



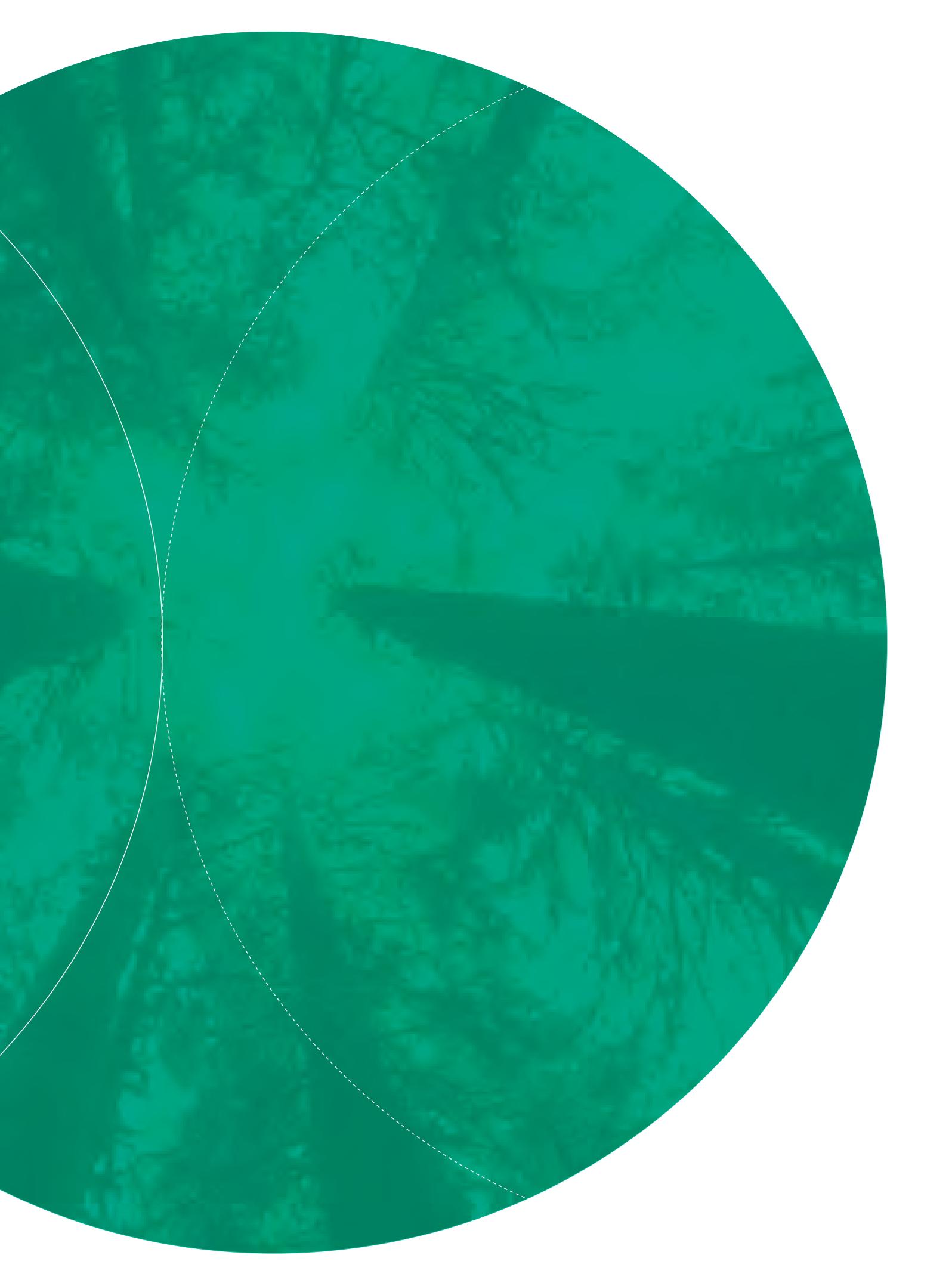
**2014 年度企業社會責任報告**  
2014 Corporate Social Responsibility Report

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



The image features a white background with two large teal circles. One circle is solid teal and partially visible on the right side. The other is a thin teal outline that spans across the top and bottom of the page, framing the central text.

To become a leading provider of healthcare products and services by continuously improving the capabilities for innovation, service, integration and international operations that efficiently operates, manages and invests in outstanding enterprises in the industry.



# About the Report

## **This is the 2014 corporate social responsibility (CSR) report published by Shanghai Fosun Pharmaceutical (Group) Co., Ltd.**

This report aims to truthfully present the CSR development and practice of Shanghai Fosun Pharmaceutical (Group) in 2014 and inform our shareholders, employees, government agencies, customers and consumers, partners, local communities and other stakeholders of the Group's CSR activities. We have published a CSR report every year since March 2009. This is our seventh CSR report.

This report covers the period from January 1, 2014 to December 31, 2014, and is disclosed at the same time with 2014 Annual Report of Fosun Pharma. The financial information contained in this report and its scope of coverage is consistent with those presented in the 2014 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd issued by A shares. The member enterprises consolidated in the Group after June 30, 2014 are not included in the data other than the financial data disclosed in this report. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified.

This report releases data, measures and actual cases to the stakeholders about the performance of the Group in the aspects of strategic development, corporate governance, economic responsibility, environmental protection, product and service quality, occupational health and safety, employee development and community charity, and also measures taken and examples with actual cases. The next report will be published in 2016.

This report is prepared by Fosun Pharma in accordance with 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 , and with reference to Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China issued by the Chinese Academy of Social Sciences and ISO26000: Guidelines for Social Responsibility (2010).

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 member enterprises 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"; the subsidiaries of Fosun Pharma may be referred to as "member enterprises"; and shareholding enterprises may be referred to as "partner enterprises." Please see "Table of Company Names" attached to this report for the full names and abbreviations of companies therein.

This report is prepared and printed in simplified Chinese, traditional Chinese and English. In the event of discrepancy between the Chinese and English versions, the simplified Chinese version shall prevail.

The report is available in both hardcopy and electronic versions. The latter may be downloaded from the website of Fosun Pharma ([http://www.fosunpharma.com/responsibility/report\\_down](http://www.fosunpharma.com/responsibility/report_down)).

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 2014 Assurance Statement covers the site examinations of Fosun Pharma as well as two member enterprises of Fosun Pharma, Yaoyou Pharma and Carelife Pharma.

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 Fosun Pharma Group implements the concepts and strategy of social responsibility and related practices.

People in dividers as set out in this report are winners of scholarships or awards for teachers set up by Fosun Pharma in Fudan University and Shenyang Pharmaceutical University.

As a good example of the success of college students who start their own business, Fosun Pharma spares no effort in the support of education. In 2010, Fosun Pharma launched a charity education program named "Future Star", in the hope of endeavouring to lead more talents to success and thus become bright stars in the future. In 2014, Fosun Pharma established various scholarships and awards for teachers in Fudan University, Shenyang Pharmaceutical University, China Pharmaceutical University, Sichuan University and Huazhong University of Science and Technology, aiming to create better school environment for students and continue to drive the development of the education of the pharmaceutical industry in China by cultivating and identifying talents for the industry.



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# Greetings from Management



**Self-discipline of an enterprise leads to a more harmonious ecosphere. We are striving for a higher and tighter sustainability standard, and setting ourselves as an example for purifying the overall market environment of medicine industry, which will promote the development of ecology regarding the entire industry in a healthier and more sustainable way.**

Chairman of Fosun Pharma: Chen Qiyu

A handwritten signature in black ink, which appears to be '陈其宇' (Chen Qiyu).

Dear friends,

In 2014, the global economy sustained a steady growth in general in spite of a lot of uncertainties. Healthcare reform continued to be deepened, and competition in the pharmaceutical industry remained fierce.

Facing the opportunities and challenges brought about by the macroeconomic environment, Fosun Pharma Group, guided by the mission of "promoting health and wellbeing of mankind" and the belief of "innovation for good health", vigorously develops its healthcare business to provide equal access to high-quality healthcare products and premier services for all citizens.

Fosun Pharma Group attaches great importance to corporate social responsibility. By incorporating corporate social responsibility into our overall business strategy and establishing long standing CSR mechanisms, the Group gradually incorporates sustainability strategies into each business segment.

With focus on the core pharmaceutical business, Fosun Pharma Group is committed to delivering innovative products and improving our management skills and knowhow. By leveraging corporate and product life cycles, the Group continues to develop strategies for sustainable products, services and talents.

In the sustainable development of products and services, the Group regard product quality and environmental protection as keys assuring the sustainable development of the Company and even society as a

whole. The Group operates with an uncompromising stance on quality and safety. From new drug development, raw material procurement, and drug and medical device manufacturing to sales and marketing, the Group provides the public with safe, affordable and effective drugs and services. We endeavor to make our services widely accessible by continuously improving our technology and production processes. In 2014, in order to standardize and improve the quality management system of pharmaceutical companies, the Company issued a manual of quality regarding pharmaceutical manufacturing of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., setting programmatic requirements for enterprises from all aspects of the quality management system, function of management, resource management, product realization, inspection & analysis and improvement.

Fosun Pharma Group also pays close attention to workplace environment, health and safety (EHS). In 2014, through the establishment of EHS Management Office, the Company actively embarked on five EHS projects in the pharmaceutical industry, healthcare services, medical devices, medical diagnosis, and pharmaceutical distribution and retail. Each of our member enterprises further reduces the discharge of pollutants, optimizes their energy consumption, enhances process safety management capabilities and strengthens training and monitoring of occupational health and safety. All member enterprises made considerable improvement in EHS performance.

**Fosun Pharma has every intention to maintain continuous, honest and open communication with society and incorporate the company's sustainability concepts and decisions in its business operations to maximize stakeholders' value.**

President of Fosun Pharma: Yao Fang



The Group cares for the environment. We actively promote environmental protection policies within the Company, strictly control the discharge of wastewater, waste gas and industrial residues, and encourage affiliated drug manufacturing facilities to conduct clean production audits. We also achieve energy conservation and emission reduction through technological advancement, process improvement and productivity layout.

In 2014, Fosun Pharma established a Centralized Purchase and Procurement Management Department, conducting scientific review on qualifications, production sites, craftsmanship and quality assurance systems of suppliers and implementing hierarchical management, so as to ensure the quality and safety of pharmaceuticals on a fundamental basis, by strictly adopting suppliers' audit procedures, managerial regulations, internal quality agreements, and assessment measures.

In the effort to build sustainable talents, we focus on continuously improving our people-oriented human resource system, pay close attention to the career development of our employees, while vigorously nurturing a pool of high-caliber talents. Through college endowment, participating in job placement programs and school-industry cooperation, we contribute to fostering talents for the Group and society.

Fosun Pharma firmly believes that compliance, transparency and professionalism provide the basis for sustainable development. In 2014, the Group continues to improve our internal control systems and governance

structure. Under the governance framework for listed companies, the Company pays great attention to communicating with stakeholders and upholding their rights and interests to build a relationship with them based on open communication, transparency, mutual benefit and mutual trust so to jointly promote the sustainable and healthy development of enterprises.

Fosun Pharma Group is dedicated to building industrial harmony. As a member of the Chinese pharmaceutical industry, we work diligently to forge a league of outstanding enterprises to grow together and gather strength for industrial development, and to witness together the birth of world-class enterprises in the Chinese pharmaceutical industry in the future.

In 2014, the Group has made great strides in corporate governance, economics, environment, health and safety, products and services, employees and social contribution as we continue to assume the responsibility of a corporate citizen. In the upcoming year, we will endeavor to achieve coordinated and sustainable development of enterprises, society and environment in all respects through continuous practice of corporate social responsibility, and put ourselves in the rank of enterprises with the best sense of social responsibility and sustainable development in China's and even the world's pharmaceutical and healthcare industry.

Chairman of Fosun Pharma: Chen Qiyu  
President of Fosun Pharma: Yao Fang

# Highlights of 2014

## **Fosun Pharma completes placing of H shares**

Fosun Pharma announced that its placing of H Shares was completed on April 3. An aggregate of 67,214,000 new H Shares were allotted and issued by the Company at the Placing Price of HK\$26.51 each. The net proceeds from the placing amount to approximately HK\$1,760.89 million.

## **Two products of Fosun Pharma Group obtains WHO-PQ certification**

In June 2014, Artemether API of Guilin Pharma, a member enterprise of Fosun Pharma, officially received the WHO-PQ(product quality) certification, and was included in the WHO's PQ certified API list for global buyers. Currently, Guilin Pharma is the only preparation company that obtained WHO-PQ certification in China. The PQ certification of Artemether API of Guilin Pharma set the cornerstone for its various APIs to go global and the Group would supply top-quality APIs for more global FPP manufacturers.

In November 2014, Guilin Pharma's co-blister pack of amodiaquine tablet + sulfadoxine/pyrimethamine tablets (150mg + 25mg/500mg) also officially passed the WHO-PQ certification. The jointly package of co-blister pack of amodiaquine tablet + sulfadoxine/pyrimethamine tablets was the first product of the SMC series obtaining the WHO-PQ certification, which became a good start of Guilin Pharma in the field of malaria prevention products.

## **Fosun Pharma cooperates with NSP, a U.S. listed healthcare products company**

On June 26, 2014, Fosun Pharma entered into a cooperation agreement with Nature's Sunshine Products, Inc. ("NSP"), a U.S. listed healthcare products company. Meanwhile, both parties would also intend to establish a

joint venture and jointly explore the Chinese market.

Apart from that, Fosun Industrial and NSP established a joint venture in Hong Kong, which would be held as to 20% and 80% by Fosun Industrial and NSP, respectively.

## **Fosun Pharma teams up with Taizhou local public hospital to explore a new business model of combining healthcare and rehabilitation**

In August 2014, Fosun Pharma, through Yicheng Investment, a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Taizhou Municipal Investment Company Limited, a company wholly owned by Taizhou Municipal Hospital. The Taizhou Zanyang Medical Care Project (i.e. Taizhou Public Zhedong Medical Care Investment and Management Company Limited and its ancillary hospitals) had commenced construction, which would actively explore new healthcare models. With regard to such cooperation, Fosun Pharma, leveraging on medical resources of Taizhou Municipal Hospital, cooperated with the local public hospital to build up healthcare institutions and rehabilitation centers in the south-eastern regions of Zhejiang province.

## **Fosun Pharma participates in the completion of privatization of Chindex International, Inc.**

In 2014, Chindex International, Inc., an invested company by Fosun Industrial, a wholly-owned subsidiary of Fosun Pharma, was proposed to be delisted from the NASDAQ through privatization by merger. In the second half of 2014, the privatization of Chindex International, Inc. was successfully completed and it was delisted from the NASDAQ.



1

2  
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1. Opening of Alma Chancheng Hospital Laser Plastic Surgery Center
2. Fosun Pharma cooperates with NSP, a U.S. listed company engaged in healthcare product business
3. Fosun Pharma Group acquires Erye Pharma to enhance the establishment of anti-infection drugs platform
4. Fosun Pharma teams up with Taizhou local public hospital to explore a new business model of combining healthcare and rehabilitation

### Opening of Alma Chancheng Hospital Laser Plastic Surgery Center

In November 2014, Alma Chancheng Hospital Laser Plastic Surgery Center, co-established by Alma Lasers and Chancheng Hospital, two member enterprises of Fosun Pharma, was officially opened. The opening of the center marks a positive progress made by the Group in its practice of "Combining China's Growth Momentum with Global Resources" and the all-round kick-off of the Group's internationalization strategy across the whole medical and health care industry chain.

### Fosun Pharma Group acquires Erye Pharma to enhance the establishment of anti-infection drugs platform

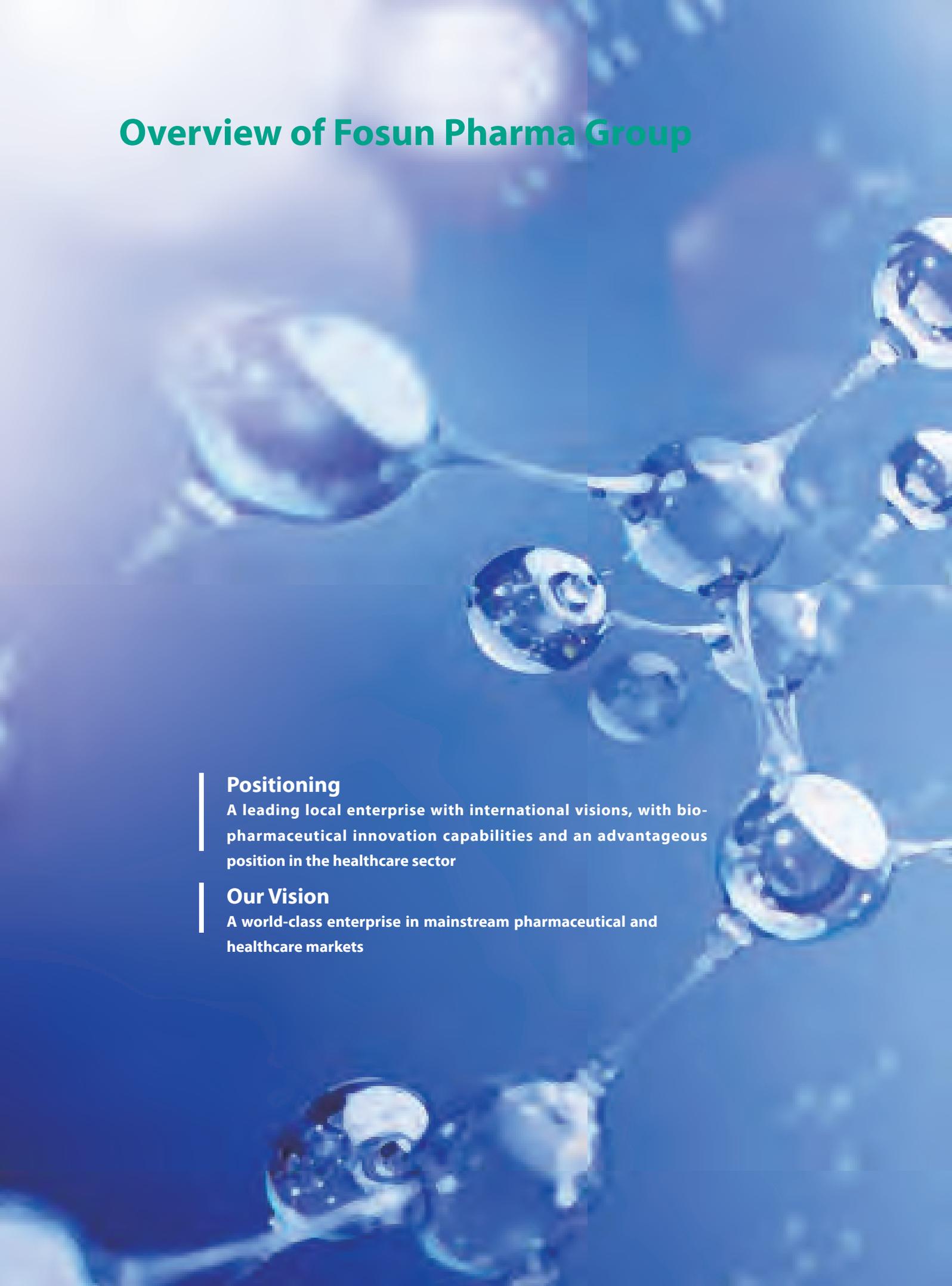
In December 2014, the Group entered into Equity Transfer Agreements with Suzhou Erye Economy and Trading Co. Ltd. and Highacheive Holdings Limited respectively, pursuant to which it intended to acquire a total of 65% equity interest in Erye Pharmaceutical. The Group believed such acquisition was beneficial to enhance the establishment of the Group's anti-infection drugs platform, and to further strengthen the Group's core competitiveness in the pharmaceutical field.

### Fosun Pharma releases "2020 Innovation Program" on its 20th Anniversary

On December 27, 2014, during its 20th Anniversary Ceremony, Fosun Pharma released its "13th Five-Year Strategic Plan" for innovation and R&D, and conducted the opening ceremony of "Fosun Hi-tech Park" and the launching ceremony of "Fosun Pharma-Shanghai Henlius Industrialization Base". Doctor Shao Ying, Vice President & Director of R&D Center of Fosun Pharma, released "Fosun Pharma 2020 R&D Innovation Program". Reviewing Fosun Pharma's R&D innovation achievements made in the "12th Five-Year Plan" period, Doctor Shao Ying introduced the Company's "13th Five-Year Strategic Plan" for innovation and R&D. According to the program, in the "13th Five-Year Plan" period Fosun Pharma will establish a Shanghai-based global innovation and R&D system, striving to become a pharmaceutical enterprise with globalized innovation and R&D capabilities.

"Fosun Pharma needs to fully integrate itself into global innovation and R&D "ecological circle" to build both an international R&D industry chain and a leading domestic biotech drug R&D center", said Shao Ying, "We have to set up a relatively competitive micromolecule chemical new medicine, bring in internationally leading technology and team, build a differentiated R&D center and complete the construction of a innovation and R&D center for traditional Chinese medicine."

# Overview of Fosun Pharma Group

A microscopic view of cells, likely cancer cells, showing their complex internal structures and interactions. The image is rendered in a blue and purple color palette, giving it a scientific and clinical feel. The cells are interconnected, with some showing prominent nuclei and others appearing more rounded and clustered.

## Positioning

A leading local enterprise with international visions, with bi-pharmaceutical innovation capabilities and an advantageous position in the healthcare sector

## Our Vision

A world-class enterprise in mainstream pharmaceutical and healthcare markets



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, the 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, including pharmaceutical R&D, manufacturing, distribution, and end-healthcare services. In particular, the Company has established a leading market position in pharmaceutical distribution and retail, healthcare services, medical diagnosis and medical devices, and turned itself into a large healthcare group enterprise with competitive advantages in R&D, marketing, acquisition integration and talent cultivation.

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 and the United States. The Group's R&D activities focus on developing drugs to treat the cardiovascular, 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's products have gained a competitive edge in the pharmaceutical market and treat liver diseases, diabetes, tuberculosis and diagnostic products. 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 medical diagnosis and equipment. Currently, the Group has built a solid foundation for high-end and specialty services in the domestic market. Fosun Pharma is the second largest shareholder of Sinopharm, China's largest pharmaceutical distributor. The Company is developing into a nationwide pharmaceutical retail network through Sinopharm.

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 Group 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 will adopt the strategic approach of "organic growth with external expansion and integrated business operation" to continuously enhance the capabilities for innovation, service, integration and international operations, and efficiently operate, manage and invest in outstanding enterprises in the industry. Fosun Pharma seeks to become a leading provider of healthcare products and services.

# FOSUNPHARMA

## 复星医药

### Values



關愛生命  
care for life



不斷創新  
continuous innovation



精益求精  
continuous improvement



合作共贏  
win-win cooperation

Member Enterprises

#### Pharmaceutical Manufacturing



#### Pharmaceutical Commerce and Consumer Goods



#### Healthcare Services



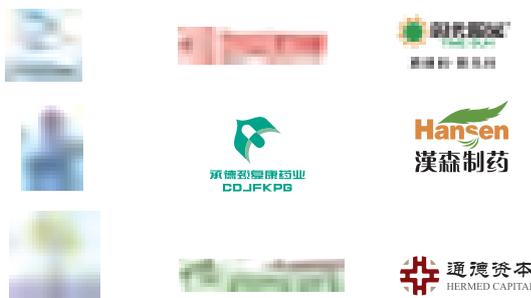
#### Medical Devices and Medical Diagnostics



长征医学



Joint Ventures



A photograph of a woman with dark hair and glasses, wearing a white lab coat, smiling warmly. She is in a laboratory setting, with a blurred background showing lab equipment and another person wearing green gloves. The overall tone is professional and positive.

**Zhang Xuelian**

**Associate Professor, the School of Life Sciences, Fudan University**

Anti-tuberculosis drug discovery and target validation is my direction. As I gradually conduct in-depth research in this area, I find the study of anti-TB drugs is indeed very important for human health, that's why I held on and am willing to persist. I'll go on my journey, seriously, hoping to discover better anti-TB compounds to serve China. The setting of Fosun Pharma Scholarship and Faculty Fellowship of the School of Life Sciences, Fudan University is a good incentive for the students and teachers, so that you perceive some positive energy in this impetuous society, and in the cause of education.

**Positive  
energy**



## Strategy and Management

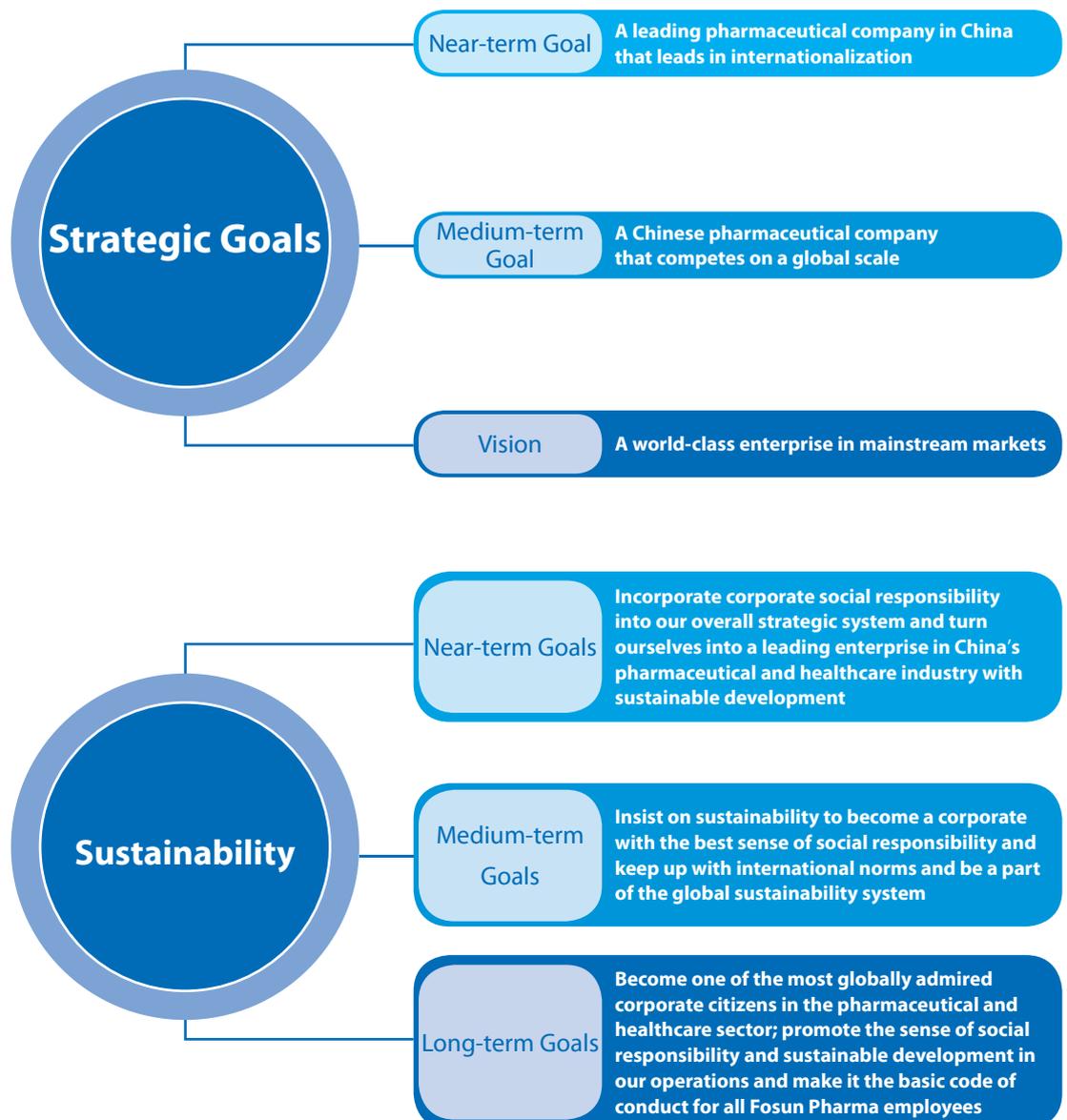


With the expansion and internationalization, Fosun Pharma Group incorporates sustainability strategy into its overall business strategy, continues to improve management, and internal controls, while actively engaging in dialog and communication with stakeholders. In the pursuit of sustainable development in the pharmaceutical industry value chain, Fosun integrates its CSR strategy into each component of business operations, including pharmaceutical R&D, manufacturing, and marketing.

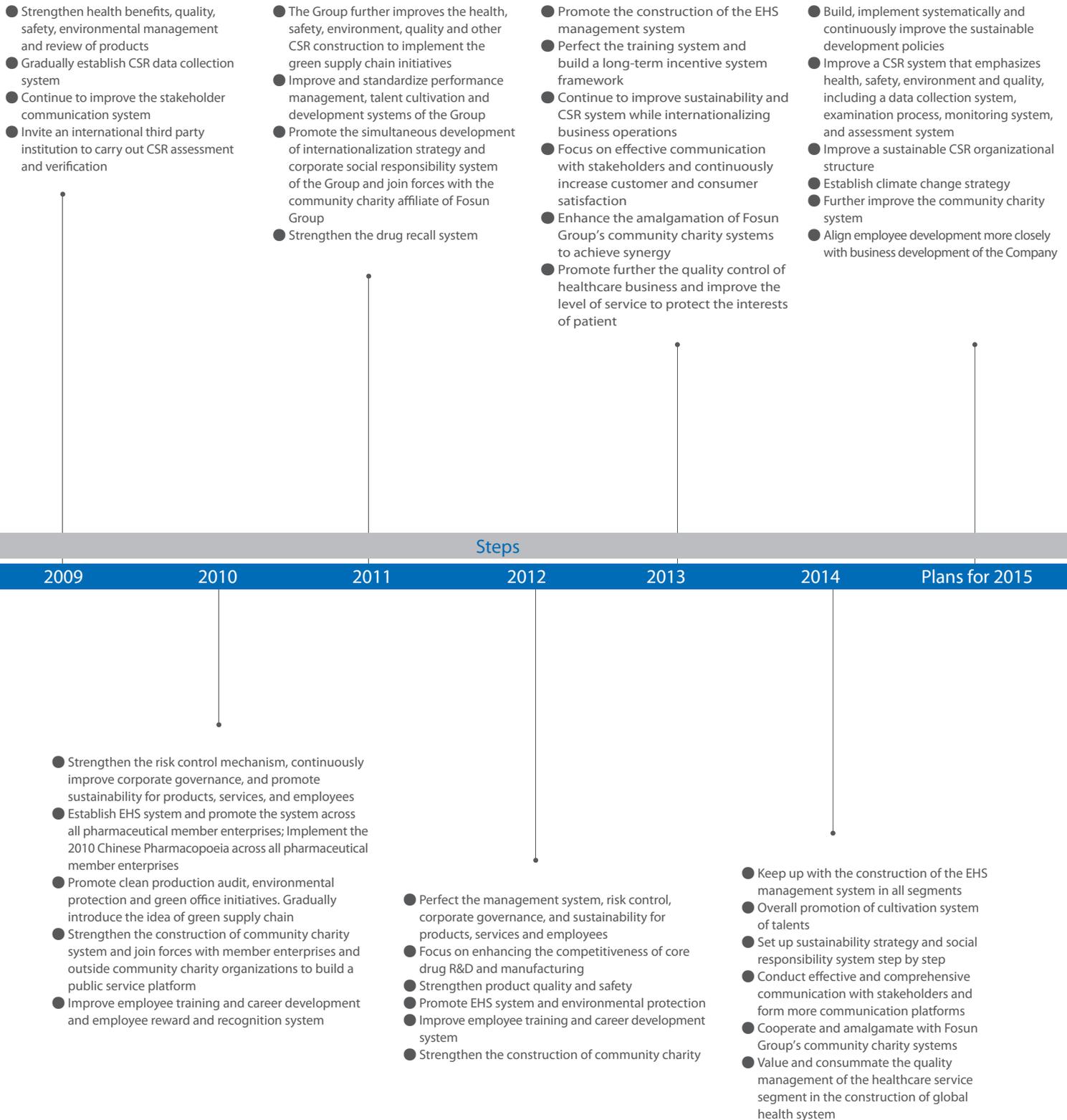
## Goals and Strategy

Fosun Pharma Group’s strategic development framework focuses on “organic growth with external expansion and integrated business operation”. Each aspect revolves around our mission and strategic goals. Firstly, we aim to improve our management capability, achieve synergy and gain overall advantage by integrating various steps of a pharmaceutical product process, from R&D, manufacturing to marketing to achieve growth rate exceeding the industry average. Secondly, through merger and acquisition of and managing outstanding enterprises in the pharmaceutical industry chain, the

Group acquires and integrates outside resources to consolidate our existing business advantages and enter new fields from a high starting point and achieve vertical integration throughout the industry. Lastly, through integration of existing internal resources and M&A, we are able to continuously improve profitability and operating efficiency, achieve synergy and gain a competitive advantage in the industry chain to become a leading provider of innovative pharmaceutical and healthcare products and services.



## Sustainability Strategy – Steps and Measures





- Establish a long-term mechanism and emergency response program for monitoring adverse drug reactions
- Implement GMP and surprise environmental inspection system
- Establish a CSR leading group and task force to take charge of the preparation of CSR reports preparation and the development of CSR strategies
- Establish a CSR data collection responsibility system and apply the system to subsidiary
- Further improve the stakeholder communication system to learn issues of concern and strengthen dialog
- Engage an independent external institution to conduct CSR report verification
- Promote internal control systems in five areas: internal control environment, risk assessment, control activities, information and communication, and internal supervision
- Adopt the "4+1" R&D model; take the lead in establishing a "Fosun Pharma industry -university- research institute alliance" to integrate R&D resources
- Undertake quality and safety risk control and management by conducting quality and EHS audit, surprise inspection and project inspection
- Pharmaceutical manufacturing member enterprises have established a quality control system that meets the new GMP requirements
- Improve the supplier audit procedure and gradually implement the green supply chain initiative
- All member enterprises of the Group have established EHS management systems and passed the clean production audit
- The Training Development Center and training base are in operation to carry out multi-level training
- Continue to promote community charity strategy that identifies educational assistance, research support and community service
- Through the working of an EHS Management Office, the Group promotes its EHS directions and strategies in five business areas
- Strengthen internal training and build a fleet of talented personnel who possess entrepreneurship and identify with the Group's corporate culture through performance assessment, compensation, benefits and incentive mechanisms
- Strengthen the fusion of business cultures and promote a CSR system and sustainability among newly acquired enterprises at home and abroad
- In 2013, the Group served customers faithfully, continued to improve communication, conducted customer satisfaction surveys, and received positive feedback
- Expand cooperation with Fosun Group's community charity system and strengthen the construction of community charity system
- Establish a comprehensive healthcare quality control system; raise the awareness of healthcare personnel, formulate relevant systems, and handle doctor-patient relationship in a reasonable and standardized manner
- The Group's social contribution value per share is disclosed in this report to help the public understand the real value created for stakeholders
- Improve the CSR data collection responsibility system to ensure the quality of relevant information; Implement performance review and assessment mechanism for data collection responsible persons
- Continue to engage in systemic dialog with stakeholders to increase public engagement
- Improve a sustainable supplier management system
- Formulate a public interest activity bid invitation system to promote the long-term development of community charity programs
- Reinforce the communications among stakeholders and the external assessment system

2009

2010

2011

2012

2013

2014

Plans for 2015

Measures

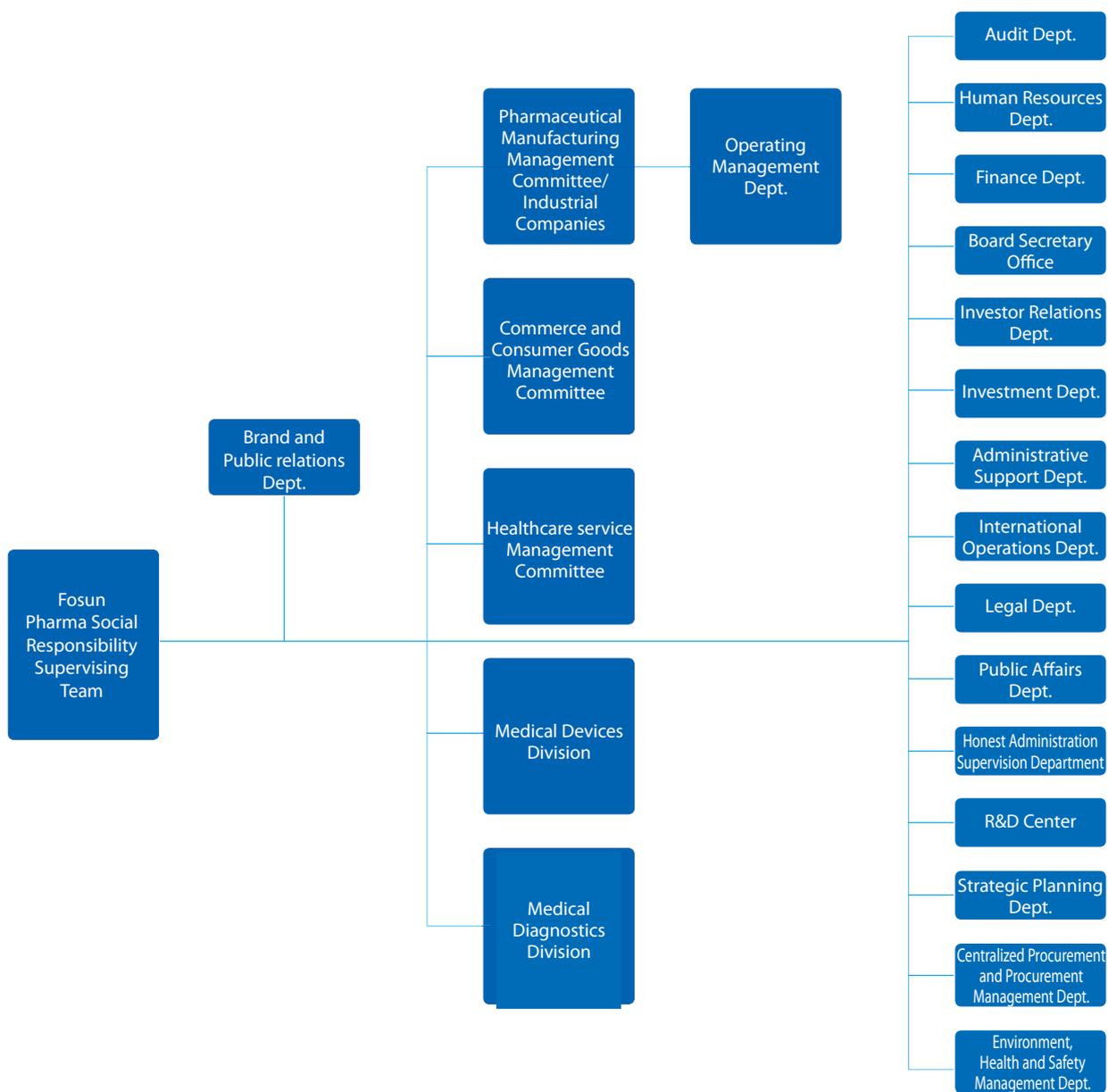
- Create the standard CSR data collection form and provide the contact information of collector with the aim to collect relevant information from the Group and enhance the completeness and traceability of data
- Improve the stakeholder survey mechanism, build corporate culture, and participate in the exhibition of Private Enterprises Joint Pavilion at 2010 Shanghai Expo to build a comprehensive stakeholder communication system
- Encourage pharmaceutical subsidiaries to establish Adverse Reaction Report Management Rules and set up an adverse reaction monitoring team in accordance with the Measures for the Reporting and Monitoring of Adverse Drug Reactions promulgated by the State Food and Drug Administration
- Improve supplier audit procedure, strengthen supplier feedback system, and gradually establish green supply chain
- Establish community charity strategy that identifies the approaches of educational assistance, research support and community service. Initiate Fosun Pharma's "FUTURE STAR" community charity program
- Engage an independent external institution to perform third-party verification of the CSR report two years in a row with the plan to implement internal control audit
- Establish an Anti-Corruption Supervision Office to improve the four lines of defense (business units, functional departments, audit, and anti-corruption supervision) in risk management system
- Implement CSR sub-report system among member enterprises, including Wanbang Biopharma and For Me Pharmacy. The two member enterprises have completed the preparation of 2012 CSR sub-report
- Establish an employee incentive and cultivation system that combines long-term organizational and employee development needs
- Increase the Company's involvement in community charity activities by setting up a "Fosun Community charity Foundation" and other measures
- Improve the CSR data collection responsibility system to ensure the quality of relevant information. Implement performance review and assessment mechanism for data collection. Further improve the CSR data collection system and use it as basis for management
- Adopt an adverse drug reaction mechanism to proactively recall drugs with safety concerns
- Accelerate the implementation of EHS directions and strategies through the system and training
- Build up a young team to further improve the fleet of talented personnel through the cultivation of talents and incentives
- Reinforce the impact of corporate culture on each employee and strengthen their culture identity
- Increase frequency and service hours when serving clients and customers, earning more of their satisfaction in return
- Consummate the Group's community charity system by amalgamating with Fosun Group's counterpart
- Properly deal with the relationship among doctors, pharmacy and patients

## CSR Management Structure of Fosun Pharma Group

Through a well-established CSR management structure and enhanced supervision, the Group has been improving our CSR performance. The Company set up a CSR group with the Company president as the group leader who is in charge of the operation of the CSR management system. 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 compiling the

report with support from other departments, such as the EHS Department, Administrative Support Department and Human Resources Department.

Training on social responsibility reporting for the members of the social responsibility report working team 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 participates in external social responsibility seminars and training sessions to continuously enhance the CSR management level of the Company.





- 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 and Taipei simultaneously
- To carry out R&D on generic drugs, biopharmaceutical drugs and innovative drugs
- 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 initially 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.

## Combining China's Growth Momentum with Global Resources

Leveraging its strength of well-established industry foundation, distribution network and investment experience, Fosun Pharma Group utilizes high quality capital, talents, brands and technologies around the globe to achieve 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, the 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.

The Group is vigorously building a R&D platform that consolidates local and foreign resources and advantages and brings in high-caliber scientists team from developed countries such as the United States, and carries out R&D on generic drugs, biopharmaceutical drugs and innovative drugs in Shanghai, Chongqing, San Francisco and Taipei simultaneously.

