foundation of China	11.4	Funds for carrying out special research in liver disease, AIDS, academic exchange, professional training, promotion for popular science
Yao Pharma	Analysis on current status of patients suffered by Hepatitis B and project of analysis and study on mother and infant with positive Hepatitis B		Chongqing Medical Insurance Research Association	13	Research project for analysis of the current condition of hepatitis B patients in Chongqing and analysis of maternal and child livers with hepatitis B
Carelife Pharma	Aids to underprivileged families		Responsible Care Association of Changshou Economic and Technological Development Zone	0.15	Financial aid to community families in difficulty
Erye Pharma	"Donation for disaster"		Family of Dai Yi Yun	0.6	Donation to family of Dai Yi Yun, an employee of our unit, under "06.23 Fu Ning disaster"
Hongqi Pharma	"Double Thousand Actions" of China Antituberculosis Association Foundation		Donation to 38 hospitals across 20 provinces, such as Shenyang Chest Hospital, Tianjin Haihe Hospital and Dalian Tuberculosis Hospital	12.6	Helped out 100 patients with tuberculosis initially, with each patient receiving RMB1,000 totaling of RMB100,000, while increasing nutritional supplement of RMB20,000
Aohong Pharma	"Hand in hand - I dedicate my love for the underprivileged children living in mountains"		Gang Zi Cun Primary School in Jiangtun Town, Heishan County and Wang Zhuang Cun Primary School in Xinlituen Town, Heishan County	5	School uniforms, school bags and stationery were donated to a total of 207 students of Gang Zi Cun Primary School in Jiangtun Town, Heishan County and Wang Zhuang Cun Primary School in Xinlituen Town, Heishan County
Guilin Pharma	"Join Force to Alleviate the Poverty"		Leader Group of Poverty Alleviation and Development of Guilin	6	In order to support the poverty alleviation activities in Guilin, the "Qinghao Welfare Project" of Guilin Pharma provided warm support to the people in poverty through the Leader Group of Poverty Alleviation and Development of Guilin.
Chongqing Research Institute	City Health and Family Planning Commission Poverty Alleviation Group helping Qianjiang project in 2016		Villages and towns in Qianjiang District, Chongqing	15	For the construction of Qianjiang District

Donations made by Fosun Pharma and subsidiaries (including individual employees) in 2016

Enterprise	Project name	Time of donation	Recipient	Amount (RMB10,000) (including yuan worth materials)	Brief description and purpose
Chancheng Hospital	Large-scale public welfare event for free cataract extraction surgery		Patients	13	To enable more cataract patients in Foshan to see the light and live an elderly life with high quality, the hospital and Disabled Persons Federation in Chancheng District, Foshan jointly carried out large-scale public welfare event "Free Cataract Extraction Surgery", which enabled cataract patients in Foshan to receive free extraction surgery.
	Hemodialysis fee reduction		Patients	101	The hospital provided fee reduction for patients who are facing financial difficulties and subject to long-term hemodialysis treatment at Chancheng Hospital.
	Poverty alleviation day in Foshan		Red Cross of Foshan Chancheng District	5	2016 Poverty alleviation day in Foshan, with charity donations from hospital staff.
	Establishment of Guangdong Alumni of Xiangya School of Medicine		Guangdong Alumni of Xiangya School of Medicine	5	Hospital donations to support the establishment of Guangdong Alumni of Xiangya School of Medicine
Guangji Hospital	"Poverty alleviation for old revolutionary base areas in Pingjiang"		Patient in poverty	1	Led by Zhan Ming Hui, the deputy medical superintendent, to carry out medical poverty alleviation and charity clinic activities for old revolutionary base areas in Pingjiang
	Aids to "the three withouts people"		"The three withouts people"	18	Clinical consultation and help with "the three withouts people"
	"Top Eleven Project" free activity organized by community health service center for community residents	Throughout 2016	Community residents	10	"Top Eleven Project" free activity (including free medical examination regarding gynecological check, children, elders, chronic diseases, and special patients) organized by community health service center
Jimin Cancer Hospital	"Middle-Aged Poverty Relief"	2016	65-year-old malignant tumor patient in poverty	50	Supporting funds for "65-year-old Malignant Tumor Patient in Poverty" service project under Central Financial Support Society
Shanghai Transfusion	Support to people in poverty	2016	Huangzhuang Welfare Home	0.40	Provided financial support to the children in the welfare home



# Aid to Africa in the Fight against Malaria

2016 marked the fifth year of injectable artesunate being recommended by WHO as the first choice of severe malaria treatment. Injectable artesunate has become the well-recognized gold standard of malaria treatment around the globe. Over the past five years, Guilin Pharma has provided over 70 million Artesunate to malaria endemic areas all over the world, which saved over 9 million lives (most of which are African children under five years old) and made contribution to reduce malaria deaths in Africa.

With this product, the Group proactively cooperates with the Chinese government in aiding African countries in the fight against malaria. Since 2006, it has undertaken more than a hundred aid projects to Africa under the Ministry of Commerce of the People's Republic of China, benefiting more than 30 countries. In 2016, the Group undertook one human resources training program under the Ministry of Commerce, in which a total of 20 students from eight countries participated in the Seminar on Drug Quality Control in Developing Countries, including three deputy ministerial students who are the Acting Commissioner of the Nigerian State Food and Drug Administration, the Deputy Commissioner of Ghana State Food and Drug Administration and the Vice-minister of the Sri-Lanka Ministry of Health respectively.

As a supplier, Guilin Pharma has participated in one FAMP under the Ministry of Commerce in 2016, providing products including injectable artesunate as well as artesunate and amodiaquine hydrochloride tablets with a total amount of over RMB2.70 million.

## Some free support campaigns of Guilin Pharma

On the World Malaria Day in 2016, Guilin Pharma cooperated with the Ministry of Health and the Ministry of Education of Ghana in producing promotional video for public awareness on malaria prevention, and issued the first-ever supporting arts album of children malaria prevention.

