



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).

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) 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.

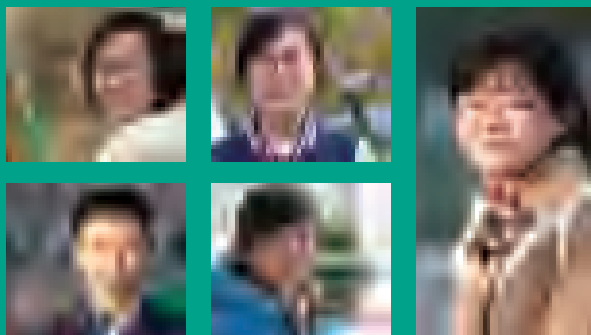


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Highlights of 2014

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.

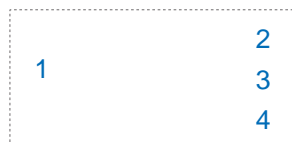
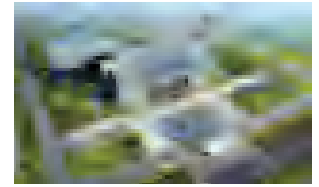
Apart from that, Fosun Industrial and NSP established a joint venture in Hong Kong, which would be held as to 20% and 80% by Fosun Industrial and NSP, respectively.

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. 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 the 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 an innovation and R&D center for traditional Chinese medicine.”

Overview of Fosun Pharma Group

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



Zhang Xuelian

Associate Professor, the School of Life Sciences, Fudan University

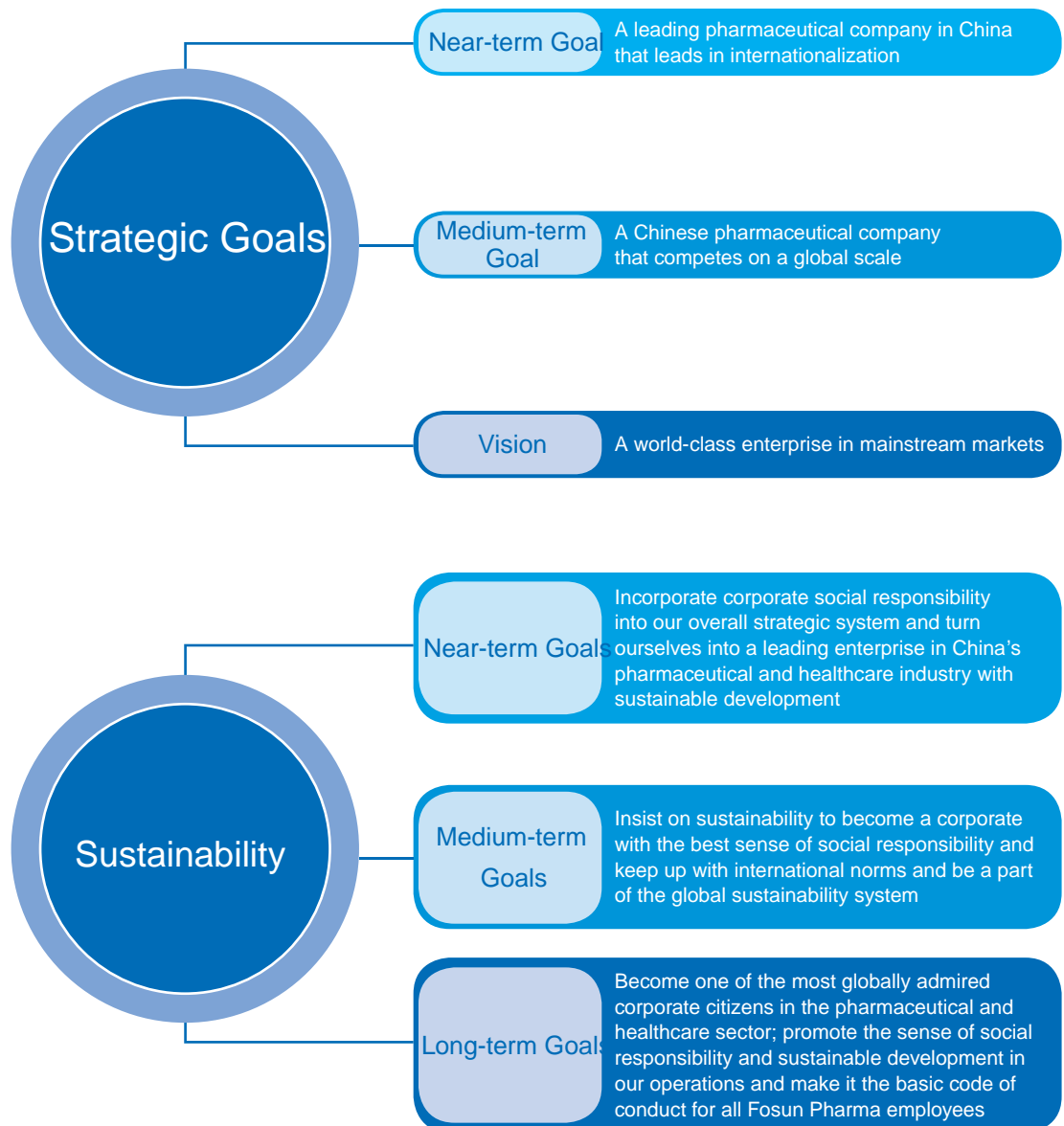
Anti-tuberculosis drug discovery and target validation is my direction. As I gradually conduct in-depth research in this area, I find the study of anti-TB drugs is indeed very important for human health, that's why I held on and am willing to persist. I'll go on my journey, seriously, hoping to discover 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**