Since August 2014, Guilin Pharma, a member enterprise of Fosun Pharma, had received hundreds of thousands orders of artesunate for injection from the United Nations Children's Fund (UNICEF), World Health Organization (WHO) and Médecins Sans Frontières (MSF). Upon receipt of the first emergent order from "Ebola-affected region", Guilin Pharma promptly promised to the international community that it was to give the highest priority to the order and deliver the supplies within the shortest time, in order to contribute a little effort for the victory of global anti-Ebola campaign.

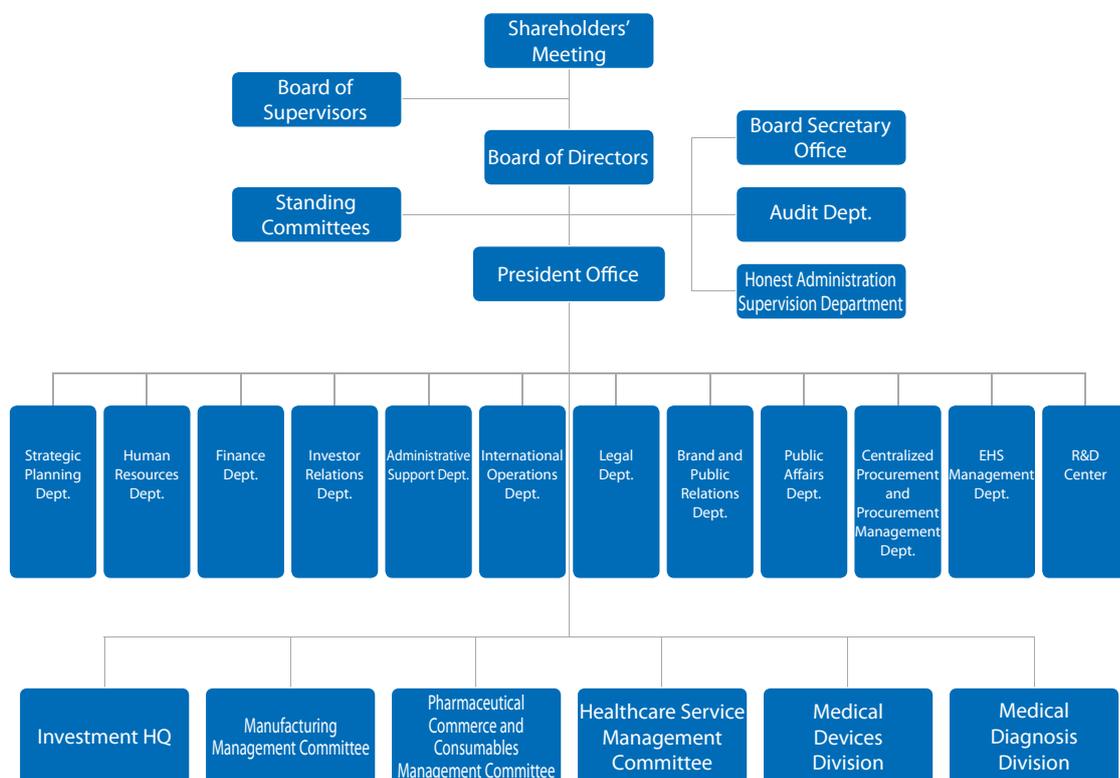
In the internationalization of production and manufacturing, the Group urges its member enterprises to obtain international certification and the qualification to enter the international markets, and become a member of the international pharmaceutical industry chain.

In 2014, the Group invested in approximately 37% equity interests in miacom Diagnostics GmbH, a German enterprise principally engaged in developing low-cost, efficient and convenient in-vitro diagnostic reagents of low cost, efficiency and convenience, and entered an agreement to acquire approximately 15% equity interests in NSP, A Nasdaq-listed company engaged in the production and sales of health food.

Fosun Pharma Group will continue its international expansion efforts while exploring new thinking and approaches to accelerate the process.

## Efficient Management

### 2014 organization chart of Fosun Pharma



## Optimal Management

Fosun Pharma 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 Manufacturing Management Committee, Commerce and Consumables Management Committee, Healthcare 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, a wholly owned subsidiary of Fosun Pharma to carry 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 19 departments, including Strategic Planning Dept., Legal Dept., International Operations Dept., R&D Center, Finance Dept., Centralized Procurement and Procurement Management Dept., EHS Management Dept., Human Resources Dept., Brand and Public relations Department, Public Affairs Dept., Administrative Support Dept., Investor Relations

Dept., Investment HQ, Internet Business Development Dept., Manufacturing Management Committee, Commerce and Consumables Management Committee, Healthcare Service Management Committee, Medical diagnosis Division, and Medical Devices Division.

To enhance the efficiency and expertise in decision making and to effectively prevent risks to Group development brought about erroneous decisions and judgments made by a few individuals, Fosun Pharma promotes and strengthens the creation and effective operations of interdepartmental working committees. At 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 Corporate Culture Working Committee, Risk Control Committee, Brand Management Committee, Execution Committee, Performance Management Committee, EHS Management Committee, Investment Decision Committee, Budget Management Committee, Security Working Committee and Compensation Administration Committee.

## Corporate Governance

In 2014, the Company further improved its corporate governance structure and internal management in accordance with the Company Law of the People's Republic of China, Securities Law of the People's Republic



of China, Code of Corporate Governance for Listed Companies, Appendix 14 Corporate Governance Code of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### **On 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.

### **On directors and the Board of Directors**

The Company selects and appoints directors in strict compliance with the procedures stipulated in the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., 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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.. The Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. clearly defines the rules of procedures for Board meetings. The Company has formulated the Board Diversity Policy. As of the end of the reporting period, 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. The chairman of the Board did not hold any administrative position in the Group in accordance 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.

### **On supervisors and the Board of Supervisors**

The Company selects and appoints supervisors in strict compliance with the procedures stipulated in the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., 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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.. 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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. has stipulated the rules of procedures for the meetings of the Board of Supervisors.

### **On 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 in a timely manner. During the reporting period, the Company granted 3,935,000 restricted shares to 27 grantees including the senior management of the Company as incentives. The senior management personnel of the Company are appointed and dismissed in strict compliance with applicable

laws and regulations and the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and such appointment and dismissal are publicly announced in a timely manner.

### **On stakeholders**

The Company fully respects the legal rights of creditors, employees, consumers, suppliers, communities and other stakeholders, and actively work with them jointly push forward the sustained and sound development of the Company.

### **On information disclosure**

The Company fulfills fully 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 China Securities Regulatory Commission ("CSRC"), the Guidelines for Management System of Information Disclosure of the Listed Companies issued by Shanghai Stock Exchange ("SSE"), the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Regulation on Information Disclosure issued by the Company. 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, 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.

### **Corporate Governance Related Projects**

The Company has completed all improvement projects within the prescribed time period in accordance with the requirements stipulated in CSRC Announcement No. 27 [2008]. During the reporting period, the Company continued to shore up the improvement results, refine the corporate governance structure and lift the level of corporate governance.

Strong corporate governance is fundamental and assurance to the development of a business. The Company will continue to comply with the requirements under the Code of Corporate Governance for Listed Companies, shore up and further improve its corporate governance level, and boost its competitive edge in the hope to generate better operating results for its investors.

### **Continuous improvement of internal control systems**

As a dual-listed company with shares listed in Shanghai and Hong Kong, Fosun Pharma, on the solid foundation built over the years, continues to optimize its control environment, risk assessment, control activities, information and communication, and monitoring. Fosun Pharma also continues to implement its internal control management standards corresponding to the Group's business development and management to make sure business operations comply with applicable laws and regulations, and information on assets, financial figures and other relevant information are truthfully and completely presented, to maintain operating efficiency and results, and to facilitate the execution of its developmental strategies.

## Internal Control Practices

### Main Internal Control Practices and Assessment in 2014

Establishment	Continuous improvement of process management of construction and infrastructure projects in accordance with Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Specific Measures for Construction Projects of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
	Continuous implementation of comprehensive management of R&D of drugs in accordance with Drug Research and Development Practice of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
	Comprehensive management of procurement by new department and the central public tender information platform in place
	Establishment and improvement of internal control and management of newly acquired member enterprises to accelerate their incorporation into the Group's management and control system
	Emphasis on insider information management requirements to regulate the management and disclosure of merger and acquisition information
Internal Supervision	Ongoing improvement of archive management to specify management requirements
	Special audit on high-risk areas such as procurement businesses, management expenses and construction projects
	Encouragement of member enterprises to commence their own internal control self assessment
Anti-corruption	Over 90% deficiencies identified in internal control assessment and special audit were corrected, the remaining risks arising from general deficiencies not yet corrected were under control of the Group
	Approval of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Anti-corruption Supervision and Management System, which specifies the reporting to the Board of Directors of the Honest Administration Supervision Department and regulates the working procedure of the anti-corruption supervision
Assessment	Continuous promotion of and education on anti-corruption, identification of corruptive behavior, if any; and expressing opinion on improvement to internal control
	No material weakness or significant deficiencies were found in 2014
	An independent audit institution has issued an unqualified opinion on internal control

### Continuous internal control system establishment

The Group establishes its internal control based on business characteristics and objectives by continuously enhancing management of its existing and newly acquired member enterprises based on their circumstances in appropriate manners.

Continuous improvement of process management of construction and infrastructure projects: The Group implements management training, strengthens project approval, reinforces project design and review, regulate tender and price comparison, monitors contract management and performance, controls approval and payment of construction funds, intensifies the management of construction progress, quality, costs and safety environment, continuously tracking the acceptance, audit and settlement management of construction works in accordance with Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Specific Measures for Construction Projects of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. issued in 2013, thus effectively avoiding the risks and enhancing the efficiency of the use of funds.

Continuous implementation of comprehensive management of R&D of drugs: The Group implement normative management of approval of research and development projects in accordance with the requirements of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Drug Research and Development Practice issued in 2013 to enhance the rationality and efficiency in the decision making on approval of research and development projects. The process of research and development is managed and assessed. The Group's R&D

projects are included into its Research and Development Management System (RDMS), effectively achieving centralized management of project costs, progress and quality throughout the course.

Comprehensive management of procurement by new department: Fosun Pharma sets up a new department called Centralized Procurement and Procurement Management Dept. based on its business development to manage, among other things, the centralized procurement and information-based data analysis of the Group. A central public tender information platform of the Group is now in place, thus effectively expanding the sources of information for bidding vendors and enhancing the transparency for bidding information collection.

Establishment and improvement of internal control and management of newly acquired member enterprises: Newly acquired domestic and overseas member enterprises are incorporated into the overall management and control system in turn as the businesses expand. The management of the Group formulate internal control system proposals for those member enterprises based on the assessment results of their business characteristics, internal control environment, internal control practices and others after communication with their management teams, and conduct internal control review and management enhancement when requested. For overseas member enterprises, third-party consultants may be engaged to facilitate the implementation of internal control and management enhancement under the actual circumstances in order to ensure their incorporation into the Group's management and control system in a shorter period of time upon acquisition.



Emphasis on insider information management requirements: The Group has formulated Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Records and Mergers & Acquisitions Transaction Information Proper Keeping System to specify the management requirements on record, review and filing of merger and acquisition information, and formulated Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Administrative Measures on Use of the Public Internet Platform to regulate information release to the public.

Ongoing improvement of archive management: The Group has amended Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Archives Rating Indicators to specify its management requirements on archive standardization and informatization and implement a rating system for archive management.

### Monitoring internal control self-assessment

While continuously embarking on the construction of internal control systems, the Group strengthens further the work of special audit, especially on those activities of key control points of business processes posing higher risk. It also improves its assessment methods and encourages member enterprises to conduct self-assessment to further enhance the quality of self-assessment of internal control.

In 2014, the Group completed a series of audit of high risk operations such as procurement business. The Group conducted special audit of procurement of 14 member enterprises and issued improvement suggestions on procurement of supplies and equipment at unreasonable price during the year. For workflow, it identified management deficiencies in obtaining quotations and tenders, effectively reducing operational and management risks of procurement. Furthermore, the Group commenced 16 special audits of management expenses, construction projects, financial positions and other aspects so as to identify management and control issues of the Group at various levels and aspects and to further enhance its level of internal control.

For the implementation of assessment on internal control, the works for 2014 had comprehensively commenced and had been efficiently implemented. The Group strengthened the self-assessment capability of its member enterprises for their internal control over business cycles through annual training, guidance and answering questions. Many member enterprises have established their own foundation for self-assessment such as self-planning, self-assessment and self-improvement. The group audit department of the Company therefore stepped down from a leading position to a supporting position to guide and help 11 member enterprises

complete their own self-assessment of internal control over business cycles in 2014, which further enhance efficiency and effectiveness.

In 2014, all deficiencies identified in internal control assessment and audit were general and not material or significant ones. After continuous improvement efforts, over 90% of the deficiencies in general were rectified, which was a satisfactory result. For general deficiencies identified in specific audits for construction projects and others, they were organized into key points of management by inductive reasoning as guidance opinion for subsequent work improvement as the related construction projects were completed. For those unable to be rectified immediately under current circumstances, they were further analyzed and assigned a schedule and rectification measures to ensure related risks were under control of the Group.

### Anti-corruption system construction improvement and implementation

For anti-corruption campaign, the Anti-corruption Supervision and Management System was approved and passed at a Board meeting of the Company, specifying the reporting line, duties, authority and the basic code of conduct of Honest Administration Supervision Department, and standardizing and regulating anti-corruption supervision. In the past year, the department facilitated the establishment of an integrity culture within the Group through anti-corruption campaign and education, supervised tender management, inspected commercial activities, and prevented misconduct from occurring, and issued improvement suggestions on existing internal control and risk management issues. The operating benefits of the Group were enhanced.

### Overall assessment of internal control and external supervision

Based on both industry characteristics and needs from business expansion, the Group further effectively met internal control management requirements in 2014, thus put related risk under control. At present, The Group maintains effective internal control in all material aspects in accordance with its internal control systems and relevant rules and requirements. No material weakness or significant deficiency was identified during the year. A majority of general deficiencies was corrected. The remaining individual deficiencies were listed for correction and their associated risks were under control.

In 2014, an independent audit institution engaged by the Company was retained to examine the effectiveness of internal control over financial reporting and has issued an unqualified opinion.

## Informationalization and implementation of Fosun Pharma in 2014

IT infrastructure construction at Fosun Pharma's tower on Yishan Road	Generic cabling and basic networking at Fosun Pharma's headquarters at Yishan Road	For security, core server rooms were upgraded against fire, theft, lightning, water and moisture with temperature and humidity control, pressure stabilizer and overvoltage protection according to the national standard GB/T 22239-2008 the Basic Requirements on the Graded Protection of Information System Security of the People's Republic of China.
	Construction of voice services at Fosun Pharma's headquarters at Yishan Road	
	Construction of a multimedia conference system at Fosun Pharma's headquarters at Yishan Road	
	Enhanced user experience	
Fosun Pharma's OA system upgrade	New functions for mobile user terminals	Higher bandwidth for networking and the core network, and setting up access control equipment and activating access control.
	Optimized processing, higher compatibility with browsers and bilingual functions	
Relocation of Fosun Pharma's core servers	Optimized core data services, reconstruction of database cluster and data storage upgrades	Upgrade of core database cluster and upgrade of data disk equipment to ensure reliability and security of data services.
	Virtualized servers and optimized management	

# Stakeholder Engagement

## Shareholders (investors)



- Information disclosure of a listed company
  - Telephone number
  - Email
  - Website
  - Visits
- Meetings with investors

## Customers and Consumers



- Participate in seminars, academic exchanges, medical forums and science conferences organized by academic organizations and trade associations
  - Doctor-patient relationship
  - Customer satisfaction survey
  - Improved customer service process
  - Improved complaint handling process
- Improved information exchange mechanisms
  - Establishment of drug and product recall system

## Suppliers



- Regulated supplier management means and process
  - Supplier management system
  - Comprehensive supplier files
- Annual supplier feedback system
  - Field audit

## Peer Interactions



- Corporate cultural exchange
- Benchmarking analysis
- Peer-to-peer exchange

## Partners, Member Enterprises



- Visit and survey of member enterprises
  - Internal control audit
- Director and supervisor accountability system
- Holding discussions with member enterprises and provide them with training

## Communities, Non-governmental Organizations



- Community service
- Non-profit Organization (NGO)

## The Public



- Information disclosure
  - News conference
- Media communication mechanism
  - Public opinion monitoring

## Government, Industry Associations



- Policy consultation, topic research and industry recommendation
  - National projects undertaken
- Voice and cooperation

## Employees



- Staff and workers representative congress
- Solicitation of employee opinions
- Regular department meetings
- Online forum
- Internal publications (Fosun Pharma News)
- (Fosun Pharma Enterprises News Weekly)
- Consolation of employees in grief
- Blood donation
- Performance of arts groups
- CSR training
- Systems
- Signing of collective agreement
- Solicitation of employee opinions
- Democratic management
- Suggestions on rationalization
- Safety management

## Stakeholder Engagement

Stakeholder	Communication channels	Stakeholder protection
 <b>Shareholders (investors)</b>	Information disclosure required of a listed company Telephone number Email Website Visits Investor conference	Investor Relations Dept. is responsible for handling and responding to investors' requests. Institutional and other medium and small investors can communicate their opinions and requests by mail, phone or online. Investor Relations Dept. visits individual investors or holds reverse roadshows from time to time. In 2014, Fosun Pharma held 28 Board of Directors' meetings, 7 Board of Supervisors' meetings and 2 shareholders' meetings. On November 21, 2014, under the "I am a Shareholder — Small and Medium Investors into Listed Companies" campaign organized by Shanghai Stock Exchange, nearly 30 small and medium retail investors and over 20 reporters came to the headquarters of Fosun Pharma to communicate in depth with the management including Chen Qiyu and Wang Cheng (being Chairman and the senior vice president, respectively, of Fosun Pharma), thus forming a direct exchange between shareholders and the Company.
 <b>Customers and consumers</b>	Participate in seminars, academic exchanges, medical forums and science conferences organized by academic organizations	Fosun Pharma and its member enterprises actively participate in academic activities organized by domestic and overseas academic groups and industry conferences and exhibitions to promote academic exchanges in related professional fields. Through these industrial conferences, the Company exhibited various products and held new product release conferences and supplied its quality products to promote the prosperity of the laboratory medicine industry. It also assisted in enhancing the level of clinical safe and rational use of drugs, and promoted continuing education in clinical pharmacology.
	Doctor-patient relationship	Healthcare service providers under Fosun Pharma Group provide patients with convenient services and ensure sufficient service resources to reduce patient wait time. Each healthcare service member enterprise of Fosun Pharma Group insists on train of thought that quality comes first and patients are prioritized, which is closely related to its patient-centered service belief. A perfect medical quality management system is established prioritizing sixteen core elements including the first responsible physician policy, physician ward round policy, Classified Nursing System, Pre-operative Discussion System, Difficult Case Discussion System, Prescription System, and Critical Patient Rescue System. In 2014, each healthcare service member enterprise of Fosun Pharma Group reported customer satisfaction rating of 90% or higher.
	Strengthen the construction of online shopping networks such as www.jxdyf.com and www.daoyao.com	SMS and WeChat notification: monthly/daily healthcare greetings to members of Jinxiang as planned. SMS/WeChat advertising: sending monthly/daily SMS of specified greeting advertising materials about health as planned to members registered on the website Delivery of DM lists: designing DM list per month and formulating promotion of the specified product, promote the product with participation of manufacturers Member services: marketing based on and in support of the general marketing proposal of Jinxiang Pharmacy Membership Classification and Point Accumulation Management System: points are redeemable against gifts at 28 retail outlets across Beijing. Health consultancy: health and drug consultancy through medical consulting rooms, online customer service and WeChat interactive service Warm conveniences: blood pressure and sugar test depending on retail outlets; other conveniences such as lounges for members Health seminars for premium members: 13 seasonable healthcare seminars in 2014 for corresponding members, thus integrating maintenance of health and sales. For example, the theme of the community seminar in April was "prevention and treatment of elderly chronic diseases". Community care with gifts was well-received.
	Customer satisfaction survey	Each pharmaceutical member enterprises subordinated to Fosun Pharma conducted customer satisfaction surveys which healthcare service enterprises paid attention to.

## Stakeholder Engagement (Continued)

Stakeholder	Communication channels	Stakeholder protection
 Customers and Consumers	Improved customer service process Improved complaint handling process Improved information exchange mechanisms Establishment of drug and product recall system	<p>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.</p> <p>Complaint handling process: multi-layer complaint handling process — on site and telephone. Customers can make their complaints on site, the records of which are in detail as feedback to the Group. For complaints over telephone, they are recorded through hotlines and, if determined as valid, will be reported to relevant departments for further handling. The results will be notified to relevant customers with telephone follow-ups by the customer service department to find out if the issues have been resolved to the satisfaction of the customers.</p> <p>Information exchange mechanisms: exchange through websites, emails, internal newsletter and promotional materials.</p>
 Suppliers	Regulated supplier management means and process Supplier management system Comprehensive supplier files Annual supplier feedback system Field audit	<p>Fosun Pharma and its member enterprises have all established well-rounded supplier management system, select their suppliers through fair price competition or bid invitation and site inspection, and have established the annual supplier quality review system to ensure the quality and safety of drug and other healthcare related products at the source.</p> <p>Based on the above systems, the Company set up the centralized procurement and procurement management department in November 2014 primarily responsible for coordinating centralized procurement, strategic suppliers, establishment of information-based data analysis, establishment of platforms, mechanisms and systems and other management works.</p>
 Peer interactions	Corporate cultural exchange Benchmarking analysis Peer-to-peer exchange	<p>Fosun Pharma communicates with peers through corporate cultural exchange, visits and benchmarking analysis.</p> <p>On November 21 to 23 in 2014, the 8th H-CEO Annual Conference organized by China Hospital CEO Magazine and www.h-ceo.com was held in Xiamen. Fosun Pharma was invited to participate in it and organize a forum under the title of “focus on healthcare institution funded by social capital — healthcare institution with diversified ownership”.</p> <p>On December 27, 2014, Fosun Pharma organized two summits, namely “Pharmaceutical R&amp;D Innovation Summit” and “2014 China’s Medical System and Non-Public Medical Cause Development Summit”, where experts and the media exchanged views and carried out in-depth discussions on world-wide innovation, the reform of China’s medical system and the development of non-public medical cause.</p>
 Partners Member enterprises	Visit and survey of member enterprises Internal control and audit Director and supervisor accountability system Holding discussions with member enterprises and provide them with training	<p>Fosun Pharma conducts regular exchange with member enterprises and offer training to them every year.</p> <p>The Group continues to implement corporate culture communication programs and appoints commissioners among every member enterprise to enhance communication and cultural exchange with new member enterprises. In August 2014, the first corporate cultural material corners were set up in all member enterprises, offering front-line staff with more opportunities to understand the development and corporate culture of their companies.</p> <p>In 2014, the Company trained more corporate culture commissioners, initiated reporting of corporate cultural activity projects, with special funds for such corporate activities participated by member enterprises and the Group to facilitate cultural exchange and integration of the Group.</p>
 Communities Non-governmental organizations	Community service  Non-profit Organization (NGO)	<p>In 2014, each segment of the Group commenced around 100 diversified community services, including free healthcare consultancy and seminars, free blood pressure and sugar tests and safety knowledge month.</p> <p>On August 6, 2014, the chairman of Fosun Pharma’s trade union and outstanding female white-collar volunteers came to the Shanghai Children’s Welfare Center to take part in an event for caring for orphans and disabled children. At the event, they interacted with the children through games, birthday parties, singing and dance performances and others to give them a sense of family care which the children had long lost.</p> <p>In October 2014, Jade Ribbon Liver Care Center, an organization founded by Yaoyou Pharma, held its first event, “Passing your Love Through Jade Ribbons”, officially marking the beginning of its liver care campaign in campuses, hospitals and communities across China.</p> <p>On April 19, 2014, volunteers from Fosun Group and Fosun Pharma responded to the call of Fosun Pharma’s volunteer team and entered “Shanghai United Walkathon”, a public welfare event organized by Shanghai United Foundation. Donations amounting to over RMB100,000 were received by members of the Walkathon from more than 1,000 people.</p>



Stakeholder	Communication channels	Stakeholder protection
 The public	Information disclosure News conference Media communication mechanism Public opinion monitoring	<p>Fosun Pharma fulfills its information disclosure obligation in strict compliance with the regulations governing listed companies, and regularly update its website (Simplified Chinese, English, and Traditional Chinese) to enhance communication with the public and ensure compliance with the information disclosure requirements.</p> <p>Fosun Pharma's Brand and Public Relations Department sets up a media management post to take charge of media relations management and communication. Fosun Pharma has also opened an official WeChat account to help the public understand better its efforts and achievements in "innovation, internationalization and social responsibility."</p> <p>Fosun Pharma News (monthly), Fosun Pharma Magazine (quarterly), Fosun Pharma Enterprises News Weekly and press briefings are published to enable the public, media, employees and stakeholders to understand better the latest movements and development strategies of the Company.</p> <p>Fosun Pharma organized multiple exchanges including Shanghai Stock Exchange's "I am a Shareholder" media exchange, the Company's 20th anniversary media exchange, exchanges for Hong Kong media and others.</p> <p>Fosun Pharma attaches great importance to crisis management. It sets up a public opinion monitoring system at the HQ that covers all media to communicate the truth to the public and clarify facts in a timely manner.</p> <p>Fosun Pharma posts announcements on Shanghai Securities News, Securities Times and China Securities News to announce corporate information to the public.</p> <p>The Company published more than 1,000 press releases (including reproduction) regarding Fosun Pharma through domestic and international media.</p>
 Relationship with the government	Policy consultation, topic research and industry recommendation	<p>The Company initiated empirical research on "major hospital operation after cancellation of subsidizing healthcare services with pharmacy profits in Shanghai" with Shanghai Medical Insurance Association to provide an empirical basis for Shanghai's medical and sanitary system reforms.</p> <p>Fosun Pharma submitted the proposal of the "13th Five" "Healthcare Industry Development Plan" to China's National Development and Reform Commission. The proposal includes the planning on the future development of the healthcare industries of drug manufacturing, healthcare service, service for the elderly and medical insurance and the reasonable synergies among them were included.</p> <p>The Company drafted and compiled the blue book of China's pharmaceutical industry policy organized by China Pharmaceutical Industry Research and Development Association to prepare a favorable policy environment for industrial development.</p> <p>The Company submitted policy rationalization recommendations to drug procurement platforms of Guangdong and the tendering authority of Fujian through China Pharmaceutical Industry Research and Development Association; participated and made suggestions on rationalization in symposiums for pharmaceutical companies on establishing plants in Africa organized by the Department of Medicine Administration, National Health and Family Planning Commission; and participated and made suggestions on rationalization in symposiums on South Pacific subsidized projects organized by China's Ministry of Commerce through Shanghai Municipal Commission of Commerce;</p> <p>Shanghai Henlius, Fosun Pharma's monoclonal antibody research entity, sent its scientists who had studied overseas to attend many seminars and forums on biosimilars and symposiums on biosimilar policy, regulations and technical guidance principles, and to made presentation on the state legislation on biosimilars as expert to voice the view that China should promulgate manufacturing technology practices on biosimilars as soon as possible. Its view was accepted by the competent authority. In addition, Shanghai Henlius proposed to apply one-off production technology to produce monoclonal antibody to facilitate technological development and reforms of the industry.</p>
	National projects undertaken	<p>Based on the onsite survey conducted by Director Yang Wei of Certification Committee for Drugs (CCD) under China Food and Drug Administration, Guilin Pharma, as a representative drug production enterprise, is recognized as a training base for GMP inspectors based on the global fund program requirements and the requirements for the construction of CCD inspection team.</p> <p>1 external training program of Ministry of Commerce undertaken: 18 persons from 11 countries participated in the study class on drug quality and safety in English-speaking African countries in 2014.</p> <p>2 external anti-malarial subsidy projects were undertaken to subsidize registration of use of artesunate in Benin and Uganda totaling over RMB2.20 million.</p>

## Stakeholder Engagement (Continued)

Stakeholder	Communication channels	Stakeholder protection
 Industry Associations	Voice and cooperation	<p>The Company supported the interventional treatment branch of Chinese Medical Doctor Association to introduce annual assessment, qualification and other works for relevant doctors to further regulate their occupational management, which would support the association's development and create the conditions for its development and discipline construction in the healthcare service sector.</p> <p>The Company actively participated in the establishment and operation of Chinese Non-Government Medical Institutions Association and became its vice chairing unit to take part in research on domestic non-government medical institutions under its leadership and make suggestions to governing authorities to prepare a favorable policy environment for industrial development.</p> <p>The Company helped China Chamber of Commerce for Import &amp; Export of Medicines &amp; Health Products in receiving 20 people comprising the Russian pharmaceutical senior management delegation for their investigation of the Group. The delegation expressed their intention to cooperate with outstanding Chinese companies to promote the development of the medical industry of both China and Russia through market development and technological cooperation based on their own strength.</p>
 Employees	Staff and workers representative congress Solicitation of employee opinions Regular department meetings Online forum Internal publications (Fosun Pharma News) (Fosun Pharma Enterprises News Weekly) Consolation of employees in grief Blood donation Performance of arts groups CSR training	<p>In 2014, Fosun Pharma and its member enterprises held Staff and workers representative congress.</p> <p>In the Monday morning meetings, the Company gives the participants an update of information surfaced in the past week and conveys latest policies, systems and requirements. The Company participates in the meeting of the employee representatives of Fosun Group and give feedback.</p> <p>The Company provides all employees with free annual check-up to protect their physical and mental health.</p> <p>Fosun Pharma publishes Fosun Pharma News every month. The newspaper is for all employees of the Group to keep them updated with the developments of Fosun Pharma and its member enterprises.</p> <p>The Company delivers Fosun Pharma Enterprises News Weekly to all employees via email every week to effectively spread information and enhance communication within the Group.</p> <p>The trade union of the Group, representing Fosun Pharma and all its member enterprises, plays an active role in helping employees in distress solve their problems. In 2014, Fosun Pharma and member enterprises visited employees. Member enterprises that participated in the employee visit program included Dongting Pharma, Chancheng Hospital, Zhongwu Hospital, Shine Star, Huaiyin MedicalChemo Biopharm, Fosun Med-Tech, Long March Medical and others.</p> <p>The trade union of Fosun Pharma organizes blood drive among employees every year. The staff responded to it actively.</p> <p>All member enterprises embark on performing art activities and engage in arts and cultural exchange with each other. The trade union invited the arts group of Zhongwu Hospital to give a performance to achieve cultural integration within the Group in 2014.</p> <p>As a show of concern for retired employees, retired employees were invited back to attend the Company's Double Ninth Festival and Chinese New Year gathering activities.</p> <p>Members of the CSR report team received CSR training.</p>
	Systems Signing of collective agreement	<p>The trade union of Fosun Pharma and its local unions play an active role in protecting the interests of employees. In 2014, they participated in amendment to the constitutional documents of the union of Fosun Group. On April 1, 2014, Shine Star improved its female worker rights body and set up female work committee and staff service center (staff innovative room and staff conference room).</p>
	Solicitation of employee opinions Democratic management Launch of suggestions on rationalization	<p>In 2014, Fosun Pharma conducted two questionnaire surveys among HQ employees on the issues of new employee orientation and campus recruitment.</p> <p>Fosun Pharma and member enterprises 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, are willing to voice their opinions, and develop a sense of ownership that their affinity and creativity will benefit the company. For problems concerning 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.</p>
	Safety management	<p>Member enterprises in the presence of the trade union of the Group play a role in keeping the working environment safe to safeguard the lives and properties of employees.</p>



## List of associations Fosun Pharma is involved in

Name of association	Position held	Name of association	Position held
China Medical Pharmaceutical Material Association	Chairman	China Pharmaceutical Industry Association	Vice chairman
China Pharmaceutical Newspapers and Periodicals Association	Vice chairman	Chinese Non-Government Medical Institutions Association	Vice chairman
China Medicinal Biotechnology Association	Vice chairman	China Health Insurance Research Association	Director
China Pharmaceutical industry Research and Development Association	Vice chairman	China Pharmaceutical Association	Member
Chinese Journal of Pharmaceutical Technology Economics and Management (China Pharmaceutical Technology Transfer Organization)	Vice chairman	China Non-Prescription Medicines Association	Standing director
China Pharmaceutical Enterprises Association	Director	China Price Association	Director
Shanghai Bio Industry Association	Chairman and juristic person of the Association	China Pharmaceutical Enterprises Association	Vice chairman
Shanghai Genetics Society	Director	Fudan BioPharmaceutical Alumni Association	Founding member
Shanghai Society for Biotechnology	Vice chairman	Shanghai Pharmaceutical Trade Association	Vice chairman
Shanghai Society for Microbiology	Personal member	Shanghai Health Insurance Association	Standing director
Shanghai Pharmaceutical Trade Association	Vice chairman	Medical and Pharmaceutical Youth Federation	Personal member
Shanghai Licensed Pharmacist Association	Vice chairman	China Health Economics Association	Vice chairman
Technical Committee for Clinical Laboratory Equipment, China Association of Medical Equipment	Deputy commissioner	Board of Directors of Inspection Products Branch of National Association of Health Industry and Enterprise Management Council	Executive vice chairman
C. C. Tan Foundation	Founding member	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

## Customer satisfaction surveys conducted by part of member enterprises of Fosun Pharma Group

Name of enterprise	Fields	Principal forms of customer service	Number of customer service personnel	Year-round operating hours of customer service system	Number of surveys conducted in 2014	Total number of service recipients	Customer satisfaction survey result
Hongqi Pharma	Commercial and retail customers, clinical service customers	visits	82	255	2	255	96%
Fosun Med-Tech	Commercial and retail customers, clinical service customers, patients	Phone calls, visits	42	4,200	2	610	Through telephone follow-ups on 346 customers, all customers were satisfied with the products and service provided by Fosun Med-Tech. No comments or suggestions were given by customers.
Long March Medical	Commercial and retail customers, clinical service customers	Toll-free number (800) service instruction, onsite service and training of technical personnel	23	>30000	72	> 2000 (times), among which, onsite service > 1600 times	Satisfaction survey focused on the items such as reagent appearance, testing accuracy, testing precision, interference ability, timeliness to solve problems reported and product price. The result indicated good overall satisfaction and the overall satisfaction score was 98.

## Customer satisfaction surveys conducted by part of member enterprises of Fosun Pharma Group (continued)

Name of enterprise	Fields	Principal forms of customer service	Number of customer service personnel	Year-round operating hours of customer service system	Number of surveys conducted in 2014	Total number of service recipients	Customer satisfaction survey result
Fosun Biolog	Non-clinical service customers, clinical service customers	Call back, visits, surveys	19	>12,000 hours	6	580	Overall customer satisfaction for the year: 98
Yaneng Bio	Agents and healthcare institutions	Communication by phone, door-to-door service	45	2,990	3	1,832	Through surveys, customers were satisfactory with stable product quality of Yaneng Bio: 100%, satisfaction with product appearance and package: 98.23%, satisfaction with convenience: 88.17%, satisfaction compared with same products: 93.49%, satisfaction with first service, service result, timeliness, and technical level: 100%, satisfaction with technician's attitude, technical skills and service result in the return visit: 100%, satisfaction with timeliness to serve by Yaneng Bio: 96.88% and satisfaction compared with the service of same products: 100%.

## Communication with customers and consumers by Fosun Pharma Group

Nature of meeting	Number of meeting session	Size of meeting (unit: person-times)	Therapeutic areas involved	Areas covered
2nd China (Shanghai) International Technology Fair	1	50,000	Biological medicine	Nationwide
4th BIO-MED	1	5,500	Biological medicine	Shanghai
2014 CPHI Worldwide	1	29,000	Active pharmaceutical ingredients (APIs)	Global
14th CPHI Worldwide	1	45,000	Active pharmaceutical ingredients (APIs)	Global
72nd PHARMCHINA	1	100,000	Pharmaceuticals	Nationwide

## Case: Chancheng Hospital Patient Satisfaction Survey

Particulars	Total number for 2012	Total number for 2013	Total number for 2014
Greeting cards (unit: sheet)	950	1,987	1,184
Telephone follow-ups (unit: time)	1,800	2,400	2,580
Questionnaires completed at the clinic (unit: piece)	1,170	1,800	2,400
Inpatient questionnaires (unit: piece)	640	680	790
Patient service center comment book (unit: piece)	0	0	406



## Stakeholder Feedback

### Media

**Tao Jianhong, Deputy Director of Southern Medicine Economic Research Institute under CFDA and chief editor of Medicine Economic News (a speech at the 20th anniversary of Fosun Pharma):**

Fosun Pharma is an enterprise with perception and judgment. They know what they want and dedicate themselves for it. Fosun also possesses entrepreneurial spirit, while keeping itself humble and rational. It knows what is invaluable is to go beyond itself. 20 years of growth and maturity is what we have witnessed in Fosun Pharma, which was so real, so impressive.

**Yan Pengfei, Oriental Morning Post (2014 Fosun Pharma's media exchange):**

Fosun Pharma is rather standardized in information disclosure. It makes timely disclosure of its financial affairs and other material matters through announcements for the public and its latest news for the media. In the future, I hope the company can plan its advertising and communication activities from a strategic perspective and have more exchanges with more icons of the industry.

### Industry associations

**Song Ruilin, executive chairman of China Pharmaceutical Innovation and Research Development Association (a speech at the 20th anniversary of Fosun Pharma):**

Looking back to the 20 years of founding the company, Fosun Pharma has formed a business structure with a full pharmaceutical and healthcare production chain under the leadership of three chairmen, namely Guo Guangchang, Wang Qunbin and Chen Qiyu. In particular, in recent years, it made impressive accomplishments in aspects such as product R&D, market restructuring and technological innovation.

### Government

**Wang Yongpu, deputy director general of Department of Foreign Assistance, the Ministry of Commerce of the**

**People's Republic of China (opening speech at the "Study Class on Drug Quality and Safety in English-speaking African Countries 2014":**

The study class, which is organized by Fosun Pharma as commissioned by the Ministry of Commerce, is extremely meaningful in the sense that it promotes specific practices of human resources development cooperation between China and Africa and provides a chance for participants to have an in-depth study on drug quality and safety management.

**Ren Dequan, former deputy director of former State Food and Drug Administration (a speech at the 20th anniversary of Fosun Pharma):**

Fosun Pharma has participated in the state-owned SME reform in 2014. It places its focus on developing new drugs, new teams and new operation models, which is in line with the central government's enterprise development policy of "massive entrepreneurship and innovation by all". It takes the lead in the industry and has developed well. I hope it can make good use of the prime time of growth in healthcare services to better serve the public with better healthcare products and services.

**Tan Xiangdong, member of Shanghai Committee of the China Democratic League and professor at Shanghai Ocean University (a speech at the 20th anniversary of Fosun Pharma):**

I extend my deepest thanks to Fosun Pharma for its support of various academic researches and its donation to the national project CC Tan Life Science Award for many years. The gradual growth in the influence of the Award is the result of Fosun Pharma's contribution to the development of China's science industry.

### Investors

**An individual investor (SSE's "I am a Shareholder" activity)**

Investors can promptly and transparently understand the development of the company through its announcements and can communicate with its Investor Relations Department of Fosun Pharma. Events like "I am a Shareholder" are very meaningful because they are a bridge linking the company and us.



**Economics**



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, integrates viable resources, and has achieved outstanding performance in pharmaceutical manufacturing, pharmaceutical commerce and consumer goods, healthcare services, medical devices and medical diagnosis.



## Business Performance

In 2014, continuously guided by the mission of “promoting health and well-being of mankind”, Fosun Pharma Group adhered to its business philosophy of “Innovation for Good Health”, focused on its core pharmaceutical and healthcare businesses, continued to develop product innovation and improve management, actively promoted the strategies of organic growth, external expansion and integrated development, and thereby maintaining rapid growth of the principal businesses.

In 2014, Fosun Pharma Group realized revenue of RMB12,025.53 million, representing an increase of 20.30% as compared to 2013; revenue from pharmaceutical manufacturing and R&D business of RMB7,336.65 million, representing an increase of 11.43% as compared to 2013. The Group recorded operating profit of RMB2,394.35 million, gross profit of RMB2,718.05 million, net profit attributable to shareholders of the listed company of RMB2,112.87 million and net profit after extraordinary gain and loss attributable to shareholders of the listed company of RMB1,331.02 million, up by 7.55%, 17.48%, 33.51% and 29.75%, respectively, as compared to 2013.

**Fosun Pharma Group Recorded Revenue of RMB**

**12,025.53**

million

**Fosun Pharma Group Recorded Operating Profit of RMB**

**2,394.35**

million

## Product Innovation

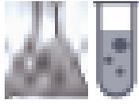
### Innovation in R&D System

Fosun Pharma Group always takes independent innovation as the driving force of its corporate development. We continued to optimize its pharmaceutical R&D system that integrates imitation and innovation, increased investment in the “4+1” R&D platform, established 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 (administration technology), improved its innovation system, enhanced R&D capabilities, launched new products, and strengthened the core competitiveness of the Group. The Group owned national-level enterprise technical centers and established highly-efficient international R&D teams in Shanghai, Chongqing and San Francisco. In order to leverage its competitive strengths, the Group focused its R&D on therapeutic areas including metabolism and alimentary tract, 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.

Through creatively integrating domestic resources to sustainably enhance its R&D capabilities by the Group, the Fosun Pharma Technology Innovation Strategic Alliance was formed with renowned academic institutions and scientific research corporations in China. This is one of the Industry-Academia-Research Strategic Alliances launched under a key technology initiative of the national Key New Drug Creation and Development Program, and also successfully passed inspection by the panel members of the Major Special Project Office of China with high recognition. The Group additionally received municipal government and major special project subsidies for six projects. Collaborating with Shanghai Institute of Materia Medica, affiliated to the Chinese Academy of Sciences, Fosun Pharma pioneered a new R&D model to jointly develop new anti-tumor drugs for three targeted therapies under a risk and benefit sharing principle. In cooperation with Shanghai University of Traditional Chinese Medicine, a joint laboratory was set up under an Industry-Academia-Research Strategic Alliance. Fosun Pharma has also formed a joint venture with Dalian Wanchun Medicine Co., Ltd to develop new anti-tumor drugs with international patents.