Since the launch in 2015, the "Malaria Prevention Promotion" project has been implemented in above ten countries in Africa; By the end of 2016, Guilin Pharma has produced 16 versions of "promotional cartoon for public awareness on malaria prevention" and Arts Album of Malaria Prevention Tips in two common languages (English and French) and two local languages (Tanzania Swahili and Malawi Chicheŵa). After two years of implementation, the "Popular Science Project of Malaria Prevention for African Children" has enhanced the public awareness on infectious disease prevention and helped to improve the local community's public health environment in Africa. The project was unanimously praised by many health authorities in African countries and won reputation for "Made in China".

Two "eCME multimedia online medication training" program were launched jointly with exceptionally well-recognized experts in malaria prevention and control. Online learning and experience sharing platform, which conducted in online interactive mode such as video conferences, was established for health care professionals in Africa with respect to hot topics like malaria control in Africa. This provided them the access to the latest medical knowledge and improved their skills by communicating with top experts face-to-face. The project has improved the medical standard in Africa; At the beginning of 2016, Guilin Pharma officially launched the eCME online teaching website. Audiences can watch videos of past eCME training courses with Chinese and English subtitles directly on the website after log-in. eCME has become one of the most influential innovative academic activities in malaria field in Africa.

Jointly organized the event of free clinic day on malaria with local NGOs in Tanzania, Malawi, Zambia and other countries and sponsored drug products, so as to help with the enhancement of public awareness on malaria prevention and provide aids to patients.



Guilin Pharma donated a total of **70 million** doses of artesunate for injection to the malaria endemic areas all over the world, which saved the lives of over **9 million** people



eCME multi-media online medical training provides an online academic exchange platform for volunteers in Africa

# Performance Indicators

Major accounting data and financial indicators set out in the annual report of Fosun Pharma Group

Item	2012 (Upon retrospective adjustment)	2013 (Upon retrospective adjustment)	2014	2015	2016
Net asset value per share that belong to shareholders in listed companies (RMB/share)*	6.05	6.84	7.21	7.86	9.19
Basic earnings per share (RMB/share)	0.80	0.90	0.92	1.07	1.21
Basic earnings per share after nonrecurring profits and losses are deducted (RMB/share)	0.44	0.46	0.58	0.72	0.91
Net return on weighted average assets after non-recurring profits and losses are deducted	8.24%	6.22%	8.43%	9.57%	10.63%

\* Net asset value per share that belongs to shareholders in listed companies = Total equity that belongs to shareholders of parent company/Number of share as at the end of the period

Comparison of economic indicators throughout Fosun Pharma Group

(RMB10,000)

Item	2012 (Upon retrospective adjustment)	2013 (Upon retrospective adjustment)	2014	2015	2016
Revenue	734,078	999,641	1,202,553	1,260,865	1,462,882
Investment Income	186,598	214,062	192,501	234,662	212,540
Operating Profit	203,599	281,883	239,435	329,717	339,942
Plus: non-operating income	9,725	10,436	34,047	10,666	19,511
Less: non-operating expenses	1,020	1,692	1,676	3,200	2,298
Of which: loss on disposal of non-current assets	282	1,045	85	362	974
Total profit	212,304	290,627	271,805	337,183	357,155
Less: income tax expenses	28,376	50,632	34,821	50,117	35,021
Net profit	183,927	239,995	236,984	287,066	322,134
Net profit that belongs to shareholders of the parent company	156,392	202,706	211,287	246,009	280,584
Minority interests	27,536	37,289	25,697	41,057	41,550
Tax liability	78,900	105,080	126,821	143,449	163,136
Donations	333	424	735	847	797

Note: When preparing the financial statements for 2015, the Company had fully implemented the nine Accounting Standards for Enterprises promulgated during January to July 2014. Due to changes in accounting policy, the Group had retrospectively adjusted the performance indicators and social indicators set out in the above table.

# Social Indicators

## HR and Social Indicators of Fosun Pharma Group

Item	2012	2013	2014	2015	2016
Social Contribution per Share	No statistics	1.90 (upon retrospective adjustment)	2.36	2.76	2.99
Total number of employees	14,357	16,791	18,081	17,842	19,523
Total number of male employees	7,222	8,246	8,800	8,653	9,574
Total number of female employees	7,135	8,545	9,281	9,189	9,949
Total number of employees with master and doctor degrees	522	717	842	994	1,155
Labor contract conclusion rate	100%	100%	100%	100%	100%
Cash paid to or paid for workers (RMB10,000)	76,594 (upon retrospective adjustment)	124,594 (upon retrospective adjustment)	163,190	200,435	219,600
Union coverage rate	100%	100%	100%	100%	100%
Employment rate of people with disabilities	0.52%	0.38%	0.41%	0.36%	0.36%
Employment rate of ethnic minority employees	2.80%	2.39%	2.30%	2.20%	2.48%
Number of ethnic minority employees	400	386	416	393	487
Total training hours	410,016	549,602	673,220 (upon retrospective adjustment)	583,992	710,701
Employee promotion rate	20.60%	19.12%	11.48%	18.45%	23.92%
Employee outflow rate	18.90%	17.57%	17.05%	17.12%	17.89%
Ration of female employee returning to work and job positions retained till after the completion of the maternity leave	No statistics	100%	100%	100%	100%

## R&D indicators of Fosun Pharma Group

Item	2012	2013	2014	2015	2016
Under investigation items (items)	107	119	125	161	173
Items under clinical trials (items)	3	8	11	13	30
30 Research and development expenses (including capitalized expenses; (RMB100,000,000))	3.70	5.05	6.85	8.30	11.06
Number of patent application	70	72	86	89	103
Number of patent granted	33	32	36	15	30
Research and development staff	766	779	856	887	995