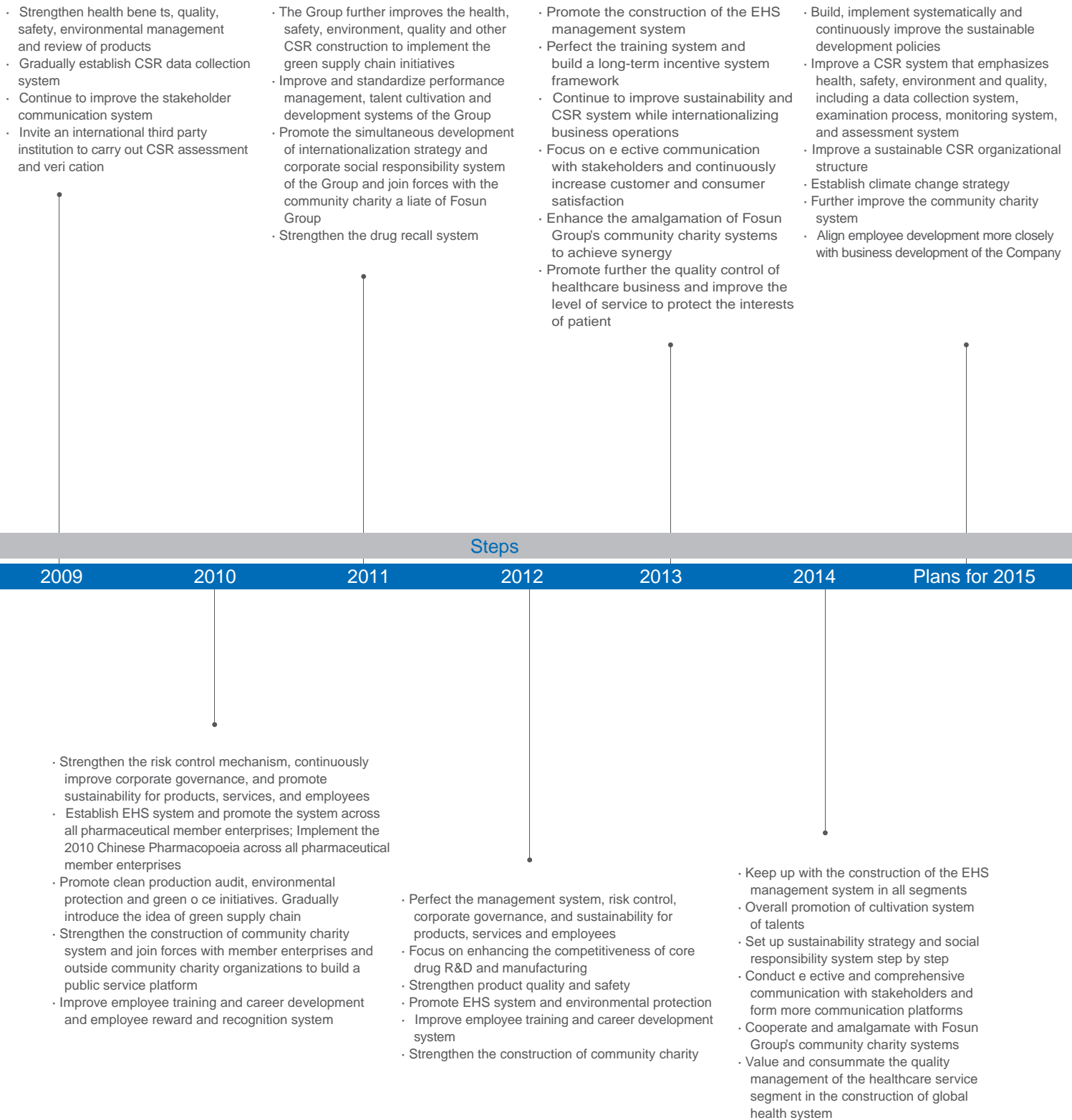
Goals and Strategy

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 ve 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 ve business areas
- Strengthen internal training and build a pool of talented personnel who possess entrepreneurship and identify with the Group 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 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

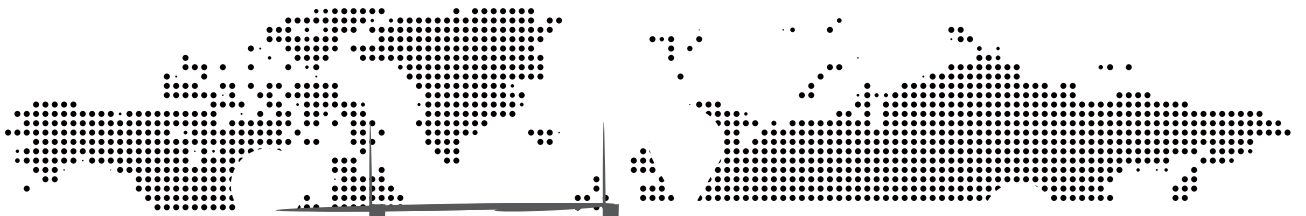
- Create the standard CSR data collection form and provide the contact information of collector with the aim to collect relevant information from the Group and enhance the completeness and traceability of data
- Improve the stakeholder survey mechanism, build corporate culture, and participate in the 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 "FUTURE STARS" 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 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 pool 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 counterpart
- Properly deal with the relationship among doctors, pharmacy and patients

CSR Management Structure of Fosun Pharma Group

report with support from other
EHS Department, Administ
Human Resources Dep

social responsibility reporting for the
social responsibility report working team is
each year to enhance the reporting and editing
the social responsibility report of the Company. At
same time, the reporting and editing sta responsible
the social responsibility report of the Company actively
participates in external social responsibility seminars
public and training sessions to continuously enhance the CSR
the management level of the Company.





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and carry out R&D in Shanghai, Chongqing, San Francisco and Taipei simultaneously
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biopharmaceutical generic drugs to emerging and mature markets.
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] 31 CQR?@JGQF RFC EJM@?J NPCQCLAC ?LB MNCP?RGML?J
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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 rigorously 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.