To converge with international technologies and intellectual resources, Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Co., Ltd., a joint venture, was formed by Fosun Pharma and Lonza Group of Switzerland, one of the world’s leading suppliers to the pharmaceutical, healthcare and life science industries. Focusing on tumor, infection and cardiovascular therapies, the joint venture aims at developing high-tech high barrier generics which are in great demand in China. The Company has also cooperated with Handa Pharmaceuticals, LLC of the United States to jointly develop hard-to-copy generics for simultaneous registration in both international and domestic markets.

The Group has made important advances in the effective transfer of research outcomes into pharmaceutical manufacturing. While gaining technological support from professional R&D units, all member companies within the Group are promoting R&D in improving their respective therapeutic areas. A few examples include: Guilin Pharma constantly improves R&D of Artesunate compound preparation, an anti-malarial drug meeting WHO standards; Hongqi Pharma conducts R&D of the improvement of anti-tuberculosis drugs; Wanbang Biopharma carries out R&D of the improved preparations of recombinant human insulin and animal insulin.



**R&D Expenditure  
(capitalized  
expenditure  
inclusive)**

**RMB 685  
million**

Fosun Pharmaceutical Research Institute and its member enterprises have 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 have complied with related state standards. Human clinical trials have 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.

**R&D Investment**

In 2014, R&D expenses were RMB564 million, with a year-on-year increase of 28.93% for actual R&D expenses. Fosun Pharma announced the Restricted Share Incentive Scheme in 2013, which includes the Company's percentage of R&D expenses in its appraisal. In 2014, Fosun Pharma Group's R&D expenditure on pharmaceutical manufacturing segment amounted to RMB452 million, accounting for 6.16% of the sales revenue from the pharmaceutical business. Meanwhile, Fosun Pharma completed its capital increase in Shanghai Henlius, Chongqing Fochon and SunTech Pharma so as to effectively advance the R&D of generic biopharmaceutical drugs and innovative drugs.

**R&D Progress**

There were significant achievements in R&D made by the Group in a total of 125 projects of new drugs, generic

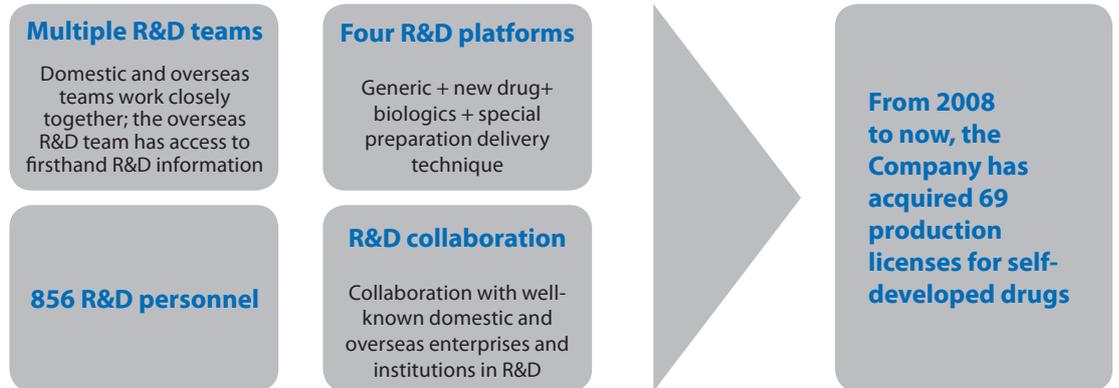
drugs, generic biopharmaceutical drug and vaccines, 26 projects of which were under clinical trial application, 11 projects under clinical trial, and 41 projects awaiting official approval for sales. It is expected that these projects under development will provide a solid foundation for the continuous improvement of the operating results of the Group in the future.

In 2014, Shanghai Henlius officially received clinical trial approval issued by China Food and Drug Administration for its recombinant human-mouse chimeric anti-CD20 monoclonal antibody injection. At present, Shanghai Henlius has completed clinical registration applications for five monoclonal drugs with seven indications. Meanwhile, Shanghai Henlius Monoclonal Antibody Drugs GMP Production Base Project was officially launched. The production base is designed and renovated in line with GMP standards as required in China, Europe and the U.S., and also adopts the internationally advanced one-time production technology.

**Patents and results**

In 2014, member enterprises in the pharmaceutical manufacturing and R&D businesses of Fosun Pharma submitted 86 patent applications and received 36 patents, including 35 invention patents (including 17 European, American and Japanese patents).

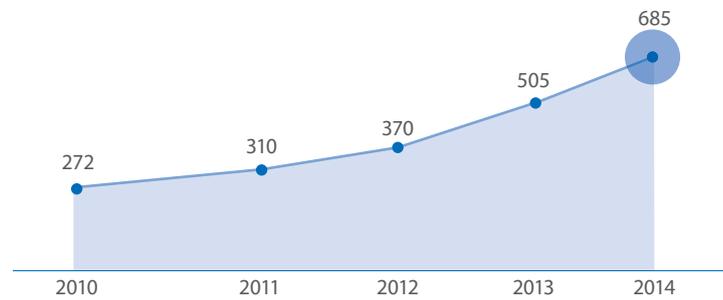
**R&D Performance and Success**





## R&D Expenditure of Fosun Pharma Group for 2010 – 2014

Unit: million



R&D Expenditure amounted to RMB685 million (capitalized expenditure inclusive), representing a year-on-year increase of 35.64%.

### Therapeutic Areas and Major Products

Therapeutic areas	Product	INN/Indications
Metabolism and digestive system	Atomolan	Reduced Glutathione Tablets, used for protective treatment of chronic hepatitis B.
	Wan Su Lin	Protamine Zinc Insulin Injection, used for treatment of type II diabetes.
	Wan Su Ping	Glimepiride Tablets, used for the treatment of type II diabetes.
	Yi Bao EPO	Recombinant Human Erythropoietin for Injection, used for treating anemia caused by renal insufficiency and applicable to dialysis patients and non-dialysis patients.
	Moluodan	Relieve stomach problem, including chronic atrophic gastritis, gastralgia, etc.
	You Li Tong	Used for the long-term treatment of hyperuricemia with the symptom of gout
Cardiovascular	Compound aloe capsules	Used for hyperactivity of heart-liver fire, constipation, abdominal distension & abdominal pain, and irritability & insomnia
	Xin Xian An	Meglumine Adenosine Cyclophosphate Injection, used to treat coronary heart disease, cardiac failure, cardiac arrhythmia, and sick sinus syndrome.
	You Di Er	Alprostadil Dried Emulsion for Injection, used to Improve cardiovascular and cerebrovascular microcirculation and as chronic hepatitis adjuvant therapy
Blood circulation system	Su Ke Nuo	Low-molecular-weight Heparin Sodium for Injection, used to prevent extracorporeal circulation of blood dialysis and the formation of deep vein thrombosis.
	Bang Ting	Hemo-coagulase for Injection, used to reduce or stop bleeding.
Central nervous system	Ao De Jin	Deproteinised Calf Blood Injection, used to improve cerebral blood circulation and correct nerve function defect caused by nutrition disturbance (ischemic injury and craniocerebral trauma).
	Qiwei	Quetiapine Fumarate Tablets, used to treat the negative and positive symptoms of schizophrenia.
Anti-infection	ARTESUN-PLUS	Artesunate Preparation series, mainly used to treat Various malarial diseases, especially Multidrug resistant falciparum malaria
	ARTESUN	Cefmetazole Sodium for Injection, used to treat infections caused by a number of microorganisms.
	Xi Chang	Potassium Sodium Dehydroandroan drographolide Succinate for Injection, indicated for the treatment of viral pneumonia and viral upper respiratory tract infection.
	Natrii Kalii	Ethambutol Hydrochloride, Pyrazinamide, Rifampicin and Isoniazid Tablets II, used for two-month short-term intensive tuberculosis treatment
Anti-cancer	Yi Nuo Ni Kang Rifampicin capsule	Rifampicin capsule, Indicated in the treatment of tuberculosis and enterococcus infection.
	Eluzer	Pemetrexed Disodium for Injection, used to treat non-small cell lung cancer and malignant pleural mesothelioma.
	Xihuang capsules	Used for the syndrome of toxicity and blood stasis acute, superficial infection, dorsal furuncle swelling, multiple abscess, adenolymphitis, cold abscess



### Revenue of pharmaceutical manufacturing and R&D

RMB7,336.65 million



### Revenue of pharmaceutical distribution and retail businesses

RMB1,547.51 million



### Revenue of healthcare service

RMB1,185.89 million

2,770 beds



### Revenue of medical Devices and Medical diagnosis

RMB1,503.88 million

## Pharmaceutical manufacturing

In 2014, with the rapid growth of its pharmaceutical manufacturing and R&D segment, Fosun Pharma Group realized revenue of RMB7,336.65 million, representing an increase of 11.43% as compared to 2013.

The pharmaceutical manufacturing and R&D segment of the Group continued to grow steadily and the development of its professional operational team was further strengthened. In 2014, the sales of the Group's major products in therapeutic areas such as cardiovascular system, metabolism and alimentary system, anti-infection and anti-tumor maintained rapid growth, recorded a year-on-year growth of 25.24%, 17.39%, 30.37% and 254.37%, respectively. Among the new products, the sales of You Di Er (alprostadiol dried emulsion), a product in the cardiovascular system therapeutic area, and You Li Tong (febuxostat tablets), a product in the metabolism therapeutic area, had experienced prominent growth.

In 2014, the Group had 17 formulation items or series with sales over RMB100 million, among which sales of the products such as Xihuang capsules and compound aloe capsules exceeded RMB100 million for the first time and the sales of the products such as Ao De Jin and Atomolan series exceeded RMB500 million.

The Group has been a pioneer in the manufacturing and R&D of anti-malaria products in the global market.

## Pharmaceutical Distribution and Retail

In 2014, the Group's pharmaceutical distribution and retail businesses reported revenue of RMB1,547.51 million, representing an increase of 2.73% as compared to 2013. Fosun Pharma is the second largest shareholder of Sinopharm, China's largest pharmaceutical distributor and maintains its leading position in domestic pharmaceutical distribution field. During the Reporting Period, our Group entered into an equity transfer agreement with Sinopharm, for the integration and optimization of resources relating to pharmaceutical distribution and retail business of Fosun Pharma, For Me Pharmacy and Golden Elephant Pharmacy, etc.; In addition, the Group attempted to cooperate with Guahao.com to explore a new business model.

The Group invested NSP in 2014 and became its largest shareholder, preliminarily conducting layout for consumer market.

## Healthcare service

In 2014, the Group-invested healthcare service providers reported total revenue of RMB1,185.89 million, representing an increase of 149.66% from 2013. The Group's strategic deployment of a healthcare service network providing high-end healthcare service in developed coastal cities and combining specialty and general hospital services in second and third tiered cities has taken shape.

In 2014, the Group further strengthened the operating capabilities of its controlled healthcare institutions, deepened hospitals' internal management, progressively promoted total cost management, increased

efforts in recruiting talents, and facilitated the regional development of the Group's healthcare services business.

Fosun Pharma Group continues to support the development of "United Family Hospital". "United Family Healthcare" has been developed into the largest high-end healthcare service network with highest brand name recognition and the highest degree of internationalization, and the top choice for local and foreign high-end consumers in China.

In 2014, teaming up with a public hospital in Taizhou and leveraging the medical resources of Taizhou Municipal Hospital, Fosun Pharma launched the construction of Taizhou Zanyang Medical Care Project (i.e. Taizhou Public Zhedong Medical Care Investment and Management Company Limited and its ancillary hospitals), to actively explore new healthcare models.

Currently, the Group owns Chancheng Hospital, which is a 3A Class hospital with certain influence in Foshan City as well as the Pearl River Delta. Jimin Cancer Hospital is the first cancer specialty hospital in Anhui Province; Guangji Hospital, and Zhongwu Hospital are grade 2 general hospitals with considerable brand recognition in their respective region.

The rapid expansion of investment & operating team of Fosun Pharma Group in 2014, and the completion and putting into use of a new complex of Chancheng Hospital, establishing a foundation for creating the differentiated healthcare service platform, together with a successful application of 2A by Zhongwu Hospital, allowed the healthcare service to maintain solid growth.

Alma Chancheng Hospital Laser Plastic Surgery Center, co-established by Alma Lasers and Chancheng Hospital, two subsidiaries of Fosun Pharma Group, was officially opened in November 2014. The cooperation has created a business model for service combination of medical equipment and healthcare service, which is an attempt and exploration of Fosun Pharma Group's strategy of "Combining China's Growth Momentum with Global Resource", and also marks full launch of its international strategy of industry chain for healthcare across the board.

Currently, Jimin Cancer Hospital, Guangji Hospital, Zhongwu Hospital, and Chancheng Hospital, healthcare service member enterprises under the Group offer in total 2,770 beds.

## Medical Devices and Medical diagnosis

The Group drove forward the development of its medical devices and medical diagnosis businesses in 2014 through M&A and collaboration. The medical devices and medical diagnosis businesses of Fosun Pharma Group reported revenue of RMB1,503.88 million in 2014, up by 38.20% from 2013.

In respect of the medical diagnosis segment, the Group entered into agreements to invest in approximately 37% equity interest in miacom Diagnostics GmbH, a German enterprise principally engaged in developing low-cost, efficient and convenient in-vitro diagnostic reagents, and in approximately 35.23% equity interest in Genefirst Limited, a company from the U.K. principally engaged in developing and manufacturing molecular diagnostic products for infectious diseases and cancer, so as to



further increase cooperation with international diagnosis companies and to extend the influence of the Group's diagnostic products in the international market.

In respect of the medical devices segment, the Group actively fostered the business development of Alma Lasers and reorganized the business operations of CML. In 2014, Alma Lasers accelerated in developing the international market and especially key emerging markets such as China and India. 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. Five of its products including the 1,470 nanosurgical laser system passed the qualifications for EU CE markings and three products were approved by the U.S. FDA.

## Merger & Acquisition Creates Value

While promoting the development of member enterprises, the Group steps up the pace of integration and M&A. At the same time, leveraging the resources and control systems of the Group, the Company consolidates the operations and management of its member enterprises to achieve positive synergy, shares resources within the Group, carries out risk controls, amalgamates organizational culture, and accumulates the forces of development.

## Major New Subsidiaries and Partners of the Group in 2014

### Huanghe Pharma

In May 2014, Wanbang Biopharma, a member enterprise of Fosun Pharma, entered into an agreement to acquire 51% equity interest in Huanghe Pharma and became its majority shareholder.

### Miacom Diagnostics GmbH

In June 2014, Medical diagnosis Division of Fosun Pharma started strategic cooperation with Miacom Diagnostics GmbH (hereinafter referred to as "Miacom"), a German company. Thereafter, Medical Diagnosis Division acquired the exclusive rights of distribution and manufacturing of Miacom's molecular-based pathogens identification products in China.

### Taizhou Municipal Hospital

In August 2014, Fosun Pharma, through Yicheng Investment, a wholly-owned subsidiary of Fosun Pharma, entered into a cooperation agreement with Taizhou Municipal Investment Company Limited, a company wholly owned by Taizhou Municipal Hospital, pursuant to which they intended to make joint contribution of more than RMB680 million to establish Taizhou Zanyang Medical Care Investment Management Company Limited.

### Erye Pharmaceutical

In December 2014, Fosun Pharma announced that it intended to acquire a total of 65% equity interest in Erye Pharmaceutical at a consideration of RMB845 million.

Payment of dividends for **15 years** consecutively since listing

Payment of **RMB 1,268 million** in taxes to the government

Fosun Pharma Group's cash payment to employees and on behalf of employees totaled **RMB 1,632 million**, an increase of **30.97%** from 2013.

## 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 becomes listed on the market. While striving to create value, Fosun Pharma also works hard to pay back to its shareholders.

As of year-end 2014, the Company's shareholders' equity has increased 3,111.95% from 1998 when it was first listed, and the Company has paid dividends for 15 years consecutively since listing.

During the reporting period, the Company was named as one of the ten "The Best Boards" in the 9th "Golden Roundtable Award" and was honored as one of 2014 Top 50 High-integrity Companies Listed on the Main Board.

## Tax Compliance

The Group is proud of its tax records. In 2014, the Group paid RMB1,268 million in taxes to the government. The Group's growing tax payments also reflect its improving business performance brought about by continuous efforts to optimize management.

## Pay and Employee Benefits

The Group appeals to its employees by offering them career development opportunities. The Company conducts market pay rate survey every year and gradually perfects its pay and benefit systems, 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 2014, the Group's cash payment to employees and on behalf of employees totaled RMB1,632 million,, an increase of 30.97% from 2013.

Fosun Pharma conducts human resources audit of 4 to 5 member enterprises 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 knowhow and systems.

## The Group's personnel costs

(RMB 0,000)

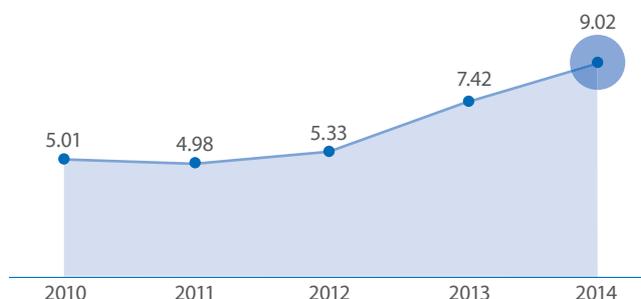
Year	Wages, bonus, subsidy and allowance	Social insurance	Housing provident fund	Trade union funds and employee education funds	Employee welfare fees	Other expenses *	Total
2014	131,210	20,678	4,759	1,408	4,850	285	163,190
2013	105,919	10,811	4,013	1,556	1,956	338	124,594

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

## Average employee salary within the Group 2010 – 2014

(Cash payment to employees and on behalf of employees)

(RMB 0,000)





**Du Wenting,**  
a student of **Biological Science Department,**  
the **School of Life Sciences, Fudan University**

My current research interest is in the diagnosis and treatment of cancer. The cancer is difficult yet necessary to overcome. I've received the admission notice from University of Texas Southwestern Medical Center, where I hope to learn advanced techniques, broaden my horizon and achieve some results. As for my career planning, I wish to join pharmaceutical companies to develop drugs, applying the theory to the reality.

# Hope

A woman with short dark hair, wearing blue scrubs, is smiling and holding a green clipboard. She is in a hospital setting, with other people and medical equipment visible in the background. The background is slightly blurred, focusing attention on the woman.

## Product and Service Quality



Quality and safety are the carved-in-stone unchanged 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.



## Supply of quality products and services

Quality and safety are the carved-in-stone unchanged 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, the 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.

Research and development and drug manufacturing member enterprises under Fosun Pharma Group are located in ten provinces, autonomous regions, and municipalities throughout China. They produce biological preparations, Chinese herbal medicine, chemical drug substances and preparations, vaccines, antibiotics, biochemical drugs, etc. The produced medicinal products cover most of the ordinary categories and dosage forms namely small volume injection, lyophilized powder for injection, powder injection, tablet, hard capsule, soft capsule, granule, traditional Chinese medicine pill and therapeutic fields namely cardiovascular, central nervous, and hematological systems, metabolism and digestive system, and anti-infection.

The Group's diagnosis member enterprises mainly manufacture in vitro diagnostic reagents and diagnostic devices, mainly involving R&D, manufacturing and sales of biochemical diagnostic reagents, nucleic acid diagnostic reagents, microbiological diagnostic reagents, nucleic acid chip diagnostic reagents, and diagnostic devices. Fosun Pharma medical devices member enterprises are mainly engaged in sales of medical device consumables and distribution of high-end medical devices, R&D, manufacturing and sales of transfusion equipment and surgical consumables, and sales and distribution of high-end import medical devices.

Healthcare services are one of the key business segments in the future development of the Group, which now has five hospitals with a total of 2,770 authorized beds.

### Construction of quality systems

In 2014, the Group formulated Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Drug Manufacturing) Quality Handbook, which specified the quality policies of "Respect the life, prioritize the quality, endeavor to do still better and pursue excellence", to regulate and upgrade the quality management systems of pharmaceutical enterprises. The framework for the quality systems of pharmaceutical member enterprises was established in terms of quality management system, responsibilities of the management, resource management, and product realization, analysis and improvement as detailed in ten chapters.

In 2014, the Group continued to focus on the construction of quality systems to be introduced to individual pharmaceutical member enterprises in order to comply with the latest GMP requirements. Under the

operation and management platform of the Group, GMP pre-testing, quality audit, special inspection and others facilitated pharmaceutical enterprises to establish quality systems in compliance with the latest GMP requirements.

The Operation Management Department of Fosun Pharma Industrial continued to exercise strict quality risk control over subordinate drug producing enterprises. Throughout the year inspectors with professional attainments adopted measures such as quality audit or GMP certified pre-testing as part of quality risk control and management to identify deficiencies in corporate quality management in a timely manner and issue an objective and realistic inspection report that required the enterprise in question to provide feedback on the overall improvements with CAPA within a month. The Operation Management Department repeatedly followed up or reviewed on site to continuously promote constant improvement in corporate systems.

For the construction of drug manufacturing quality systems, the Group combined the requirements of the latest domestic GMP and international cGMP requirements. It 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 investigation and supplier audit, thereby comprehensively improving the subordinate enterprises' awareness of quality and software standards. While constantly enhancing the systems, Fosun Pharma also encouraged its enterprises to prioritize advanced equipment and workmanship in the manufacturing of drugs, emphasize workmanship authentication, and strictly abide by applicable state requirements and international standards to conduct change management so as to ensure that drug quality met registered workmanship requirements.

In 2014, the Group performed field technical support events such as GMP pre-inspection and quality audit. It embarked on special inspection of the new production lines for sterile preparations and special quality inspection of traditional Chinese medicine extracts. The quality of the operations of its enterprises was therefore enhanced to protect the systems from risks and keep the systems in place and under control. In addition, great emphasis was placed on the adverse reaction monitoring of priority medicines and the quality of empty capsule supplies to ensure product quality to comply with related requirements.

In 2014, the Group's pharmaceutical member enterprises were audited or inspected on site by government drug surveillance departments 79 times in total and audited by foreign drug administration departments or major suppliers approximately 33 times. All of them successfully passed the audits or inspections, proving that their corporate quality systems were in compliance with GMP and cGMP regulatory requirements. Throughout the year, pharmaceutical member enterprises were sampled 454 times by the government and no non-conformity reports were reported. In the Phase 5 and 6 national product quality announcements released in 2014, none of drugs of the Group were disqualified.

No non-conformity reports were reported with sampling for



454 times

by the government.

## Audit of Guilin Pharma by external suppliers and drug administration institutions in 2014

Audit Date	Audit Items	Auditor	Audit Results
January 20, 2014	Tablet production line	Supplier: IDA	Passed
March 17-18, 2014	Audit of bumetanide APIs	Supplier: TEVA	Passed
May 27, 2014	Audit of pharmacovigilance of josamycin tablets	Supplier: ASTELLAS	Passed
July 5-6, 2014	Tablet and injection production lines	Kenya FDA	Passed
July 9-18, 2014	API, tablet, powder for injection, small volume production lines	WHO	Passed
September 23, 2014	Levamisole hydrochloride API production line	Supplier: Johnson & Johnson	Passed
September 25, 2014	Bumetanide API production line	Supplier: MYLAN	Passed
November 11, 2014	Tablet and injection production lines	Ghana FDA	Passed
December 10-11, 2014	Tablet production line	Supplier: MISSION	Passed

Medical diagnosis member enterprises of the Group continue to reinforce internal management, regulate production behavior, and guarantee the safety and effectiveness of their products. They have established corresponding quality management systems with proper documentation and records established in accordance with the Medical Instruments Supervision and Management Regulations, the Enforcement Rules for the Production of In-vitro Diagnostic Reagents, and the Management Regulations Governing the Registration of In-vitro Diagnostic Reagents. The quality management systems were steadily, constantly, and effectively enforced in each medical diagnostics member enterprise. Each medical diagnostics member enterprise formulated quality policies and quality objectives according to their actual conditions.

In 2014, medical diagnosis member enterprises followed system requirements by performing spontaneous inspections or internal reviews and found through internal reviews non-conformities within their quality management systems. They approved corrective and preventive measures to further enhance the compliance and effectiveness of respective quality management systems. Each medical diagnosis member enterprise conducts management ratings and produce management rating reports on a yearly basis.

To ensure the safety and effectiveness of products and continuous effective operations of quality management systems, medical diagnosis member enterprises have their own quality department and enterprises under it have their independent quality test departments and special test personnel and necessary test equipment. Respective plants conduct a rational

layout in accordance with air cleanliness class required by product and production process. In light of the safety and effectiveness requirements for their products, respective producing enterprises verify their control methods for the main features, production environment, facilities and equipment, primary and auxiliary materials, procurement, workmanship, testing, and quality of their products. They are able to provide corresponding verification data. They provide research and development and verification records for the products they have spontaneously developed, designed, and produced.

Medical device member enterprises continue to reinforce internal management, regulate production behavior, and guarantee the safety and effectiveness of their products. They have established corresponding quality management systems with proper documentation and records established in accordance with the Medical Instruments Supervision and Management Regulations and the Medical Instruments Manufacturing Supervision and Management Measures. Respective producing enterprise passed third-party certification annually, all of their quality systems met the requirements of ISO13485 and were maintained in strict compliance with the respective requirements.

In 2014, respective member enterprises followed system requirements by performing spontaneous inspections or internal reviews and found through internal reviews non-conformities within their quality management systems. They approved corrective and preventive measures to further enhance the compliance and effectiveness of respective quality management systems. Enterprises conduct management ratings and produce management rating reports on a yearly basis.

## 2014 Medical Device Member Enterprises system certification

Certification	Member enterprise	Shanghai Transfusion	Laishi Transfusion	Huaiyin Medical
System certification		2014.9 Passed ISO 9001, ISO 13485 quality system review by TÜV	2014.6 Passed ISO 13485 quality system examine by TÜV	Passed annual examine of ISO 13485, ISO 9001 and CE quality system by DNV

In 2014, medical diagnostics member enterprises passed site inspection by FDA on a number of occasions, involving 7 products and 7 batches.



## Products certification examination of medical device member enterprises of Fosun Pharma Group in 2014

Member Enterprise Certification Examine	Shanghai Transfusion	Laishi Transfusion	Huaiyin Medical
Product certification	CE	DNV/CE	CE
Products inspected by FDA	4 products, 4 batches	2 products, 2 batches	1 products, 1 batch

### Management of diagnostic reagents

Respective medical diagnosis member enterprises engage themselves in production applying nationally approved processes. The processes and procedures, documents, and standard operating procedures are in place to facilitate production. Key or special processes are defined. The quality control points are specified. There are complete production records for each batch of products. In accordance with the newly revised Medical Instruments Supervision and Management Regulations and ancillary regulations, especially for major changes in registration of new products, each medical diagnosis member enterprise is well prepared by establishing management systems at all levels in relation to preparation, verification, approval and change of production control documents as to meet the conditions required by registration and management system, thus having no impact on product registration and renewal of registration. Each of the member enterprises has established their own lot number management system to keep the production process traceable, govern the level, scope, and means of traceability for the materials and products, manage the lot numbers of major materials, intermediate products, and finished products, and keep and provide traceable records.

Labels such as the name, lot number, shelf life, and inspection status of all materials used in respective medical diagnosis member enterprises is clearly specified. Inflammable, combustible, toxic, hazardous, polluting or contagious, bioactive, or biological materials are stored in compliance with applicable national requirements in dedicated zones and are clearly labeled. There are people in charge of keeping and dispatching the materials. Meanwhile, the public security network is connected to protect hazardous materials and set up passwords specially for monitoring of such materials.

### Medicinal product safety mechanism

The Group values quality risk management throughout the life cycle of its products and has strict quality and safety mechanisms in place in terms of product research and development, technical transfer, production and manufacturing, marketing and distribution, and so on to ensure the safety of medicinal products and medical products during research and development, production, distribution, delisting, and recall.

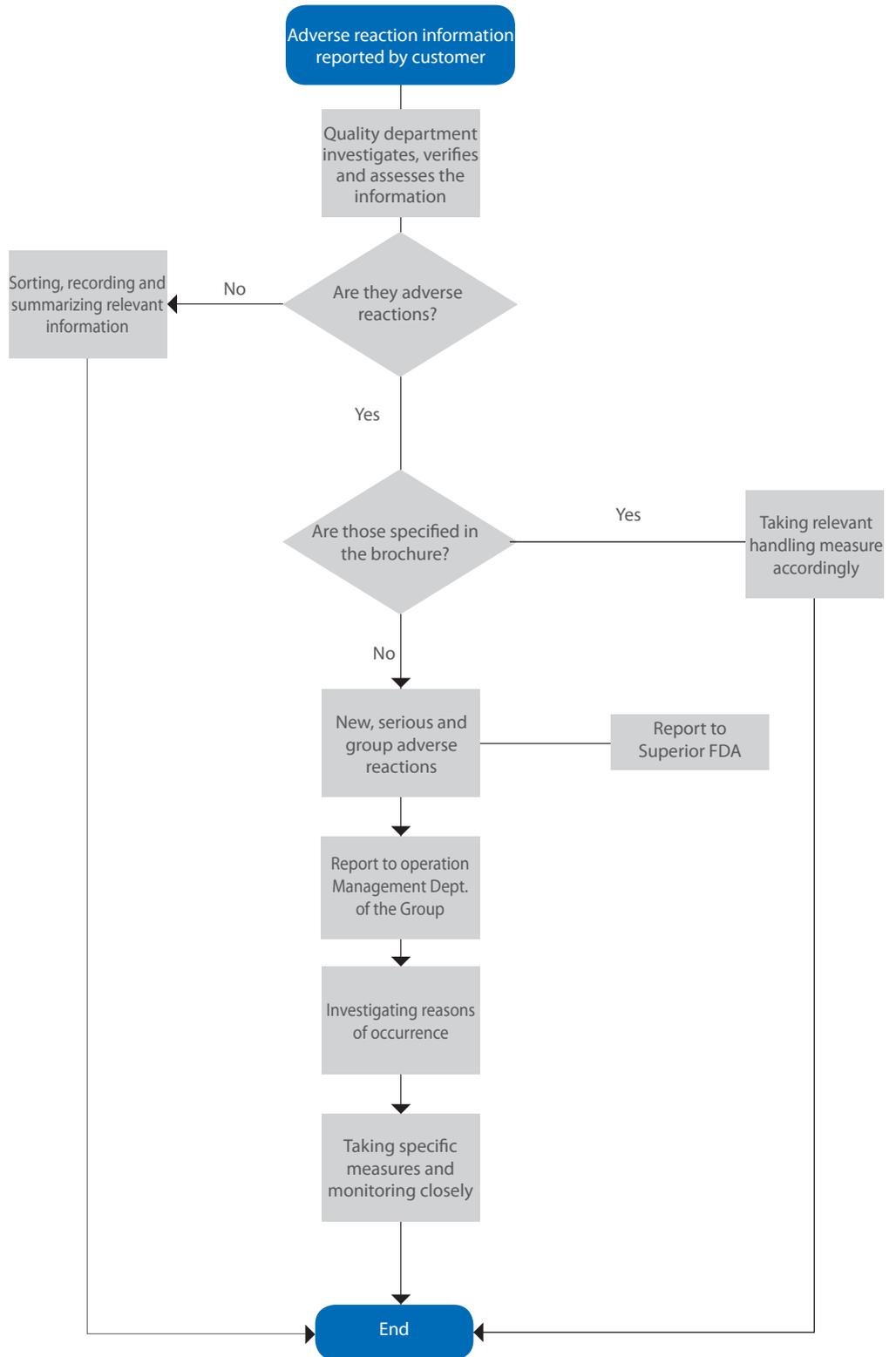
The Group cares about medication safety for patients and values the monitoring and reporting of adverse drug reactions as well. In 2014, the Group continued to strictly implement the "Adverse Drug Reaction Reporting and Monitoring Management System" and asked each of its

pharmaceutical enterprises to report adverse reactions as soon as they become aware of the adverse reactions. Respective pharmaceutical member enterprises enforce "zero-reporting" management in terms of adverse reactions as required by the adverse reaction monitoring articles of the Group. That is, even if there are no relevant adverse reactions, respective drug producing enterprises should submit the adverse reaction information sheet in the beginning of every month. For new or serious adverse reactions, reporting must be completed within a given period of time. Pharmaceutical member enterprises are asked to report to the listed company and local adverse reaction reporting centers by the given deadline to ensure that all adverse drug reactions are collected and managed in a timely manner. Applicable regulations regarding the monitoring of adverse drug reactions established by the China Food and Drug Administration are strictly enforced. For intensive monitoring of products with associated serious adverse reactions, enterprises are asked to adopt corresponding measures in order to bring down the incidence.

In 2014, Yaoyou Pharma finished safety assessment work of prioritized adverse reactions monitoring of Potassium Sodium Dehydroandrographolide after its launch to the market. Since October 1, 2009, 34 adverse reactions occurred out of a total of 31,813 clinic cases finished in two phases, representing an adverse reactions occurrence rate of 1.07%. In addition, Yaoyou Pharma conducted a comprehensive research of the product in terms of pharmacology, clinic and standard, and fully improved API quality standard and conducted product pharmacology and toxicology research, pharmacodynamic test, non-clinical medicine metabolism and preclinical safety research, impurity and allergy research, quality control during the process of production, adverse reactions monitoring and quarterly analysis, in order to effective control product quality and safety. According to data obtained from enterprise to local adverse reactions centers, in 2014, adverse reactions of Potassium Sodium Dehydroandrographolide reported in the market maintained stable and recorded a slight decrease. The seriousness of adverse reactions was low, so they were ordinary adverse reactions. This marks Yaoyou Pharma has entered into a stable stage of quality control, thus its products are safe.

Each of medical device member enterprises, medical diagnosis member enterprises, and medical distribution and retailing member enterprises established adverse reactions reporting system. In 2014, there were no adverse reactions events.

**Flowchart for handling of adverse reactions of Wanbang Biopharma, a pharmaceutical member enterprise under Fosun Pharma**





Among the pharmaceutical member enterprises under Fosun Pharma,

**42** production

lines have been completely certified by the latest GMP certification



**16** APIs production

lines and **4** formulation production lines of Fosun Pharma have passed International GMP certification.

### Certification of quality systems

In accordance with the requirements of CFDA, among the pharmaceutical member enterprises under Fosun Pharma, 42 production lines were completely certified by the latest GMP certification as of the end of 2014 and were at the cutting edge compared to their competition. In addition, three sterile production lines for productivity expansion continued to be certified by the latest CFDA-GMP in China in 2014, and approximately 15 API and solid preparations production line continued to be the first be certified by the latest CFDA-GMP in China.

In 2014, oral-form-preparations workshop (tablet) of Yaoyou Pharma, a member enterprise under Fosun Pharma, was first certified by FDA and Shine Star's amino acid pills was first examined by FDA as a dietary

supplement, and passed certification with zero defects. Guilin Pharma new production lines in Qilidian Road, including seven production lines of API, pills, powder for injection, small volume injection etc., which successfully passed one-off WHO-PQ examination lasted for eleven days.

To date, member enterprises including Carelife Pharma, Dongting Pharma, Chongqing Pharma Research, Guilin Pharma have 16 APIs passed US FDA certification, European certification, JMHW, German Health Authority or WHO certification, Guilin Pharma's one OSD production line, two injection production lines passed WHO-PQ certification; Yaoyou Pharma's one OSD production line passed Health Canada and FDA certification.

### In 2014, eight pharmaceutical member enterprises under Fosun Pharma Group continued to be site certified by the latest CFDA-GMP:

Date	Member	Certification scope	Conclusion
January 2014	Zhaohui Pharma	API (tetracaine hydrochloride)	Passed certification
January 2014	Guilin Pharma	Powder for injection (containing penicillin), small volume injection	Passed certification
January 2014	Guilin Pharma	Sterile API (flucloxacillin sodium), hard capsule (penicillin)	Passed certification
April 2014	Zhaohui Pharma	API (calcium dobesilate, aceglutamide)	Passed certification
May 2014	Chemo Biopharm	Lyophilized powder for injection (gamma interferon)	Passed certification
May 2014	Handan Pharma	Pill production line (relocation)	Passed certification
June 2014	Dongting Pharma	Tablet	Passed certification
August 2014	Zhaohui Pharma	Tablet (containing anti-tumor ingredients), capsule (containing anti-cancer ingredients)	Passed certification
September 2014	Wanbang Biopharma	Small volume and lyophilized powder for injection (the first joint plant transformation)	Passed certification
October 2014	Yaoyou Pharma	Oral solid dosage (OSD) production line II, API	Passed certification
December 2014	Huanghe Pharma	Pastille	Passed certification

### International GMP certification of pharmaceutical manufacturing member enterprises of Fosun Pharma Group in 2014

Date	Enterprise	Certification scope	Certification institution
February 2014	Yaoyou Pharma	Tablet	FDA
March 2014	Shine Star	Amino-acids (dietary supplement GMP)	FDA (zero defect)
April 2014	Carelife Pharma	API clindamycin phosphate	Brazil ANVISA
June 2014	Chemo Biopharm	Lyophilized powder for injection	Columbia INVIMA
July 2014	Guilin Pharma	API, tablet, powder for injection, small volume inject	WHO-PQ
July 2014	Guilin Pharma	Tablet, injection	Kenya FDA
October 2014	Guilin Pharma	Tablet, injection	Ghana FDA

Each Medical diagnosis member enterprise has been certified by third-party every year. All of their quality systems met the requirement of ISO13485 and maintained strictly requirements of systems.

In early March 2014, individual medical diagnosis member enterprises were in strict compliance with relevant requirements, promoted the special project of medical equipment "five rectifications" set up by China Food and Drug Administration, further strengthened quality system management, product safety and awareness of quality, reorganized internal management process and prevented potential quality and safety risks. Each medical diagnosis member enterprises underwent on-site system inspections and sampling of products in the market by pharmaceutical authorities and the results were to their satisfaction. Long March Medical has been accredited by Shanghai Municipal Food and Drug Administration as a Grade A quality and reliability medical equipment manufacturer.

## Retail Sale of Drugs

### Protection system

To reinforce quality management, individual retail drug stores and franchise stores of the Group insist on abiding systems such as the Drug Operation and Quality Management System, the Medical Device Operation and Quality Management System, and the Medical Device Management System and Operating Procedures to guarantee that all products sold comply with the required quality standards or requirements.

The Group manages and regulates individual retail drug stores consistently, has established management rules for franchise stores, and takes advantage of e-commerce to extend its distribution and services through online platforms. It strictly abides by procedures such as the Purchase Order Management, Goods Dispatch Management, to realize enhanced management transparency.

## Management of franchise stores

### Drug retail sale related management systems in 2014

Retail Outlets GSP Management System	Ten systems including the Drug Transfer Management System, the Drug Receiving Management System, the Computer System Management System and Operation Process
E-commerce Management System	Eight systems including the Information Collection, Editing, Reviewing and Updating Management System, the Order Check Management System and the Drug Delivery Management System

### New safety supervision and control methods added for retail drug stores in 2014

Type of product	Supervision method
Prescription drug	Sales of single track system prescription drugs by prescriptions and keeping records of such prescriptions; registration and sales of double-track system prescription drugs.
Non-prescription drug	Registration and sales of OTC drugs (containing hemp) by ID.

### Product recall

Each Pharmaceutical member enterprises under the Group had a regular drug recall drill in accordance with state laws and regulations and relevant management systems to ensure that drugs could be quickly recalled in case of quality concern and to protect consumers' interests.

Each medical device member enterprises and medical distribution and retailing member enterprises established medical devices recall system and process. Each of enterprises has a drug recall drill in 2014 to ensure that drugs could be quickly recalled in case of quality concern and to protect consumers' interests.

In 2014, there was no medical devices recall events occurred in each medical device member enterprises and medical distribution and retailing member enterprises.

## Handling of Complaints

The member enterprises under the Group care about how complaints are handled. There are dedicated personnel for this regard who record complaints to very detail and give reply with thorough explanation after investigation, analysis and responding actions. They also record the batch number of the products in question. The handling is led by the quality control department and supported by relevant departments. Complaints are



replied to and properly resolved within a specific time period and remedial and preventive measures will be implemented to ensure high satisfaction of users.

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

## Marketing Compliance

Member enterprises under the Group strictly abide by applicable national laws and regulations in their operations. Member enterprises are equipped with perfect systems and procedures that help ensure compliance of business management behavior with the requirements of national laws and regulations. Respective business units of these enterprises enter into distribution agreements with promoters on the market and distributors to ensure necessary advance prevention, process monitoring, and post hoc audits of all promotions.

Member enterprises under the Group strictly aided by national laws and regulations in products and services labeling in 2014 and no events of any illegal products and services labeling occurred.

Member enterprises under the Group strictly aided by national laws and regulations during market promotion in 2014 and had never been reported for disciplinary dispositions by the supervisory department for any illegal promotion or non-compliant operations. Member enterprises under the Group value customer services and conducted customer satisfaction surveys among distributors and hospitals in 2014. Questions asked by customers were answered in a timely manner. The Group's products and services were received well by the customers. In market promotion, applicable management regulations such as the Anti-Commercial Bribery Regulations for Procurement and Distribution Staff and the Anti-Commercial Bribery Reporting and Registration Regulations have been established by member enterprises of the Group to forbid selling of controversial products.

Member enterprises under the Group implemented strong protection of customers' privacy. In 2014, there were no complaints about breaching privacy of customers or lost customers' information, nor any relevant complaint from any regulatory authorities or external individuals or institutions. Substantiated complaints to the member enterprises under the Group in 2014 involved no information leakage or lost or stolen customers' information.

Meanwhile, there were no violations and non-compliance with distribution and promotion requirements found with member enterprises under the Group in 2014. They had been in strict compliance with measures on the marketing and sales team. They ensured that the respective company enters into distribution compliance agreements with its business units, and the sales department, sales and distributors implement a compliance accountability system. Promoting plans and relevant contract examination procedures were drawn up for all departments so that they could work together in advance prevention, process monitoring, and post hoc audits to ensure their operations were in compliance with requirements of state laws and regulations.

Medical diagnosis member enterprises under the Group actively assume responsibilities for issues appearing during the application process by solving them and providing guidance on them and providing

quality services. They set up free toll number 800, have professional technicians for field services and training and others. Customer services personnel pay regular visits to customers and provide them with production information, and conduct product training and on-site services on a regular basis, build periodical circuit tour mechanism to actively provide support and set up a national hotline for 24-hour free telephone support. Customer services provided in 2014 totaled over 40,000 hours to a headcount of more than 4,000 people.