# Core Indicators

## Environmental Health and Safety (EHS) Key Indicator of Foshan Pharma Group

Item	2014	2015	2016
Total power consumption (kWh/year)	421,765,752	424,467,622	478,175,186
Electricity of standard coal equivalent (kilograms/year)	51,835,011	52,209,518	58,815,548
Total consumption of energy other than electricity (converted into standard coal) (kilograms/year)	122,713,255	121,204,106	126,874,724
Comprehensive energy consumption (converted into standard coal) (kilograms/year)	174,548,266	173,413,623	185,690,272
Energy consumption for every RMB10,000 output value (in terms of standard coal)	171	157	126.93
Total water consumption (cubic meters/year)	8,377,364	8,716,937	8,769,376
Water consumption for every RMB10,000 output value (cubic meters/RMB10,000)	8.23	7.89	5.99
Investment on environmental protection (RMB10,000)	3,200	3,166	3,346
Investment on environmental protection facilities (including construction and upgrading) (RMB10,000)	1,200	2,156	2,027
Operating investment on pollutant treatment facilities (RMB10,000)	2,000	1,010	1,319
The total water recycling (cubic meters)	136,637	871,123	563,081
Total displacement (tons/year)	5,677,448	6,285,061	6,785,400
The total amount of solid waste (tons/year)	50,258	65,597	80,848.14
Total number of employees (people)	15,757	15,187	16,325
Loss of work rate	No statistics	0.424	0.116
Recordable injury rate	No statistics	0.533	0.21
Occupational disease exposure ratio	14.88%	12.58%	14.89%
Health and Safety investment (RMB10,000)	2,060	4,505	3,155
The total length of of training (hours)	No statistics	71,474	93,431
Duration of training per capita (hours)	No statistics	4.71	5.75
Emission of COD (tons/year)	440	488	490
Emission of NH3-N (tons/year)	60.94	56.00	60.55
Emission of nitrogen oxides (tons/year)	90	411	466
Emission of sulphur oxides (tons/year)	318	408	485
Emission of particles (tons/year)	130	110	19

# Feedback Form

Dear Readers,

Thanks for reading this report! It has been the ninth year since the first Corporate Social Responsibility Report was released to public. We would appreciate it if you can give us your precious comments and opinions on this report. It will help us continue to improve the report.

You may provide your feedback and suggestions in one of the following ways:

Contact person: Sun Li Telephone: +86 21 33987125

Postal mail: Please send it to the Brand and Public Relations Department (the recipient) in Building A,  
Clone Technology Park, No. 1289 Yishan Road, Shanghai Postal code: 200233

Email: sunli@fosunpharma.com Website: www.fosunpharma.com

“Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2016 Corporate Social Responsibility Report” Feedback Form

Name: \_\_\_\_\_

Employer: \_\_\_\_\_

Responsibility: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Feedback and Opinions Survey:

- 1 Have you found the information you need in this report?
- 2 Has the report fully reflected the economic responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 3 Has the report fully reflected the environment, health, and safety responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 4 Has the report fully reflected the social responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 5 Has the report fully reflected the product and service responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?

## Feedback on the “2016 Fosun Pharma Social Responsibility Report”

### **Li Hefu, Executive Vice-Chairman and Secretary General of the Shanghai Federation of Economic Organization**

The “2016 Fosun Pharma Social Responsibility Report” has an integrate structure and contains comprehensive and detailed information disclosure. It concludes and elaborates various social responsibilities work carried out by the enterprise featuring its management, operation, customers, environment, employees and society etc., with strong readability. I hope that Fosun Pharma will continue to uphold the operating vision of “innovation For Good Health”, enhance research, development and innovation and strictly adhere to quality and safety standards to provide more efficient, more quality and more convenient products and services for patients.

### **Zhang Hao-Er, Founder of Ranking CSR Ratings (RKS)**

As a leading enterprise in pharmaceutical industry, Fosun Pharma has made clear and comprehensive disclosure of its fulfilment of core responsibilities. There is adequate horizontal and vertical quantitative information disclosure, which gives an effective reflection of the fulfilment of responsibilities. The intended focus on disclosure of characteristic of pharmaceutical industry effectively implies Fosun Pharma’s attention to industrial responsibilities. For information regarding internal practices, there are effective disclosure of participation of departments and levels relating to social responsibilities and sustainable development as well as information such as systems and mechanisms facilitating subsidiaries to fulfil their social responsibilities, which leave a deep impression on its internal social responsibility management.

### **Chen Weizheng, General Manager of GoldenBee (Beijing) Management Consulting Co., Ltd.**

Through “2016 Fosun Pharma Social Responsibility Report”, stakeholders may gain a better understanding of the Company’s plans for sustainable development, management measures and management results. Meanwhile, we are pleased to see that Fosun Pharma constantly enhance its influence in accordance with established strategies while maintaining its own records. On the one hand, Fosun Pharma has a try in preparing pharmaceutical standards and, on the other hand, expand its social responsibility to upstream and downstream businesses, in particular achieving positive progress in green supply chain.

For Fosun Pharma, in order to further improving the quality of social responsibility and information disclosure, there are two possible considerations. First, as a pharmaceutical group moving towards internationalization, it has to make better responses to the trend and requirements of global and domestic sustainable development, such as the 2030 Agenda for Sustainable Development of the United Nation and the Five Development Concepts of China, and in this regard adjusting the Company’s direction of materiality issues and social responsibilities, and thus helping Fosun Pharma to fulfil social responsibilities in a more long-term and more strategical perspective. Another consideration is to further give play to the function of communication of the report through more detailed and appropriate disclosure of key practices of the Company during the year, with a view to improving the readability of the report.