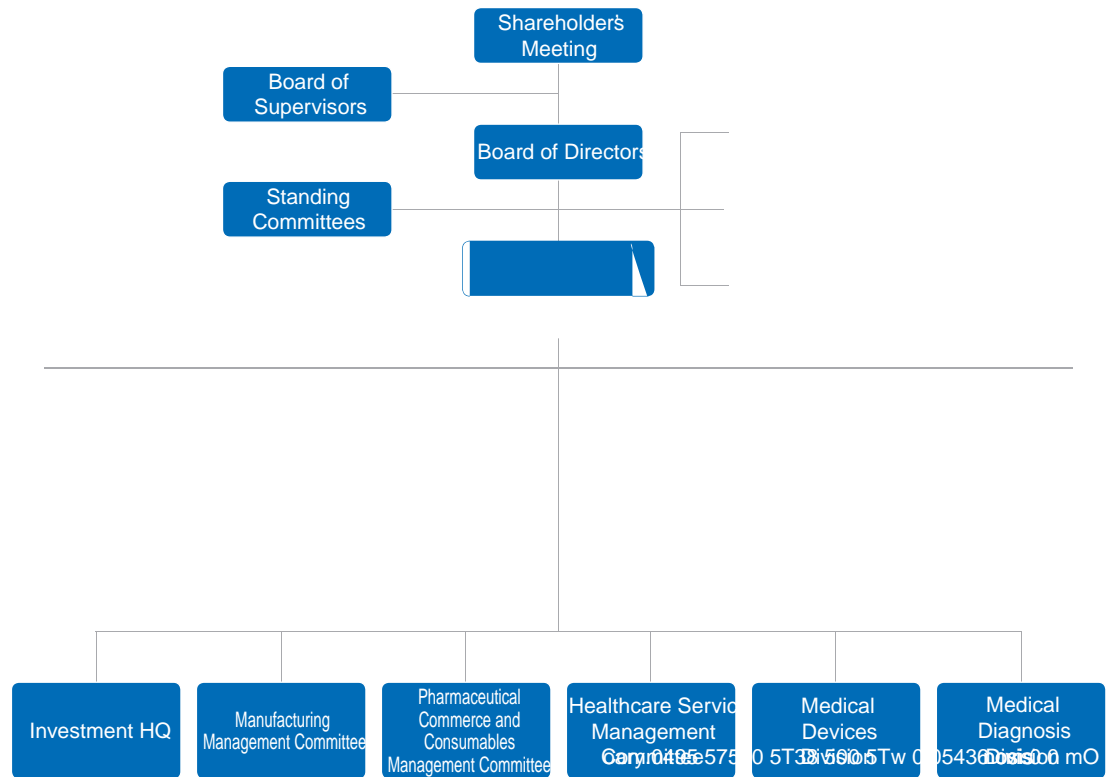
In the internationalization of production and manufacturing, the Group urges its member enterprises to obtain international certification and the qualification to enter the international markets, and become a member of the international pharmaceutical industry chain.

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



Internal Control Practices

Main Internal Control Practices and Assessment in 2014

	<p>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.</p> <p>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.</p>
Establishment	<p>Comprehensive management of procurement by new department and the central public tender information platform in place</p> <p>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</p> <p>Emphasis on insider information management requirements to regulate the management and disclosure of merger and acquisition information</p> <p>Ongoing improvement of archive management to specify management requirements</p>
	<p>Special audit on high-risk areas such as procurement businesses, management expenses and construction projects</p>
Internal Supervision	<p>Encouragement of member enterprises to commence their own internal control self assessment</p>

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 informationization 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

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Stakeholder Engagement

Shareholders

JOWFTUPST



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Customers and Consumers



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 forums and science conferences organized by academic organizations and trade associations

Suppliers



Peer Interactions



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Partners, Member Enterprises



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 enterprises and provide them with training

Communities, Non-governmental Organizations



The Public



Government, Industry Associations



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Employees





Stakeholder Engagement

Stakeholder	Communication channels	Stakeholder protection
 Shareholders (investors)	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 shareholder meetings. On November 21, 2014, under the theme of a Shareholder Open Day, Fosun Pharma organized a Shareholder Open Day 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.
 Customers and consumers	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	Communication channels	Stakeholder protection
Customers and Consumers	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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>Stakeholder Engagement (Continued)</p> <p>Based on the above systems, the Company set up the centralized</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-Year "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 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 make 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>



Customer Group satisfaction (continued) surveys conducted

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	Location	Number of meeting	Size of meeting (unit: person-session)	Frequency (times)	Therapeutic areas involved
2nd Technology	China International Fair	1	(Shanghai)	50,000	
Case: Chancheng Hospital Patient					

Particulars	Total number	for 2012
Greeting cards	950 (unit: sheet)	1,184
Telephone follow-ups	1,800 (unit: call)	2,580
Questionnaires (unit: piece)	1,170 at the clinic	2,400
Inpatient questionnaires	640 (unit: piece)	790
Patient service center comment (unit: piece)	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 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.

technoo



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 actively 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