Individual medical device member enterprises under the Group put in place sales, post-sales and other quality management systems and operational guidelines to ensure they compliance with laws and regulations and quality management requirements in their product sales and post-sales quality. The rate of qualified products reached pre-set goals and was rising. Individual medical device member enterprises under the Groups also drew up processes of customers' satisfaction survey and complaint handling to reinforce consumers' health and safety.

## Recycling and Handling of Expired Drugs

As required by law, individual pharmaceutical member enterprises were able to destroy all expired drugs centrally through qualified contractors. Expired drugs are collected and kept in the non-conformity zone at retail outlets and are reported to be scrapped and destroyed in a timely manner. Retail outlets also organize campaigns to recycle drugs in communities. They recycle expired drugs and clean up medicine cabinets at homes from time to time. There are recycle bins set up at retail outlets to collect expired drugs over the long term for centralized destruction, which will help prevent against contamination of the environment.

## Quality Safety Training

To enhance the standards for quality management systems, accept the latest quality ideas, and consolidate standard operating procedures, pharmaceutical member enterprises under the Group highly value quality training. Key production quality managers are sent to attend professional forums and trainings on specific topics such as risk management, the production, verification, and change management of sterile preparations on the one hand, and all staff within these enterprises participates in management training on the latest GMP and standard SOPs on the other.

Throughout 2014, the Group focused on quality safety training. Each person in pharmaceutical member enterprises received more than 20 hours of training on average.

For Me Pharmacy and Golden Elephant Pharmacy, launched training programs of drug quality and safety for retail outlets staff.

Medical diagnosis member enterprises have consistently 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. The staff engaged in production and quality control of in-vitro diagnostic reagents will have to



Each person in pharmaceutical member enterprises of Fosun Pharma Group received more than **20 hours** of quality safety training on average.

## Distribution Compliance Flowchart for Individual Medical Diagnostics Member Enterprises:



complete the training and pass the test on applicable laws and regulations. Specialized technicians are equipped with professional background knowledge and related practical experience to fulfill their responsibilities at work. In light of the new Medical Instruments Supervision and Management Regulations and relevant ancillary rules promulgated on June 1, 2014, all enterprises provided internal and external staff training and conducted related training and examination for production and quality control personnel of in vitro diagnostic reagents to strengthen their legal awareness in this regard. For example, Long March Medical organized a contest on the knowledge of new Medical Instruments Supervision and Management Regulations. In order to improve safety systems of medical diagnosis member enterprises, contingency plans and relevant training of the subsidiaries, medical diagnosis member enterprises also organized activities to meet Shanghai's corporate safety standards level 2 and EHS rating of the Group.

## Supplier Management

Supplier management is one of the important parts of quality management systems of medicinal enterprises. The selection of suppliers has a direct influence on the quality and safety of products. Each member enterprises have their supplier management procedures and annual supplier quality review systems in place and perform field quality audits prior to use to ensure the quality and safety of drugs at the source following the principle of fair price competition, procurement tender, and quality first for suppliers.

In terms of supplier management, pharmaceutical member enterprises under the Group introduce supplier audit standards, supplier management ordinances, supplier internal control quality agreements, supplier inspection guidelines, etc. to facilitate scientific rating and classified management of suppliers' qualification, production environments, workmanship and technical standards, and quality assurance systems, etc. Prior to a new supplier supplying goods, these member enterprises audit the supplier's qualification, quality system, and field workmanship and production of products, among others, and perform quality testing and small-scale inspection of samples of goods to be imported and additionally verify the workmanship, stability, and backup proposals of the supplier. The supplier must meet all requirements to be qualified. During the goods supply period, member enterprises perform statistical assessment on the quality, lead time, and service attitude concerning the received products to accomplish effective supplier management. The Group implements classified management for its suppliers in accordance with the level of risk involved of

the materials they supply on quality of medicinal products. A higher class means a higher level of risk and hence more frequent and more advanced field quality audits. Fosun Pharma entered into internal quality agreements with these suppliers to ensure product quality at the source.

Individual pharmaceutical member enterprises under the Group also have annual supplier quality review systems in place that rate suppliers periodically mainly on quality, goods supply, and pricing. For suppliers falling short of meeting quality requirements, the one ballot veto rule is adopted. Communication with suppliers and feedback is provided to suppliers through review in order to help the latter improve the quality of their materials. Enterprises establish their own supplier file and supplier rating system and update their list of qualified suppliers. They implement category and priority management to ensure controllable quality.

The materials purchased by medical diagnosis member enterprises under the Group are from legal and qualified suppliers capable of quality assurance. They have established lists of qualified suppliers to audit and assess periodically. Assessment and audit on results will be kept into record as well as rating record. Enterprises will sign comparatively long term supply contracts or technical agreements with qualified suppliers to ensure the quality and stability of the materials supplied.

The supplier management systems of For Me Pharmacy include the Drug Procurement Management System and First-operation Enterprises and First-purchased Drugs Examination Management System. Golden Elephant Pharmacy implements different management systems in accordance with the credit rating levels of suppliers and by establishing a supplier list. Meanwhile, both pharmacies have established supplier files and supplier annual feedback systems. The supplier files are complete, including information such as the pharmaceutical production enterprise license or pharmaceutical trade license, business license, GMP or GSP certificate, letter of authorization, tax registration certificate, organizational code certificate, bank of deposit and account number, etc. Meanwhile, both For Me and Golden Elephant have included relevant management systems such as the Anti-Commercial Bribery Regulations for Procurement and Distribution Staff and the Anti-Commercial Bribery Reporting and Registration Regulations as part of their supplier management to exercise a preventive effect on corruption. There are, for example, specific clauses in the procurement contract. Anticorruption education is provided to procurement people. Procurement people are asked to sign the anti-corruption letter of undertaking. Measures are taken for corruptive behavior that has already taken place. Corresponding reward systems are introduced to keep recurrence under control.



As of 2014, there were over 70 suppliers in medical device member enterprises. Each member enterprise has established its own supplier management system to facilitate scientific rating and classified management of suppliers' qualification, production environments, workmanship and technical standards, and quality assurance systems, etc. For example, Huaiyin formulated the Procurement Tender Management System, Materials Procurement Management System and Procurement Control Procedure, Laishi Transfusion and Shanghai Transfusion added procedures for suppliers: firstly, preliminary assessment on suppliers, credit rating on suppliers, samples testing, trials, approvals from relevant authorities, quality audits, site audits, listed in "qualified suppliers list"(new-added suppliers shall be listed in "qualified suppliers list", subject to report and file with the Food and Drug Administration for approval in compliance with relevant laws and regulations). Secondly, setting up a supplier file, the basic information of which includes qualification (the company's certificates and licenses, and product approvals), quality assurance agreements, quality standards, test reports, quality audit information, assessment records of suppliers' capabilities, records of suppliers' audits, and assessment records of suppliers, etc. Lastly, individual medical device member enterprises conduct audits on suppliers, and establish suppliers annual review systems. Such audits primarily include qualification certificates, their validity, scopes of production and operation, quality standards, test reports, business licenses; Conditions of suppliers' plants, facilities, and equipment, quality system; supply capabilities and corporate reputation.

In the next one to two years, the Group will further strengthen regulation of holding member enterprises' procurement, tenders and supplier management. Centralized procurement will be carried out by Fosun

Pharma, and its procurement management department will draw up Pilot Basic Standards of Procurement and Tender Management for Fosun Pharma Group and its Holding Member Enterprises and Traffic Lights Pilot Management Assessment Indicators for Fosun Pharma Group and its Holding Member Enterprises to regulate the Group's procurement and tender by effective supervision over the processes. Through the procurement and tender platform of Fosun Group, holding member enterprises gradually rolled out online procurement and tenders for their business to make the Group's tender announcements and results more public. It formulated Pilot Standards of Supplier for Fosun Pharma Group and its Holding Member Enterprises to regulate its business segments' supplier management systems, including supplier's entry and assessment procedures. Capitalizing on information platforms, it gradually established and improved the centralized supplier database of the Group. With effective consolidated and sharing of internal supplier resources, member enterprises' sourcing efficiency was enhanced and procurement risk reduced. Strategic procurement business was gradually developed through discovering common materials needed by segments and members to "cut cost and raise efficiency".

Medical device member enterprises set up supplier management systems, to conduct scientific rating and classified management of suppliers' qualification, production site, processing and technological skills, and quality assurance systems, etc. For example, Huaiyin Pharma formulated a Procurement Tender Management System, Materials Procurement Management System and Procurement Control Procedure, Laishi Transfusion and Shanghai Transfusion added procedures for suppliers. Enterprises perform statistical assessment on the quality, in-time delivery, and services of products supplied in order to achieve an effective management of their suppliers.

### Supplier management at major pharmaceutical member enterprises under Fosun Pharma Group for 2014

Member Enterprise	Yaoyou Pharma	Wanbang Biopharma	Dongting Pharma	Aohong Pharma	Hongqi Pharma	Guilin Pharma
No. of suppliers used in 2014	165	52	70	54	47	35
Annual qualify reviews	165	52	70	54	47	35
Ratio of annual quality reviews	100%	100%	100%	100%	100%	100%
Number of annual site audits	31	16	10	18	3	32
Proportion of annual site audits	19%	31%	14%	31%	5%	30%
Adverse events by annual review	0	8	0	0	1	0
Number of suppliers rejected	0	0	0	0	0	14

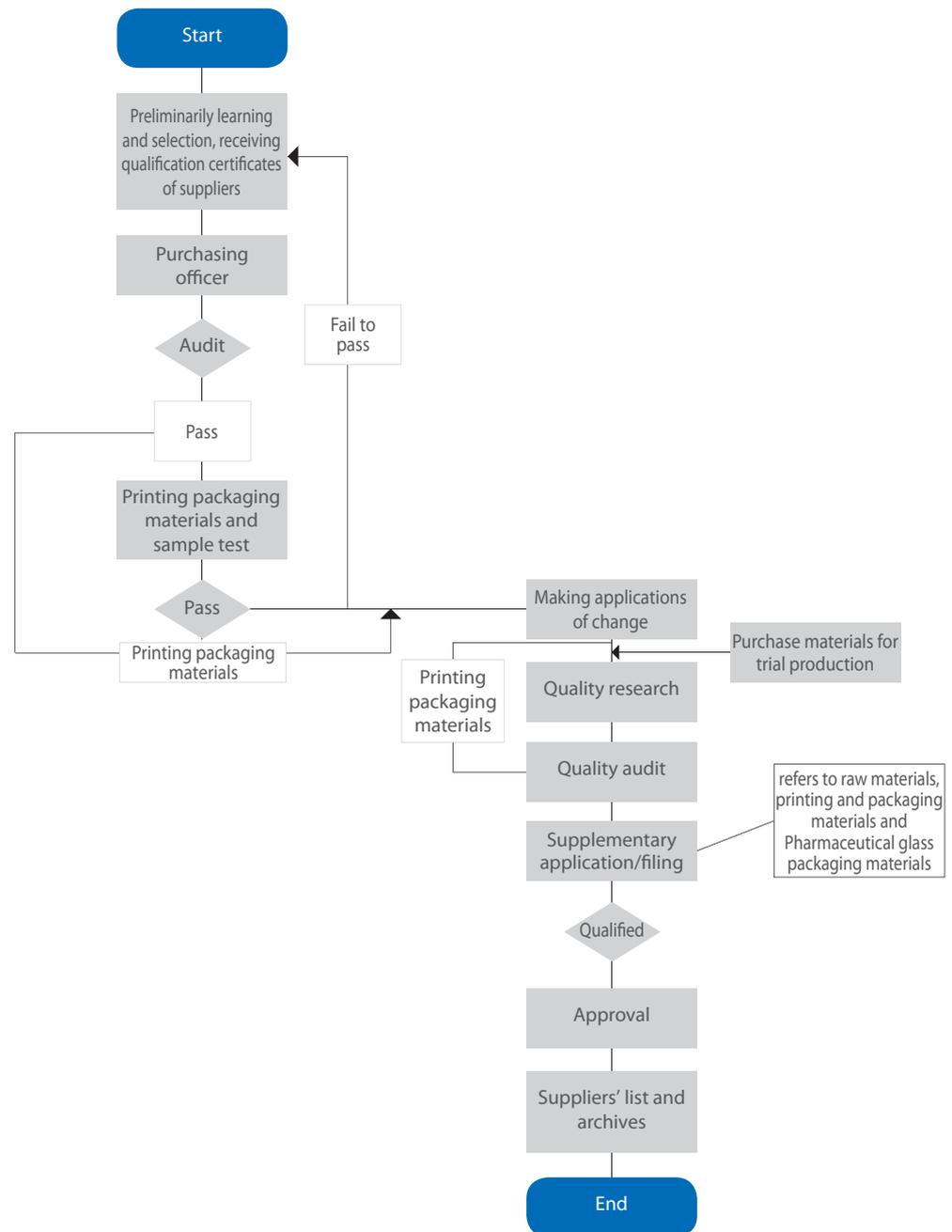
**\* Geographic distribution table of majors suppliers of Fosun Pharma Group's major pharmaceutical member enterprises in 2014**

(Unit: Supplier)

Region (province)	Wanbang Biopharma	Yaoyou Pharma	Guilin Pharma	Aohong Pharma	Dongting Pharma	Hongqi Pharma
Anhui	1	4	-	3	1	1
Beijing	1	3	1	2	1	1
Guangdong	-	15	4	3	2	2
Guangxi	-	3	3	-	-	-
Hebei	1	12	11	4	-	3
Henan	-	2	3	-	2	2
Hubei	-	5	2	2	2	2
Hunan	3	2	5	1	14	2
Jilin	-	2	-	3	-	5
Jiangsu	20	19	6	5	19	7
Liaoning	-	2	4	14	-	14
Inner Mongolia	-	1	2	-	-	1
Shandong	5	14	10	9	6	3
Shanxi	1	1	1	-	3	1
Shanghai	7	11	8	1	6	3
Sichuan	1	16	4	2	-	1
Taiwan	-	1	-	-	-	-
Tianjin	2	5	-	1	2	2
Shaanxi	1	1	1	2	2	-
Yunnan	-	1	-	-	1	-
Zhejiang	6	10	7	2	8	8
Chongqing	3	13	1	1	1	-
Jiangxi	-	-	2	-	2	3
Fujian	-	-	-	-	-	-
Hainan	-	-	-	-	-	-
Ningxia	-	-	1	-	-	-
Heilongjiang	-	-	-	2	-	-
Xinjiang	-	-	1	-	-	-
Qinghai	-	-	2	-	-	-
Overseas	-	21	1	-	-	1
Total	52	164	80	57	72	62

\* Note: the figures in the table above are calculated based on the number of major suppliers by their geographic distribution provided by member enterprises under Fosun Pharma. Major suppliers refer to such suppliers who have more close relations with member enterprises in respect of products and quality thereof

### Suppliers selection process of Wanbang Biopharma, a pharmaceutical member enterprises of Fosun Pharma Group



### Patient-centered Healthcare service

Medical quality and patient safety are eternal topics that hospitals have to deal with while they manage to survive and develop. Healthcare service member enterprises under Fosun Pharma highly value medical quality and patient safety based on their belief that focuses on patients and the “patient is king and quality comes first” principle.

### Medical quality systems and measures

Healthcare service member enterprises under Fosun Pharma have formulated and strictly implemented their core systems under strict supervision. Major core policies include the first responsible physician policy, physician ward round policy, medical consultation policy, critical patient rescue policy, pre-operative review policy, “time-out” policy and other 16 core medical policy.

Fosun Pharma has set annual goals of medical quality and patient safety for its healthcare service member enterprises. They are linked to performance of their management. It also made regular or irregular inspections and gave instructions on implementation of those core systems in the hospitals to promote regulated implementation of the systems.

Chancheng Hospital has effectively implemented the first responsible physician policy, physician ward round policy and other core policies while including more items in its management. The medical management department regulated the implementation through medical record quality checks, on-site inspections and interviews and included the results thereof in its performance assessment.

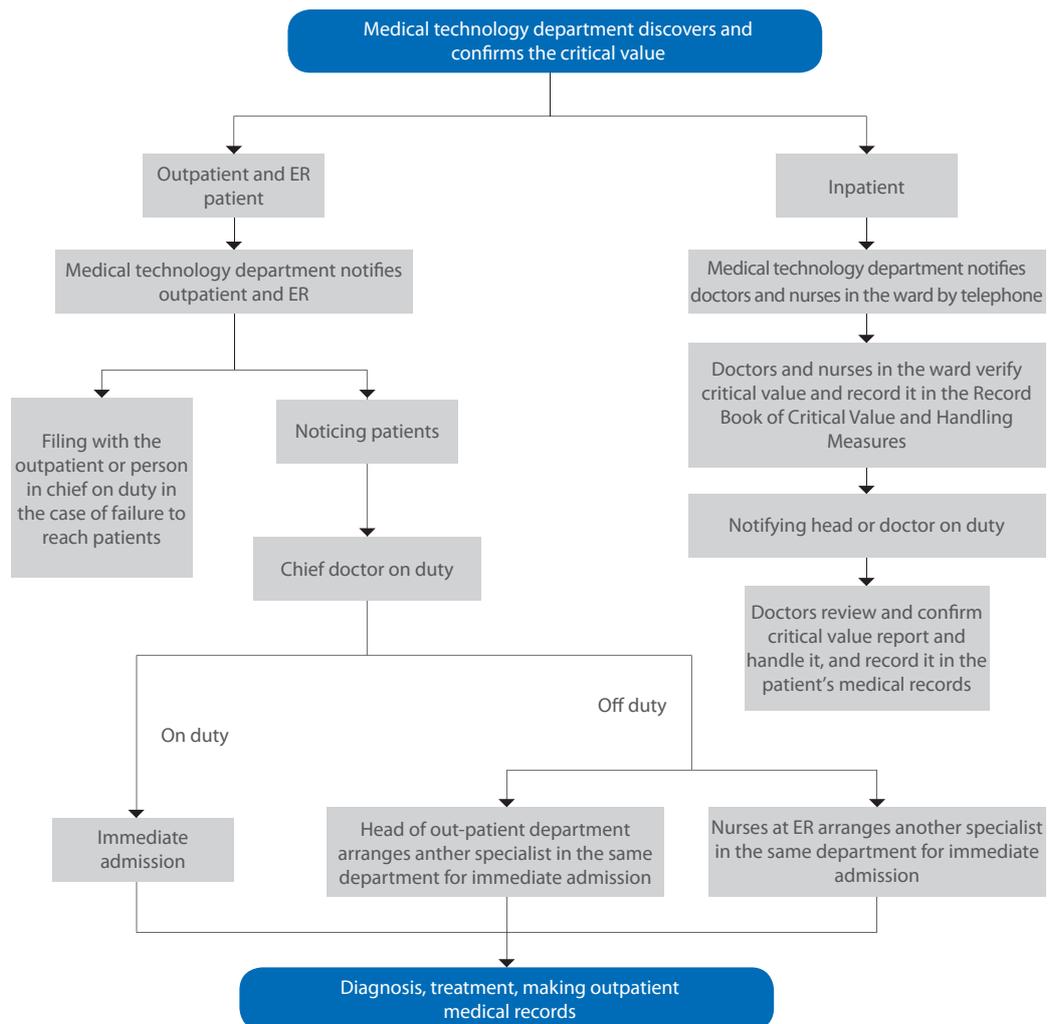
In 2014, Chancheng Hospital revised the Surgical Site Mark Policy, Surgical Safety Check Policy, and Time-out Operation Process in accordance with Tier-three Class A Accreditation Standards and JCI International Certification Standards.

Jimin Cancer Hospital was patient-centered, and it implemented the multidisciplinary joint treatment system to give a clear diagnosis for its tumor patient. Personalized treatment plans and increasingly improving service level of medical technologies were highly received by patients.

Healthcare service member enterprises under Fosun Pharma Group are patient-centered and care for continuity of patient services, and focus the following processes: emergency patients triage process, ambulatory patient rescue access, outpatient registration and treatment process, patient admission process, ICU transferring-in/out standards, patient division transfer and hospital transfer process and patient discharge process

Chancheng Hospital pays special attention on patient services process. Before Jingjin Building was put into use in 2014, the hospital's processes changed due division adjustment, region adjustment and environment expansion. In order to ensure the efficiency and convenience of various services process when putting into use of Jingjin Building, the hospital determined the new services processes for Jingjin Building. Before Jingjin Building Outpatient Services were put into operation, the Hospital Management Department carried out training for the entire hospital staff in services processes and formulated paper guidance chart while guiding the staff by specially-assigned person to have a drill on site, ensuring Jingjin Building Outpatient Services are in order and efficient

### The flow chart of the critical value reporting processes of Zhongwu Hospital





when it is put into use. In addition, it put forward a new concept, i.e., the flow marking system—every staff of Chancheng Hospital is the marking system of the hospital, enabling patient to receive services guidance timely and accurately when receiving healthcare services. Finally, Jingjin Building was well received by patients and their family member when being put into use.

Zhongwu Hospital perfected and consolidated the critical value reporting system, critical value reporting rate for the year was 100%.

Individual healthcare service member enterprises under Fosun Pharma Group emphasize team building and effective communication. Healthcare service member enterprises established patient shift relief system, verbal order system and critical value reporting system.

### Doctor-Patient Relationship

The doctor-patient relationship has become a social issue that can no longer be ignored. Healthcare service member enterprises under Fosun Pharma Group adhere to a patient-centered service belief. They enhance the awareness of medical staff for reinforced prevention in advance through a careful organization, rigid attitude, strict requirements, and toughest measures on the one hand and laws and regulations such as the Regulation on the Handling of Medical Accidents, General Principles of the Civil Law of the People’s Republic of China, and Tort Liability Law People’s Republic of China on the other hand. Actual circumstances of individual healthcare service member enterprises are taken into consideration. Related systems are established. All are meant to legitimize, normalize, and systematize medical disputes.

For prevention against and improvement upon medical disputes, healthcare service member enterprises under Fosun Pharma have established their hospital safety culture, mainly emphasizing the following aspects: they attach importance to medical quality and patient safety, they have established their own Quality and Safety Management Committee; they strengthen staff training; if medical errors occur, the solution is not to blame the individuals, but to identify the problems in the system and the processes, and to find fundamental reasons for errors after analysis of such reasons; they formulate improvement plans and make improvement before the deadline; and they inform the public of relevant events and training staff to avoid similar errors.

### Medical Quality Training

Fosun Pharma and its healthcare service member enterprises attach importance to training to enhance the healthcare quality of the healthcare professionals of the hospitals, mainly including: fire training, hospital infection training, cardiopulmonary resuscitation training and training in new knowledge, new technologies and new drugs.

New employees must not be hired by Chancheng Hospital until they have passed examination upon

receiving systematical new employees’ orientation training. In fire training, the hospital conducts theoretical training on individual employees, who are required to do practical drill. In medical quality and patient safety training, the hospital once invited president Yang of SGP International Management Academy to give trainings in medical quality management, RCA (Root Cause Analysis) and JCI (Joint Commission on Accreditation of Healthcare Organizations) international certification.

In 2014, Fosun Pharma carried out regular and irregular supervision and counselling for its healthcare service member enterprises. In the future, Fosun Pharma Group plans to strengthen training for its healthcare service member enterprises on medical quality and patient safety. In addition, Fosun Pharma Group will make vulnerability analysis and PDCA (plan–do–check–act) and provide fire training for its Healthcare service member enterprises in the future, and provide JCI counselling and training to Chancheng Hospital, which is preparing for the JCI certification.

### Medical complaints and medical disputes

Chancheng Hospital received a total of 17 medical complaints and disputes in 2014, which remained flat when compared to last year. In 2014, as a new building was put in use, medical complaints and disputes did not increase in spite of sharp rising businesses and more patients for admission. This reflects a further improvement of medical quality and patients’ safety of the hospital.

Guangji Hospital pro-actively makes message channels between patients and hospitals smooth, regulates the management of complaints and doctor-patient disputes and specifically requires that responsible persons at respective departments “treat complaints they receive seriously, properly record them, and manage them in a timely manner. The hospital strived to achieve “Zero complaint, zero dispute” by dealing with the related persons if the complaints prove to be true. For medical events and disputes, the hospital focused on protecting and safeguarding patients’ rights and staff’s education and training.

### Patient satisfaction

In 2014, Jimin Cancer Hospital investigated a total of more than 3500 patients discharged from the hospital, and its patient satisfaction reached above 96%, obviously improved from the previous two years. Services attitude and information notice were the most satisfied.

Zhongwu Hospital performed patient satisfaction survey, and its patient satisfaction reached 90%. Quality nursing services were the most satisfied.

Chancheng Hospital performed patient satisfaction survey by various means, including telephone, questionnaire, interview, and its patient satisfaction reached 95.44%. Beautiful and comfortable hospital environment, first-class services attitude were the most satisfied.

## Patient satisfaction of healthcare service member enterprises of Fosun Pharma Group in 2014

Member Enterprise	Chancheng Hospital	Zhongwu Hospital	Guangji Hospital	Jimin Cancer Hospital
Satisfaction	95%	90%	95%	96%



**Environment,  
Health & Safety**



It is our mission to keep mankind healthy. While accomplishing the mission, we emphasize harmonious development with nature. The green transformation ensures sustainable development of the environment. Fosun Pharma Group actively builds EHS culture among its member enterprises, and maximizes investment in human resource, finance, and materials over environment, health and safety, to ensure that a healthy and safe work place is provided to our employees. We continue to make effort to implement Clean Production as well as environmental protection, pro-actively conduct business that benefits society, environmental protection, and community charity, and draw the joint-attention of stakeholders to environmental protection.



## Establishment of EHS Management System

Fosun Pharma Group highly values the importance of the Environment, Health & Safety (EHS) management system to corporate development and the fulfillment of social responsibilities. While enterprises constantly expand their operation scale and business continues to grow rapidly, the Group has never ignored our social responsibilities that it shall take upon itself as corporate citizen. Fosun Pharma emphasizes the importance of EHS management system. As such, it has set up steering committees, at all levels, for its EHS management system that help define a management system that integrates the listed company and each of its member enterprises. On the one hand, the committees take care of daily correspondence and coordination of the EHS management system, but also manage, control and conducts flight inspection or audit on environment, occupational health and safe production conditions of Individual member enterprise, and give guidance to these enterprises on optimal environmental protection practice, care about the occupational health of employees. On the other hand, they strictly abide by safe production guidelines, and make sure that no major safety issues and personal injuries as well as major environmental pollution incidents occur.

The Group has an environment, health and safety (EHS) department for building all EHS management systems within the Group and actively promoted the development of the EHS management systems in the five major business segments of pharmaceuticals, medical devices, medical diagnosis, healthcare services and promotion of pharmaceutical commerce and its consumer goods. In 2014, president of Fosun Pharma approved the promulgation of EHS policies and the comprehensive implementation of the Environment, Health and Safety (EHS) Guidelines within all member enterprises of the Group, to direct the establishment and optimization of EHS management system for all business segments and member enterprises. For EHS management, in addition to requiring strict compliance of all members with national and local EHS laws and regulations and mandatory standards, the Company also maintained supervision members' improvement in environmental protection, regulated safe operation and accident prevention to further reduce the discharge of pollutants, optimize their energy consumption, enhance process safety management capabilities and strengthen training and monitoring of occupational health and safety. All member enterprises made considerable improvement in EHS performance.

Most of the member enterprises were positive towards third-party certification as one of the ways to assume their social responsibility. The majority of enterprises of the Group got the ISO14001 and OHSAS18001 certification or certification renewal audit or passed safety production standardization certifications.

During mid-2014, all member enterprises of the Group completed self-assessment of their systems in accordance with requirements under the EHS Guidelines promulgated by the Company and those of the Company and formulated higher goals and explored ways for such

improvement. Besides, the EHS Office of the Company, separately or together with the EHSQ supervision department of Fosun High Tech Group, conducted comprehensive audit on EHS systems of eight companies, namely Carelife Pharma, Hongqi Pharma, Guilin Pharma, Wanbang Biopharma, Wanbang Jinqiao, Zhaohui Pharma, Jimin Cancer Hospital, Zhongwu Hospital, to enhance their professional management level and positively facilitate their EHS system management level.

In 2014, the Group valued their EHS management and had environmental protection, occupational health and safe production in place.

## Environmental Protection

"To develop harmoniously with the environment with health promotion as the mission; to guarantee sustainable development on the basis of maintaining a favorable environment" is the environmental protection policy of the Group. The Group highly values the importance of environmental protection to corporate development and its social responsibilities, focuses on the construction and perfection of an environmental protection and management system, and supervises its producing member enterprises on environmental protection effort and regulatory operations, thus providing systematic protection in terms of environmental protection and management.

The Group promotes Clean Production and energy saving and emission reduction in order to control the generation of pollutants at the source. Investment in environmental protection hardware facilities, on the other hand, is maximized to ensure steady and criteria-compliance discharge of Three Waste (wastewater, air emission and waste), protecting the environment at the enterprises and in their communities. Meanwhile, the Company strongly promotes green office and green transportation, and enthusiastically supports environmental protection and community charity-related business in society to inspire individual stakeholders to pay attention to and value the protection of their working environments and the natural environment.

Pollutants discharged by member enterprises of the Group are primarily waste water (that mainly contains COD, ammonia nitrogen, airborne particles, etc.). The waste water is first treated at the sewage disposal workstation of each member enterprise and then discharged through the dedicated pipeline into a secondary treatment plant or the municipal sewage pipework as soon as it reaches criteria. Waste gases (technical gases contain minimal organic solvents, volatile gases or volatile acid fog; furnace emissions contain minimal sulfur oxides, nitrogen oxides, and fumes) are collected, absorbed by activated carbon, and sprayed with liquid agents (or dedusted) before the compliant exhaust is discharged in the high air through pipes in compliance with the regulations. Existing environmental protection facilities already built by individual member enterprises of the Group are functioning normally and are able to meet the current production needs of each member enterprises. Pollutants can be discharged with steady compliance with criteria after treatment. Solid waste (primarily consisting of waste activated carbon, boiling residue, waste solvents, internal

packing materials, expired medicinal intermediates or products, etc.) are treated, cremated, filled, or reprocessed for utilization by contractors of individual enterprises qualified to process waste.

In 2014, Individual member enterprise of the Group collectively invested approximately RMB12.00 million in the construction and improvement of environmental protection facilities and hardware. The investments in treatment of three wastes pollutants and the operation of environmental protection facilities amounted to approximately RMB20.00 million. The said investment does not include optimization of production process and improvement of production facilities' performance. The impressive capital investment in environmental protection indeed exercised a crucial function in terms of realizing energy saving and reduced emissions as well as protecting the environment in the surroundings of the enterprises.

Individual member enterprise of the Group has also developed their own environmental emergency response plan to handle possible environmental accidents according to their own product structure and risk features. Neither environmental pollution accidents occurred among Individual member enterprise of the Group throughout 2014, nor were they received administrative penalties by the local environmental protection bureau, or filed concrete complaints by surrounding entities or residents due to environmental issues.

Data of Resources Consumption during the reporting period:

- (1) Water: 8,377,364 cubic meters/year
- (2) Electricity: 421,765,752 kWh/year  
Eq. standard coal: 51,835,011 kg/year;
- (3) Other energy-consumption eq. standard coals: 122,713,255 kg/year
- (4) Annual overall energy consumption: electricity + others =174,548,266 kg/year eq. standard coals

#### Protection of biodiversity

We value the protection of biodiversity in the region and area of the projects in compliance with requirements of laws and regulations. None of its offices 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.

## Compliance with Environment Laws & Regulations

The Group attaches importance to compliance with laws and regulations relating to environmental protection. It has carried out Environmental Impact Assessment and Three Simultaneous Rules environmental inspections system to all new, renovation and expansion projects. In accordance with requirements of laws and regulations relating to environmental protection, all producing member enterprises of the Group made timely pollutants registration with local environmental management authorities and subjected themselves to the legal supervision of those authorities. Governance and discharge of the Three Wastes, namely wastewater, air emission and non-hazardous and hazardous waste were effectively carried out under the supervision, ensuring discharge of pollutants according to the law. In places where a discharge permit system applies, each producing member enterprise obtained a discharge permit from the local regulatory authority. In places where wastewater discharge permits apply, each producing member enterprise obtained a discharge permit from the local water authority.

All member enterprises under the Group have conducted regular environmental monitoring for discharge of the pollutants. According to environmental monitoring reports issued by local monitors, discharge of the pollutants of all member enterprises has met the standard requirements and all of them paid their discharge fees timely in full based on bills issued by such monitors in 2014.

The Group has reinforced risk control associated with environmental protection and management. In 2014, in addition to regular pursuit of understanding and grasping individual producing members' environmental protection status, the Company included environment protection into its assessment and inspection on EHS systems of part of its member enterprises, in order to urge them to make improvements, correct issues and failures existing in environmental protection and management, constantly perfect and enhance environmental protection and management operation standards, precisely fulfill their social responsibilities in terms of energy-saving, emission reduction, and environmental protection.

## Energy and resources consumption comparison at Fosun Pharma Group

Year	Total water (Unit: cubic meter/ year)	Total electricity (Unit: kWh/year)	Electricity in standard coal (Unit: kg/year)	Total consumption of other energies than electricity (Standard coal) (Unit: kg/year)
2011	7,440,584	174,413,259	Not available	109,521,700
2012	6,175,823	249,387,502	Not available	79,928,627
2013	7,777,884	365,006,317	44,859,276	120,177,461
2014	8,377,364	421,765,752	51,835,011	122,713,255



The data of the Group in 2014 in water and power consumption is set out above. The summary includes 37 member enterprises. Energy consumption of pharmaceutical member enterprises in 2014 increased due to three major reasons. One of them is that the number of enterprises joining in the statistics increased due to acquisition, integration and merger. Six additional enterprises are Changxing Medical, Laishi Transfusion,

Fosun Medical System, Huanghe Pharma, SunTech Pharma and Shanghai Henlius compared to 2013. Another reason is the implementation of new GMP, which increased the control requirements for pharmaceuticals during production and hence energy consumption. The third reason is the quantity of drugs or medicinal intermediates produced, which also contributed to energy consumption.

**Resources consumption among member enterprises in 2014 (Source of data: 37 subordinated member enterprises of the Company)**

Name of company	Total water for the year (m <sup>3</sup> )	Total electricity for the year (KWh)	Electricity in standard coal for the year (Kg)	Total consumption of other energies than electricity (in standard coal) (Kg)	Energies consumed per RMB10,000-worth of production (in standard coal) (Kg/RMB0,000)	Water consumed per RMB10,000-worth of production (m <sup>3</sup> /RMB0,000)
Wanbang Biopharma	255,076	10,747,600	1,320,880	2,457,367	69.23	4.67
Wanbang Jinqiao	83,760	6,315,280	776,148	1,844,269	235.26	7.52
Zhaohui Pharma	108,000	5,300,000	651,370	855,477	35.73	5.84
Chemo Biopharm	109,923	6,654,552	817,844	900,844	202.76	12.97
Wanbang Folon	28,976	811,500	99,733	304,863	88.19	6.32
Wanbang Sainuokang	16,120	185,400	22,786	83,366	7.92	1.20
Huanghe Pharma	39,967	1,443,881	177,453	332,123	50.78	3.98
Yaoyou Pharma	268,720	22,510,150	2,766,497	3,348,158	40.76	1.65
Hexin Pharma	13,624	474,350	58,298	35,617	3.62	0.52
Carelife Pharma	107,987	4,611,793	566,789	744,088	85.10	7.01
Kaixing Pharma	41,900	2,167,922	266,438	841,727	883.00	33.39
Shine Star	4,200,000	290,000,000	35,641,000	85,716,000	1011.31	35.00
Handan Pharma	36,000	1,664,460	204,562	2,164,496	129.60	1.97
Guilin Pharma	723,588	20,802,500	2,556,627	6,115,122	168.06	14.02
Hongqi Pharma	59,210	947,981	116,507	588,175	7.36	3.70
Chongqing Research Institute	14,887	1,705,344	209,587	141,289	41.04	1.74
Aohong Pharma	289,278	6,430,445	790,302	2,752,178	38.62	3.15
Aleph	97,642	4,913,638	603,886	1,091	152.39	24.59
Dongting Pharma	603,772	9,585,000	1,177,997	8,259,389	71.64	15.64
Shanghai Henlius	3,771	879,769	108,124	61,198	3090.99	107.74
SunTech Pharma	573	170,573	20,963	3,258	18.76	0.44
Fosun Pharmaceutical	21,833	2,106,167	258,848	187,915	11.94	0.58
Golden Elephant Pharmacy	7,843	921,100	113,203	33,878	3.15	0.17
Jimin Cancer Hospital	119,903	1,516,000	186,316	141,113	36.38	13.32
Guangji Hospital	210,800	2,251,291	276,684	223,457	52.25	22.10
Zhongwu Hospital	118,865	3,317,362	407,704	27,010	23.25	6.36
Chancheng Hospital*	643,100	5,447,326	669,476	606,952	15.88	8.00
Long March Medical	4,600	2,100,000	258,090	0	8.69	0.15
Fosun Med-Tech	1,836	820,000	100,778	0	10.08	0.18
Fosun Biolog	1,900	470,000	57,763	0	72.66	2.39
Yaneng Bio	3,150	687,189	84,456	7,551	6.42	0.22
Changxing Medical	413	136,430	16,767	0	NA	NA

\* Changxing Medical is in the stage of project construction and did not generate revenue for 2014.

Name of company	Total water for the year (m <sup>3</sup> )	Total electricity for the year (KWh)	Electricity in standard coal for the year (Kg)	Total consumption of other energies than electricity (in standard coal) (Kg)	Energies consumed per RMB10,000-worth of production (in standard coal) (Kg/RMB0,000)	Water consumed per RMB10,000-worth of production (m <sup>3</sup> /RMB0,000)
Shanghai Transfusion	37,486	126,900	15,596	3,542,928	329.37	3.47
Laishi Transfusion	62,594	896,169	110,139	338,519	116.53	16.26
Huaiyin Medical	35,639	1,800,000	221,220	50,468	27.17	3.56
Fosun Medical System	428	160,248	19,694	3,371	2.17	0.04
Alma Lasers	4,200	687,432	84,485	0	1.36	0.07

\* Changxing Medical is in the stage of project construction and did not generate revenue for 2014.