## Table of Company Names

Full name of enterprise	Short name of enterprise
Jiangsu Wanbang Biopharmaceuticals Group Co., Ltd.	Wanbang Biopharma
Shanghai Chemo Wanbang Biopharma Co., Ltd.	Chemo Biopharm
Hebei Wanbang Folon Pharmaceutical Co., Ltd.	Wanbang Folon
Shanghai Zhaohui Pharmaceutical Co Ltd.	Zhaohui Pharma
Xuzhou Wanbang Jinqiao Pharmaceutical Co., Ltd.	Wanbang Jinqiao
Shandong Wanbang Sainuokang Biochemical Pharmaceutical Co., Ltd.	Wanbang Sainuokang
Jiangsu Huanghe Pharmaceutical Co., Ltd.	Huanghe Pharma
Chongqing Yao Pharmaceutical Co., Ltd.	Yao Pharma
Sichuan Hexin Pharmaceutical Co., Ltd.	Hexin Pharma
Chongqing Carelife Pharmaceutical Co., Ltd.	Carelife Pharma
Shine Star (Hubei) Biological Engineering Co., Ltd.	Shine Star
Guilin Pharma Co., Ltd.	Guilin Pharma
Shenyang Hongqi Pharmaceutical Co., Ltd.	Hongqi Pharma
Jinzhou Aohong Pharmaceuticals Co., Ltd.	Aohong Pharma
Dalian Aleph Biomedical Co., Ltd.	Aleph
Hunan Dongting Pharmaceutical Co., Ltd.	Dongting Pharma
Chongqing Pharmaceutical Research Institute Co., Ltd.	Chongqing Research Institute
Shanghai Henlius Biotech Co., Ltd.	Shanghai Henlius
Shanghai SunTech Pharmaceutical Co., Ltd.	SunTech Pharma
Suzhou Erye Pharmaceutical Co. Ltd	Erye Pharma
Sinopharm Group Co., Ltd.	Sinopharm
Anhui Jimin Cancer Hospital	Jimin Cancer Hospital
Yueyang Guangji Hospital Co., Ltd.	Guangji Hospital
Suqian Zhongwu Hospital Co., Ltd.	Zhongwu Hospital
Foshan Chancheng Central Hospital Co., Ltd.	Chancheng Hospital
Shanghai Fosun Long March Medical Science Co., Ltd.	Long March Medical
Shanghai Fosun Biolog Biotech Co., Ltd.	Fosun Biolog
Yaneng Bioscience (Shenzhen) Co., Ltd.	Yaneng Bio

Full name of enterprise	Short name of enterprise
Taizhou Changxing Medical Technology Co., Ltd.	Changxing Medical
Chindex (Beijing) International Trade Co., Ltd.	Chindex (Beijing)
Chindex Medical Limited	CML
Chindex International, Inc.	Chindex, CHDX
Alma Lasers Ltd.	Alma
Huaiyin Medical Instruments Co., Ltd.	Huaiyin Medical
Shanghai Transfusion Technology Co., Ltd.	Shanghai Transfusion
Suzhou Laishi Blood Transfusion Equipment Co., Ltd.	Laishi Transfusion
Shanghai Foshion Medical Systems Company Limited	Foshion Medical System
Intuitive Surgical, Inc.	Intuitive Surgical
Shanghai Fosun High Technology (Group) Company Limited	Fosun Group
Shanghai Fosun Pharmaceutical Co., Ltd.	Fosun Pharmaceutical
Saladax Biomedical, Inc.	Saladax Biomedical
Shanghai Fusheng Pharmaceutical Technology Development Co., Ltd.	Fusheng Pharma
Agilent Technologies Inc	Agilent Technologies
Lenovo Group	Lenovo
Ambrx, Inc.	Ambrx
Chongqing Fuchuang Pharmaceutical Research Co., Ltd	Pharma Fuchuang
Chongqing Ruizhe Pharmaceutical Co., Ltd	Ruizhe Pharma
Chindex Shanghai International Trading Company Limited	Chindex Shanghai
Chindex Tianjin International Trading Company Limited	Chindex Tianjin
Shanghai Fosun Hospital Investment (Group) Co., Ltd.	Fosun Hospital Investment
Spirosure, Inc.	Spirosure
General Electric Company	GE
Hangzhou Wanbang Tiancheng Pharmaceutical Co., Ltd.	Wanbang Tiancheng
Gland Pharma Limited	Gland Pharma

## Definitions of Other Terms

Full name	Short name
Company Law of the People's Republic of China	Company Law
Securities Law of the People's Republic of China	Securities Law
China Securities Regulatory Commission	CSRC
Stock Exchange of Hong Kong	SEHK
Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	Listing Rules of SEHK
Shanghai Stock Exchange	SSE
Shanghai Stock Exchange Listing Rules	Listing Rules of SSE
Shanghai Stock Exchange Listed Company Information Disclosure Management System Guidelines	Listed Company Information Disclosure Management System Guidelines of SSE
Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	AoA
Information Disclosure System of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Information Disclosure System
System for the Submission and Management of External Information of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	System for the Submission and Management of External Information
Insider Information Management System of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Insider Information Management System
Accountability System for Major Errors on Information Disclosed in Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Accountability System for Major Errors on Information Disclosed in Annual Report
Diversity Policy of the Board of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Diversity Policy of the Board
Investor Relations Management Measures of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Investor Relations Management Measures
Chinese Academy of Social Sciences	Chinese Academy of Social Sciences
Shanghai Securities Regulatory Bureau	SSRB
Administrative Measures on Information Disclosure by Listed Companies	Administrative Measures on Information Disclosure

## List of Major Enterprises Disclosed in this Report

### Pharmaceutical Manufacturing and Research and Development Subsidiaries

Yao Pharma	Wanbang Biopharma	Wanbang Tiansheng	Dongting Pharma	Ruizhe Pharma
Hexin Pharma	Wanbang Marketing	Wanbang Tiancheng	Aleph	Pharma Fuchuang
Carelife Pharma	Wanbang Jinqiao	Shine Star	Zhaohui Pharma	Shanghai Henlius
Kaixing Pharma	Wanbang Folon	Guilin Pharma	Chemo Biopharm	SunTech Pharma
Heisman Pharma	Wanbang Sainuokang	GPSC	Hongqi Pharma	
Aohong Pharma	Huanghe Pharma	Erye Pharma	Chongqing Research Institute	

### Healthcare Service Subsidiaries

Jimin Cancer Hospital	Guangji Hospital	Zhongwu Hospital	Chancheng Hospital	Wenzhou Geriatrics Hospital
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### Medical Diagnosis Subsidiaries

Long March Medical	Fosun Biolog	Yaneng Bio	Changxing Medical	Zhongsheng Zhongjie
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### Medical Devices Subsidiaries

Chindex (Beijing)	Foshion Medical System	Huaiyin Medical	Chindex Shanghai	Alma Lasers
Shanghai Transfusion	Fuji Medical Instrument	Laishi Transfusion	Chindex Tianjin	