### The purchase, utilization, and recycle of materials by some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Type of material	Name of materials	Purchased quantity	Actual utilization	Recycled quantity (Kg)	Recycled rate (%)
Wanbang Biopharma	Packaging	Ampoule	35,182,860 bottles	35,182,860 bottles	-	-
		tube vial for antibiotic use (10ml)	34,839,241 bottles	34,839,241 bottles	-	-
	Raw material	Insulin	305.76	305.76	-	-
		Glimepiride	421.2	421.2	-	-
	Auxiliary ingredient	Glycerin	2,700	2,700	-	-
Wanbang Jinqiao	Packaging	Plastic bags	1,000	420	-	-
		Insulin label	1,000	6,580	-	-
	Raw material	Pancreas	1,681,950	1,798,770	-	-
		D matter	320	320	-	-
	Auxiliary ingredient	Medicinal ethanol	154,015	150,142	-	-
Zhaohui Pharma	Packaging	Consumable alcohol	412,686	445,646	-	-
		5ML Ampoule	38,274,680 bottles	37,515,354 bottles	-	-
		20ML Medicinal polyethylene plastic bottles	10,683,000 bottles	10,414,662 bottles	-	-
	Raw material	Aluminum tubes for Ketoconazole compound cream	1,705,066 tubes	1,333,429 bottles	-	-
		Ketoconazole	1,900.00	1,766.20	-	-
		Lidocaine hydrochloride	9,250.00	7,404.91	-	-
	Auxiliary ingredient	Silymarin	5,160.00	3,441.07	-	-
		Starch	22,016.16	21,421.14	-	-
		Stearate	12,103.58	11,829.56	-	-
		Light liquid paraffin	23,362.95	24,147.60	-	-
Chemo Biopharm	Packaging	Penicillin bottle	15,741,232 bottles	8,959,956	-	-
		Aluminum lid	17,840,000 lids	8,847,535	-	-
		Rubber stopper	14,847,000 pieces	9,198,713	-	-
	Raw material	Fetal bovine serum	3,652	3,000	-	-
		Human serum albumin (10g/bottle)	6,000 bottles	3,948 bottles	-	-
		Growth medium	324,650	312,050	-	-
	Auxiliary ingredient	Sodium bicarbonate	970	766	-	-
		Sodium hydroxide	1,050	889.5	-	-
Sodium dihydrogen phosphate		300	139	-	-	
		Disodium hydrogen phosphate	440	434.5	-	-



### The purchase, utilization, and recycle of materials by some member enterprises of Fosun Pharma Group in 2014 (Continued)

Name of member enterprise	Type of material	Name of materials	Purchased quantity	Actual utilization	Recycled quantity (Kg)	Recycled rate (%)
Wanbang Folon	Raw material	Natural indigo	23,009	28,799	-	-
		Amber	30,574	31,495	-	-
		Aloe	46,046	30,777	-	-
	Auxiliary ingredient	Magnesium stearate	610	370	-	-
Wanbang Sainuokang	Packaging	Plastic bag	0	460	-	-
	Raw material	Crude heparin	7,000	6,000	-	-
	Auxiliary ingredient	Hydrogen peroxide	1,200	1,175	-	-
		Sodium hydroxide	100	100	-	-
Huanghe Pharma	Packaging	Internal packing materials - board	21,953.52	17,872.60	-	-
		PVC	101,617.98	98,049.50	-	-
	Raw material	Clarithromycin	1,950	1,731.12	-	-
		Azithromycin	3,160	2,565.20	-	-
		Levofloxacin	8,675	8,950.50	-	-
	Auxiliary ingredient	Capsule	303,340,000	343,630,000	-	-
Sodium carboxyl methylstarch		8,925	9,115.06	-	-	
Yaoyou Pharma	Packaging	High-density polyethylene bottle for oral solid medicines (45ml)	4,870,000	4,310,000	-	-
		Low borosilicate stopper glass injection bottle	168,950,000	161,990,000	-	-
	Raw material	Glutathione	51,000	49,000	-	-
		Yanhuning	4,000	5,700	-	-
Carelife Pharma	Packaging	Paper tube	-	-	-	-
	Raw material	Lincomycin hydrochloride	180,000	180,000	-	-
	Auxiliary ingredient	N,N-dimethyl formamide	100,600	112,500	-	-
Kaixing Pharma	Packaging	Carton	36,557	36,500	-	-
		Paper box	27,334	27,300	-	-
	Raw material	Cefmetazole acid	22,527	20,920	-	-
	Auxiliary ingredient	Sodium bicarbonate	4,799.16	3,689.1	-	-
Shine Star	Packaging	Woven bag	-	-	-	-
		Paper drum	-	-	-	-
	Raw material	Residue	49,500 tons	49,500 tons	-	-
		Raw coal	12,000 tons	12,000 tons	-	-
Auxiliary ingredient	Hydrochloric acid	82,500 tons	82,500 tons	-	-	
Handan Pharma	Packaging	Interior packaging	65,600	61,000	-	-
		Box. Label. Instructions	224,870	201,570	-	-
	Raw material	Chinese medicinal material	550,000	507,544	-	-
	Auxiliary ingredient	Auxiliary ingredient such as sucrose and honey	343,166	328,100	-	-
Guilin Pharma	Packaging	Paper drum	12,550	12,550	-	-
		Plastic bottle	7,370,000 sets	7,370,000 sets	-	-
	Raw material	Tetramisole	500 tons	500 tons	-	-
		Terramycin	115 tons	115 tons	-	-
		Licorice extract powder	38.5 tons	38.5 tons	-	-
	Auxiliary ingredient	Starch	250 tons	250 tons	-	-

## The purchase, utilization, and recycle of materials by some member enterprises of Fosun Pharma Group in 2014 (Continued)

Name of member enterprise	Type of material	Name of materials	Purchased quantity	Actual utilization	Recycled quantity (Kg)	Recycled rate (%)
Hongqi Pharma	Packaging	Aluminum foil	7,882.2	8,300	-	-
		Composite membrane	10,001.3	12,900	-	-
		PVC	46,558.7	52,300	-	-
	Raw material	Rifampicin	63,075	60,978.73	-	-
		Pyrazinamide	75,044.6	71,094.23	-	-
		Isoniazid	35,000	32,751.16	-	-
	Auxiliary ingredient	Ethambutol hydrochloride	83,300	85,058.25	-	-
Starch		15,475	12,191.609	-	-	
Chongqing Research Institute	Packaging	Polyethylene plastic bag (50kg)	3,242	932	-	-
		Clean area sampling bag	10,000	4,000	-	-
	Raw material	Iron trichloride hexahydrate	1,000	505	-	-
		1-(2,3-dichlorophenyl) piperazine monohydrochloride	600	600	-	-
	Auxiliary ingredient	Sodium starch glycolate	25	25	-	-
		Anhydrous citric acid	25	25	-	-
Aohong Pharma	Packaging	Large box	338,898	337,399	-	-
		Ampoule (bottle)	88,146,014	88,801,972	-	-
		Penicillin bottle (bottle)	33,436,250	36,300,710	-	-
	Raw material	Bovine serum (L)	2,692,500	2,816,848.2	-	-
		Snake venom (g)	18,547.79	36,028.2	-	-
	Auxiliary ingredient	Ethanol (L)	2,313,339	2,334,278	-	-
	Glycine (kg)	2,000	2,292	-	-	
Aleph	Packaging	Filled syringe	2,330,500 bottles	2,082,800 bottles	-	-
		Penicillin bottle	3,382,600 bottles	2,758,600 bottles	-	-
	Raw material	Chicken embryo	4,490,000	4,490,000	-	-
		Sodium chloride	1,000	1,803	-	-
Auxiliary ingredient	Sucrose	1,600	1,750	-	-	
Dongting Pharma	Packaging	Paper drum	14,000	14,000	-	-
		Kraft paper bag	2,000	2,000	-	-
	Raw material	Chlorobenzene	197,360	197,360	-	-
		Toluene	57,490	57,490	-	-
	Auxiliary ingredient	Corn starch	9,000	9,000	-	-
	Lactose	10,000	10,000	-	-	
Shanghai Henlius	Packaging	Penicillin bottle	100,000	100,000	-	-
	Raw material	Supplemented medium	29.7	29.7	-	-
		Growth medium	75	75	-	-
	Auxiliary ingredient	Sodium chloride	156	156	-	-
Trehalose		5	5	-	-	
SunTech Pharma	Packaging	High-density polyethylene bottle for oral solid medicines	359.6	98.6	-	-
		Desiccant for solid medicines	7.5	6.9	-	-
	Raw material	Memantine Hydrochloride	25	11.6	-	-
		Propafenone	15	11.3	-	-
	Auxiliary ingredient	Hydroxypropyl methylcellulose	30	19.2	-	-
		Microcrystalline Cellulose	120	100	-	-



Name of member enterprise	Type of material	Name of materials	Purchased quantity	Actual utilization	Recycled quantity (Kg)	Recycled rate (%)
Long March Medical	Packaging	Paper packaging materials	143,500	14,300	-	-
		Foam packaging materials	3,200	300	-	-
	Raw material	Raw chemical materials	2,400	2,000	-	-
	Auxiliary ingredient	Consumables	89,000	85,000	-	-
Fosun Med-Tech	Packaging	Crates	220	215	-	-
		Plastic dropping bottle	15	15	-	-
	Raw material	Crystal violet	0	0.0156	-	-
		Anhydrous ethanol	2	1.252	-	-
Fosun Biolog	Packaging	Paper packaging materials	7,300	6,400	-	-
		Foam packaging materials	100 <sup>3</sup>	90 <sup>3</sup>	-	-
	Raw material	Raw chemical materials	70	51	-	-
	Auxiliary ingredient	Consumables	530	450	-	-
Yaneng Bio	Packaging	Packaging bag	177,000	120,500	Disposable, delivered to clients directly without reuse	Disposable, delivered to clients directly without reuse
		Centrifuge tube	857,000	546,321		
	Raw material	Enzyme	32,059.6	47,502		
		Nucleic acid	2,313	3,861		
Shanghai Transfusion	Packaging	Paper box	15,000	20,000	5,000	25%
		Composite bag	16,000	12,000	-	-
	Raw material	PVC pellets	248,114	233,114	-	-
	Auxiliary ingredient	Activated charcoal	240	180	-	-
Alma Lasers	Packaging	Paper box (kg)	66,500	66,500	-	-

Note: The unspecified measurement unit should be kg.

### Various primary energy consumption conversion indicators involved in the process of production by member enterprises of the Fosun Pharma Group

(Converted to standard coal in accordance with centralized standards according to the following table)

Type	Standard coal conversion coefficient
Natural gas	1.3300 kg of standard coal/cubic meter
Liquefied gas	1.7143 kg of standard coal/kg
City gas	0.5143 kg of standard coal/cubic meter
Steam	0.08576 kg of standard coal/kg
Run coal	0.7143 kg of standard coal/kg
Diesel	1.4571 kg of standard coal/kg
Gasoline	1.4714 kg of standard coal/kg
Fuel	1.4286 kg of standard coal/kg

## Some Data of energy consumption of member enterprises in 2014

Name of member enterprise	Type of energy consumed during production								
	Electricity	natural gas	Liquefied gas	City gas	Steam	Raw coal	Diesel	Gasoline	Fuel
	(kwh)	(M <sup>3</sup> )	(Kg)	(M <sup>3</sup> )	(Kg)	(Kg)	(Kg)	(Kg)	(Kg)
Wanbang Biopharma	10,747,600	-	-	-	28,654,000	-	-	-	-
Wanbang Jinqiao	6,315,280	-	-	-	21,505,000	-	-	-	-
Zhaohui Pharma	5,300,000	6,300	-	-	4,400	-	581,000	-	-
Chemo Biopharm	6,654,552	-	-	-	10,500,000	-	250	-	-
Wanbang Folon	811,500	-	-	-	-	426,800	-	-	-
Wanbang Sainuokang	185,400	-	-	-	602,000	-	-	21,570	-
Huanghe Pharma	1,443,881	-	-	-	3,872,700	-	-	-	-
Yaoyou Pharma	22,510,150	2,169,899	-	-	-	-	268,850	47,880	-
Hexin Pharma	474,350	26,780	-	-	-	-	-	-	-
Carelife Pharma	4,611,793	462,743	-	-	1,500,000	-	-	-	-
Kaixing Pharma	2,167,922	622,208	-	-	-	-	7,500	2,217	-
Shine Star	290,000,000	-	-	-	-	120,000,000	-	-	-
Handan Pharma	1,664,460	-	-	-	-	3,000,000	2,783.82	11,920	-
Guilin Pharma	20,802,500	-	-	-	-	8,561,000	-	-	-
Hongqi Pharma	947,981	-	420	-	-	-	-	-	411,210
Chongqing Research Institute	1,705,344	85,433	-	-	-	-	-	18,800	-
Aohong Pharma	6,430,445	-	-	5,061,559	-	-	102,270	-	-
Aleph	4,913,638	-	-	-	12,722	-	-	-	-
Dongting Pharma	9,585,000	1,188,484	-	-	-	9,350,000	-	-	-
Shanghai Henlius	879,769	-	-	-	-	-	42,000	-	-
SunTech Pharma	170,573	-	-	-	-	-	-	2,214	-
Fosun Pharmaceutical	2,106,167	-	-	-	-	-	-	127,712	-
Golden Elephant Pharmacy	921,100	484	-	-	-	-	-	22,587	-
Jimin Cancer Hospital	1,516,000	75,298	-	-	-	-	4,852	23,037	-
Guangji Hospital	2,251,291	156,000	100	-	-	-	6,000	4,800	-
Zhongwu Hospital	3,317,362	-	-	-	-	-	10,769	7,692	-
Chancheng Hospital	5,447,326	229,418	-	-	2,190,000	-	53,000	25,000	-
Long March Medical	2,100,000	-	-	-	-	-	-	-	-
Fosun Med-Tech	820,000	-	-	-	-	-	-	-	-
Fosun Biolog	470,000	-	-	-	-	-	-	-	-
Yaneng Bio	687,189	-	-	-	-	-	-	5,132	-
Changxing Medical	136,430	-	-	-	-	-	-	-	-
Shanghai Transfusion	126,900	-	-	-	-	-	-	-	2,480,000
Laishi Transfusion	896,169	-	-	-	-	434,150	-	19,305	-
Huaiyin Medical	1,800,000	-	-	-	-	-	18,623	15,857	-
Fosun Medical System	160,248	-	-	-	-	-	1,158.00	1,144	-
Alma Lasers	687,432	-	-	-	-	-	-	-	-



In 2014, the Group continued to enforce optimization measures that aim to implement clean production among its member enterprises to become environmentally-friendly enterprises in light of the fact that most of its member enterprises have been reviewed and validated for clean production. Meanwhile, through advancement in innovative technology, optimization of process flows,

reasonable deployment of productivity, among other improvement measures, the company promote energy-saving and emission reduction. Individual member enterprises tried their best to achieve energy saving, reduced consumption, emission reduction and increased benefits based on their own characteristics and through project implementation and management and regulation.

### Energy-saving and consumption reduction measures of some member enterprises of Fosun Pharma Group and their effectiveness in 2014

Name of member enterprise	Energy-saving measures		Cost saved (RMB0,000)		Ratio of cost saved to industrial production value through clean production	Ratio of cost saved to industrial production value through the energy-saving and efficiency-enhancing measures adopted
	Clean production	Other energy-saving measures	Clean production	Other energy-saving measures		
Wanbang Biopharma	Changing the chilled water utility system from open system into close system; installation of transducer for pump set, which was put into use on October 20, 2014 with monthly electricity saving of 200,000 KWh.	Changing approximately 2,000 fluorescent tubes of 36W in office area into LED tubes of 18W, which is brighter and can save more energy.	39.95	10.00	0.07%	0.02%
Wanbang Jinqiao		Application for suspension of transformer based on production and controlling power supply factor of transformer	-	27.00	-	0.24%
Zhaohui Pharma	Energy-saving circulating water pump system, recycling of steam condensate, technical improvement on energy-saving of central air-conditioning water system	Transformation to automation of production lines	50.00	50.00	0.27%	0.27%
Chemo Biopharm		Controlling equipment energy consumption and adjusting power	-	55.00	-	0.65%
Wanbang Folon	Polisher connection project; air hopper innovation.	Dust removal improvement between aloe pieces; addition of screen into sieve shaker, unqualified capsule hopper and flapper etc.; improving unloading device of box machine, in order to achieve the goal of mechanized operation and energy-saving and cost-reducing.	35.50	15.00	0.77%	0.33%
Yaoyou Pharma	Improvement in the glutathione process for increased recovery, recycling of condensate	Collection of post-purification concentrate water, replacement project of LED and electrodeless lamp	186.00	40	0.12%	0.03%
Hexin Pharma	Implementation of 5S in workshop	Recycling and utilization of condensate, warehouse insulation and energy-saving measures	1.00	2.00	0.00%	0.01%
Carelife Pharma	From January 1 to November 15, installation of tail gas and waste heat utilization systems onto furnaces to save around 100 cubic meters of natural gas a day	1. Reduction in the steam working pressure to save around 120 cubic meters of natural gas a day; 2. Collection of post-purification concentrate water for reutilization to save 4,400 tons of water a year; 3. Switch of lights in offices to voice-controlled and LED to save 5,000 degrees of electricity; 4. From November 15 to December 30, ceasing to use furnaces instead to use steam in industrial area to save approximately 300 cubic meters of natural gas a day (RMB2.92/cubic meter)	6.9	14.40	0.04%	0.09%
Kaixing Pharma	Recycling of condensate	Recycling of single-stage reverse osmosis water	6.60	0.80	0.53%	0.06%
Guilin Pharma	1. Recycling use of the flushing slag water from furnaces; 2. Collection of condensate; 3. Treatment of waste gas in API workshop; 4. Improve product acceptance yield.	1. Comprehensive utilization of sewage; 2. Installation of transducers into high power devices	200.00	200.00	0.39%	0.39%
Aohong Pharma	New ethanol vaporization instrument and recovery tower of extraction workshop line C	Changing into emerge-saving lights for preparation workshop section II	266.06	0.10	0.29%	-
Dongting Pharma	Triple-effect concentration, vacuum concentration		45	-	0.12%	
Guangji Hospital		Solar power hot water system	-	21.00	-	0.22%
Chan Cheng Hospital		1. Switching light on and off regularly in different periods; 2. Air-conditioners' refrigeration is controlled at 26° when heating at 15° to 19°; 3. Switching air exhaust and supply system timely; 4. Using energy-saving LED and lights; 5. Using professional air-conditioners with high energy efficiency ratio of level III centrifugal central air-conditioner combined with ordinary ones; 6. Solar power hot water supply system; 7. Supplying steams in different times and periods to reduce the use of furnaces.	-	160.00	-	0.20%
Shanghai Transfusion	Updating equipment and improving process	Strengthening management	10.00	3.00	0.09%	0.03%
Laishi Transfusion		Cooling tower, recycling of cooling water	-	25.00	-	0.65%

## Utilization of water resources of member enterprises in 2014

Name of member enterprise	Total water Consumed for the year (ton)	Source of consumed water/ total water ratio	Water-saving measures	Water-saving efficacy (Value: RMB0,000)
Wanbang Biopharma	255,076	City water 100%	Recycling of water for injection from bottle cleaning machine as cooling water for cooling tower, recycling of water of approximately 40 tons per day in 25 production days per month	4.5
Wanbang Jinqiao	83,760	City water 100%	Collection from intermediate water recycling pools	14.28
Zhaohui Pharma	108,000	City water 100%	Recycling of intermediate water, condensate and preparation water concentration	10
Chemo Biopharm	109,923	City water 100%	Nil	0
Wanbang Folon	28,976	Ground water 100%	Utilization of intermediate water for watering the lawns and energy-saving nozzles, etc.	1
Wanbang Sainuokang	16,120	City water 100%	Nil	0
Huanghe Pharma	39,967	City water 100%	Nil	0
Yaoyou Pharma	268,720	City water 100%	Steam condensate system	7.89
Hexin Pharma	13,624	City water 100%	Collection of condensate water	0.04
Carelife Pharma	107,987	City water 100%	Collection of post-purification concentrate water for reutilization Construction of circulation tanks Collection of water from sewage treatment stations for supplementing recycling water of the workshop	31.93
Kaixing Pharma	41,900	City water 100%	Recycling of condensate/recycling of reverse osmosis concentrate water	7.4
Shine Star	4,200,000	City water 100%	Nil	0
Handan Pharma	36,000	City water 1% Underground water 99%	Recycling of cooling water, collection of cooling water by equipment in workshop via pipes for re-utilization with water-saving of approximately 8,000 tons per year	4
Guilin Pharma	723,588	City water 100%	Recycling of water to remove slag in furnaces, recycling of water in material vacuum pumps, recycling of water to cool down fans in sewage stations	130
Hongqi Pharma	59,210	City water 100%	Nil	0
Chongqing Research Institute	14,887	City water 100%	Nil	0
Aohong Pharma	289,278	City water 100%	Multiple use of water, sewage disposal and separation and recycling of condensate	12.5
Aleph	97,642	City water 100%	Nil	0
Dongting Pharma	603,772	City water 100%	Recycling of cooling water	5
Shanghai Henlius	3,771	City water 100%	Nil	0
SunTech Pharma	573	City water 100%	Nil	0
Fosun Pharmaceutical	21,833	City water 100%	Nil	0
Golden Elephant Pharmacy	7,843	City water 100%	Nil	0
Jimin Cancer Hospital	119,903	City water 100%	Selection of water-saving sanitary appliances	-
Guangji Hospital	210,800	City water 100%	Installation of recyclable energy-saving system	21
Zhongwu Hospital	118,865	City water 100%	Utilization of the residual water from the hemodialysis water to flush the toilet	2.63
Chancheng Hospital	643,100	City water 100%	water-saving device on the faucet, sprayer for watering the flowers, utilization of rainwater from ceiling for watering the flowers	30
Long March Medical	4,600	City water 100%	Nil	0
Fosun Med-Tech	1,836	City water 100%	Collection of rainwater to irrigate plants	-
Fosun Biolog	1,900	City water 100%	Nil	0
Yaneng Bio	3,150	City water 100%	Change from piped clean water into mopping for toilet cleaning	0.01
Changxing Medical	413	City water 100%	Nil	0
Shanghai Transfusion	37,486	City water 100%	Periodic maintenance of recycling pump, improving management	2.8
Laishi Transfusion	62,594	City water 100%	Recycling of cooling water	25
Huaiyin Medical	35,639	City water 100%	Circulating water	-
Fosun Medical System	428	City water 100%	Nil	0
Alma Lasers	4,200	-	Nil	0



## Reutilization of resources among some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Weight of pancreas residue (ton)	Weight of furnace residue (ton)	Weight of Chinese medicine residue (ton)	Weight of waste paper box (ton)	General descriptions of the utilization
Wanbang Jinqiao	1,457	-	-	-	Sold as additives to animal feeds
Wanbang Folon	-	128	-	-	Comprehensive utilization of furnace residue by delegated construction companies as building materials
Shine Star	-	34,572	-	-	Comprehensive utilization of furnace residue by delegated construction companies as building materials
Handan Pharma	-	1,200	200	-	Furnace residue was used for paving streets while Chinese medicine residue was used as farm basal dressing
Guilin Pharma	-	3,400	-	-	Sold to brick factory
Hongqi Pharma	-	-	-	22	Outer packing paper box and cardboard drum were sold to waste recycling companies 18 tons of outer packing paper box, 4 tons of fiber cardboard drums
Dongting Pharma	-	2,500	-	-	Comprehensive utilization of furnace residue by delegated construction companies as building materials

### Utilization and protection of water resources

The Group made reasonable use of water resources in 2014 with total water consumption of 8,377,364 cubic meters. Individual member enterprise reduced their consumption of water resources as much as possible by measures such as optimizing or improving their production processes and facilities, water recycling, reuse, and comprehensive utilization. Compared to 2013, the total water consumed by each member enterprise of Fosun Pharma increased by around 7.8 percentage points in 2014. Given the increase of the number of enterprises by six and the increase in production and sales, the water consumed per RMB10,000 production value dropped. The measures and optimization or improvement exercised an important effect in terms of protecting water resources.

In the pharmaceutical segment, some member enterprises made comprehensive utilization of ordinary waste in accordance with the comprehensively assessed exposure on the environment and the underlying functions of ordinary waste in 2014. Pancreas residue, for example, was used as additives to animal feeds. Furnace residue was used as building materials and processed.

Chinese medicine residue was used as farm basal dressing. Outer packing paper boxes are recycled. By doing this, it generates economic benefits and greatly reduces emissions of ordinary solid waste. It avoids secondary pollution to the environment.

### Pollution Control and Waste Disposal

The Group attaches importance to handling and discharge of the pollutants, thereby setting it a basic requirement for producing member enterprises of the Group to make their discharge continuously regulated and up to standard. Each member enterprise set up sound technical specifications for the handling so that wastewater, air emission and circumstance noise meet standards and requirements relating to discharge, and particularly gas is emitted at high altitude. In case of hazardous waste produced during production, each member enterprise ensured qualified service providers for disposal. Handling commission agreements were entered into to ensure disposal meeting standard requirements.

## Information on treatment and discharge of three wastes of some member enterprises of Fosun Pharma Group

Member enterprises	Sewage treatment and discharge	Air pollution emission and pollution control	Disposal of waste	Other information
Guilin Pharma	Guilin Pharma's own wastewater treatment station had a processing capacity of 3000m <sup>3</sup> /d for effluent discharge. Adopting hydrolysis acidification and CASS aerobic treatment process, the treated effluent achieved Integrated Wastewater Discharge Standard's Class 2 requirements for discharge into the sewage purification plant at Qi Li Dian, Guilin.	1. For furnace gas emission: A swirl water film helped dust removal and desulfurization of the boiler flue gas, achieving dust removal efficiency of over 98% and desulfurization efficiency of over 75%. On the use of fuel, coal with less than 1% sulfur content and high calorific value was used. Waste gas was emitted through a 45m high chimney. Water for the desulfurization precipitator ran through the ash tank and was recycled after adding alkali and was not discharged. 2. For exhaust gas generated in the production process, exhaust gas in the absorption tank was absorbed through water spraying. After the gas in the air was fully absorbed, it would be discharged into the atmosphere through a 15m high emission cylinder.	1. Hazardous waste was handled for harmless disposal by Liuzhou Golden Sun Industrial Waste Disposal Co., Ltd., a qualified service provider with which a commission contract had been signed. 2. In handling non-hazardous industrial waste, the principle of waste minimization and comprehensive utilization was followed. Boiler ash was sold to a brick factory for reuse. 3. In respect of municipal waste, fixed collection points were set up for garbage generated from daily lives of employees for daily clean up. All garbage was sent to the sanitation bureau of Qixing Difor centralized harmless disposal preventing secondary pollution.	Recycling and reuse: when a certain concentration was reached, the water from the exhaust gas was discharged into the mother solution tank and entered into the distillation recovery column together with the mother solution generated in the production. After undergoing distillation in the recovery column, the mother solution could be recycled and reused.
Aohong Pharma	Aohong Pharma's effluent reduction measures strictly enforced the principle of "water multiple use, water conservation and wastewater diversion" in the production process. The amount of diluted water entering into the sewage station after diversion was reduced, while the water treated by the sewage station was reduced by about 53.5t/d.	In emission reduction measures taken by Aohong Pharma, boilers were gas-fired using domestic gas supplied by Jinzhou Gas Corporation mainly composed of methane gas, a clean energy with no air pollutants. A zeolite tank was used for absorption and deodorization of H <sub>2</sub> S and NH <sub>3</sub> produced in the sewage station, with an absorption rate of 90%, using 5000m <sup>3</sup> /h fans for forced exhaust via a 15m exhaust cylinder.	In hazardous waste reduction, with a decreasing treatment volume in the sewage station, sludge being a hazardous waste generated from the sewage station decreased accordingly.	
Hongqi Pharma	Wastewater of Hongqi Pharma was discharged after processed by the sewage treatment station meeting national standards.	Hongqi Pharma had made a number of adjustments to its dust removal unit and replaced dust bags to effectively reduce suspended particles emission. Hongqi Pharma had also overhauled its two boilers, improving its energy efficiency and reducing emission. Wastewater was discharged after processed by the sewage treatment station meeting national standards.	Hongqi Pharma had signed an agreement with a qualified service provider for centralized treatment and disposal of its hazardous waste. Industrial waste was classified for harmless disposal.	1. Hongqi Pharma had purchased a new model 300 aluminum plastic blister packaging machine. Using a boundless punching design, this device reduced discarding PVC and aluminum foil in the pharmaceutical blister packaging process, increasing over 5% PVC and aluminum foil utilization. 2. the procurement of a capsule filling machine this year had increased productivity, while reducing dust, wastewater and other pollutants, as well as reducing noise in the production area. 3. the company continued to adopt clean production this year in an effort to reduce wastewater and hazardous waste.
Wanbang Folon	Wanbang Folon had a sewage treatment plant to process production and domestic wastewater, discharging pollutants such as COD, ammonia and suspended solid. Through water conservation and ensuring the normal operation of its sewage treatment plant, effluent discharge was reduced.	Wanbang Folon used a coal-fired boiler that produced exhaust fumes and emitted pollutants such as soot, sulfur dioxide and nitrogen oxide. By using low-sulfur coal and ensuring normal operation of the dust removal equipment, fume emission was reduced.		Turning off lights when not in use to save electricity, correcting the habit of keeping water running and lights turning on all the time, using water-saving accessories and energy-efficient lighting, and adopting rational proposals and reasonable scheduling.
Kaixing Pharma	Kaixing Pharma had installed pumps and piping to recycle first grade reverse osmosis concentrate in its water purification process for replenishing water to its air-conditioning cooling tower, reusing water to reduce consumption.	At night time, operation pressure of the steam boiler was lowered from 0.55Mpa to 0.35Mpa, reducing natural gas consumption.	Non-hazardous industrial waste was collected and sent to a qualified service provider for recycling.	Use of vehicles was strictly checked in accordance with the vehicle utilization system. Vehicle deployment time was coordinated among various departments in order to reduce the number of vehicle dispatches. Traveling routes were optimized according to the time period and latest traffic information, reducing time and fuel waste due to traffic congestion and routing issues.
Chancheng Hospital	Medical wastewater was discharged after biochemical treatment also complying environmental requirements.	Chancheng Hospital's boiler and kitchen used natural gas combustion. Gas was emitted after fume purification, meeting environmental requirements for exhaust emission.		
Laishi Transfusion	Laishi Transfusion had installed cooling towers at all places that used cooling water, recycling to reduce discharge.	Exhaust emission complied with the required standards.	Laishi Transfusion's industrial waste was mainly PVC scraps and packaging cardboard boxes which were sold and recycled, with utilization rate of 100%. Domestic waste was disposed of by the local sanitation bureau.	Of the two types of vehicles Laishi Transfusion used, cargo transport vehicles were indispensable. The other type of vehicles was those used by outsourcing personnel and field staff. On travel allowance measures, Laishi Transfusion encouraged outsourcing personnel and field staff to take public transportation.



## Discharge of wastewater among some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Total water Discharged for the year (ton)	COD emissions for the year (ton)	Total ammonia nitrogen emissions for the year (ton)	Whether sewage has been pre-treated by sewage treatment plant (yes/no)	Discharge destination and compliance
Wanbang Biopharma	84,763	2.330	0.0186	Yes	Sewage treatment plant/compliance
Wanbang Jinqiao	30,000	1.434	0.019	Yes	Discharge into Sewage Treatment Plant up to standard
Zhaohui Pharma	26,500	1.100	0.008	Yes	Discharge via pipes in the city
Chemo Biopharm	98,931	0.780	0.079	Yes	Compliance discharge into Xinjiang Sewage Treatment Plant
Wanbang Folon	7,200	0.376	0.007	Yes	Compliance discharge into city sewage pipes network
Wanbang Sainuokang	16,120	0.035	0.004	No	Discharge into Huiquan Sewage Treatment Plant via drainage system in the development zone under the requests from local environment bureau
Yaoyou Pharma	84,000	4.960	0.610	Yes	Discharge into city pipe network
Hexin Pharma	12,785	0.652	0.007	Yes	City sewage pipes network
Carelife Pharma	29,421	7.020	0.606	Yes	Discharge into Sino French Water Development up to standard
Kaixing Pharma	23,308	0.932	0.074	Yes	City sewage pipes network
Shine Star	3,500,000	343.000	51.000	Yes	Sewage treatment plant in the industrial park of the town
Handan Pharma	20,000	0.755	0.006	Yes	City sewage treatment plant
Guilin Pharma	171,410	11.313	0.008	Yes	Discharge into Guilin Qilidian Sewage Treatment Plant under the secondary discharge standard up to the Integrated Water Discharge Standard
Hongqi Pharma	47,368	2.084	0.094	Yes	Shenyang South Sewage Treatment Plant, compliance
Aohong Pharma	73,317	6.1	0.61	Yes	Jinzhou City Sewage Treatment Plant
Dongting Pharma	480,000	38.400	6.700	Yes	Discharge into Deshan Sewage Treatment Plant, compliance
Jimin Cancer Hospital	119,903	0.309	0.058	Yes	Chao Lake, pre-treatment standards
Guangji Hospital	171,410	11.313	0.008	Yes	Reasonable and compliance
Long March Medical	4,100	0.586	0.029	-	Discharge via pipes up to standard
Fosun Med-Tech	1,653	0.033	0.001	No	Discharge into city pipe network up to standard
Fosun Biolog	875	0.125	0.006	-	Discharge via pipes up to standard
Shanghai Transfusion	33,737	2.867	0.316	No	City sewage pipe network/compliance
Huaiyin Medical	28,511	1.853	0.428	Yes	Urban utility pipe network

Individual member enterprise of Fosun Pharma was in compliance with rules and regulations and continuously reached the standard in discharging water pollutants. No incidents of polluting surrounding environment was reported to the Company in 2014.

## Some Data of waste among some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Total solid waste for the year (ton)	Trash (ton)	Industrial solid waste (non-hazardous waste) (ton)	External packing materials quantity (ton)	External packing material sale comprehensive utilization rate (%)	Total hazardous waste (ton)	The ratio of hazardous waste in total waste (%)	Total processed hazardous waste (ton)	Treatment for hazardous waste			
									Re-use (%)	Incinerate (%)	Dump (%)	Recycle (%)
Wanbang Biopharma	344	325	19	10.56	100%	8.50	2.47%	8.50		100%		
Wanbang Jinqiao	1,617	160	1,457	1.00	100%	3.50	0.22%	3.50		100%		
Zhaohui Pharma	23	12	5	1.00	100%	5.00	21.74%	5.00		100%		
Chemo Biopharm	110	95	2	12.00	100%	1.08	0.98%	1.08		100%		
Yaoyou Pharma	376	288	70	-	-	17.50	4.66%	17.50		100%		
Hexin Pharma	21.2	13.00	8.00	7.00	88%	0.20	1.45%	0.20			100%	
Shine Star	34,998.9	320	34,572	-	-	106.60	0.31%	106.60		100%		
Guilin Pharma	3,923	450	3,400	70.00	4%	3.00	0.08%	3.00		100%		
Hongqi Pharma	70	24	43	31.20	100%	3.00	4.29%	3.00		100%		
Aohong Pharma	170	50	120	96.00	100%	2.50	1.47%	2.5			100%	
Aleph	50	10	21	15.00	100%	18.71	37.42%	18.71		100%		
Dongting Pharma	4,000	100	3,500	100.00	100%	300.00	7.50%	300.00				
Fosun Pharmaceutical	7.19	-	-	3.00	100%	4.19	58.28%	4.19				
Jimin Cancer Hospital	103	91	-	-	-	11.74	11.40%	11.74				
Chancheng Hospital	392	252	0	0.00	0%	140.00	35.71%	140.00			100%	
Long March Medical	15	7	0	6.00	100%	1.50	10.34%	1.50		100%		
Fosun Med-Tech	5	4	1	0.00	-	0.04	0.80%	0.04		100%		
Fosun Biolog	2	1	0	0.90	100%	0.00	0.00%	0.00				
Shanghai Transfusion	10	5	5	3.00	100%	0.00	0.00%	0.00				
Laishi Transfusion	275	50	225	225	100%	0.00	0.00%	0.00				
Fosun Medical System	2	1	1	1.00	5%	0.00	0.00%	0.00				



### Treatment and discharge of three wastes (Continued)

Among the ordinary solid waste generated by individual member enterprise of Fosun Pharma Group, most of the external packing materials were comprehensively utilized to reduce discharge and avoid secondary pollution of the environment in 2014. For hazardous waste, individual member enterprises have been able to follow the requirements of the Environment Department by completing the whole environmental protection procedure that includes application, review

and approval, transfer, and destruction. All are outsourced to qualified service providers for compliance disposition.

In 2014, Shine Star, a member enterprise of the Group, produced used activated carbon, which was delivered to hazardous waste treatment center in Yichang for compliant treatment as there was no competent treatment plant in Jinzhou. The treatment is regarded as transfer treatment within the province. Fosun Pharma did not conduct interprovincial or overseas transfer of hazardous waste.

### Some data of air emission and the pollutants of some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Total waste gas emissions for the year (m <sup>3</sup> )	Nitrogen oxide emissions (NO) (ton)	Sulfur oxide emissions (SO) (ton)	Fume emissions (ton)	VOC (Volatile Organic Compounds) (ton)	non-methane hydrocarbon emissions (ton)	Other major process waste gases discharged		
							Gas A (ton)	Gas B (ton)	Gas C (ton)
Wanbang Jinqiao	60,000,000	-	-	-	-	-	-	-	-
Zhaohui Pharma	10,800,000	1.80	-	0.13	-	-	-	-	-
Wanbang Folon	22,760,000	2.41	9.83	1.17	-	-	-	-	-
Yaoyou Pharma	77,300,000	6.00	0.15	1.66	-	-	-	-	-
Carelife Pharma	33,800,000	2.15	0.90	0.90	12.63	0.05	-	-	-
Kaixing Pharma	7,536,864	0.45	0.08	0.15	-	-	-	-	-
Shine Star	1,296,588,000	55.92	54.72	116.79	-	-	-	-	-
Handan Pharma	66,390,000	3.22	9.72	3.01	-	-	0.75	-	-
Guilin Pharma	83,200,000	10.65	12.81	2.71	-	-	-	-	-
Hongqi Pharma	7,130,000	0.82	1.78	0.37	-	-	-	-	-
Chongqing Research Institute	939,763	0.089	0.01	0.014	-	-	-	-	-
Shanghai Henlius	747,769	0.15	0.11	0.01	-	-	-	-	-
Chancheng Hospital	3,966,856	-	-	0.05	-	-	-	-	-
Shanghai Transfusion	5,262,000	0.01	0.05	0.04	-	-	-	-	-

Individual member enterprise of the Group was in compliance with rules and regulations and continuously discharged air pollutants under the standards. None of incidents of pollution having effect on the quality of the atmospheric environment due to waste gas emission occurred in 2014.

## Capitals in environmental protection, safety facilities, and operation costs of some member enterprises of Fosun Pharma Group in 2014

Name of member enterprise	Investment in safety and firefighting hardware facilities for the year (RMB0,000)	Operating costs of safety and firefighting facilities for the year (RMB0,000)	Investment in construction of environmental protection hardware facilities for the year (RMB0,000)	Operating costs of environmental protection facilities for the year (RMB0,000)	Use of operating costs
Wanbang Biopharma	41.59	4.19	-	27.00	Fees for annual inspection of: elevators and forklift trucks, fees for upgrading labor protection equipment and firefighting system, and fees for annual inspection of safety facilities
Wanbang Jinqiao	37.94	1.58	-	75.00	Fees for updating labor protection equipment and firefighting system, and fees for annual inspection of safety facilities
Zhaohui Pharma	72.00	45.00	19.00	18.00	Fees for installing safety and firefighting utilities, purchasing appliances for labor protection equipment, equipping safety facilities, physical examination for occupational disease and physical examination for the staff
Yaoyou Pharma	9.00	60.00	49.00	4.00	Charge for investments in firefighting hardware facilities, charge for firefighting equipment and factory fireproof repair and maintenance; Operating fees for safety and firefighting facilities, body check fees, labor protection supplies fees, monitoring system; Investments in environmental protection hardware: Investments in sewage pool renovation and the phase 1 water, soil and sewage station; Operating fees for environmental protection: factory rat and pest control
Carelife Pharma	4.50	6.44	147.00	90.00	1. Investments in, maintenance, replacement and testing of safety and firefighting facilities; 2. Investment and operation of environment protection facilities.
Kaixing Pharma	1.10	2.80	1.50	4.00	Fees for safety standard consulting, improvement, maintenance and repair of spare parts, testing of special equipment, monitoring of environment and emergency rehearsal, etc.
Shine Star	360.00	178.00	200.00	1200.00	Hardware facilities upgrade and replenishment, and operation and maintenance of general facilities
Handan Pharma	72.00	52.00	8.90	58.00	Salaries for firefighters and environmental worker; labor protection; facilities maintenance, etc.; fees for testing of safety interlock, emergency valve and special equipment, etc.; fees for purchasing portable extinguishers and emergency lights, etc.; fees for environment monitoring, etc.
Guilin Pharma	166.00	30.00	200.00	180.00	Investments in relocation of firefighting control room, road planning, safety and standard construction; addition of environmental emissions treatment system and improvement of sewage pipes
Hongqi Pharma	4.80	4.90	5.30	40.20	
Chongqing Research Institute	5.18	9.18	45.98	22.60	RMB459,800 was mainly used for improvement of sewage stations. Environmental protection operation fees includes: waste disposal fees, sewage discharge fees, environmental detecting fees, etc.
Aohong Pharma	50.00	25.20	10.00	40.00	Anechoic chamber and workshop exhaust system
Dongting Pharma	200.00	30.00	150.00	200.00	EHS adjustment, environmental monitoring, disposal of hazardous waste, treatment of sewage and waste gas, environmental impact assessment, contingency plans for emergent events, construction under tertiary safety standard, construction of firefighting control room up to standard
Jimin Cancer Hospital	15.10	3.06	3.29	6.11	Addition of firefighting doors, firefighting roller blinds, firefighting ladder trucks, refilling and upgrading extinguishers
Chancheng Hospital	50.00	25.00	250.00	28.00	
Long March Medical	187.00	68.00	87.00	32.00	
Fosun Med-Tech	7.10	16.82	5.92	0.24	
Shanghai Transfusion	2.00	13.00	3.00	5.00	Hardware upgrading, staff training, personal protective equipment, environment monitoring, daily maintenance, safety facilities testing, operation maintenance of firefighting devices
Huaiyin Medical	3.30	1.55	1.00	3.30	Purchasing hardware, daily operation maintenance.



In 2014, Fosun Pharma Group's investment in and overheads of environmental protection facilities and safety and firefighting facilities amounted to approximately RMB32.00 million and RMB20.00 million respectively. With these huge capital and human resources, all member enterprises established comprehensive safety and firefighting facilities and environmental protection facilities, which were in good operation and had positive effect on preventing and eliminating material safety incidents and environmental pollution incidents.

## Occupational Health and safety

The Group cares about the health of its employees and provides employees with optimal offices and operating sites for them to perform daily tasks and employees that are directly or indirectly exposed to the production process with annual health examinations. Individual member enterprises have set up effective dust collectors, gas exhausters, and acoustic screens, among other facilities at first-line production operating

sites likely exposed to dust, offensive odor, or noise and equip them with personal protection articles such as goggles and breathing filters such as dust and organic vapor respirator and protective suit to minimize potential unfavorable effects of hazardous factors existing in production operating sites on employees' health and ensure the physical health of employees at work.

Individual member enterprises of the Group continue to normalize their occupational health and safety management system and files. The Environment, Health and Safety management department of individual member enterprise holds periodical occupational health training to further reinforce employees' awareness of their own health. Fosun Pharma implements health care among its employees through multiple health examination management service platforms so that employees can freely select qualified health care facilities to have their health checked, realizing personalized health service management.

## Overview of physical examinations among employees of some member enterprises of Fosun Pharma Group in 2014

Member enterprise	Total number of employees	(1.1) Number of employees with direct or indirect exposure to occupational hazards	Ratio of employees to receive annual physical examination for possible occupational hazards to all employees	(1.2) Number of employees having completed physical examination for possible occupational hazards	Completion rate	(2) Number of employees having completed annual physical examination as part of employees' benefits	Number of Employees having completed annual physical examination as part of employees' benefits to all employees	Identification of major occupational hazards			
								Risk Factor A	Risk Factor B	Risk Factor C	Risk Factor D
Wanbang Biopharma	687	80	12%	80	100%	375	55%	Noise	Acetone	Toluene	Acetonitrile
Wanbang Jinqiao	153	125	82%	125	100%	24	16%	Noise	Acetone	Ether	Ammonia
Zhaohui Pharma	305	10	3%	10	100%	272	89%	High temperature	Noise	Dust	
Chemo Biopharm	145	28	19%	28	100%	120	83%	Noise	Sodium hydroxide		
Wanbang Folon	191	13	7%	13	100%	138	72%	Dust	Noise		
Yaoyou Pharma	1,052	77	7%	77	100%	600	57%	Noise	Dust		
Hexin Pharma	59	3	5%	3	100%	56	95%	Noise			
Carelife Pharma	318	204	64%	204	100%	114	36%	Methane	Acetone	Ethanol	Hydrochloride
Shine Star	1,988	392	20%	392	100%	1,988	100%	Dust	Noise		
Guilin Pharma	980	980	100%	980	100%	980	100%	Dust	Ammonia	Methanol	Acetone
Hongqi Pharma	381	56	15%	56	100%	367	96%	Dust	Noise	Toxic	
Chongqing Research Institute	269	54	20%	54	100%	72	27%	Dust	Noise		
Aohong Pharma	556	24	4%	24	100%	493	89%	Ethanol			
Fosun Pharmaceutical	804	-	-	-	-	800	100%				
Golden Elephant Pharmacy	618	-	-	-	-	618	100%				
Jimin Cancer Hospital	318	20	6%	20	100%	273	86%	X-ray			
Guangji Hospital	458	9	2%	9	100%	199	43%	X-ray			
Zhongwu Hospital	636	22	3%	22	100%	636	100%	X-ray			
Chancheng Hospital	1,373	37	2%	37	100%	1,373	100%	X-ray			
Long March Medical	255	12	5%	12	100%	255	100%	Acid-base			
Fosun Med-Tech	139	3	2%	3	100%	99	71%	Welding lead fume			
Fosun Biolog	22	1	5%	1	100%	22	100%	Welding lead fume			
Huaiyin Medical	632	4	1%	4	100%	632	100%	Dust			

In 2014, employees of individual member enterprises of the Group that were directly or indirectly exposed to statutory occupational hazard risk factors were required to complete health examinations at designated health care facilities. Individual pharmaceutical member enterprises established health examination files for each of their employees. The responsible management department at each of the enterprises in the pharmaceutical industry segment performed major occupational hazards identification in accordance with the production process and the properties of materials used. Employees at risk of occupational hazards periodically completed physical examinations performed at occupational hazard prevention and treatment institutions that help ensure physical health. For the other employees without exposure to occupational hazard risk factors, Fosun Pharma and individual member enterprises encourage them to complete health examinations as part of their benefits arranged by the enterprises.

### Safety

The Company undertakes to provide its employees with a safe office and production premises. In 2014, the Company strengthened its safety supervision and support of members of the Group for setting

up departments and committees in this regard and training and building up of professional teams. It also enhanced the management level of Environment, Health and Safety management department teams through, among other things, training and annual meetings. For characteristic risks of the pharmaceutical industry, the Company held training on process safety management, carried out inspection and integrated audit of some members with high risk and maintained tracking and demerit record requiring rectification before deadlines set in mid-2014, which effectively lowered their operational safety risk and produced continual improvements.

Based on its own operational characteristics, individual member enterprises were positive in drawing up safety provisions, identification and rectification of potential risks and forming contingency plans and drills and were ever growing and enhancing staff's safety awareness, contributing continuous efforts to lowering safety risks.

Except for a fire not attributable to Handan Pharma, none of the producing enterprises experienced major safe production liability events or personal injuries. Safe production management appeared to be in favorable condition.

## Occupational health & safety management activities of some member enterprises of Fosun Pharma Group in 2014

Member company	Dedicated body	Management status
Wanbang Biopharma	A safety committee and the environment, health and safety department were set up by Wanbang Biopharma	Regular production safety meetings to analyze the company's production safety, timely solve any problem arisen and set up production safety systems and contingency plans, training and examination for special operators, issue and renewal of special operation permits, production safety contests, summary of previous experience of production safety promotion and body check for special operators for prevention of occupational disease; written notice to new staff exposed to occupational disease risks about those risks
Wanbang Jinqiao		
Zhaohui Pharma	A safety committee was set up by Zhaohui Pharma	Setting up safety management systems, productions safety systems, technical safety specifications and contingency plans; compliance with national laws and regulations of production safety and supervision thereof; monthly production safety meeting of Zhaohui Pharma to analyze relevant status and solve problems identified
Chemo Biopharm	An occupational health and safety committee was set up, and the assistant to the general manager of Chemo Biopharm was appointed by the latter as the person in charge of safety	Safety management specialists (EHS specialists) fully responsible for leadership in production safety, industrial sanitary, occupational disease prevention, medical examination of occupational strain and occupational protection of Chemo Biopharm and staff's strict compliance their safety requirements and attention to ordinary safety issues
Wanbang Folon	A production safety and management committee was set up by Wanbang Folon to take charge of organizing and coordinating safe production of Wanbang Folon	Setting up production safety management systems of Wanbang Folon; implementation of safety accountability systems; production safety campaigns for all staff; safety checks; support to and participation in incident investigation, analysis and handling; and monthly safety checks by the production safety committee; no production safety incident or injury recorded for Wanbang Folon in 2014
Huanghe Pharma	A production safety and management committee was set up by Huanghe Pharma	The production safety and management committee was responsible for planning, decision-making, supervision and inspection relating to production safety of Huanghe Pharma; compliance with relevant laws and regulations; building up sound relevant accountability systems and regulations; supervision of effective operation of production safety work; timely solution to potential risks; and formulation and implementation of relevant contingency plans
Yaoyou Pharma	An EHS committee was set up by Yaoyou Pharma under the leadership of the chairman of the company and the environment, health and safety department took charge of relevant ordinary management	6 committees under the EHS committee (occupational health (led by the chairman of the trade union of Yaoyou Pharma), safety, environment, flood, fire and transport safety); examination of major technical measures of environment, occupation health and safety in production, construction and completion
Hexin Pharma	Production safety accountability and safety organizational structure were set up by Hexin Pharma	Safety systems and safety operation regulations improved; education and training of all staff; supervision of implementation of systems and regulations by the safety team; and a fire drill on May 28, 2014
Carelife Pharma	An occupational health and safety production supervising team and the environment, health and safety department were set up by Carelife Pharma	3-tier management comprised of the occupational health and safety production supervising team, the environment, health and safety management department and departments' safety specialists; setting up occupational health and production safety management systems and contingency plans; funding modifications for production safety and working environment; regular first-aid training; education and training of occupational health and safety; constant check of potential safety risks in workshops and warehouses and supervision on rectifying progress
Kaixing Pharma	An production safety team led by the general manager and the environmental safety department were set up	Coordinating and supervising management functions, supervising and managing occupational strain prevention and protection



Member company	Dedicated body	Management status
Guilin Pharma	An production safety committee was set up with its office at the environment, health and safety department	Consolidated coordination and supervision of production safety management; setting up and improving production safety management and supervision systems; safety campaigns, safety education and training, regular safety checks; and at least once every year a contingency training and drill of production safety
Hongqi Pharma	An EHS management committee was set up by Hongqi Pharma supervising the environment, health and safety management department and the chairman of the trade union as a committee member of the environment, health and safety management department of Hongqi Pharma	Regular EHS meetings; EHS checks; supervision of potential risk rectification; supervision and review of risky operations; management of related parties' EHS issues; EHS training for staff; and management of Hongqi Pharma's issue relating to production and occupation safety
Chongqing Research Institute	An EHS management committee was set up by Chongqing Research Institute and led by the general manager and the environment, health and safety department was set up	Improvements to working conditions and environment of Chongqing Research Institute; protection of staff's personal safety and health; and prevention of occupational incident and hazards
Aohong Pharma	An production safety committee was set up by Aohong Pharma and led by the general manager was set up	The production safety committee had a fire committee and security committee, was responsible for ordinary safety supervision and management and organizing safety matters; and compliance with national policies and regulations relating to production safety and occupational health and protection
Aleph		Documents drawn up including emergency plans for hazardous materials and basic methods to prevent food poisoning
Dongting Pharma	An EHS committee was set up comprised of the general manager, deputy general manager of production, deputy general manager of equipment and energy, managers of manufacturing, security, human resources, materials, equipment and energy, workshop directors and security specialists	Liquid ammonia leakage drills and fire drills in 2014
Shanghai Henlius	An occupational health and safety committee was set up by Shanghai Henlius	Chemicals safety management systems and emergency plans; at least once every year an on-site drill; and choosing renown suppliers and entering into safe transportation agreements with them
SunTech Pharma	An environment, health and safety management department	Occupational health and safety management led by the general manager with participation of departments; staff safety representation at the head office accounting for 5% of total number of staff
Golden Elephant Pharmacy	An occupational health and safety committee was set up by Golden Elephant Pharmacy	Responsible for setting overall occupational health and safety objectives of Golden Elephant Pharmacy, examining and approving expenditures of safety measures; all production safety management; putting in place production safety checks, supervision and handling of major incidents
Jimin Cancer Hospital		Environment and before-hand control assessment of radiation premises according to China's requirements, and body check and continuous radiation exposure check by qualified professionals for medical staff work at those premises; and drills of radiation incidents to enhance relevant awareness and knowledge of relevant staff
Guangji Hospital		Prevention, control and elimination of hazards of occupational diseases, prevention and treatment of occupational diseases, protection for labors and prevention of safety incidents to facilitate rapid and healthy growth of the hospital
Zhongwu Hospital	An occupational health and safety committee was set up	Ordinary management of occupational health, environmental management and various environmental projects, handling of safety incidents and inspection supervision, semi-annual assessment of projects and reporting results to governing authorities
Chancheng Hospital		Regular body check for staff of radioactive work and dedicated transport staff instead of intermediate transportation companies
Long March Medical	A safety committee was set up by Long March Medical	Minimizing hazardous factors in working environment and preventing incidents and health hazards arising from, in connection with or occurs in the course of work
Fosun Med-Tech	A production safety supervising team was set up by Fosun Med-Tech and a production safety working team under the administrative and human resources department was set up	Quarterly safety meeting to examine safety work progress and relevant proposals, filing minutes, supervising and organizing internal safety checks of Fosun Med-Tech, help identifying and solving potential risks and supervising implementation of safety accountability
Fosun Biolog	A safety committee was set up by Fosun Biolog	Minimizing hazardous factors in working environment and preventing incidents and health hazards arising from, in connection with or occurs in the course of work
Yaneng Bio	A fire and safety committee was set up by Yaneng Bio	Annual body check for all staff and occupational safety files
Changxing Medical	A safety committee was set up by Changxing Medical	Signboards such as alerts in all areas; and hazardous material MSDS and safety protection measures
Shanghai Transfusion	An occupational health and safety committee was set up by Shanghai Transfusion	Responsible for occupational health and safety of staff, and procedures including occupational health management procedures and safety rules and operation management procedures were set
Laishi Transfusion	A dedicated safety management committee was set up by Laishi Transfusion	Annual body check for staff
Huaiyin Medical	An occupational health and safety committee was set up by Huaiyin Medical and led by the chief person-in-charge of Huaiyin Medical	Regular occupational health and safety management meeting and timely solution of relevant issues so identified; formulating and issuing occupational health and safety management systems and proposals of occupational disease prevention; and securing funding for occupational health, occupational disease prevention and working environment modifications
Fosun Medical System		Including occupational health, safety and environment in ordinary corporate operation and management, strengthening education to raise awareness, developing relevant measures and supervising their implementation to ensure the implementation of relevant standards was under control

## Summary of injuries & illness among member enterprises in 2014

Segment	Total number of employees	Total working hours (hour)	Number of industrial injury events	Number of industrial injury deaths	Number of serious industrial injuries	Number of moderate industrial injuries	Total number of employees who diagnosis of occupational diseases	absence working days due to industrial injury	Mortality Rate per 200,000 working hours
Wanbang Biopharma	687	1,434,456	2	0	0	2	0	2	0
Wanbang Jinqiao	153	319,464	0	0	0	0	0	0	0
Zhaohui Pharma	305	636,840	2	0	0	2	0	90	0
Chemo Biopharm	145	302,760	0	0	0	0	0	0	0
Wanbang Folon	191	398,808	0	0	0	0	0	0	0
Wanbang Sainuokang	68	141,984	0	0	0	0	0	0	0
Huanghe Pharma	267	557,496	0	0	0	0	0	0	0
Yaoyou Pharma	1,052	2,196,576	3	0	0	3	0	167	0
Hexin Pharma	59	123,192	0	0	0	0	0	0	0
Carelife Pharma	318	663,984	0	0	0	0	0	0	0
Kaixing Pharma	80	167,040	0	0	0	0	0	0	0
Shine Star	1,988	4,150,944	0	0	0	0	0	0	0
Handan Pharma	588	1,227,744	0	0	0	0	0	0	0
Guilin Pharma	980	2,046,240	0	0	0	0	0	0	0
Hongqi Pharma	381	795,528	2	0	0	2	0	122	0
Chongqing Research Institute	269	561,672	0	0	0	0	0	0	0
Aohong Pharma	556	1,160,928	0	0	0	0	0	0	0
Aleph	346	722,448	1	0	0	1	0	81	0
Dongting Pharma	756	1,578,528	1	0	0	1	0	6	0
Shanghai Henlius	100	208,800	0	0	0	0	0	0	0
SunTech Pharma	46	96,048	0	0	0	0	0	0	0
Fosun Pharmaceutical	804	1,678,752	1	0	1	0	0	323	0
Golden Elephant Pharmacy	618	1,290,384	0	0	0	0	0	0	0
Jimin Cancer Hospital	318	663,984	0	0	0	0	0	0	0
Guangji Hospital	458	956,304	0	0	0	0	0	0	0
Zhongwu Hospital	636	1,327,968	0	0	0	0	0	0	0
Chancheng Hospital	1,550	3,236,400	2	0	0	2	0	62	0
Long March Medical	255	532,440	0	0	0	0	0	0	0
Fosun Med-Tech	139	290,232	0	0	0	0	0	0	0
Fosun Biolog	22	45,936	0	0	0	0	0	0	0
Yaneng Bio	267	557,496	0	0	0	0	0	0	0
Changxing Medical	15	31,320	0	0	0	0	0	0	0
Shanghai Transfusion	226	471,888	0	0	0	0	0	0	0
Laishi Transfusion	232	484,416	0	0	0	0	0	0	0
Huaiyin Medical	632	1,319,616	0	0	0	0	0	0	0
Fosun Medical System	85	177,480	0	0	0	0	0	0	0
Alma Lasers	165	344,520	0	-	-	-	-	-	-

Injury rate (IR) = (all events/all working hours) \* 200,000 hours



### Safety training

The Group highly values EHS education and organized professional training for EHS managers in its five major segments (pharmaceuticals, healthcare service, medical devices, medical diagnosis and pharmaceutical commerce and consumer goods) on August 30, 2013. The training covered relatively complete descriptions of purpose, objectives and importance of the EHS management of the Environment, Health and Safety Management Department at Fosun Pharma, the importance of EHS to the pharmaceutical industry, characteristics of and risk management in the pharmaceutical industry, high-risk processes and production of drug substances, the onion model of risk management for the pharmaceutical industry, the pyramid model of risk control, process safety management, process safety accidents, occupational health and safety, environmental protection and resources management, corporate social responsibilities, safety protection, EHS risk management solutions, EHS spontaneous check tools, etc. It was the first comprehensive training prior to the enforcement of EHS spontaneous inspections for the Group and greatly enhanced the professional attainments

of EHS managers at member enterprises of the Group by helping form preliminary ideas of systematized EHS and process safety management and specifying how EHS spontaneous inspections are per formed and the requirements. During the training, Fosun Pharma shared and exchanged with its member enterprises on EHS management experiences. The training helped boost the mutual understanding and communication among EHS practitioners at individual enterprises, realize joint growth in EHS management among individual enterprises, and enhance and develop the EHS management level at Fosun Pharma.

In 2014, individual member enterprises provide their employees with EHS education and combine external training with internal training to cover all aspects including environmental protection, occupational health, safe production, and safety protection. With assistance of all kinds of EHS education or training, EHS awareness and ideas have taken shape in the heart of the employees. Energy-saving and emission reduction, effective protection, elimination of risk or concerns during the production process have become a spontaneous practice

### EHS training at member enterprises of Fosun Pharma Group in 2014

Member enterprise	Training programme and lecturer	Description
Wanbang Biopharma		22 EHS programs amounting to 30 hours attended by mid-level and senior management with 100% attendance; no less than 36 hours of EHS training for each staff member in average; and annual safety training for all staff
Wanbang Jinqiao		
Zhaohui Pharma		10 EHS programs amounting to 15 hours attended by mid-level and senior management with 100% attendance; no less than 10 hours of EHS training for each staff member in average; a chemical leakage drill in May and a fire drill in October 2014 for all staff; drills of oil basin fire extinguishing, hose connections and sack fire extinguishing with good results
Chemo Biopharm	Lecturers from the local fire service	A 3.5-hour fire seminar and drill for all staff by the local fire service at Chemo Biopharm in May 2014; 3-hour safety seminar and fire training for all newcomers; 3-hour safety seminar and occupational safety training for production staff; and facilitating special operators to go through certifications and those who obtained relevant certificates to enroll in annual safety education and training by safety institutions
Wanbang Folon	Detailed training programmes	Relevant EHS-related education and training for staff and contractors in the year; 100% attendance of mid-level and senior management in EHS training and 5 hours of EHS training for each staff member in average
Wanbang Sainuokang		EHS training for all staff in March 2014, containing 6-hour training in safe use of electricity, hazardous waste storage and precautions for using hazardous chemicals and handling of chemicals leaking; a 2-hour fire drill for all staff in September 2014; 100% attendance of mid-level and senior management in EHS training and 8 hours of EHS training for each staff member in average
Huanghe Pharma		2 hours of EHS training for each staff member in average; individual training in 3 aspects of EHS with related case to raise their awareness and subsequent exams and filing
Yaoyou Pharma		Its fire drill for all 598 staff; the 3rd fire safety games with 10 teams and 110 players; "safe and zero incident" quiz for the whole company seeing the contest among 6 teams from 6 trade unions; organizing the staff to join Fosun Pharma's EHS theme event for 2014 "EHS from me and us, but how?", with 100% attendance of mid-level and senior management, 93% of executives and 95% of ordinary employees of Yaoyou Pharma; and 6 hours of EHS training for each staff member in average
Hexin Pharma		Staff training in: Hexin Pharma's safety systems, new national laws and regulations, fire seminars and occupational risk analysis, each not less than 1 hour and 16 hours for each staff in the year; contractor training in: Hexin Pharma's safety systems, site and occupational risk analysis and work permits, without limitation on length; 100% attendance of mid-level and senior management
Carelife Pharma	Well-developed training plans	Department heads, safety commissioners and certain operators arranged by the Environment Safety Management Department to join safety education and training in fire and safety knowledge, fire case study, emergency rescue knowledge, and process safety management; EHS training for construction contractors covering safety system and case study; the person in charge of the enterprise, safety operators, special equipment operators and special operation personnel having received relevant training from qualified organizations and subsequently obtained relevant qualifications; 100% attendance of mid-level and senior management in EHS training, and 12 hours of EHS training for each staff member in average
Kaixing Pharma		3-hour EHS training for all of the management to raise their awareness and practical knowledge; and 5-hour EHS training for all staff to raise their awareness and participation

## EHS training at member enterprises of Fosun Pharma Group in 2014 (Continued)

Member enterprise	Training programme and lecturer	Description
Guilin Pharma	Detailed EHS training programs in strict compliance with regulations	Mainly including safety procedures, management systems, new employees (job transfer) 3-level safety education, general knowledge of fire equipment and emergency escape of new plants, understanding of production safety standards, clean production issues, hazardous waste management projects, volunteer firefighter first-aid training, fire drills, heat stroke precaution knowledge and education, hazardous chemicals use and storage management, first aid and use of protective equipment; and 8 hours of EHS training for each staff member in average
Hongqi Pharma		Training for staff and contractors; safety, training in occupational health, environmental protection and fire regulations for personnel above supervisor-level; 5 training programs for Hongqi Pharma with 441 participants and 6 for departments with 504 participants in regulations, fire knowledge, hazard source identification, EHS basics, fire evacuation, fire equipment use and production safety; with 83% attendance of personnel above supervisor-level of Hongqi Pharma and 4.3 hours of EHS training for each front-line production staff member in average
Chongqing Research Institute		Education and training for staff and contractors with 911 participants in the year including Chongqing Research Institute employees, interns and external labors divided into a 3-day program for all staff and another for new staff; 4 departmental programs quarterly; other programs ranged from about 2 to 4 hours in safety, environment, occupational health and fire
Aleph	External professional lecturers	On September 17, 2014, Sun Fenghe, a lecturer at Dalian Juan Fire Education and Promotion Center, held a 1-hour fire and safety knowledge training programme for staff of Aleph; on April 4, 2014, Professor Ma Qiusheng, a national grade I lecturer at Liaoning Dalian Construction Safety Research Center held a 1-hour production safety training programme for staff of Aleph; with 80% attendance of mid-level and senior management in EHS training, and 3 hours of EHS training for each staff member in average
Dongting Pharma		About 50% attendance of mid-level and senior management in EHS training, which was taken charge of by the EHS management committee, in new safety laws, new environmental laws, hazardous chemicals management regulations and EHS Guidelines of Fosun Pharma Group; and about 4 hours of EHS training for each staff member in average in the year
Shanghai Henlius		Periodic or non-periodic EHS education and training for staff of Shanghai Henlius; at least 1 quarterly EHS work summary and training for all staff of Shanghai Henlius in each quarter; no less than 6 hours of training for mid-level and senior management and no less than 10 hours for each staff member annually; and mandatory safety management training by Shanghai Henlius for contractors and labors before entering factories
SunTech Pharma	Annual training programs completed on schedule	Training in: safety duties, management of regulated medicines, emergency response, exposure to and use of chemicals, personal protection and waste management
Fosun Pharmaceutical		6 people joined corporate production safety training for chief officers and 1 joined production safety training for managers; participation in 2 external EHS training programs; 90 people attended the EHS theme seminar held in line with the Group; and 54 people joined fire drills for warehouse workers
Guangji Hospital		Receiving EHS training by all mid-level and senior management; collective health and safety training programmer for staff with good results; 2 hours of EHS training for each staff member in average
Zhongwu Hospital		15% of the management taking part in Fosun's EHS training; 2 hours of training for staff member in average
Chancheng Hospital		Receiving EHS training since 2014, with trainees providing training to 20 back-office staff afterwards; 3 people received 5-day EHS training for an average of 40 hours
Long March Medical		2 EHS basics training programs for all staff in the year and EHS case study held by the Group's Environment, Health and Safety Management Department, aggregating 700 participants for an average of 2 hours each
Fosun Med-Tech		2 EHS training programs for all staff: 4-hour seminar on understanding EHS in October and 4-hour introduction of EHS work in November; training for all staff at morning assemblies on 6 themes such as production space
Fosun Biolog		2 EHS basics training programs for all staff and EHS case study held by Fosun Pharma's Environment, Health and Safety Management Department, aggregating 80 participants for an average of 2 hours each
Yaneng Bio		1 EHS training program participated by mid-level and senior management
Changxing Medical		EHS training for all staff with a speech delivered by the executive deputy general manager and chairman of the production safety committee on the Group's EHS assessment form and standards; all management executives took part in work safety meetings and new production safety laws training held by the park
Shanghai Transfusion		100% attendance of mid-level and senior management in EHS training programs. Regular monthly 1-hour training in production safety and clean area access for production operators including verbal introduction, examinations and practical operation; 100% attendance of mid-level and senior management in EHS training programs; and external training for special operators
Laishi Transfusion		Safety training by local government departments for mid-level and senior management, information posters and notices and regular topics in meeting agendas
Huaiyin Medical		Annual safety training by Huai'an Safety Supervision Bureau for relevant EHS officers and chief officers; pre-service training for new staff mainly in environment, production safety, operation regulations and equipment maintenance and repair.
Fosun Medical System		1-hour education for management above mid-level at monthly management meetings; 1-hour education for staff at quarterly work assessment; and 2-hour education for all staff at annual meetings



### Ecological Park

Fosun Pharma has been officially relocated to Building A, Clone Technology Park, No. 1289 Yishan Road since September 13, 2014. The Company has placed emphasis on the planning of Clone Technology Park when the headquarters of the Company is located. The Company has engaged famous green landscape design companies to plan and prepare a greening proposal from a high starting point in accordance with the standards for a national rare earth production headquarters and the positioning of an ecological garden park. The Company has also placed emphasis on the construction and strived to achieve greening to a high standard with combination of trees, shrubs, flowers and grass, combination of sceneries and fragrance, combination of horizontal greening and vertical greening and combination of natural and artificial landscapes in the park, thus establishing an ecological park with features. A three-dimensional green wall, 8 meters in height and 5.7 meters in width, of approximately 45.6 square meters is grown in the office tower to make a green area. Nearly 1,000 plants of various sizes are placed in the office area. The green belt is of around 6,000 square meters. Clone Technology Park has been a bright spot of Caohejing Development Zone upon completion.

Clone Technology Park has place emphasis on admission. The enterprises which apply for admission are required to submit a detailed feasibility study report. Environmental impact assessment reports are prepared by research institutions appointed by us accordingly. Keeping an eye toward efficient facilities to discharge waste, over RMB100 million has been invested in upgrading the existing sewage treatment system to ensure the operation of the Park in full compliance with laws and regulations.

The "green" concept has penetrated into every part of Clone Technology Park. The atrium design of the office tower of Fosun Pharma increases the utilization of natural light, natural wind and the natural water ecosystem. A high efficient solar water supply system is also installed in the office tower. The precise heat balance calculation enables the design and use of the system to deliver mild winters and cool summers, thus reducing emission.

### Green office

The Company practices green office. For office process flow control, paperless OA management is adopted to reduce the use of a large quantity of paper. The Company promotes reduced use of disposable supplies in order to minimize the throughput of trash. Examples include disposable chopsticks, lunch boxes, and paper cups. For drinking water, the Company offers mugs with its logo to be repeatedly used. Employees are also encouraged to carry their own washing supplies while on business trips. In terms of information exchange, the Company has the intranet and bulletin board, email and video to facilitate information exchange. Video and telephone conferences accounted for around 50% of the total meetings taking place at Fosun Pharma in 2014. Most of them were meetings for member enterprises in different places. They help reduce travel expenses.

The culture of energy saving grows in the office every day. Employees are encouraged to turn off office equipment, such as computers, air-conditioners, lights, and the drinking fountain before they leave offices at the end of the day. Responsible person is sent on an inspection round to make sure all of the above are done, too. Energy saving mode is turned on for all of the shared equipment such as printers, typewriters, and other equipment with the energy-saving mode. In terms of

water saving throughout the office building, there are employees in charge of regulating the optimal water volume to guarantee reduced water use that is sufficient to satisfy water consumption needs. Faucets and the use of flush cisterns are checked from time to time. Any impairment is serviced in time to avoid water leakage. Used batteries are recycled separately. Separation of dry trash from wet trash is adopted. For electronic trash, the lifespan is adequately extended. Professional service providers are asked to recycle them for related treatment.

### Green Travel

The Group practices green travel. It continues to enforce its management system for normalized and consistent use of vehicles with a view to consolidating vehicle resources, reducing the total number of vehicles and enhancing the utilization efficiency. The use of the Company's vehicles are recorded and analyzed to effectively control the mileage. There is also the fuel-efficient award to encourage drivers to save the fuels. Meanwhile, Fosun Pharma promotes low-carbon travel among its employees.

Its member enterprises have adopted various green measures to promote reduced emission. For example, Aleph has a vehicle pre-booking program in place and vehicle travel is used as least as possible through coordination; Shanghai Henlius encourages the staff to use public transportation by granting them transportation subsidies, and encourages them to have business travel by metro or public transportation in the city; Chemo Biopharm promotes reasonable use of business transportation to conserve energy consumption and reduce exhaust, and vehicle pre-booking for business travel, for which the dispatcher integrates the travels as less as possible, reduces one-off use and reasonably designs the shuttle bus sites to reduce ride time and number; Hongqi Pharma implements centralized vehicle management to send out vehicles, thereby reducing the travel number, and requests the staff to use green transportation as much as possible; Hexin Pharma has purchased vehicles with higher emission standards, reduced vehicle cleaning to save water and reduce sewage and affixed solar film to vehicles to save energy consumption; Wanbang Folon reduces the use of vehicles with a vehicle booking system to reduce the effect on the environment. Golden Elephant Pharmacy has issued bus cards to its various departments for their own use. When department heads have to use vehicles, they should apply to the deputy heads for the use. Its staff are encouraged to have green travel. Jimin Cancer Hospital encourages the administrative department and various departments to have business travel by public transportation and not to apply for the use of vehicle unless the subject matter is essential, urgent and sudden and serious or is heavy. Zhongwu Hospital regularly repairs and maintains its vehicles and encourages the drivers to save energy. Changxing Medical and Long March Medical have implemented a centralized vehicle management system. The staff and materials are allocated to a vehicle and no vehicle is sent out separately. The business travel to and fro Changxing Medical and Long March Medical should be by long-distance train. For transportation of materials, the travel should be by bus. Fosun Medical System encourages preference given to travel by metro, public transportation and train, and enhances vehicle use efficiency and minimizes travelling empty by shared vehicle use and return with goods and passengers.

### **Security**

In terms of safety protection, the Safety Protection Steering Committee established by Fosun Pharma to comprehensively reinforce individual safety protection tasks, deploy and consolidate safety protection measures, and complete individual safety protection missions throughout Fosun Pharma in 2014. In 2014, the Safety Protection Steering Committee had embarked on multiple routine safety protection inspections to timely eliminate unsafe factors or concerns. The Environment and Health Quality Supervision department of Fosun Group was invited to provide safety protection education at the head office and member enterprises in order to improve these enterprises' ability to handle firefighting emergency.

### **Green Suppliers**

Fosun Pharma actively promotes suppliers to be energy saving certified. Various means such as resources consolidation, cross selling and shared channels can be achieved through "Fosun Group 1+N" sharing platform. The purchase function in respect to productive and

operating supplies can be strengthened through consolidating and sharing the internal resources of Fosun Pharma. "Fosun Group 1+N" selects commercial suppliers having passed energy-saving certifications, such as furniture suppliers that have passed clean production certification domestically and Greenguard Indoor Air Quality Certification. Employee welfare products are purchased from green product suppliers. The services available through "Fosun Group 1+N" platform have covered other common employee commercial services such as centralized purchase of office supplies, reservation of fixed location hotels and accommodations, and periodical settlement of travel services.

Fosun Pharma continues to promote member enterprises to adopt various energy saving and consumption reduction measures with each member enterprises. This boosts mutual understanding and support among each department of the Group and among member enterprises and jointly advance corporate development and low-carbon operation.

Disclosure description: 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. The report does not cover greenhouse gas emission, which is not mandatory to be under control in mainland China and has no appropriate statistics methods, and will cover in due course.

(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 state or local regulations, industrial standards, administrative requirements or practices formulated by member enterprises. 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".

A portrait of a young man with short dark hair, wearing a dark blue blazer over a blue and white plaid shirt. The background is a blurred outdoor setting with green and blue tones.

Wang Kaiyuan

Major in Pharmaceutics, Shenyang  
Pharmaceutical University of Grade 2013

I wanted to be a scientist when I was young. I thought pharmaceutics is a good match for my dream when I have to fill my aspiration on the college entrance examination application form. I believe that life is a constant striving. I want to pursue a career relating to synthetic drugs after in-depth study to return the society and my country.

# Belief

The background of the page features a blue-tinted image of several people's silhouettes in various poses, suggesting movement and activity. In the lower right quadrant, a metallic, reflective globe is visible, showing the continents. The overall aesthetic is professional and modern.

## Employees



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 a career, cultivating people with work, and rating 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 talent with room for growth by activating the talent reserve program, reinforcing talent hierarchy, and offering its employees the value of discovery and a platform for them to enhance themselves.



## 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 not only proactively attracts outstanding talent from outside the company but also reinforces its internal development and enhancement. In order to create a team of talent that reflects the company's corporate culture, the Group accordingly constructs a talent highland based on entrepreneurship.

The Group values the introduction and development of talent in the localities of Individual member enterprise. In the introduction, development, and enhancement of talent, men, women, minorities, and disabled employees are entitled to equal rights.

## Introduction of Talent

Fosun Pharma Group promotes "attracting people with development."

As the industrial chain constantly perfects and extends itself, the scale of the company is fortified accordingly as well to attract more and more local and overseas talent to join the team

When taken from an international perspective, by internationalizing its R&D undertaking through investment, joint development and collaboration, Fosun Pharma has established a number of new drug development teams and hired local talents to build an innovation and R&D system with operations in Shanghai,

Chongqing and San Francisco. Meanwhile, The Group also focuses on the development of middle-age to younger talent as these people are known for their powerful learning capability, have related working experience, and recognize corporate values and development modes to accordingly become the cornerstone for sustainable corporate developments.

### Optimized structure

The Group had a total of 18,081 employees in all areas with presence combined as of December 31, 2014, a growth of 7.6% from 2013

All employees of Fosun Pharma are located in China, Israel, the United States and other countries. Employees in China are stationed in over 10 provinces/municipalities. The staff in five provinces, namely Shanghai, Beijing, Chongqing, Liaoning and Jiangsu account for more than 50% of Fosun Pharma's total employee number.

In 2014, more than 65.0% of Fosun Pharma's employees were below 40 years old.

As far as education is concerned, Fosun Pharma continued to hire talent with advanced education in 2014. There were up to 93 employees holding a doctorate degree, an increase of 16.3% from the preceding year. Those holding master's degrees surged by 17.6%. Fosun Pharma further focused on enhancing the overall education qualification of employees. Employees holding qualifications of post-secondary education and/or above accounted for 54.0%, an increase of 10.0% from 2013.

## Structure of Human Resources at Fosun Pharma Group

Unit: person

Year	Total	Gender	
		Male	Female
2014	18,081	8,800	9,281
2013	16,791	8,246	8,545
2012	14,357	7,222	7,135
2011	13,192	6,794	6,398

## Educational Background of Employees at Fosun Pharma Group

Unit: person

Year	Doctorate	Master	Bachelor	Higher education	Higher education and lower
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
2011	48	441	2,778	2,910	7,015

### Functional structure at Fosun Pharma Group

Unit: person

Year	Management	Production	Distribution	Technical Research and Development	Finance and Audit	Administration and Logistics	Health Care Professional
2014	666	7,547	3,938	1,675	462	1,396	2,397
2013	635	6,468	3,927	1,570	436	1,552	2,203
2012	512	6,272	3,829	1,545	349	1,177	673
2011	661	5,049	3,088	1,923	379	1,555	511

### Age Structure of Staff at Fosun Pharma Group

Unit: person

Year	16 ~ 20 years old	20 ~ 30 years old	30 ~ 40 years old	40 ~ 50 years old	50 ~ 55 years old	55 ~ 60 years old	Over 60 years old
2014	462	5,850	5,445	4,325	1,110	670	219
2013	488	5,885	5,354	3,044	1,097	715	208
2012	141	4,963	4,448	3,392	793	521	99
2011	513	4,506	3,854	3,000	765	467	87

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

Unit: person

	Total number of employees	Men	Women	Disabled	Minority
Number of persons	18,081	8,800	9,281	75	416
Ratio to total	100%	48.67%	51.33%	0.41%	2.30%

#### Internal referrals

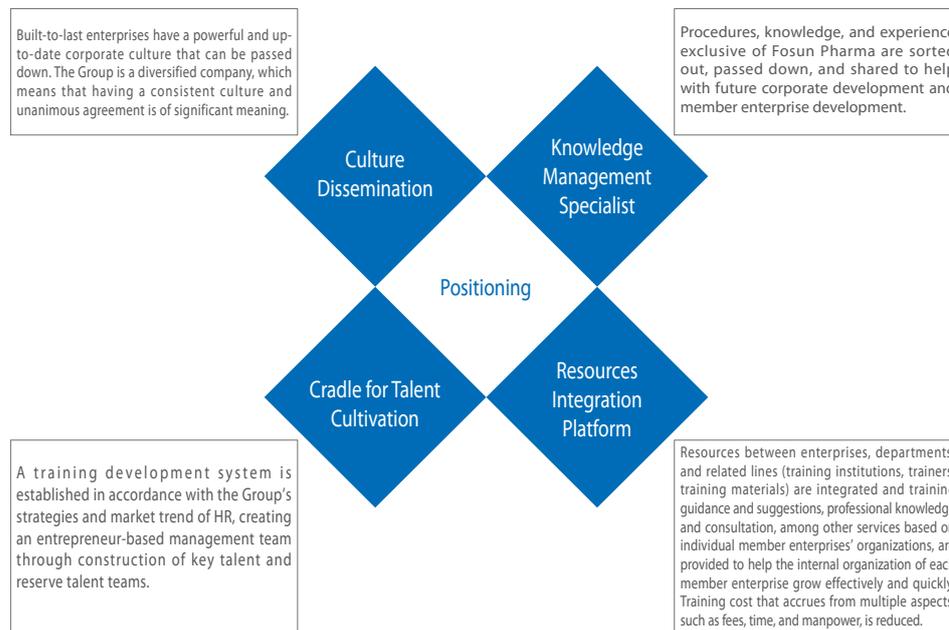
The Group encourages its current employees to proactively refer external talent (the Elite Project) to establish a more diversified talent database and to build a first class team.

#### Cultivation of Talent

Fosun Pharma Group puts a high value on "cultivating people with work".

The continuous development and progress of the enterprise requires the joint effort and devotion from employees at all levels. The Group offers an open platform and diversified occupational options that enable its employees to demonstrate their capabilities.

## Positioning of Training and Development



### Training and Development

The Group continued to deepen its progress of internationalization in 2014. It kept alert on the internet trend, and was concerned about the development of teenagers. To fulfill and support the needs for the overall development of member enterprises, the training and development center continued to provide resources and support to member enterprises. According to the statistics, almost 70% of the participants who attended in the Group's training came from member enterprises.

In strategy of 2014, we continued to develop our training system in "corporate culture and the four series", aiming to enrich and expand the training system. (The four major series included: "New Hires Series", "Leadership Development Series", "Functional Development Series" and "General Professional Skills Series")

**Corporate culture:** Through various culture promotion activities, such as the library opening ceremony, celebration for the 20th anniversary of Fosun Pharma and the "Month of Reading" activity, all employees can feel the aura of Fosun Pharma as a family.

**New Hires Series:** Fosun Pharma Group provides content-rich induction training to each new hire. It will focus on new hires for a period of time after training, aiming to help them quickly into the Fosun Pharma Group's family. Training includes induction training camp for new graduates.

**Leadership Development Series:** For preliminary, middle and senior managers, we provides skill enhancement program focusing on management skill and leadership, aiming to expedite the development of leadership and reinforce talent reserve for the Company. Skill enhancement program included the Fosun Pharma junior leadership program and the mini-MBA program.

**Functional Development Series:** Based on the specific requirements of different professionals, Fosun Pharma has designed various courses and programs which meet the development requirements of key employees, aiming

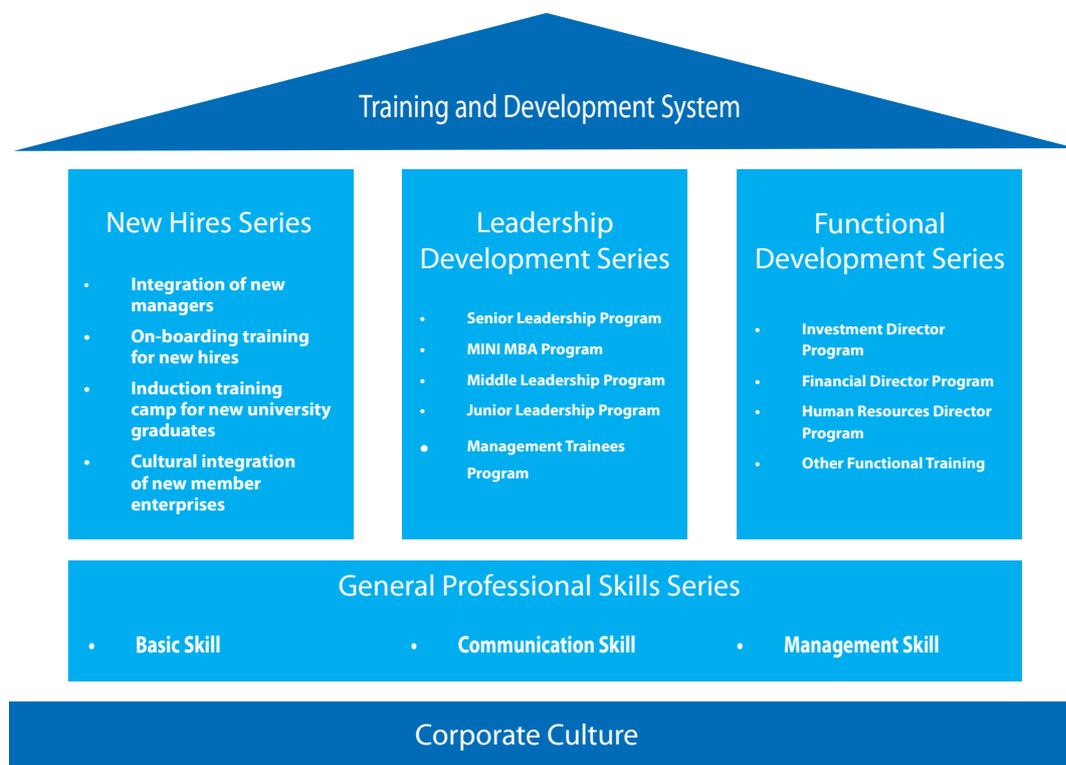
to develop systematic advancement-based professional talents, for instance, the human resources director program.

**General Professional Skills Series:** Learning new stuff is vital for building up one's comprehensive working skill. Therefore, we organize different courses on general professional skills. Most participants come from member enterprises of the Group. Some of the courses are conducted internally, such as PPT, financial management for non-financial managers, etc.

While designing various training programs, we obey the "70-20-10" rule. Besides routine in-class training, we place more emphasis on practical learning. Through the introduction of individual and group project, students can apply the theories and case studies they have learnt into their actual work. Thus, they become familiar with new tools, thereby optimizing working procedures and boosting performance and efficiency. In addition, each training class provides a great opportunity for learning from other's experience. Through the program platform developed by training center, program can communicate and discuss with each other in a casual and free environment, and further strengthen the practical implementation of knowledge. Moreover, some of the training programs invited senior management as trainers. They provided in-depth guidance for students and projects, thus building up a closer connection between learning and practical use. Students can rapidly grow through continuous communication and feedback.

Various learning and development activities organized by the training center provide a systematic learning and exchanging platform for talented young people with great potential. There are more talents with great potential in enhancing the core competitiveness of the Group to which who will benefit the company in long run.

## Training and Development System



## Major training indicators at Fosun Pharma Group

Training indicator		Unit	2012	2013	2014
Training hour(s) per person	Average training hour(s) of all employees	hour/person	-	-	36
	Of which: Average training hour(s) of male employees	hour/person	-	-	37
	Of which: Average training hour(s) of female employees	hour/person	-	-	34
Training of the senior management* <sup>1</sup>	Number of person	persons	118	154	180
	Total training person-hour(s) * <sup>2</sup>	person-hour	4,610	5,844	20,815
Training of the employees (including new university graduates) other than the senior management	Number of person	persons	8,971	14,050	18,278
	Total training person-hour(s) * <sup>2</sup>	person-hour	405,406	543,758	652,405
Of which: the training of new university graduates (including the retired)	Number of person	persons	317	434	714
	Total training person-hour(s) * <sup>2</sup>	Value (person-hour)	23,392	44,080	44,681

\*<sup>1</sup> High-ranking managers are those holding the position of vice general manager throughout the enterprise (including vice president) and a higher-ranking position.