# Terminologies

Term	Definition
GRI	Acronym for Global Reporting Initiative
FSC	Acronym for Forest Stewardship Council
EHS	Acronym for Environment, Health and Safety, which means the environmental health and safety system standard
CAPA	Acronym for Corrective Action & Preventive Action
FDA	Acronym for Food and Drug Administration (US)
WHO-PQ	World Health Organisation PQ Qualification, that is Prequalification, which is referred to as PQ. It is an appraisal standard formulated by WHO in 2001, which is targeted to review drugs that treat AIDS, malaria, and tuberculosis
WTO	Acronym for World Trade Organisation
GMP	Acronym for Good Manufacturing Practice, which requires a pharmaceutical or a food product manufacturer must have good manufacturing equipment and rational manufacturing process, improved quality management and strict testing system to assure that the final production process meets the requirements of laws and regulations and the product quality meets quality requirements
cGMP	Acronym for Current Good Manufacture Practices, which is a world leading good manufacturing practice that requires the whole process of products manufacturing and logistics must be verified
OOS	Acronym for Operation Support System
SOP	Acronym for Standard Operation Procedure
GCP	Acronym for "Good Clinical Practice", which is the standard specification of the whole process of clinical trials of drugs, the aim of which is to ensure that the process of specification of clinical trials, so that the results are scientifically reliable, and protect the interests of the subject and keeping them safe
CSR	Acronym for Corporate-Social-Responsibility
Artesun	Artesunatum for injection
eCME	The new Online Medical Training Project initiated by Guilin Pharma in 2014 aimed to break the geographical restrictions, cooperate with global/regional top academic expert in medical related fields. Providing a online academic exchange platform for medical staff in African via internet multimedia interaction such as video conference, helping them to understand the state-of-art medical knowledge, improve themselves while communicate with top experts face to face, so as to improve the local medical progress in Africa
IT	Acronym for Information Technology, which is mainly used for general management and processing of information through the adoption of various technologies
NGO	Acronym for Non-Governmental Organizations
CE	Acronym for "European Conformity" in French. "CE" certification is a safety certification and is regarded as a passport for entry in European market by manufacturers. A product with the CE marking indicates its compliance with European Union safety, health, environmental protection and consumer protection directives.
TUV	TUV is a safety certification widely-received in Germany and Europe for parts and components set up by TUV at Germany
ISO13485	The Quality Management System for Medical Devices, representing the particular requirements of International Organization for Standardization (ISO) for a comprehensive quality management system for medical device manufacturers. The system effectively helps the medical devices to reach the "safe and effective" quality standards
Unseen Inspection	It is known as a form of tracking examination, which refers to unannounced spot checks to be implemented by the inspection department
Social contribution value per share	<p>It refers to added value per share created by an enterprise for society, calculated on earnings per share created by the enterprise for shareholders, plus tax paid to the State for the year, salaries for staff, interests on borrowings from creditors such as banks, and donations by the Enterprise, then deducting other social costs caused by environmental pollution.</p> <p>Social contribution value per share = earnings per share + (tax + staff cost + interest expenses + social investment)/total costs as at the end of the period</p> <p>Formula: Social contribution value per share = earnings per share + added value per share</p> <p>Added value per share = (tax paid during the year + salaries paid to staff + interests on borrowings paid to creditors + external donations by the enterprise other social costs caused by environmental pollution) ÷ shares</p>
OA Net	It enables internal staff of an enterprise to conveniently share information and effective coordination by adopting Internet/ Intranet technology based on working flow concept, so as to realize fast and all-around information collection and handling instead of the past complicated and low-efficient manual office, providing scientific basis for management and decision-making of an enterprise

Term	Definition
Monoclonal antibody drug	If the plasma cell of a specific antibody is extracted for culture, single cells will divide and duplicate to form cell mass, i.e. monoclonal. Monoclonal cell will undergo synthesis and form antibody for a specific antigenic determinant
Artesunatum	It is a kind of anti-malaria drug which control the symptoms of malaria
Cloud platform	This platform allows developers to write programs or run them on the "cloud", or use the service provided by the "cloud", or both
Public opinion monitoring	It refers to the integration of internet information gathering technique and intelligent information processing. Though the automatic search, automatic categorization, theme detection and main theme focus of massive information from the internet, the company monitors the opinion of users and understands users' needs for information such as news focus. It will prepare analysis result in form of presentation, report and charts etc. Customers can grasp the latest trend of the public. The company will make appropriate public opinion monitoring and provide basis for analysis.
Piped discharge	Waste water will be collected at a waste water collector and discharge after centralized waste water treatment
Restricted share(s)	Certain amount of the company's A shares is given to particular employees inside the company as an incentive. However, employees must fulfill certain conditions (such as term and performance) in order to sell the shares
4 R&D Platform	4 pharmaceutical R&D platforms in areas of generic drugs with high value, small molecular innovative chemical drugs, monoclonal Biological similar drugs and technology of special formulation
ISO14001	Environmental management system. Focusing on the increasingly severe problems of global environment pollution and destruction of ecosystem, ozone depletion, global warming, biodiversity loss, which threatening the future survival and development of mankind, it is formulated on the demand of international economic and trade development
OHSAS18001	Occupational Health and Safety Management Systems. A international standard promulgated by 13 organizations including BSI and DNV on 1999
COD	Acronym for Chemical Oxygen Demand, using chemical methods to measure the amount of reducing substances needed to be oxidized in water. The epoxy equivalent of substances (normally organic) that can be oxidized by strong oxidants in waste water, disposed water of wastewater treatment plant and polluted water. It is an important and fast-measured organic pollution index in researches of river pollution and properties of industrial waste water, as well as in the operation management of wastewater treatment plant
NH <sub>3</sub> -N	Ammoniacal Nitrogen, is a measure for the amount of ammonia in water (waste water), has standard control value
SS	Acronym for Suspended Substance
Mineral Oil	Any of various colorless, odorless, alkanes formed with 14 to 40 carbons, extracted from a non-plant material, particularly a distillate of petroleum.
VOCs	Acronym for Volatile Organic Compounds, are organic chemicals that have a high vapor pressure, environmentally referring to a kind of volatile organic chemical, i.e. volatile organic compounds that can cause danger
Acid Fog	Normally refers to the vaporous acids. The particles of acid fog is smaller than the water-mist particles, the humidity is higher than that of smoke. Acid fog is a highly corrosive substance between smoke and water-mist with the particle size of 0.1 ~ 10 μm. It was formed by inorganic acid such as sulfuric acid, nitric acid and hydrochloric acid, as well as organic acids like methane acid, acetic acid and propanoic acid
SO <sub>x</sub>	Sulfur oxides
NO <sub>x</sub>	Nitrogen oxides
PVC	Acronym for Polyvinyl Chloride
LED	Acronym for Light Emitting Diode
RO	Acronym for Reverse Osmosis. In the normal osmosis process in the nature, the water naturally moves from an area of low solute concentration, through a membrane, to an area of high solute concentration, and generates a height difference between the two sides of the membrane, which is called osmotic pressure. Reverse osmosis is to apply an external pressure to reverse the flow of water from an area of high solute concentration to an area of low solute concentration, which is opposite to the normal osmosis process in the nature.
5S	Acronym for Seiri, Seiton, Seisou, Seiketsu, Shitsuke. The effective scene management for factors of production such as personnel, machine, material and method
DCS	Acronym for Distributed Control System
Standard Coal	Also known as Standard Coal Equivalent. Reference unit for the energetic evaluation of various energy carriers. 1 kg coal equivalent corresponds to a value specified as 7,000 kilocalories in China. The calorific value of energies of different types and contents will be converted to the Standard Coal of calorific value of energies of 7,000 kilocalories per kilogram
Energy consumption for every RMB10,000	The unit of energy consumed on average for manufacturing or selling RMB10,000, measuring in the equivalent of standard coal.

Term	Definition
Water consumption for every RMB10,000	The unit of water consumed on average for manufacturing or selling RMB10,000, measuring in cubic meter.
HECC	Energy-saving heat pipe
EDI	Acronym for electro deionization, which is a type of device and equipment for producing ultra-pure water for industrial use in pharmaceutical industry.
Reactive power compensation	In the electronic power supply system, enhance effects of the power factor, reduce the loss of power transformers and transmission lines, improve the power supply efficiency and improve the power supply environment.
Concentrate Water Collection	The collection of treated waste polluted water from corporate production and operation, after reaching certain standards, for internal low standard water usages such as greening and irrigation, road washing and water supply for fire fighting, so as to reduce water consumption and waste of water resources.
Concentrate water collection	The collection and treatment of a substantial proportion of concentrate water from production and extraction of pure water through using reverse osmosis (RO) equipment in pharmaceutical industry. After reaching certain standards, the concentrate water will be applied in other process water sessions or drinking water, so as to achieve the objective of reducing waste and consumption of water.
Secondary measurement	A more segmented and accurate measurement of energy and water consumption of regions, units or facilities of an enterprise in the light of total measuring data from primary measurement. It serves as the basis and foundation for formulating water-saving measures to realize resource conservation.
CO <sub>2</sub>	Molecular symbol for carbon dioxide, in the context of environmental protection, often refers to greenhouse gases and is considered to be correlated with global warming.
CH <sub>4</sub>	The molecular formula of methane, which is a greenhouse gas and an atmospheric pollutant.
N <sub>2</sub> O	The molecular formula of nitrous oxide, which is a greenhouse gas
Power frequency electric field	One of the occupational hazards, referring the the electric field generated from power transmission and transformation (e.g. power distribution). Working under radiation of electric field for a longtime may cause neurasthenia.
PPE	Acronym for Personal Protection Equipment, also known as equipment for occupational health, safety and labor protection.
LOTO	Acronym for Lock Out & Tag Out, in the context of safety, refers to a type of safety management professional instrument or elements requiring energy isolation for staff being exposed to energy hazards in production process.
HAZOP & JHA	Acronym for "Hazards and Operability Study" and "Job Hazards Analysis", which are professional instrument or approach for identification and assessment of relevant risks in Health Safety Management System.
5S	Acronym for the Japanese words of "Seiri, Seiton, Seisou, Seiketsu, Shitsuke", which often means the implementation of effective management of the tidiness and order of the production and work premises.
PSM	Acronym for Process Safety Management, which is an advanced safety management system and a series of management methods and practices for comprehensive risk identification, assessment and control with focus on chemical production and other major risk areas.
HRO	Acronym for High Risk Operation, which is a professional term in health and safety management and often referred to the operation and production activities such as welding and working at height which may cause major accidents, fatality or other severe results and require high level of safety management and control.
EIR	Acronym for Establishment Inspection Report, namely factory investigation report.
RDMS	Acronym for Research and Development Management System, namely integrated research and development management platform.
OpenStack	An open source project which provides softwares for setting up and managing public and private clouds and is composed of several main components
ISO27000	Refers to information security management system, which requires organisations the develop its own information security management goals and the approaches of achieving the goals.
EGFR	Acronym for Epidermal Growth Factor Receptor, a multifunctional glycoprotein widely distributed on the cell membrane of human tissues.
PCT	Acronym for Patent Cooperation Treaty.
BOD	Acronym for Biochemical Oxygen Demand, a comprehensive indicator of oxygen demanding substances such as organic matter in water
QBD	Acronym for Quality by Design, mainly refers to the idea of pharmaceutical quality management, which considers the quality of final product from the beginning of research and development of pharmaceuticals.

# Third Party Evaluation

Due to demographic changes and economic transformation and upgrade, the pharmaceutical and healthcare industry has become a focused industry of concern in the PRC and the society. The development of the pharmaceutical industry provides a critical solid foundation for protecting the health and well-being of human. In order to enhance growth potentials and drivers, China demands national pharmaceutical enterprises with the capabilities in innovating, performing social responsibilities and sustainable development. We noticed Fosun Pharma's values of "self-improvement, teamwork, performance and contribution to society", as well as, the responsibilities and undertakings of the pharmaceutical enterprises in China in marching towards the global excellence and exploring sustainable development when reading this thick corporate social responsibility report of Fosun Pharma Group.