\*<sup>2</sup> Total training Person-hour is product of the number of participants in the training multiplied by the overall training hours.

Note: Alma Lasers is not included in the above training data.

## Case: Efficiency and progress of the key training program for new management and new business of Wanbang Biopharma



According to the internal talent training program of Wanbang Biopharma, in 2014, Wanbang Biopharma provided wider range of training focus on new key manpower such as new managers, department managers, project leaders responsible for team leading and outstanding T24, aiming to enhance their professional skills and comprehensive team management capability. For example, in golden group leader training class, all students were divided into small learning groups before training. A group leader was appointed and members of the group completed the assignments together. The timely conclusion and review on the training content as well as the classification and record of course information received positive response. More importantly, in order to help students have a better understanding on what they have learnt and share their knowledge to colleagues, each learning group will prepare a PPT document, which summarized and concluded their study, within 2 weeks upon the completion of training course. Afterwards, the reporting and sharing of study will be conducted in Wanbang Biopharma.

## Case: 2014 Training projects at Wanbang Biopharma and Yaoyou Pharma

Wanbang Biopharma and Yaoyou Pharma have established a perfect training system that covers professional trainings such as safety education and production quality; corporate culture training such as new hires training, new enterprises training and MA PhD summer camp; as well as core talent development training such as management skills training for different positions and overseas learning.

### Internal training projects at Wanbang Biopharma

Category	Title of Training	Project Contents
New Hires Series	Military training for new university graduates	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 group culture of Wanbang Biopharma.
	Induction training	Induction training targets on new hires who entered Wanbang Biopharma at different stage. It helps new hires understand the basic status, regulations and systems of the enterprise, covers training on basic working skills and occupational attainments, and helps employees quickly adapt to the job requirements for them.
New members series	Program to help integrate into the new corporate culture	It facilitates the integration of culture of Wanbang Biopharma and the management of new enterprises joining the alliance. The implementation includes contents such as the integration of corporate culture and bridging of three major tasks (strategy, performance, and budget).
Middle-to-high level series	Common management ability program for middle-to-high ranking managers	Training programs on common management capabilities targeting middle-to-higher ranking managers are held periodically to meet the needs of Wanbang Biopharma in developing strategies. Training topics, which stick to the latest trend, are finalized on the basis of 360 degree feedback, management highlights of 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 "Implementation of new innovative minimally invasive technology", "Distribution and management mode of pharmaceutical enterprises under the mobile internet world" and "Customer-oriented working culture", were held. Moreover, selected middle-to-high ranking managers had participated in various courses, including "Art of leadership for technical senior management" and "EMBA training class of China-Europe International Business School".
T24, New Managers Series	Open class for common management abilities	This external program is provided to outstanding T24 and new backbones in order to enhance their common abilities throughout the system. Employees can choose courses on their own and then their department will select among the employees to attend the learning sessions with subsidies from Wanbang Biopharma.
	Group learning	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 Biopharma. 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.

## Internal training projects at Wanbang Biopharma (Continued)

Category	Title of Training	Project Contents
Production Quality Training	New GMP and cGMP training	The training focuses on the learning, documentation, and test on new GMP documents for production quality organizations.
	Operating procedures	SOPs and equipment maintenance documents and procedures are developed for individual positions.
EHS Training	Tertiary safety education	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 enterprise, workshop (department), and shift levels, respectively. Fire drill will be held at least once a year, and EHS quizzes for all staff are held.
Talent Development Training	Talent inventory	The annual promotion plan, elimination plan, and adjustment plan are defined and a development plan is established for key talent by performing assessments and analyses on the quantity and quality of talent in accordance with Wanbang Biopharma's strategies and business demand.

## Training projects at Yaoyou Pharma

Training Project	Title of Training Project	Contents
New Hires Series	Military training for new university graduates	The extensive military training helps refine will, break through oneself, and fortify implementation and group awareness.
	Training for new university graduates on culture and occupational achievement	It helps with a comprehensive and advanced understanding of Yaoyou Pharma, have professional knowledge of the pharmaceutical industry, and nurture the sense of mission and honor in pharmacy practitioners by learning corporate culture, strategic planning, and related management system.
		It helps develop occupational train of thought and basic skills among employees and facilitate transformation in the roles students play in order to adapt to the corporate demand in the midst of rapid development.
	Production frontline training for new university graduates	New university graduates can work at the production frontline, thereby having a better understanding on production procedures and experiencing the actual medicine production procedures. It also develops their awareness on product quality and the social responsibility of pharmacy practitioners.
Reserve Talent Cultivation Series	Service training and self-study program for new university graduates	It helps the acquisition of required skills for the specific position and quick devotion to related tasks once qualified through the training. It provides comprehensive support and guidance on the individual study program of new hires at early stage, aiming to help them adapt to the corporate environment in a short time.
	Newbies training program	It provides extensive training for university students with less than 3-year working experience, thereby cultivating their occupational literacy.
Key Talent Cultivation	Weekend development training	Extensive training for frontline managers will be held once a month, aiming to develop their professional skills and boost team spirit.
	International Pharmaceutical Engineering Management, Peking University	Middle-ranking managers and core backbones in the business section of Yaoyou Pharma are selected to attend the two-and-half-year master's program on international pharmaceutical engineering management offered at Peking University.
	Overseas training for experts	Excellent technical talents are selected to attend overseas industry summits and new technology learning programs etc.
Professional Skills Cultivation	Overseas training for managers	Managers are selected to attend overseas MBA courses and management skills enhancement programs etc.
	Drug Research, Development and Assessment Seminar, Research and Development	Related employees in the research and development section are sent to attend the drug research, development, and assessment seminar held by the Center for Drug Assessment to meet their training needs and help enhance their business skills.
	R&D expert forum	External R&D experts are invited to expert forums with R&D personnel on an irregular basis.
New Technical Staff Training	GMP and cGMP training	GMP and cGMP professional trainings are held for production staff based on the actual requirement.
	New tertiary students training	All-rounded training and enhancement programs are provided for new workers in order to build up a new professional technical team.
Summer and Winter Camps themed with Corporate Culture and Employer Brand	Winter camp	Winter camp was held in January, aiming to establish employer brand
	Summer camp	The Boshuo Summer Camp was held in July. High school students were able to get closer to Yaoyou Pharma and understand its culture.



## Case: Chancheng Hospital improves the quality of its employees through internal trainer team



The spirit of dedication and devotion is the core quality of employees. This is what employees rely on when developing their qualities, as well as the spiritual support for the continuous enhancement of employees' culture and technical attainments. With its internal trainer team consists of over 30 trainers, Chancheng Hospital has developed a culture with great cohesion power, excellent spirit of dedication and devotion awareness, as well as strong team spirit, which is important in modern hospital management. This team has delivered courses on different topics to all employees in the hospital, such as politics theory, medicine and humanity, quality service, pre-service training and industry safety. More than 3,500 employees participated in these courses, with more than 150 courses held. Trainers focused on key areas and conducted the courses in a funny and interesting way. Moreover, internal trainers possessed intensive experience in theory application, which were highly recognized and appreciated by participants.

## Case: Fosun Pharma Induction training for university students



Every summer, there are young and active university graduates arriving individual member enterprises. In order to help them better adapt themselves to the team shortly, The Group held its traditional training for new university graduates. During the year, in view of the characteristic of new generation employees, there were fewer military training sessions and more creative commercial games. Classroom training was reduced while experience and sharing sessions were increased. During the 7-day training, university graduates learned corporate development under the guidance of trainers and worked in a simulated working environment. They experienced team cooperation, thereby completing the first step of transforming from students to employees.

### Learning feedback:

The 7-day training has a profound impact. For me, it is not just induction training but a precious experience in my life. I am greatly impressed by the Knowing Myself personality test. Before the test, I did not know whether I was an extrovert or introvert. After attending the "knowing yourself" lesson, I realized personality is built based on our preference. We will act in extrovert and introvert way, but we can do better in either way. In respect of the way to develop yourself in either type, lecturers told us we should understand our strength and areas to be improved, and the key is to learn from persons with personality opposite to ourselves. I was suddenly enlightened though. I used to repel persons with opposite personality, and now I realize that I should learn from them.

—— Renjie, Research Institute of the Fosun Pharma

During the 7-day training, I was impressed by the commercial game regarding the R&D feasible analysis on pregabalin

generic drugs. Numerous factors should be considered when determining whether the proposal is feasible or not, such as government policy, market value, technical route, financial analysis and risk assessment. Restricted by my specialty in university, I am not an expert in all aspects. Therefore, I had to cooperate with other students of different expertise to complete the work. I was responsible for the analysis on market value of medicine in my team. I had evaluated the number of patients using this drug at present, predicted the future trend and discovered the market potential of the drug. Lecturers had given valuable opinion and recommendation on the ppt presentation of our group. We learned a lot from that.

—— Hui Junyuan, Distribution Department II of Long March Medical

I have learnt a lot from the quality improvement activities in the last three days. More importantly, it has changed my mindset. The "distanced water retrieving" had strengthened the cooperation between group members. The "grid passing" made us

understood that there is nothing impossible if we are determined to do something. We also realized the importance of planning and strategy setting before the completion of a task. The "trust fall" taught us how to trust each other. We also learned that "it is an attitude to trust others and an ability to gain other's trust". The "air grab bar" made us overcome our fear and have a breakthrough. We also realized that encourage and support from team members can greatly encourage and motivate us. The "silent tower building" taught us it is important to consider from other's point of view when communicating with others. The "safety wall" made us experienced that success can be achieved when we work together. Through various team activities, I understood some thoughts on truth and became more active and optimistic. More importantly, I have built up "revolutionary" friendship with others.

—— Lin Yan, Blood Glucose Product Department of Fosun Med-Tech

## Employee Development

### Performance management

Fosun Pharma Group emphasizes “rating people by their performance”.

The design, implementation, and utilization of results obtained from the Group’s performance management system have been surrounding the overall assessment of employees’ performance comprehensively and objectively and are meant to improve the matching degree among employees’ quality, capability, performance, and functional requirements and facilitate constant perfection in terms of joint sustainable development between employees and the corporation.

The Group rates management teams at respective enterprises to ensure effective relay of important performance indicators 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 enterprises pay much more attention to patient and employee satisfaction, medical quality and safety, medical characteristics, service process flows, talent cultivation, employee development, etc. For medical liability accidents, 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 Fosun Pharma. 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 help the latter enhance their specific performance and capabilities.

## Employee Incentives

Fosun Pharma values “mobilizing people with a career”.

The company 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 company and be willing to devote themselves, helping the company grow over the long term.

### Long-term incentives

In 2014, the Company introduced the project-based “R&D System Incentive Solution”, which enhanced R&D quality and efficiency and promote and stimulate the incentive of the staff, thus achieving the win-win situation and development for the staff and the Company. Currently, various incentive solutions contribute to the preliminary formation of the framework of a long-term incentive system at Fosun Pharma based on the properties in the company’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 realizes the strategic support and innovation in terms of business development. Since it was established in 2007, the said system has been practiced by the management over the years. The current compensation system of Fosun Pharma effectively supports investment and operation strategies and comprehensively covers the company and individual member enterprises to successfully facilitate the fulfillment of long-term performance goals by the company and its member enterprises. It has also helped inspire and retain talent management goals.

## Staff change at Fosun Pharma

Unit: person

Table of staff change at Fosun Pharma	2013	2014
Total number of persons-in charge and vice general managers throughout departments	49	52
In which, new hires comprise	7	3
In which, new promotions comprise	9	5
Total number of supervisors and general managers	159	193
In which, new hires comprise	37	32
In which, new promotions comprise	30	21

## Staff outflow change at Fosun Pharma Group

Year	2011	2012	2013	2014
Outflow rate	14.50%	18.90%	17.57%	17.05%
Loss rate	13.31%	17.21%	14.76%	14.5%

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)



## Fosun Pharma Group Promotion Rate

單位：人

Category	2010	2011	2012	2013	2014
Total	24.31%	24.10%	20.60%	19.12%	11.48%

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

## Employee Benefits

The Group promotes fair competition and disapproves of discrimination. Its 2014 employee structure consisted of 51.33% female employees, 0.41% disabled employees, and 2.30% minorities.

The remuneration of all employees of the Group in all operating location is higher than local minimum wage and complied with local labor law and regulation. The Group strives to fair principle and opposes discrimination. It implements the policy of same starting salary for employees with different gender. It also complied with minimum wage standard, and achieved same salary at same position.

The Group hires talents with different expertise. It employs local talent from key operating location while actively attracts overseas talents.

The Group complied with the labor laws and regulations in operating locations. It has contributed statutory benefits and provided statutory holidays for all permanent employees. 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). It will retain the working position of pregnant employees. Unless the employee resigns, the employee can go back to her position after pregnancy holidays. For male employees, they are entitled to paternity leave.

The Group has entered into collective labor contract with all of its employees through the labor union. 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.

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. Some of the enterprises have included the existence of child labor hire and forced labor under the scope of supplier assessment indicator.

## Labor Union

All the member enterprises 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.

### Democratic Management

In 2014, 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'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

In September and October 2014, Fosun Pharma's trade unions and environment, health and safety management department jointly organized the EHS management month theme event "EHS from me and us, but how?" for the Group to raise Group members' and target personnel's awareness of EHS, facilitate EHS execution and encourage them to become role models. The event was well-received with positive participation of 26 member enterprises including over 10,000 senior and mid-level management and ordinary staff during the two months.

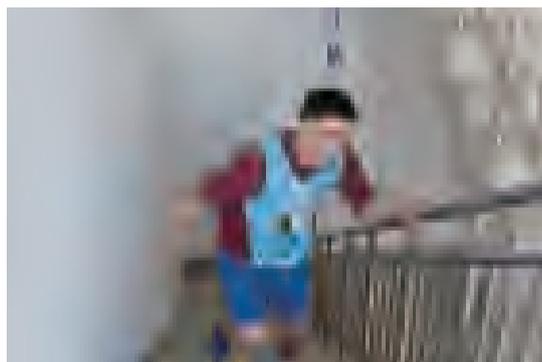
## Employee Activities

Fosun Pharma's Labor Union proactively organizes and coordinates among individual departments and Individual member enterprise and joins efforts in the organization of various events that help invigorate employees' cultural life and jointly promote corporate cultural constructions.

In 2014, the Fosun Pharma's Labor Union organized birthday parties, employee physical examinations, employee photography, Tai Chi, Yoga, Pilates and sports clubs, among other recreational and sports activities. It participated in the "Kang Le Cup (康樂杯)" swimming competition organized by the labor union of Sinopharm, and achieved excellent result by winning 1 gold medal, 1 silver medal and 2 bronze medals. The Labor Union also organized table tennis competition and charity hiking competition in celebration of 20th anniversary of Fosun Pharma. 71 employees from 13 companies joined the table tennis competition. 84 employees from 13 companies joined the charity hiking competition. Based on the number of participants, the Company has donated RMB84,000.

On November 28, 2014, the opening ceremony of Fosun Pharma library, the construction of which was led by Fosun Pharma's Labor Union, was held. On the same day, the nameplate unveiling ceremony of Fosun youth center, Fosun Community Charity Foundation base and culture activity center of Fosun Pharma was held in the library. Through this platform, a better environment has been created for talent cultivation, development and motivation. Employees are provided with more opportunities to learn, exchange with others, improve their skills and interact with others. This promotes integration within Fosun systems, thereby cultivating talents and integrating different culture. Currently, there are over 3,200 books stored in the library. Labor Union will allocate funds for purchasing new books every month. At present, a headcount of over 700 readers borrowed books from the library, and the library received positive response from employees.

On September 13, 2014, Fosun Pharma has moved to Building A, Clone Technology Park, No. 1289 Yishan Road. Labor Union has established various gymnastic and culture facilities for employees at the new building, including gym center, table tennis room and Tai Chi center. Employees can train their body and enjoy entertainment during working hours.



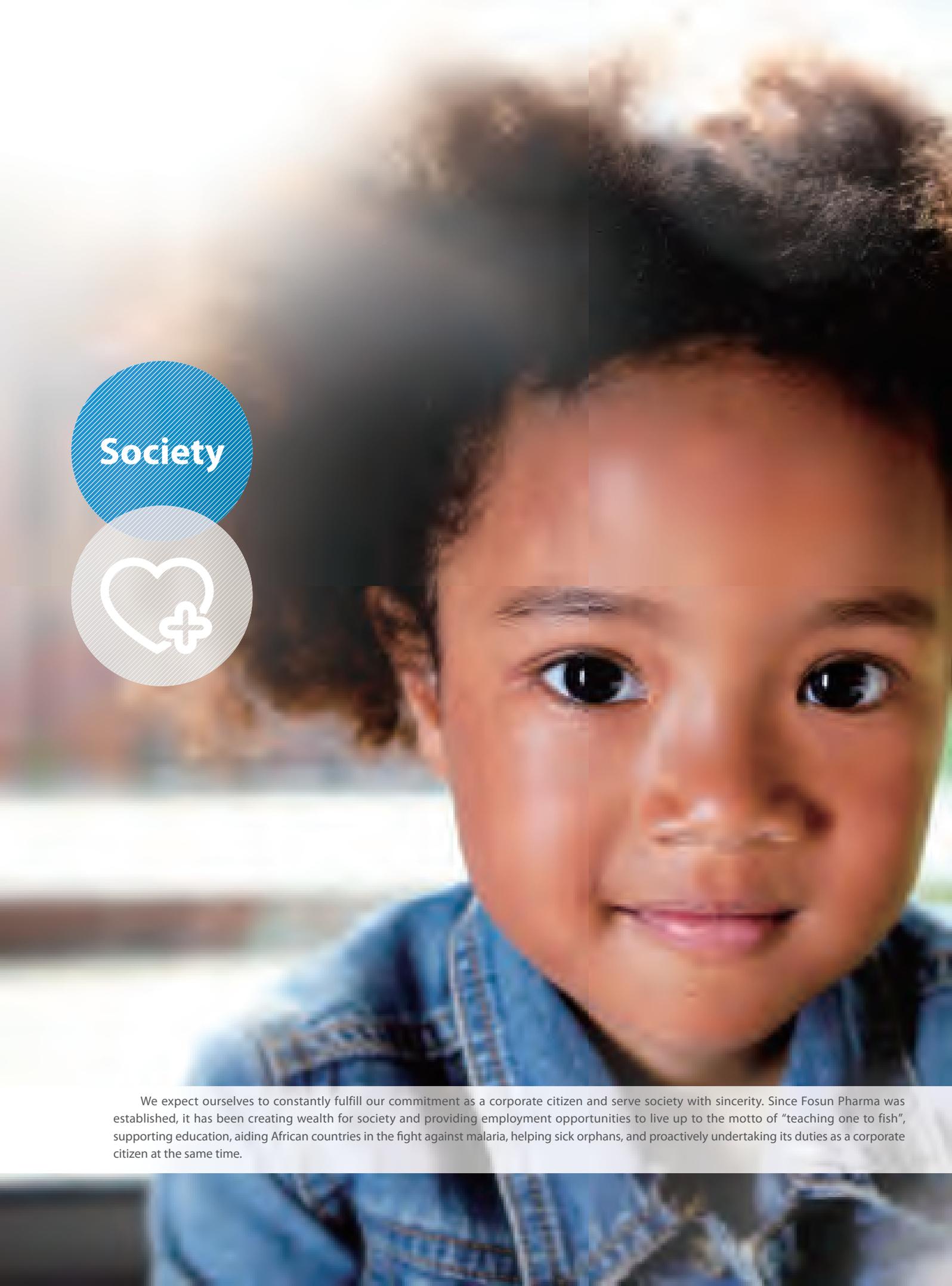


**Xu Ying**

**Major in Chinese medicine resources and development,  
Shenyang Pharmaceutical University of Grade 2013**

I was interested in Chemistry when I was a high school student. I am major in Chinese medicine resources and development at Shenyang Pharmaceutical University and I still have great interest in chemistry. I study hard at the university and have good results. The "Fosun Pharma Scholarship" gives recognition and encouragement to me. In the university, I not only learn professional knowledge but also know that I have a responsibility for the society. I am grateful to all the teachers and classmates for their consistent support. I am grateful to Fosun Pharma for my award. I will try my best to work better and better to return my school and the society

# Responsibility



## Society



We expect ourselves to constantly fulfill our commitment as a corporate citizen and serve society with sincerity. Since Fosun Pharma was established, it has been creating wealth for society and providing employment opportunities to live up to the motto of “teaching one to fish”, supporting education, aiding African countries in the fight against malaria, helping sick orphans, and proactively undertaking its duties as a corporate citizen at the same time.



## Social Contribution per Share

The social contribution per share of Fosun Pharma Group was RMB2.36\* (RMB1.90 per share in 2013 upon retrospective adjustment).

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 May 14, 2008 to encourage respective listed companies to disclose social contribution per share in their annual social responsibility report and accordingly 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 per share = earnings per share + (tax revenue, employee cost, interest expenditure, devotion to community charity)/total share capital at the end of term*

## Corporate Citizen Commitment

### Anti-corruption management

To embark on honest administration construction of the Group, protect normalized and orderly management in the enterprise, 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, Fosun Pharma prepared "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 shall sign the "Letter of Undertaking for Honest Employee Practice". Basically, the letter of undertaking covers all of the employees with a signing rate of 100%. 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 anti-corruption initiative, enhance the awareness of anti-corruption and honesty promotion and spontaneous resistance to corrupt ideas, and ensure smooth development of the Group, in 2014, the Honest Administration Supervision Department of the Company conducted a series of anti-corruption and honesty practice promotion and education for its new hires in Shanghai. A total of three specialized training programs on creating an honest culture were held, with the participation of approximately 48 new hires.

In addition to the setup of portals to the Disciplinary Committee and its Honest Administration Supervision Department on the company's OA network, Fosun Pharma proactively conducted promotion and education on anti-corruption and honesty promotion regulatory system. 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 18 articles on various topics were released throughout the year.

In view of the current situation, the Company conducted research on the anti-corruption culture, policies and systems in Hong Kong. At the beginning, there are only a few general legal basis on anti-corruption, such as the Prevention of Bribery Ordinance, in Hong Kong. As the anti-corruption works develops, a comprehensive anti-corruption legal basis was formulated, including laws, codes, guidance and guidelines. Thus, the Honest Administration Supervision Department reported the

Progress of Creating an Honest and Clean Society in Hong Kong. The Company has a better understanding on the deficiency under current social and commercial environment through the research, thereby striving to make an improvement.

### Honest Administration Supervision Department

To fortify the immunity of the corporation, guide employees through honest practice, further enhance the corporate management level on honest administration construction, prevent employees from violating laws and rules with the power they have, eradicate corruption at the source, the Honest Administration Supervision Department of the Company focused on the construction of anti-corruption and honesty-promoting systems and establishment of honest administration supervisory systems and other related works during 2014.

In 2014, under the leadership of the company's Board of Directors, the Honest Administration Supervision Department quickly established a normalized system for the discipline and prevention of corruption following the principle of "addressing both the signs and the root cause, applying comprehensive governance, taking care of both discipline and prevention, and emphasizing prevention." The emphasis was particularly placed on the prevention of corruption at the source.

To govern the tasks and action taken by the Honest Administration Supervision Department and enhance its quality of work, the Management System on the Honest Administration Supervision Department of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Draft) was amended. The amended management system defined the positioning, responsibilities and duties, working standards, business flowcharts and operating procedures of the Honest Administration Supervision Department, laying a good foundation for the quality of work carried out by the Honest Administration Supervision Department. This management system has submitted to the board of Fosun Pharma for approval, and will be implemented upon receiving official approval.

Supervision and inspection are important tasks of the Honest Administration Supervision Department. In 2014, the Honest Administration Supervision Department proactively supervised on construction projects of member enterprises, equipment procurement and other relevant issues, and participated in biddings. As recorded, there were a total of 15 biddings. Hence, corruption can be eradicated at the source through participating in biddings.

In 2014, the Honest Administration Supervision Department issued assessment forms on reported information in relation to honesty risk to major member enterprises of Fosun Pharma Group in requesting for information in relation to honesty risk assessment, and they responded within the time frame. For some of the member enterprises which did not provide sufficient information regarding honesty risk alert assessment after checking, they have submitted the written revised form. The effective implementation as mentioned above laid a foundation for subsequent follow-ups and tracking.

In addition, 5 complaints and reported cases were received in 2014. The Honest Administration Supervision Department inspected enterprises on a timely manner. The major problems were identified as caused by imprudent practices in the process and operation. All projects had been handled efficiently with responses received subsequently. Written report would be submitted. Meanwhile, relevant procedures will be revised and improved so as to avoid problems from happening again. Problems on management of some member enterprises are disclosed through supervision and inspection. By regulating the operation of member enterprises, the sustainable healthy development of enterprise can be ensured.

In July 2014, the representatives from the Honest Administration Supervision Department attended the training for inspectors of non-government organization organized by the Central Commission for Discipline Inspection. Participants learned about the current situation on anti-corruption and honest promotion. They also had a basic understanding on effective supervision methods through theory learning. This provided new ideas and new methods for the next step of honest supervision works.

The Honest Administration Supervision Department frequently organizes benchmarking and exchange activities with top enterprises in the industry. They share experience and learn from each other. The Honest Administration Supervision Department learns from strengths of others and improved its own insufficient, thereby optimizing its works.

Looking forward, the Honest Administration Supervision Department will serve as the "4th defense line" to protect the rapid, healthy and sustainable development of the Group.

## Community Charity

Fosun Pharma has been proactively participating in community charity events along with its members to demonstrate their love for the neediest people in society. In 2014, the Fosun Pharmaceutical Group donated more than RMB10.00 million in total to society (including physical donation and individual donation).

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

As an important part of its sustainable development strategy, Fosun Pharma 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 has now formed a perfect community charity system, the "FUTURE STAR" community charity program. The hope is 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.

Subsequent to the opening of the "FUTURE STAR" community charity elementary school in 2013, the project on the first "FUTURE STAR" community charity elementary school of Fosun Pharma continued to progress on August 30, 2014. The project included the construction of "Love and Dream" classroom and scholarship offering. A total of RMB900,000 was donated to support the development of Fuling FUTURE STAR Elementary School.

### Supporting Education

Fosun Pharma started to offer scholarship at medical schools throughout China since 2010 in order to cultivate more talent for the medical industry. The scholarship is meant to create a better schooling environment for students, encourage them to remain passionate about their studies, and promote education in the medical industry of China in order to nurture and find talent for the industry.

In 2014, Fosun Pharma donated RMB260,000 to the School of Life Sciences, Fudan University as an incentive for outstanding students from poor families and young teachers having accomplished innovative results in scientific research in order to help the teachers and students have further accomplishments in scientific research. Fosun Pharma scholarship is also available at Shenyang Pharmaceutical University, Huazhong University of Science and Technology, and the West China School of Medicine, Sichuan University. Fosun Pharma donated RMB20,000 to be the scholarship to each of the universities in 2014. The first batch scholarship of RMB100,000 under the scholarship and teaching grant collaborative project between the Fosun Public Interest Fund of Fosun Pharma and the China Pharmaceutical University was awarded. It is meant to encourage outstanding teachers, excellent league leaders, and academically outstanding graduate students at China Pharmaceutical University that devote themselves to the domestic medical industry and are scientific research and innovation-oriented.

On November 10, 2014, the sixth "C.C. Tan Life Science Award" presentation ceremony was held at University of Science and Technology of China. Fosun Pharma is in full support of C.C. Tan Life Science Award and specifically sponsors the "C.C. Tan Life Science Award — Industrialization".

### Fosun Foundation

On November 30, 2012, Fosun Foundation jointly initiated and established by Fosun Group, Fosun Pharma, and Forte Group was officially announced to be activated in Beijing. "Fosun Foundation" is a non-publicly raised fund. The initial value of the foundation was RMB10,000,000. 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 wishing to start a business for the sake of community charity.

In 2014, Fosun Pharma donated RMB5.00 million to Fosun Foundation to be used for various charitable projects, including Yunnan Ludian earthquake rescue, Shanghai Rare Diseases Prevention & Treatment Foundation and Fosun-Chinese Association of Plastics and Aesthetics technology awards.

### Earthquake Rescue

At 16:30 of August 3, 2014, an earthquake of magnitude 6.5 (on the Richter scale) broke out in Zhaotong City, Ludian County of Yunnan Province. The "Fosun Foundation" collected the first batch of relief supplies worth RMB2.00 million from Fosun Pharma and its subsidiaries, Yaoyou Pharma and Guilin Pharma. The relief supplies were promptly sent to affected zones via Yunnan Department of Civil Affairs.

## Listen to what they say: Community charity collaboration projects



Chen Haoming

Secretary, School of Life Sciences, Fudan University

“He thanks you for the continuous support of Fosun Pharma on the educational development of Fudan University. He hopes that students will treat the scholarship as spiritual incentive instead of a simple material incentive, and understand the contribution and repayment made by Fosun Pharma on the society and educational sector. He earnestly hopes that teachers and students can learn from the spirit of Fosun Pharma, and try to repay their school through their talents, contributions and donations. It is hoped that they will show their caring on society and loyalty to the country, and pass the spirit of being thankful and willing to contribute to the next generation.”



### Case: “Shanghai Rare Diseases Prevention & Treatment Foundation” —— Specific Donation Project of Fosun Foundation and Fosun Pharma

On October 19, 2014, in order to promote healthy life and enhance the awareness and support to patients with rare diseases, Fosun Foundation at Shanghai and Fosun Pharma strongly support the establishment of “Shanghai Rare Diseases Prevention & Treatment Foundation”. Both parties donated RMB500,000 as the initial funds for Shanghai Rare Diseases Prevention & Treatment Foundation. Meanwhile, Fosun Foundation at Shanghai and Fosun Pharma will closely monitor the development of Shanghai Rare Diseases Prevention & Treatment Foundation. Through existing platforms and resources, it will proactively participate in activities which aim to enhance professional knowledge regarding rare diseases and increase the awareness on patients with rare diseases. It strives to continue working on promoting the health of mankind.



### Case: Promoting the Technology Development of Medical Aesthetic Industry in China by Setting up the “Fosun-Chinese Association of Plastics and Aesthetics Science Technology Award”

On November 29, 2014, Chinese Association of Plastics and Aesthetics announced the setting up of the most honorable award in PRC medical aesthetics industry — the “Chinese Association of Plastics and Aesthetics Science Technology Award”. Fosun Pharma donated RMB700,000 in support of the first award granting through Fosun Foundation. The award has been named as the “Fosun-Chinese Association of Plastics and Aesthetics Science Technology Award”.

The Award aims to promote the development and innovation of PRC medical aesthetics technology, as well as build up a “Chinese style” medical aesthetics technology. It also aims to award groups and individuals who made significant contribution and outstanding achievement in medical aesthetics basic research, application research, technology invention and international technology cooperation etc. The Award comprises of 1 invention award, 3 innovation awards, 6 progress awards, 1 award on international cooperation award and 1 lifetime achievement award.

## Case: “Fosun Love to Children Rehabilitation Program”

The “Fosun Love to Children Rehabilitation Program” continued in 2014. The United Foundation used the RMB210,000 donated by Fosun Pharma to help five orphans and children from poor families with their persistent medical treatments after completing surgeries in relation to congenital heart disease, cochlear implant and hepatoblastoma. The five children recovered well after surgery and were discharged from the hospital.



Fu Bo-Xue  
Operation Manager, United Foundation

Donations from Fosun Pharma are vital for the ordinary operation of the foundation and its relief works for children from poor families. The Orphan Center of United Foundation, patients from poor families and their parents, and staff of United Foundation would like to express their sincere appreciation to Fosun Pharma for its magnanimous act. The generous donations from Fosun Pharma have made children to have a better life, and helped poor families overcome difficulties in life.

## Case: The “Shanghai United Walkathon” Volunteer Event



Organized and mobilized by the Fosun Pharma team of volunteers, 24 coworkers in total from the Fosun Group and Fosun Pharma took part in a private community charity event called “Shanghai United Walkathon” on April 19, 2014. Twelve members from Fosun Pharma formed two runaway teams.

“Shanghai United Walkathon” is a platform-based community charity fund-raising event. It was organized by the Shanghai United Foundation, a community charity foundation in Shanghai and was meant to raise money for several private charity projects that benefit children. Participants had to walk through a distance of 50 kilometers and make a bet with their relatives and friends before the runaway began in order to raise the money.

In 2014, Fosun Pharma and its team of volunteers mobilized everyone to take part in the event again to continue pass down their love and positive energy. More than RMB100,000 was raised in total. Fosun Pharma volunteers have participated in the runaway event for three successive years. The participation of Fosun Pharma volunteers in the runaway event has an increasing influence on Fosun Group and Putuo district, which made a positive contribution in building up the corporate culture of Fosun Pharma. Many volunteers think it is a meaningful event, and they will join the event in the future.

## Feedback from Participants in the Running Event



Sun Li: This runaway event has created an opportunity for me to contribute to the society. It is also a great challenge for me.



Xie Si-Yun: I feel that the “Shanghai United Walkathon” was a very meaningful event. I had always believed that I could hang on through the end. Although I had to lie in bed for the whole day after that, it did not affect my passion to take part in the event again in the future.



## Community Service

In 2014, Wanbang Biopharma launched the “Wanbang Diabetic Patient Care” campaign through its drug stores across the country. The campaign provided free blood glucose and blood pressure test for local patients. 50,000 patients in total were served at over 100 drug stores. Meanwhile, a total of 200,000 free education books and brochures were distributed to patients.

During the National Safe Medication Month in 2014, Guilin Pharma organized exhibitions, distributed brochures, provided live consultation on safe medication and displayed bogus or inferior drugs for Guilin citizens. It also provided consultation on safe medication, displayed bogus or inferior drugs and received complaints during exhibition. Its goal was to make citizens have a better understanding on basic knowledge on safe medication, and learn how to acquire medicines on their own.

Chancheng Hospital recognized the importance of holding community health talks. In 2014, 63 health talks were held, of which 11 and 20 talks focused on diabetic and woman and children healthcare, respectively. It organized a total of 39 free clinics, which were well received by local residents and government authorities.

In 2014, Golden Elephant Pharmacy proactively conducted various community services. It has organized nearly 100 activities in serving local community, such as

free health consultation and health talks, establishment of medication record on chronic diseases, distribution of Golden Elephant Caring Medicine Cabinets, launch of community seminars and door-to-door pharmacist services, free blood pressure and blood glucose test and free clinic by pharmacists from Golden Elephant National Pharmacy.

Individual shops of For Me Pharmacy often hold diversified activities that are convenient and to the benefit of people. They organize health workshops, and provide free medication consultations and health check such as measurement of blood pressure.

Jimin Cancer Hospital organized several health talks on cancer prevention, which increased citizens’ awareness on cancer and other disease prevention.

Guangji Hospital held 16 free clinics at elderly houses, factories and community wards during 2014. 8 experts, who are responsible for guiding the operation, permanently stationed at Wanyue Road Community Health Service and Meixi County Community Health Service. There were healthcare professionals at Yueyang Center conducted healthcare service. They provided healthcare services at the Provincial Farmers’ Game, and formed a medical team at the Yueyang Emergency Medical Team. They also exclusively provided healthcare services for the Yueyang South Lake Cycling Competition.



### Case: Liver Health Caring Campaign — Passing your Love through Jade Ribbons

On October 14, 2014, Jade Ribbon Liver Care Center, which was founded by Yaoyou Pharma, launched the first “Liver Health Caring Campaign — Passing your Love through Jade Ribbons”. Jade Ribbon Liver Care Center officially commenced its liver caring activities at high schools, hospitals and communities across the country.

Yaoyou Pharma organizes liver patient caring charity activities for the community, and participate in the jade ribbon campaign. The center will share knowledge on prevention of liver diseases and liver health caring to teenagers at schools. It will also provide mental and physical support to liver patients in the society. It will participate in interruption works on mother-to-infant transmission of Hepatitis B virus at hospitals. This can lower the number of infants with Hepatitis B virus, thereby lower the number of liver patients in the future. The campaign aims to increase society’s awareness and caring on liver patients.

### Case: Wanbang Biopharma Launched a Charity Campaign — the “Bang Program”

At the beginning of 2014, Wanbang Biopharma commenced the “Bang Program”. The program aims to promote reasonable medication of the grassroots, improve the medication standard in remote area, subsidizes in the construction of education facilities in poverty area and make donation to support the study of poor students.

In July 2014, the charity program for children of Wanbang Biopharma, namely the “Bang Program” and took over six months for preparation, was officially launched at the Navy Hope Elementary School of Kongkeshu Village, Sangzhi County, Hunan Province. Over 50 volunteers participated in the program. Professors have built up one-on-one trainer relationship with 17 local children. In addition to physical donation, the program focused on “soft support” to children such as provision of psychological caring.

In November 2014, the medication and education charity program under the “Bang Program” was successfully launched at the Third People’s Hospital of Weishi County, Heinan Province and the Weishi County Kongjia Elementary School. The first charity talk by Dean Guo Minghao, the caring ambassador of the “Bang Program”, was held, thus providing patient’s families with relevant information on medical theories, treatments, diet management and health management in an authoritative and active way. In the afternoon on the same day, charity sharing campaign was held at Weishi County Kong Jie Elementary School. The “caring ambassador” comprised of 16 invited experts on kidney disease, together with the volunteer team under “Bang Program”, visited the homes of 16 students. They brought rice, cooking oil and money donation to those students.



## Case: The “Healthy and Fortune Mother” Event



On May 11, 2014, the “Healthy and Fortune Mother” event organized by Fosun Group and Fosun Pharma was held at the 1/F theater of Shanghai Children’s Welfare Center. The Company had organized events at the welfare center for four successive years. The Company intends to have more interaction with welfare center in the future, and help children grow healthily and happily through different resources and activities. During the event, volunteers from different member enterprises provided health consultation for aunts at the welfare center. They enthusiastically provided free clinics for the “mothers”, and conducted blood glucose test and blood pressure measurement for them.

### Voices from Shanghai Children’s Welfare Center:

Wang Yaoli, Director and Head Nurse of Jasmine Garden, Shanghai Children’s Welfare Center

“As a senior servant under civil welfare system, I think various parties in the society concern about children in welfare center very much at present. I can feel the deep caring and love on orphans and disabled children from the government and different parties. However, today’s event is special. It sent its love and care to female staff who takes care of children at the welfare center. As one of the staff here, I feel very warm about it.”



Wang Yaoli

Wu Jianhong, President of Class 1 of Bauhinia Garden, Shanghai Children’s Welfare Center

“My major duty is to take care of the daily life of children in the welfare center. I also assist doctors in conducting their recovery and psychological works for children. Today is the Mother’s Day, and this event let me feel the caring and encourage from the society on us. Moreover, children can learn how to become thankful to others.”



Wu Jianhong

He Yuanqiang, Child from Shanghai Children’s Welfare Center

“I love Today’s “Secret Voice” class very much. The elder sisters quizzed us and asked questions in the class, and I have learnt a lot from it. Today is the Mother’s Day. I would like to say “thank you” to all aunts in the welfare center. Thank you for taking care of us every day!”

Zhu Haiyan, Director of Shanghai Children’s Welfare Center

“For children lived here, the welfare center is their home. We provide comprehensive services for them, which cover daily caring, medical treatment and education. Apart from it, we try our best to enrich children’s spare time. Shanghai Children’s Welfare Center has always been the service base for volunteers in Shanghai. We have abundant volunteers. A lot of volunteer teams visit the center on regular basis. They organize different clubs for children to cultivate their hobby and interest. In 2014, Fosun Pharma’s theme for the Mother’s Day event is excellent. It focuses on female staff in the welfare center and give them a wonderful Mother’s Day. The staff in the welfare center are mainly female, representing 83% of the total number of staff. They have been working hard for the daily caring on children. The event has created a harmony atmosphere and made us feel the caring from the society. This support our staff mentally and physically, thereby encouraging our staff to provide better service for children.”



Zhu Haiyan



### Donations made by Fosun Pharma and member enterprises (including individual employees) in 2014

Member enterprise	Project name	Recipient	Amount (RMB '0,000) (including yuan worth materials)	Brief description and purpose
Fosun Pharma	Scholarship and Teaching Grant at Fudan University	Fudan University	26.00	RMB260,000 donated each year for five consecutive years from 2012 onwards.
	Fosun Pharma-Fosun Foundation-China Pharmaceutical University Scholarship	China Pharmaceutical University	10.00	The donation of RMB100,000 donated each year for three consecutive years between 2014 and 2016.
	Scholarships to Shenyang Pharmaceutical University, Huazhong University of Science and Technology, and the West China School of Medicine, Sichuan University	Shenyang Pharmaceutical University, Huazhong University of Science and Technology, and the West China School of Medicine, Sichuan University	6.00	Fosun Pharma donated scholarships to Shenyang Pharmaceutical University, Huazhong University of Science and Technology, and the West China School of Medicine, Sichuan University on a yearly basis. The donation was RMB20,000 to each of the universities a year.
	CC Tan Life Science Award	Shanghai Bio Industry Association	50.00	Sponsorship at the value of RMB500,000 was provided each year for six consecutive years from 2012 onwards. It is used to support the CC Tan Life Science Award.
	Fosun-Chinese Association of Plastics and Aesthetics Science Technology Award	Chinese Association of Plastics and Aesthetics	70.00	Fosun-Chinese Association of Plastics and Aesthetics Science Technology Award was set up in support of Chinese Association of Plastics and Aesthetics to promote the progress and innovation of medical cosmetic science and technology in China.
	Fuling FUTURE STAR Elementary School (Second batch of donation, including the construction of "Dream" classroom)	Henan Province Lingrui Old District Foundation for Poverty	90.00	To support the development of education sector in old districts of Lingrui, Xin County, Henan Province, including the construction of schools, construction and installation of an e-learning library and establishment of scholarship.
	Election of New Drugs	Chinese Journal of New Drugs	57.60	To support the election of Chinese new drugs.
	The 12th China and International Pharmaceutical Technology Innovation & Industrialization Summit	China Association for Pharmaceutical and Medicine Technology	3.00	Used in the election and screening of China and international pharmaceutical technology innovation projects.
	Genetics Essays from Youth	Shanghai Genetics Forum for Youth	2.00	Used in the Best Essay Award.
Wanbang Biopharma	Donation	Kunshan Hospital, Red Cross and people in disaster-hit areas	1.82	Donation of essential drugs for burns to injured people in the Kunshan explosion incident, and donation of VV Soybean Milk to people in areas affected by Ludian earthquake
	"Wanbang Medical Scholarship"	Medical students in Xuzhou Medical College	2.00	Sponsored the "Wanbang Medical Scholarship" for Xuzhou Medical School, aiming to encourage and praise students with outstanding academic performance.
	Wanbang Diabetic Patient Care campaign	Public: members of Wanbang Diabetic Patient Care campaign	40.00	In 2014, 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. 50,000 patients in total were served at over 100 drug stores. Meanwhile, a total of 200,000 free education books and brochures were distributed to patients.
Huanghe Pharma	Donation of Trochisci Piperazini Phosphatis	Zhongqing Hechuan District Family Planning Association, Zhongqing Xiushan County Family Planning Association, and Jiangxi Jiujiang City Lushan District Population and Family Planning Association etc.	313.83	Donation of anti-parasite drug, Trochisci Piperazini Phosphatis, to local children.