Fosun Pharma adheres to the overall strategic planning of "endogenous growth, epitaxial expansion, integrated development", and integrates the strategies and decision-making of sustainable development with each procedures of operations in terms of product research and development, production and manufacturing, marketing, healthcare services and so on by continuously optimizing the internal control system, actively communicating with stakeholders, integrating internal and external resources and other measures. Meanwhile, this report has made detailed and specific disclosure of the key performance indicators of actual issues, such as corporate operating results, investment in research and development, quality control, suppliers management, management of doctor-patient relationship, investment in environmental protection, use and consumption of energy, control and discharge of pollutants, EHS training and career development of employees, community charity, etc. It has demonstrated Fosun Pharma's profound understanding of sustainability management and action plans in performing its responsibilities, which provides an outstanding model in promoting sustainable development for other enterprises to follow.

As a pharmaceutical leading enterprise with strong appeal and influence, Fosun Pharma also proactively participates in the project of aiding African countries in the fight against malaria, to sponsor a dozen African countries the medicines of preventing and controlling malaria, which has benefited malaria patients and has brought the innovative anti-malaria drugs in China to go global, making satisfactory achievement in the internationalization of domestic pharmaceutical enterprises. We would like to suggest that Fosun Pharma conduct indicative quantization for the strategic procedures and measures of sustainable development, include the national target of "preliminarily setting up a basic medical and health care system in 2020", the Sustainable Development Goals (SDGs) of the United Nations and other major targets in its procedures and measures, as well as, enrich the action plans by reinforcing the relevant content of the principal operations of the companies in the pharmaceutical and healthcare industries that attracted attention from the stakeholders and the multi-years horizontal performance comparison information. It will help Fosun Pharma in specifying the matters of prime importance in relation to sustainable development more clearly and communicating the impact of operations with the stakeholders more effectively, and also help Fosun Pharma in utilizing its influence to form an innovative business model and exert synergistic effects of various parties, thereby working together in promoting the sustainability of the pharmaceutical industry in China.

Currently, the healthcare reform of China has entered a crucial stage. We expect that Fosun Pharma will continue to endeavour in leading the national pharmaceutical enterprises for sustainable development, make contributions in realizing the national healthcare assurance vision of "accessing patients to medical treatment", and promote the well-being of mankind.



China Business Council for Sustainable Development

Zha Qi

## Guidance on classifying social responsibility performance (GB 36002)

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**\*Note: The term marked with "\*" under the GRI4 General Standard Disclosures indicate that the item belongs to the compulsory disclosure of GRI4 card standards. Subject to the requirements of the core standards, at least one indicator shall be disclosed for each certain substantial aspect under the GRI4 Specific standard disclosures.**

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G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	66-70
<b>Compliance</b>		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No Similar Events
<b>Transport</b>		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	63
<b>Overall</b>		
G4-EN31	Total environmental protection expenditures and investments by type	77
<b>Supplier Environmental Assessment</b>		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	78
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	78
<b>Environmental Grievance Mechanisms</b>		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	No Similar Events

## SOCIAL

## Global Reporting Initiative G4 Indicator Index

Number	Content	Page
<b>LABOR PRACTICES AND DECENT WORK</b>		
<b>Employment</b>		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	93, 99
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	38-39, 98
G4-LA3	Return to work and retention rates after parental leave, by gender	98
<b>Labor/Management Relations</b>		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	98
<b>Occupational Health and Safety</b>		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	83-84
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	80-83
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	83-84
G4-LA8	Health and safety topics covered in formal agreements with trade unions	86-88
<b>Training and Education</b>		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	95
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	93-97
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	98
<b>Diversity and Equal Opportunity</b>		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	93
<b>Equal Remuneration for Women and Men</b>		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	38-39, 98
<b>Supplier Assessment for Labor Practices</b>		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	No Statistics
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	No Similar Events
<b>Labor Practices Grievance Mechanisms</b>		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	98
<b>HUMAN RIGHTS</b>		
<b>Investment</b>		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not Applicable
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	93-97

## Global Reporting Initiative G4 Indicator Index

Number	Content	Page
<b>Non-discrimination</b>		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No Similar Events
<b>Freedom of Association and Collective</b>		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Not Applicable
<b>Child Labor</b>		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No Similar Events
<b>Forced or Compulsory Labor</b>		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	98
<b>Security Practices</b>		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	86-88
<b>Indigenous Rights</b>		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	No Similar Events
<b>Assessment</b>		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Not Applicable
<b>Supplier Human Rights Assessment</b>		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Not Applicable
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Not Applicable
<b>Human Rights Grievance Mechanisms</b>		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Not Applicable
<b>SOCIETY</b>		
<b>Local Communities</b>		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	27-30, 108
G4-SO2	Operations with significant actual and potential negative impacts on local communities	No Similar Events
<b>Anti-corruption</b>		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	21-22, 104-105
G4-SO4	Communication and training on anti-corruption policies and procedures	104-105
G4-SO5	Confirmed incidents of corruption and actions taken	104-105
<b>Public Policy</b>		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Not Applicable

## Global Reporting Initiative G4 Indicator Index

Number	Content	Page
<b>Anti-competitive Behavior</b>		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No Similar Events
<b>Compliance</b>		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No Similar Events
<b>Supplier Assessment for Impacts on Society</b>		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	No Statistics
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	50, 78
<b>Grievance Mechanisms for Impacts on Society</b>		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	No Similar Events
<b>PRODUCT RESPONSIBILITY</b>		
<b>Customer Health and Safety</b>		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	No Statistics
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No Similar Events
<b>Product and Service Labeling</b>		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	44-46, 48
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No Similar Events
G4-PR5	Results of surveys measuring customer satisfaction	27, 31, 53
<b>Marketing Communications</b>		
G4-PR6	Sale of banned or disputed products	No Similar Events
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No Similar Events
<b>Customer Privacy</b>		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No Similar Events
<b>Compliance</b>		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No Similar Events



In April, "Shanghai United Walkathon" event took place. Despite the heavy rainstorm, participants and volunteers of Fosun Pharma were still enthusiastic and completed the 12-hour and 50 km full course with love. Fosun Pharma's volunteer team has participated in the "Shanghai United Walkathon" volunteer event for four consecutive years, raising funds over RMB300,000 in total for the healthy and happy growth of children in poverty areas.

“ It is my first time to join this walkathon. Although it rains heavily today, everyone is fighting! Hope that more people will care about public welfare and love sports!

Liu Haizhong, a participant from Fosun Pharma

Today's weather is the worst I've ever seen since I joined this event and it was really hard. Hope my teammates will stick it out, and the team members want them to stick to it!

Xu Jian, a participant from Long March Medical

”

# Assurance Statement of SGS



## ASSURANCE STATEMENT

### **SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. SHANGHAI BRANCH'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2016**

#### **NATURE AND SCOPE OF THE ASSURANCE**

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (thereafter as "FOSUNPHARMA") to conduct an independent assurance of the 2016 Corporate and Social Responsibility Report (2016 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and data in accompanying tables, contained in the Chinese version of the 2016 CSR Report. Data and information for companies other than the three companies including FOSUNPHARMA's Headquarters (located at No. 1289, Yishan Road, Shanghai, China), Foshan Chancheng Central Hospital (located at Foshan City Guangdong Province, China), and Guilin Pharmaceutical (Shanghai) Co., Ltd. (located at 43# QiLiDian Road, Guilin City, Guangxi Province, China) were not included in this assurance process.

The information in the 2016 CSR Report of FOSUNPHARMA and its presentation are the responsibility of the top management of FOSUNPHARMA. SGS has not been involved in the preparation of any of the material included in the 2016 CSR Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all FOSUNPHARMA's stakeholders.

SGS sustainability report assurance procedure was based on accredited guidance, including GRI report guidance accurate and reliable principle and assurance level by AA1000 series.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines(2013).

The assurance comprised a combination of pre-assurance research, site assurance, and interviews with relevant employees at FOSUNPHARMA's Headquarters, Foshan Chancheng Hospital Center and Guilin Pharmaceutical (Shanghai) Co.,Ltd. Documentation and record review and assurance with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

#### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing, verification and certification, providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from FOSUNPHARMA, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

# Assurance Statement of SGS

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with Sustainability Reporting Assuror, SAI Registered SA 8000 Lead Auditor, CCAA ISO 14001 Lead Auditor, CCAA OHSAS 18001 Lead Auditor, and pharmaceuticals industry experts etc.

## **ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2016 CSR Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA's sustainability activities and relevant performance in 2016. The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders.

In our opinion, FOSUNPHARMA has chosen an appropriate option of assurance for this stage in their reporting.

## **GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

### **Stakeholder Inclusiveness**

FOSUNPHARMA had effectively identified the stakeholder. Established the channel and platform for stakeholder's communication and inclusiveness and took different ways to communication and exchange information.

### **Sustainability Context**

FOSUNPHARMA had presented the efforts on sustainability development related to economic, environmental and social conditions and combined the performance in the wide context.

### **Materiality**

FOSUNPHARMA has considered reasonably disclosing issues and indicators with materiality to reflect the organization's significant economic, environmental and social impact or substantively influencing the assessments and decisions of stakeholders. SGS recommended that FOSUNPHARMA should strengthen involvement much more materiality topics and indicators into internal enterprises' management.

### **Completeness**

FOSUNPHARMA's report included coverage of material aspects and boundaries, complete to reflect significant economic, environmental and social impacts, to enable stakeholders to assess the organization's performance in the reporting period. SGS recommended that the organization should include the coverage of external entities with significant impacts while collected and disposed information.

### **Balance**

FOSUNPHARMA's report respected the balance principle with negative aspects revealing. SGS recommended that the organization could describe in detail how to take measures.

### **Comparability**

FOSUNPHARMA had disclosed performance indicators in 2016, many over years' data were disclosed, which could help stakeholders to understand the improvement performance year by year. SGS recommended that the organization should collect and against other organizations (or on a field, such as pharmaceutical , hospital ) performance .

# Assurance Statement of SGS

## **Accuracy**

FOSUNPHARMA's information in the report was accurate, enable to reveal more qualitative and quantitative information for stakeholders.

## **Timeliness**

Assurance to know that the data and information was on a regular schedule and available in time. FOSUNPHARMA will report on a regular schedule with one year to assure the good timeliness.

## **Clarity**

Report was presented different ways with words, charts, graphics and pictures, also describe with actual cases as well to ensure the stakeholders understanding easily. SGS recommended that same chapter in the reported can be refined, reduce lengthy description.

## **Reliability**

Through information and data collecting, recording, analyzing and disclosing methods managing and controlling in CSR report, the data and information was reliable. SGS recommended that data of energy saving project do not use the estimates of the data

## **Signed:**

**For and on behalf of SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch**



Ben Tsang  
Director, China and Hong Kong  
Certification and Business Enhancement  
28 Mar 2017

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# Forward-looking Statement

This Corporate Social Responsibility Report includes a statement for the future. The statement uses expressions such as “believe”, “assume”, “expect”, “hope”, “may be”, “design”, “plan”, or similar terms. Various known or unknown risks, uncertainties, and other factors might lead to significant differences between the substantial results, financial condition, assets, development, or performance of the company in the future and those indicated implicitly or explicitly in the aforementioned forward-looking statement. These factors include but not limited to:

- The sluggish business period we experience;
- Increased overhead or reduced profitability as a result of new laws and regulations or amendments of the existing ones;
- Price increase of raw materials, particularly when it is impossible for us to transfer the cost to customers;
- Reduced or loss of product patent protection;
- Debts, particularly when they have something to do with environmental laws and regulations or are caused by product liability lawsuits;
- International currency exchange rate fluctuations and changes of the overall economic environment;
- Other factors indicated in this social responsibility report;

These factors include the details mentioned in the public reports submitted to the Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited, China Securities Regulatory Commission, and their branch institutions. In light of these uncertainties, we would like to remind readers not to rely on the forward-looking statement. The company will not take any responsibility for this.

# **FOSUNPHARMA**



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