## Donations made by Fosun Pharma and member enterprises (including individual employees) in 2014 (continued)

Member enterprise	Project name	Recipient	Amount (RMB '0,000) (including yuan worth materials)	Brief description and purpose
Wanbang Marketing & Distribution	The "Bang Program" charity campaign	Navy Hope Elementary School of Sangzhi County, Hunan Province, Medical School of Henan Chinese Medical University and Henan Province Weishi County Kongjia Elementary School etc.	21.60	In July 2014, mobilized by the "Bang Program" charity team, university volunteers joined the 15-days summer free education campaign at the Navy Hope Elementary School of Kongkeshu Village, Sangzhi County, Hunan Province. The "Bang Program" charity team sponsored all expenses and fees during the campaign. Students from the Hope Elementary School and volunteers were provided with free lunch. Necessities, supplements, stationary and scholarship, study tools and exercise equipment were donated, which will be used for students' study and development. Experts in kidney disease were invited to hold two charity medical training seminars and two charity education talks for patients in Weishi County, Henan County. It also distributed free knowledge handbooks and certain medical materials to patients in Weishi County.
	Charity donation	An employee	16.96	In November 2014, over 1,000 employees of Wanbang Marketing & Distribution donated RMB169,600 to save the life of a family member of an employee of Wangbang Marketing & Distribution.
	Family Planning Care Foundation	China Population Welfare Foundation	100.00	Aiming to promote population welfare and the happiness of families, and contribute in building a harmony society.
Wanbang Folon	Employee "One-day Donation" campaign	Employees in Linxi County who are facing difficulties	0.33	Employees voluntarily donated RMB3,300 in aggregate. The donation will be used to provide financial aids to employees who are facing difficulties.
Wanbang Jinqiao	Charity donation	An employee	0.95	A family member of an employee of Wanbang Jinqiao suffered from severe disease, and the family was unable to afford the huge medical fees. Donation was a form of support.
Wanbang Sainuokang	Charity donation	Zaozhuangshi Shizhongqu Charity Federation	0.50	In November 2014, under the "Education Donation" campaign organized by regional political representatives of Wanbang Sainuokang and regional charity federation, RMB5,000 was raised. The donation primarily used in assist the living of students from poor families in Shizhong District.
Shine Star	Visit employees suffered from severe disease	An employee	1.45	In January 2014, the labor union of Shine Star visited a employee suffering from sever disease..
	Charity donation	Professional art group	4.00	Provided financial aids to Kaile Maple Art Group
	Financial aids to poverty	First Secondary School of Gongan County	6.00	Provided financial aids to outstanding students from poor families in the First Secondary School of Gongan County.
Chongqing Research Institute	Donation to poverty	Qianjiang Shihui Town, Heixi Town, Line Town and Xinhua County	15.00	Assisted in the construction or reconstruction of healthcare medical system, waterworks, transportation facilities, as well as the development of agriculture plantation and farming industry in Qianjiang Shihui Town, Heixi Town, Line Town and Xinhua County.
Yaoyou Pharma	Healthcare	Primary Health Care Foundation	7.29	Fees for national primary healthcare.
	Foundation for poverty	Chongqing Foundation for Poverty Alleviation	5.00	Aids to poverty.
Hexin Pharma	"Bag to Help" campaign	Red Cross of Rangtang County	20.00	Designated to be used under the "Bag to Help" campaign of Sichuan Provincial Commission of Health, and focused on the three-year poverty assistance planning for 2013-2015 in Puxi County.



Member enterprise	Project name	Recipient	Amount (RMB '0,000) (including yuan worth materials)	Brief description and purpose
For Me Pharmacy	Charity donation	Students from poor familie	0.50	Made donation and provided financial aids to students from poor families in Chengshou community.
	The 2nd For Me Pharmacy Member Healthcare Festival and Herbal Paste Festival	Elderly with no family, elderly who live alone, poverty elderly and other target groups	10.00	Employees of "For Me" continued to perform their social responsibilities. They aimed to help elderly with no family, elderly who live alone, poverty elderly and other target groups within the district. Gift packages valued at RMB100,000 and comprised of necessities such as cooking oil and rice were donated.
Golden Elephant Pharmacy	Charity donation	Poverty and disabled children within the district	1.00	In 2007, Golden Elephant Pharmacy entered into community aid agreement with the Xinjiekou Road (where it locates) Office. Financial assistances were given to 2 families facing huge financial difficulties each year. Over the past 7 years, over RMB22,000 in aggregate were provided for 5 families. It also donated drugs to 5 disabled children.
Jimin Cancer Hospital	Charity donation	University students from poor families	1.00	In summer of 2014, it participated in the charity program regarding provision of financial aids to university students from poor families, the "University Dream" charity campaign under the Hope Project of Huoqiu Communist Youth League launched by the League Community Party of Huoqiu County and the Huoqiu County Office of the Hope Project, as well as enterprise charity donation campaign for education. These programs had fulfilled students' dreams in completing their university studies.
	Trial project on medical treatment for breast cancer patients of Jimin Cancer Hospital	Trial project on medical treatment for breast cancer patients	32.10	Through free clinics, talks, free body checks and distribution of over 10,000 leaflets, it promoted public knowledge on precaution measures at early stage, as well as the awareness on early treatment. By means of various promotion channels, 100 breast cancer patients from poor families in Anhui Province were selected. They were invited to the hospital to undergo surgery, radiotherapy, chemotherapy, biotherapy and other medical treatments. Hence, breast cancer patients from poor families can timely receive appropriate treatment.
Guangji Hospital	Charity donation	Elderly Nursing Home of Sanhe County, Yueyang Economic Development Zone, Yueyanglou Qijialing Elderly Nursing Home and the Yueyang Sports Avenue of Hunan Provincial Farmer Games	5.50	Used in elderly nursing homes in rural areas and cities as to show its caring on the elderly. As an unit providing healthcare service, Guangji Hospital participated in the whole process of the medical insurance program.
	Healthcare service and drugs donation for competition	Beijing West Town Charity Association	0.50	As the exclusive healthcare service provider, Guangji Hospital provided healthcare service during the Green Bicycle Competition held in Huannan Lake, Yueyang City.
Chancheng Hospital	Charity donation	Foshan Chancheng District Charity Association and Foshan City Chancheng District Family Planning Association	7.26	Chancheng Hospital totally donated RMB34,000 to the "Charity Donation Company" organized by Foshan Chancheng District Charity Association for three times. The donation was primarily used in community charity projects to help the poor, the elderly, the disabled, and schooling, and those requiring medical care. It also participated in the "One Dollar Love Donation" campaign. On the Guangdong Poverty Alleviation Day, the hospital organized joint donations by its employees.
	Materials donation	Xuwen County Shenzhou Mulanyuan Plantation Center	2.30	Donation of plantation fees for the forestry works in the affiliated hospital of Dongguan School of Guangdong Medical College.
	Large scale charity campaign on free surgery to patients with cataract (second phase)	Disabled People Union in Chancheng District, Foshan City	50.00	In order to help more elderly patients with cataract in Foshan city to help them regain visual acuity and to have a better life, the hospital and the Disabled People Union in Chancheng District, Foshan City jointly organized a large scale charity campaign on "free surgery to patients with cataract. Free surgeries were provided to patients with cataract to help them regain visual acuity in Fuoshang City.

## Donations made by Fosun Pharma and member enterprises (including individual employees) in 2014 (continued)

Member enterprise	Project name	Recipient	Amount (RMB '0,000) (including yuan worth materials)	Brief description and purpose
Chancheng Hospital	Hemodialysis fee reduction	Patients subject to hemodialysis treatment	7.30	Uremia is a long-term battle for patients both physically and mentally. Striving to its principle of "Saving Others' Life", the hospital provided fee reduction for patients who are facing financial difficulties and subject to long-term hemodialysis treatment at Chancheng Hospital.
Zhongwu Hospital	Charity donation	An employee, Sanshu County Elderly Caring Home and families with huge financial difficulties, as well as Suqian Economic Development Zone Security Bureau	14.90	A young nurse suffered from sudden cerebral hemorrhage. Staff from the whole hospital donated RMB86,000, while the hospital donated RMB10,000. The hospital participated in the municipal "Civilized Volunteer Service" campaign, and made donation to Sanshu County Elderly Caring Home and families with huge financial difficulties in development zone. To support the works of the Suqian economic development zone security bureau in summer, the hospital donated cooling facilities.
Shanghai Transfusion	Processing works for the "Sunshine Home" charity campaign	"Sunshine Home" of Shenzhuang Town	0.02	Provided simple working opportunities, such as envelope making, for mentally handicapped persons. This aimed to train the working skills of mentally handicapped persons and raise their confidence. They will also receive remuneration from their works.

## Aid to Africa in the Fight against Malaria

The Group is known for the country's first innovative drug, Artesunate, which was independently researched and developed. During the past three years, Guilin Pharma provided a total of 23.80 million injectable artesunate to the international market. As compared with the old-generation drug, this drug can save an additional 80,000 people's life. More than 3.40 million people (over 90% of which are African) were benefited.

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.

The Group enforced 2 foreign aid projects in 2014 and product provided under the projects included ARTESUN. Beneficiaries included Benin and The Republic of Uganda. The value totaled RMB2.20 million.

In 2014, the Group undertook one external human resources training project, namely the Seminar on Drug Quality and Safety for English-speaking Countries in Africa. 18 students from 11 countries participated in the seminar.

## Some free support campaigns of Guilin Pharma

Campaigns	The company proactively cooperated in the World Health Organization's (WHO's) project on preventive chemical therapies against seasonal malaria in African areas with a high prevalence rate (SMC). Children under the age of five were the target population. The new product SPAQ-CO was developed and marketed. Collaborating with MMV, the company promoted the SMC project in African areas with a high prevalence rate of seasonal malaria.
	The company launched the "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. This helps them learn the latest medical knowledge and improve their skills. Meanwhile, they can have the opportunities to have face-to-face exchange with top experts. Thus, the medical standard in Africa will improve.
	The company sponsored and participated in the World Malaria Day celebrations on April 25 in African countries such as Côte d'Ivoire, Ghana, Kenya, Uganda and Tanzania.
	The company worked with the National Malaria Prevention and Control Committee of different countries, including Tanzania, Malawi, Mali and Togo, in the local promotion of new malaria prevention and control policies and the training of health care professionals.

Pi Yishuang

Major in Applied Chemistry, Faculty of Pharmaceutical-Engineering, Shenyang Pharmaceutical University of Grade 2013

"Fosun Pharma Scholarship" is not only a physical award and honor, but also recognition to my efforts in the past from my teachers and classmates, as well as the expectation and encouragement of the enterprises and the society. Studying, practicing and investigation make to grow. I am not green and I am practical, experienced and calm now. I will cultivate my personality and study hard. I will use my knowledge and skills to create value and return the society.

A portrait of Pi Yishuang, a young woman with short dark hair and bangs, wearing glasses and a brown coat with a white fur collar and dark buttons. She is smiling slightly and looking towards the camera. The background is a soft, out-of-focus blue and grey.

# Expectation

# Rewards and Recognitions

## **Fosun Pharma Honored with the “Best Charity Practice Award” under the Third China Charity Festival**

On January 16, 2014, the Third China Charity Festival jointly organized by different media and institutions, including Shanxi TV, finance.china.com, Huanqiu Net and Baidu Charity, came to an end at Beijing. The theme of this year’s Charity Festival was “Enrich Your Inner Beauty from Engaging in Charity Works”. During the festival, various activities were held, such as main theme forum, charity work sharing, award ceremony and sharing dinner. Parties from different sectors, who are passionate with charity works, gathered and shared their ideas in charity works. At the award ceremony, Fosun Pharma received the “Best Charity Practice Award”.

## **Fosun Pharma Wins the Innovative Technology Enterprise Award by the National Association of Industry and Commerce**

In February 2014, the National Association of Industry and Commerce granted the 2013 Technology Advancement Award and the Innovative Technology Enterprise Award in accordance with relevant regulation under “Science and Technology Incentive Measure of All-China Federation of Industry and Commerce (Pilot)”. As recommended by the Association of Industry and Commerce and its members, upon being appraised by expert team, presented to the public and decided at the chairman’s meeting of the National Association of Industry and Commerce, Fosun Pharma won the 2013 Innovative Technology Enterprise Award by the National Association of Industry and Commerce.

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public and decided at the chairman’s meeting of the National Association of Industry and Commerce, Fosun Pharma won the 2013 Innovative Technology Enterprise Award by the National Association of Industry and Commerce.

## **Fosun Pharma Leads the Top 100 Companies of the Ministry of Industry and Information Technology**

On April 2, 2014, the Ministry of Industry and Information Technology released the 2013 Top 100 Companies in the Medicinal Industry of China. With the main operation and sales income of 2013 of pharmaceutical companies throughout China as the index for the comprehensive rating, Fosun Pharma’s pharmaceutical business ranked 19th.

## **Fosun Pharma Wins Two Awards under the List of Most Influential Companies in China Medication Industry**

On April 10, 2014, China Federation of Industry and Commerce Medical Pharmaceutical Chamber convened the Press Conference for the 2013 List of Most Influential Companies in China Medication Industry and the 2014 China Medication and Health Industry Forum. Fosun Pharma won two awards. Not only Fosun Pharma honored with the 2013 List of Most Influential Companies in China Medication Industry and the 2013 Top 100 Companies in China Medication Industry, Chen Qiyu, Chairman of Fosun Pharma, also honored with the 2013 Top Leaders in China Medication Industry.

## **Fosun Pharma Honored with the 2014 Top50 High-integrity Companies Listed on the Main Board**

On April 13, 2014, at the “Power of Integrity” Listed Company Summit organized by ipo123.cn and supported by Association of China Economic Press, Fosun Pharma was elected as one of the 2014 Top 50 High-integrity Companies Listed on the Main Board among the Top 50 high-integrity listed companies selected by the media including ipo123.cn, Association of China Economic Press and China Information Press.

### **Fosun Pharma Leads the “2013 Top 100 Companies in the Pharmaceutical Industry of China”**

On May 26, 2014, the Southern Medicine Economic Research Institute of the China Food and Drug Administration and Medicine Economic News jointly released the “2013 Top 100 Companies in the Pharmaceutical Industry of China” list. Fosun Pharma was No. 14, improved from No. 17 in the preceding year.

### **Fosun Pharma Honored with Best Corporate Social Responsibility Model in the China Finance Summit**

On June 20, 2014, at the Third China Finance Summit jointly organized by near 30 financial and mass media including China.org.cn, Chinanews.com and Takungpao.com, as resolved by the corporate reporting and assessment committee, Fosun Pharma received the Best Corporate Social Responsibility award with its excellent public recognition and brand influence.

### **Fosun Pharma Wins the “Award of Best Business Model”**

On July 18, 2014, the Sixth Xin Cai Fu Award Ceremony of “Business Models with the Most Growth Potential” organized by Xin Cai Fu Magazine was held in Shenzhen, in which Fosun Pharma won the “Award of Best Business Model”. The award selection is intended to select the role models as well as providing reference in the market. It builds a platform that connects companies with capital and promotes a new wave of innovation in Chinese business models.

### **Fosun Pharma Receives the title of Top 20 Most Competitive Listed Pharmaceutical Companies**

In August 2014, Fosun Pharma was on the list of the “The Sixth China’s Most Competitive Top 20 Listed Pharmaceutical Companies in China and the Top 10 Listed Pharmaceutical Companies with the Highest Investment Value in 2014”, hosted by China Pharmaceutical Enterprise

Management Association and undertaken by Healthcare Executive magazine and Hejun Consulting Group, with the title of “Top 20 Most Competitive Listed Pharmaceutical Companies in China for 2014”. Fosun Pharma was on the list for four consecutive years.

### **Fosun Pharma Ranked the First China’s Next Global Giants Top 100 by ACCA**

On September 17, 2014, the “China’s Next Global Giants Top 100” was first announced at the ACCA CFO Forum hosted by ACCA (the Association of Chartered Certified Accountants). Fosun Pharma was on the list and invited by the organizer to share its model as the next global giant case study.

### **Fosun Pharma Wins Two Awards during the “Golden Round Table” Event**

On November 6, 2014, Chen Qiyu, the Chairman of Fosun Pharma, won the “Chairman with Strategic Vision” award with his excellent performance in the promoting internationalization of Chinese medication health enterprises at the Tenth Golden Round Table Forum and the Golden Round Table Award ceremony for boards of directors of listed companies in China. Meanwhile, Fosun Pharma won the Top 10 Best Board of Directors award with its strictly compliant, transparent and efficient governance structure.

### **Fosun Pharma Ranked Fourth among 2014 China Pharmaceutical Industry Top 100 Enterprises in Terms of Overall Strength**

In December 2014, Fosun Pharma was ranked the fourth among the 2014 China Pharmaceutical Industry Top 100 Enterprises in Terms of Overall Strength in the 2014 China Pharmaceutical Industry Annual Summit, which was co-sponsored by China Pharmaceutical Industry Association, China Association of Pharmaceutical Commerce, China Nonprescription Medicines Association, China Pharmaceutical Enterprise Promotion Association and Reed Sinopharm Exhibitions.

# Performance Indicators

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

	2010 (upon restrospective adjustment)	2011 (upon restrospective adjustment)	2012 (upon restrospective adjustment)	2013 (upon restrospective adjustment)	2014
Net asset value per share that belongs to shareholders in listed companies (RMB/share)*	4.42	5.13	6.05	6.84	7.21
Basic earnings per share (RMB/share)	0.43	0.35	0.80	0.71	0.92
Basic earnings per share after non-recurring profits and losses are deducted (RMB/share)	0.20	0.30	0.44	0.46	0.58
Net returns on weighted average assets after non-recurring profits and losses are deducted	4.99%	6.32%	8.24%	6.22%	8.43%

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

## Comparison of economic indicators throughout Fosun Pharma Group

Unit: RMB 0,000

Item	2010 (upon restrospective adjustment)	2011 (upon restrospective adjustment)	2012 (upon restrospective adjustment)	2013 (upon restrospective adjustment)	2014
Revenue	455,542	648,554	734,078	999,641	1,202,553
Investment income	109,928	101,234	186,598	154,796	192,501
Operating profit	105,794	90,746	203,599	222,617	239,435
Plus: non-operating income	6,948	17,197	9,725	10,436	34,047
Less: non-operating expenses	798	2,581	1,020	1,692	1,676
Of which: loss on disposal of non-current assets	62	1,263	282	1,045	85
Total profit	111,944	105,361	212,304	231,361	271,805
Less: income tax expenses	18,098	17,365	28,376	35,816	34,821
Net profit	93,846	87,996	183,927	195,545	236,984
Net profit that belongs to shareholders of the parent company	80,177	66,072	156,392	158,256	211,287
Minority interests	13,669	21,924	27,536	37,289	25,697
Tax liability	43,131	68,544	78,900	105,080	126,821
Donations	263	311	333	424	735

Note: *When preparing the financial statements for 2014, the Group 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

## Social indicators at Fosun Pharma Group

Item	2010	2011	2012	2013	2014
Social Contribution per Share	No statistics	No statistics	No statistics	1.90 (upon restrospective adjustment)	2.36
Total number of employees (persons)	11,484	13,192	14,357	16,791	18,081
Total number of male employees (persons)	5,975	6,794	7,222	8,246	8,800
Total number of female employees (persons)	5,509	6,398	7,135	8,545	9,281
Labor contract conclusion rate	100%	100%	100%	100%	100%
Cash paid to or paid for workers (RMB 0,000)	59,444 (upon restrospective adjustment)	65,682 (upon restrospective adjustment)	76,594 (upon restrospective adjustment)	124,594 (upon restrospective adjustment)	163,190
Union coverage rate	100%	100%	100%	100%	100%
Employment rate of people with disabilities	No statistics	0.51%	0.52%	0.38%	0.41%
Total training person-hour(s)	No statistics	196,104	410,016	549,602	704,438
Employee outflow rate	12.82%	14.50%	18.90%	17.57%	17.05%
Ratio of female employees returning to work and job positions retained till after the completion of the maternity leave	No statistics	No statistics	No statistics	100%	100%

## Research and development indicators at Fosun Pharma Group

Item	2010	2011	2012	2013	2014
Under investigation items (Unit: Item)	111	118	107	119	125
Items under clinical trials (Unit: Item)	5	3	3	8	11
Research and development expenses (including capitalized expenses, Unit: RMB00 million)	2.72	3.10	3.70	5.05	6.85
Number of patent application	78	70	70	72	86
Number of patent granted	No disclosure	No disclosure	33	32	36
Research and development staff	No disclosure	559	766	779	856

# Table of Company Names

Full name of enterprise	Short name of enterprise
Jiangsu Wanbang Biopharmaceuticals 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 Yaoyou Pharmaceutical Co., Ltd.	Yaoyou Pharma
Sichuan Hexin Pharmaceutical Co., Ltd.	Hexin Pharma
Chongqing Carelife Pharmaceutical Co., Ltd.	Carelife Pharma
Chongqing Kaixing Pharmaceutical Co., Ltd.	Kaixing Pharma
Shine Star (Hubei) Biological Engineering Co., Ltd.	Shine Star
Handan Pharmaceutical Co., Ltd.	Handan Pharma
Guilin South Pharmaceutical 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 Pharmaceutical
Shanghai For Me Yi Xing Pharmacy Co., Ltd.	For Me Pharmacy
Beijing Golden Elephant Pharmacy Chain Co., Ltd.	Golden Elephant Pharmacy
Nature's Sunshine Products, Inc.	NSP
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 Med-Tech Development Co., Ltd.	Fosun Med-Tech
Shanghai Fosun Biolog Biotech Co., Ltd.	Fosun Biolog
Yaneng Bioscience (Shenzhen) Co., Ltd.	Yaneng Bio
Taizhou Changxing Medical Technology Co., Ltd.	Changxing Medical
*Chindex (Beijing) International Trade Co., Ltd.	Chindex (Beijing)
Chindex Medical Limited	CML
Alma Lasers Ltd	Alma Lasers
Huaiyin Medical Instruments Co., Ltd.	Huaiyin Medical
Shanghai Transfusion Technology Co., Ltd.	Shanghai Transfusion
Suzhou Laishi Blood Transfusion Equipment Co., Ltd.	Laishi Transfusion
Shanghai Fosun Medical Systems Company Limited	Fosun Medical Systems
Shanghai Fosun High Technology (Group) Company Limited	Fosun High Tech
Fosun Industrial (HK) Co., Ltd.	Fosun Industrial

Full name of enterprise	Short name of enterprise
Dalian Wanchun Medicine Co., Ltd.	Dalian Wanchun
Shanghai Fosun Pharmaceutical Co., Ltd.	Fosun Pharmaceutical
Saladax Biomedical, Inc	Saladax Biomedical
Shanghai Yicheng Hospital Investment Management Co., Ltd.	Yicheng Investment
IMS Health Inc.	IMS
Shanghai Fusheng Pharmaceutical Technology Development Company Limited	Shanghai Fusheng

\* Note: An indirect wholly-owned subsidiary of CML

## List of Major Enterprises Disclosed in this Report

### Major Pharmaceutical Manufacturing and Research and Development Member Enterprises

Wanbang Biopharma	Wanbang Sainuokang	Carelife Pharma	Guilin Pharma	Dongting Pharma
Chemo Biopharm	Huanghe Pharma	Kaixing Pharma	Hongqi Pharma	Chongqing Research Institute
Wanbang Folon	Yaoyou Pharma	Shine Star	Aohong Pharma	
Zhaohui Pharma	Hexin Pharma	Handan Pharma	Aleph	Shanghai Henlius
Wanbang Jinqiao				SunTech Pharma

### Major Pharmaceutical Distribution and Retail Member Enterprises

Fosun Pharmaceutical	For Me Pharmacy	Golden Elephant Pharmacy
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### Major Healthcare Service Member Enterprises

Jimin Cancer Hospital	Guangji Hospital	Zhongwu Hospital	Chancheng Hospital
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### Major Medical Diagnosis Member Enterprises

Long March Medical	Fosun Med-Tech	Fosun Biolog	Yaneng Bio	Changxing Medical
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### Major Medical Devices Member Enterprises

Chindex (Beijing)	Huaiyin Medical	Shanghai Transfusion	Laishi Transfusion	Fosun Medical Systems
Alma Lasers				

# Terminologies

Term	Definition
GRI	Acronym for Global Reporting Initiative
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
PEFC	Acronym for Pan European Forest Certification
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)
TB Alliance	Global Alliance for TB Drug Development
RDMS	Acronym for Research and Development Management System
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
CFDA	Acronym for China Food and Drug Administration
GSP	Acronym for Good Supply Practice, a set of management procedures aiming to prevent the occurrence of quality accidents through controlling all possible factors to cause quality accidents in quality system establishment and consumer health and safety during distribution of pharmaceutical products
SOP	Acronym for Standard Operation Procedure
COD	Acronym for Chemical Oxygen Demand, which is a test commonly used to measure the amount of organic compounds in water
PDCA	Acronym for Plan, Do, Check & Action, which is a logic working procedure that enables the effective progress of an activity and is widely applied in quality management
RCA	Acronym for Root Cause Analysis
PVC	Poly Vinyl Chloride, which is a well-received, very popular and widely-used compound material in this modern world
JCI	JCAHO, acronym for Joint Commission on Accreditation of Healthcare Organizations
DNV	Det Norske Veritas, a world-leading professional risk management consulting institution which was established in 1864 with its headquarters at Oslo, the capital of Norway
ICU	Acronym for Intensive Care Unit
ISO13485	Refers to "Medical Devices Quality Management System" of the ISO, which specifies requirements for a quality management system of a medical devices manufacture, and is designed to better ensure the safety and effective quality of medical devices
ISO9001	Refers to all quality system standards, set up by the ISO Technical Committee 176 Quality Management and Quality Assurance (TC176)
ISO14001	Refers to an environmental management system standard, which targets on serious environmental problems threatening human's survival and development in future, such as increasingly severe global environment pollution and destruction of the ecological environment, ozone depletion, global warming, disappearing of biodiversity, etc., and set up according to the needs of development for international economy and trade and in line with the development of environmental protection
OHSAS18001	Refers to Occupational Health and Safety Standard, which is an internal standard jointly set up by 13 organizations including BSI and DNV in 1999

Term	Definition
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 TÜV at Germany
FMEA	Acronym for Failure Mode and Effects Analysis (FMEA)
CASS Technique	CASS stands for Cyclic Activated Sludge System
Salicylic Acid Technique	Salicylic Acid Technique controls anaerobic treatment at the first phase and second phase with short reaction time according to different growth speeds of methanobacteria and hydrolysis acid bacteria, being the process of hydrolyzation insoluble organic matter into soluble organic matter and transformation of nonbiodegradable macromolecular substances into biodegradable micromolecular substances under the effect of large quantities of hydrolysis bacteria and acid bacteria, so as to improve the biodegradability of wastewater, laying a solid foundation subsequent treatment
Flight Inspection System	A speed on-site inspection on inspected enterprises without prior notice
Clean production	The continuous application of the comprehensive preventive environmental protection strategy into the process of manufacturing and products with a view to reducing environmental risks for human and environment
Internal audit	The process for verifications and assessment on the effectiveness of internal control, which comprises of verification and assessment on the design of control measures, control of operating deficient and deficient level, analysis on reasons for the deficient, as well as provision of recommendation on internal control improvement
Artesunatum	It is a kind of anti-malaria drug which control the symptoms of malaria
Restricted share(s)	Certain amount of the company's 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
Benchmarking analysis	It also refers to benchmarking, which means a company comparing its own performance with another company with better performance in order to achieve better results. The company continues to improve its performance by passing the benchmark again and again, aiming to achieve excellent performance and create innovative and recycling process
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
Target	Medically, when conducting some radioactive therapies, the part collected and exposed by radioactive rays is called a target.
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
Piped discharge	Waste water will be collected at a waste water collector and discharge after centralized waste water treatment
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.
Empty capsule	It consists of two capsule shells, including hat capsule shell and body capsule shell crafted by pharmagel and auxiliary material, mainly used to fill fixed drugs
Social contribution value per share	<p>It refers to added value per share created by a company for society, calculated on earnings per share created by the company 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 Company, 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 = earning 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 Company – other social costs caused by environmental pollution) ÷ shares</p>
Brazil ANVISA	Acronym for Agência Nacional de Vigilância Sanitária, Brazil's health surveillance agency
INVIMA	Acronym for Instituto Nacional de Vigilancia de Medicamentos y Alimentos, the national drug and food supervision bureau under the Ministry of Social Security of Colombia

# Feedback Form

Dear Readers,

Thank you for spending time reading through this report! This is the seventh year that the Corporate Social Responsibility Report is released to public. We would appreciate it if you can provide use with your precious comments and opinions on this report. It will help us continue to improve quality of 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) at Building A, Clone Technology Park, No. 1289 Yishan Road, Shanghai

Postal code: 200233

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

“Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2014 Corporate Social Responsibility Report” Feedback Form

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

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

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

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

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

Feedback and Opinions Survey:

- 1 Have you received the information you need to know from this report?  Yes  No
- 2 Do you think that the report has fully reflected the economic responsibilities expected of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?  Yes  No
- 3 Do you think that the report has fully reflected the environment, health, and safety responsibilities expected of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?  Yes  No
- 4 Do you think that the report has fully reflected the social responsibilities expected of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?  Yes  No
- 5 Do you think that the report has fully reflected the product and service responsibilities expected of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?  Yes  No

## Feedback from different parties on the “2013 Fosun Pharma Social Responsibility Report”

Zhang Hao-Er, Senior Analyst and President of Ranking CSR Ratings (RKS)

Comment: The 2013 Social Responsibility Report of Fosun Pharma is rated AA+ by RKS and its rating outlook is active. The company continues to demonstrate consistent high standards in its social responsibility information disclosed. The report is unprecedented among listed A Share companies in dimensions such as the integrity, content, technical support, and industrial attribute. It is our belief that the release of the Corporate Social Responsibility Guidelines of the latest version in 2015 will bring about new highlights.

**Fosun Pharma:** We appreciate the recognition from RKS of our 2013 Social Responsibility Report. This year's report reveals a lot of information on the original basis that helps stakeholders have a deep understanding of how Fosun Pharma strives to fulfill its social responsibilities.

Zhang Qinying, CSR/Sustainable Development Senior counsellor at GoldenBee (Beijing) Management Consulting Co., Ltd.

Comment: Compared to other medicinal and health-related enterprises, Fosun Pharma deals with a wide scope of business and hence has an even greater and far-reaching influence on the general public, patients in particular, and many stakeholders. Therefore, the report must focus on analysis of these impacts. In other words, substantial issues must be identified more clearly and what concerns stakeholders must be understood in order to “translate” operation and management inside the company into how the company manages these impacts effectively and accordingly

minimize unfavorable impacts and benefit all stakeholders.

**Fosun Pharma:** We are trying to accomplish the said goal through our 2014 Social Responsibility Report. It is our hope that each years' social responsibility report t serves as an effective way to communicate with stakeholders.

Low Carbon Economic Research Center, Beijing University of Chemical Technology

In January 2015, the Low-Carbon Economics and Management Research Center of Beijing University of Chemical Technology conducted an assessment on the information disclosure of the environment by listed companies and published China Listed Companies Environmental Responsibility Disclosure Assessment Report (2013). The report assesses the 2013 environmental responsibility reports and the environmental information as set out in the 2013 social responsibility reports published by 665 listed companies. The Top 50 enterprises overall and the top 20 enterprises in the primary and secondary industry and the tertiary industry are published. Fosun Pharma is named the No. 1 among the group of listed companies due to its true and fair environmental responsibility disclosure.

**Fosun Pharma:** We are grateful to the honor awarded by China Forum of Environmental Journalists. In the future, the Company will continue to make information disclosure in the social responsibility report based on the true and fair principle to effectively communicate with stakeholders.

# GRI4 Indicator Index

Number	Content	Page
<b>GRI4 GENERAL STANDARD DISCLOSURES SUMMARY AND INDEX</b>		
<b>STRATEGY AND ANALYSIS</b>		
G4-1*	Compliance Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	6-7
G4-2	Provide a description of key impacts, risks, and opportunities.	6-7, 16-17, 125
<b>ORGANIZATIONAL PROFILE</b>		
G4-3*	Report the name of the organization.	Cover, 11-12, back cover
G4-4*	Report the primary brands, products, and services	12, 33-37, 108
G4-5*	Report the location of the organization's headquarters	90, back cover
G4-6*	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	12, 19
G4-7*	Report the nature of ownership and legal form	11, 21
G4-8*	Report the markets served	19, 36-37
G4-9*	Report the scale of the organization,	12, 29-31
G4-10* UNGC	<ul style="list-style-type: none"> <li>a. Report the total number of employees by employment contract and gender.</li> <li>b. Report the total number of permanent employees by employment type and gender.</li> <li>c. Report the total workforce by employees and supervised workers and by gender.</li> <li>d. Report the total workforce by region and gender.</li> <li>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)</li> </ul>	81-82, 88
G4-11* OECD/UNGC	Report the percentage of total employees covered by collective bargaining agreements.	89
G4-12*	Describe the organization's supply chain.	48-51, 77-78
G4-13*	Report any significant changes during the reporting period regarding the organization's size, structure	12, 20, 26, 37, 89
G4-14*	Report whether and how the precautionary approach or principle is addressed by the organization.	43, 93-94
G4-15*	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	27-29
G4-16*	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	29

\*Note: For a GRI4 general standard disclosure denoted with " \* ", the disclosure is mandatory under the Core option. According to the Core option, at least one Indicator shall be disclosed for each identified material Aspect in GRI4 specific standard disclosure.

Number	Content	Page
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## IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17*	<ul style="list-style-type: none"> <li>a. List all entities included in the organization’s consolidated financial statements or equivalent documents.</li> <li>b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report</li> </ul>	4, 109
G4-18*	<ul style="list-style-type: none"> <li>a. Explain the process for defining the report content and the Aspect Boundaries.</li> <li>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</li> </ul>	4-5, 78
G4-19*	a. List all the material Aspects identified in the process for defining report content.	5
G4-20*	For each material Aspect, report the Aspect Boundary within the organization	4
G4-21*	For each material Aspect, report the Aspect Boundary outside the organization	6-7
G4-22*	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	4, 29
G4-23*	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	4-5

## STAKEHOLDER ENGAGEMENT

G4-24*	Provide a list of stakeholder groups engaged by the organization.	24-28
G4-25*	Report the basis for identification and selection of stakeholders with whom to engage	25-28
G4-26*	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	25-28, 31
G4-27*	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	25-31, 112

## REPORT PROFILE

G4-28*	Reporting period (such as fiscal or calendar year) for information provided	4
G4-29*	Date of most recent previous report (if any)	4
G4-30*	Reporting cycle (such as annual, biennial).	4
G4-31*	Provide the contact point for questions regarding the report or its contents.	112
G4-32*	<ul style="list-style-type: none"> <li>a. Report the ‘in accordance’ option the organization has chosen.</li> <li>b. Report the GRI Content Index for the chosen option (see tables below).</li> <li>c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines.</li> </ul>	4, 114-122
G4-33*	<ul style="list-style-type: none"> <li>a. Report the organization’s policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>c. Report the relationship between the organization and the assurance providers.</li> <li>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.</li> </ul>	4, 113, 123-124

## GRI4 Indicator Index (continued)

Number	Content	Page
<b>GOVERNANCE</b>		
G4-34*	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	20
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	20-21
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	21
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	25-28
G4-38	Report the composition of the highest governance body and its committees	20
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	21
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	21
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders,	21
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	20-21, 41, 55, 93
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	33-37, 55-78, 93-94
G4-44	<ul style="list-style-type: none"> <li>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</li> <li>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice</li> </ul>	20-23
G4-45	<ul style="list-style-type: none"> <li>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</li> <li>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</li> </ul>	6-7, 18-23, 24-29
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	21-23
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	23, 38, 93
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	18
G4-49	Report the process for communicating critical concerns to the highest governance body	21
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	20-21
G4-51	<ul style="list-style-type: none"> <li>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</li> <li>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</li> </ul>	38, 88

Number	Content	Page
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	20-21
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	NA
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Nondisclosure
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Nondisclosure

## ETHICS AND INTEGRITY

G4-56*	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	12, 23
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	93-94
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	93-94

## GRI4 SPECIFIC STANDARD DISCLOSURES OVERVIEW

### ECONOMIC

Economic Performance		OCED
G4-EC1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	33-36, 38, 89, 106-107
G4-EC2	FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE	55-56
G4-EC3	COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS	38
G4-EC4	FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT	Nondisclosure
Market Presence		
G4-EC5	RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION	38, 89, 117
G4-EC6	PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION	82
Indirect Economic Impacts		
G4-EC7	DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED	94-102
G4-EC8	SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS	33-34
Procurement Practices		
G4-EC9	PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	No statistics

## GRI4 Indicator Index (continued)

Number	Content	Page
<b>ENVIRONMENTAL</b>		OCED/UNGC
<b>Materials</b>		
G4-EN1	MATERIALS USED BY WEIGHT OR VOLUME	57-61
G4-EN2	PERCENTAGE OF MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS	58-61, 65
<b>ENERGY</b>		
G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	56-63
G4-EN4	ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION	No statistics
G4-EN5	ENERGY INTENSITY	57
G4-EN6	REDUCTION OF ENERGY CONSUMPTION	56
G4-EN7	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	58-57, 64, 67
<b>Water</b>		
G4-EN8	TOTAL WATER WITHDRAWAL BY SOURCE	56-57, 64
G4-EN9	WATER SOURCES SIGNIFICANTLY AFFECTED BY WITHDRAWAL OF WATER	No such case
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## SOCIAL

### LABOR PRACTICES AND DECENT WORK

OCED/UNGC

#### Employment

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# SGS Assurance Statement



## 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 2014

#### NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereinafter as "FOSUNPHARMA") to conduct an independent assurance of the 2014 Corporate Social Responsibility Report (2014 CSR Report). The scope of the assurance based on the SGS Sustainability Report Assurance methodology, including the test and data in accompanying tables included in the Chinese version of the 2014 CSR Report. Assurance gaps and observations are reflected in FOSUNPHARMA's Headquarters in Shanghai, Company, YixiPharma test Company, Cerebra Pharmaceuticals. Data and information of other subsidiaries were not included in the assurance process.

The information in the 2014 CSR Report of FOSUNPHARMA and its subsidiaries are the responsibility of the directors and the management of FOSUNPHARMA. SGS has not participated in the preparation of any of the material included in the 2014 CSR Report.

Our responsibility is to express an opinion on the test data, people and documents in terms of whether it measured and set in line with the intention to reflect up FOSUNPHARMA's sustainability.

The assurance has been conducted at material level of activity using the following:

- evaluation of control systems, and
- evaluation of the system against the Global Reporting Initiative Sustainability Reporting Framework (GRI 4:01).

The assurance covered all business of pharmaceutical research, development and production, management and employees, shareholders and small investors.

Thereby, this document is not a response to the financial (credit) risk or the environmental risk or other risks included in the assurance process.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading provider of testing, inspection, testing and certification services, with more than 80,000 employees. SGS provides a variety of audit, inspection and monitoring services to the world, providing the services including the certification of management systems and services, quality, environmental, social and other testing and testing, environmental, social and sustainability report assurance. SGS affirms its independence from FOSUNPHARMA using the following procedures: conflict of interest with FOSUNPHARMA, its subsidiaries and stakeholders.

The assurance was also conducted based on the following: applicable and applicable standards (including assurance), and compliance with the CSR Unit Assurance (SA) Reporting Standard (last issue: 1502000) and Feature (1) SA Reporting for "Non-Financial and Other" information and the Reporting Terms of Sustainability Reporting.

# SGS Assurance Statement



## ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the information and data contained within the CSR Report reflects a accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA's sustainability activities in 2019. The assurance team is independent from the Report and located by the Reporting Department's Supervision.

In our opinion, FOSUNPHARMA has achieved an appropriate level of assurance for this stage in this reporting.

## GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4) BEST PRACTICES, INDICES AND RECOMMENDATIONS

### Materiality

FOSUNPHARMA has retained GRI 36 as a reporting standard, defining the relevant material aspects and gradually improving the sustainability strategy and corporate social responsibility system. And provide a benchmark of system objectives, which enterprises, especially pharmaceutical industry, SGS recommends and it is risk management responsibility can be applied in the decision-making process of material aspects, and the process should be disclosed.

### Stakeholder Involvement

FOSUNPHARMA has built close communication purposes for the effective and comprehensive communication inside company and stakeholders, and continuing effort to create a more harmonious business ecosystem, actively building industry exchanging cooperative platform. SGS recommends that FOSUNPHARMA could identify the stakeholders according to the degree of connection and influence, and take different responsibility levels and tasks, and assess the positive impact for its stakeholders, evaluation and decision-making.

### Responsiveness

FOSUNPHARMA has responded the concerns of stakeholders during the engagement processes, and ensured the concerns were SGS recommends that FOSUNPHARMA pay do more attention to society and ensure more "transparency disclosure" content and information in APP released through their website.

## Signer

For and on behalf of SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch

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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. Such factors include, without limitation:

- A sluggish cycle for the industry we do business in;
- Increased overhead or reduced profitability as a result of new laws and regulations or amendments to existing laws and regulations;
- 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 to do with environmental laws and regulations or are caused by product liability lawsuits;
- International currency exchange rate fluctuations and changes to the overall economic environment;
- Other factors indicated in this social responsibility report;

These factors include 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 of not overly relying on the forward-looking statement. The company will not assume any responsibility for this.



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