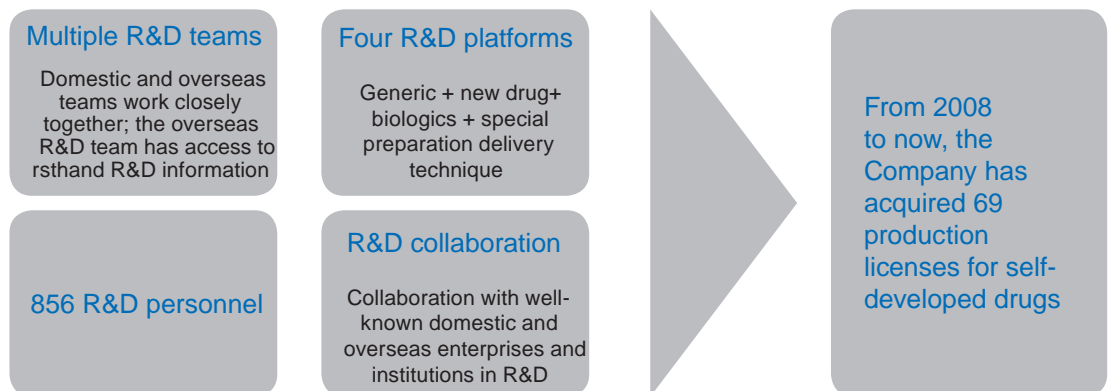
drugs, generic biopharmaceutical drug and vaccines, 26 projects of which were under clinical trial application, 11 projects under clinical trial, and 41 projects awaiting official approval for sales. It is expected that these projects under development will provide a solid foundation for the continuous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

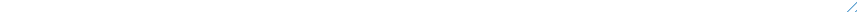
In 2014, Shanghai Henlius officially received clinical trial approval issued by China Food and Drug Administration for its recombinant human-mouse chimeric anti-CD20 monoclonal antibody injection. At present, Shanghai Henlius has completed clinical registration applications for five monoclonal drugs 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





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 (alprostadil dried emulsion), a product in the cardiovascular system therapeutic area, and You Li Tong (febuxostat tablets), a product in the metabolism therapeutic area, had experienced prominent growth.

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, etc.; In addition, the Group attempted to cooperate with Guahao.com to explore a new business model.



further increase cooperation with international diagnosis companies and to extend the influence of the Group 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.

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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 **RMB1,268** million in taxes to the government

Fosun Pharma Group's cash payment to employees and on behalf of employees totaled **RMB1,632** 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 shareholdes 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 top "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

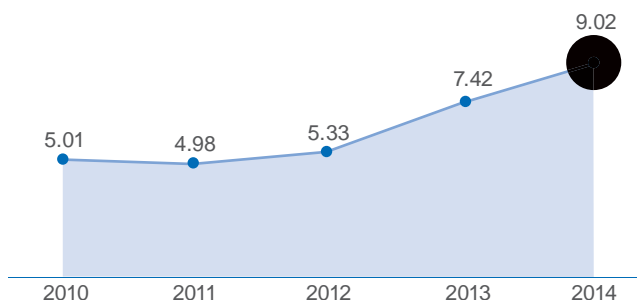
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Year	Wages, bonus, subsidy and allowance	Social insurance	Housing provident fund	Trade union funds and employee education funds	Employee welfare fees	Other expenses *	Total
2014	131,210	20,678	4,759	1,408	4,850	285	163,190
2013	105,919	10,811	4,013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







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.

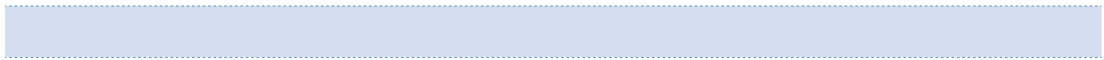
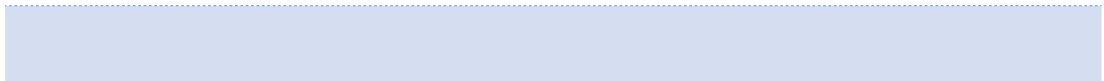
In 2014, the Group's pharmaceutical member enterprises were audited or inspected on site by government drug surveillance departments 79 times in total and audited by foreign drug administration departments or major suppliers approximately 33 times. All of them successfully passed the audits or inspections, 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.



cleanliness class required by
In light of the safety and
their products, respective
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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

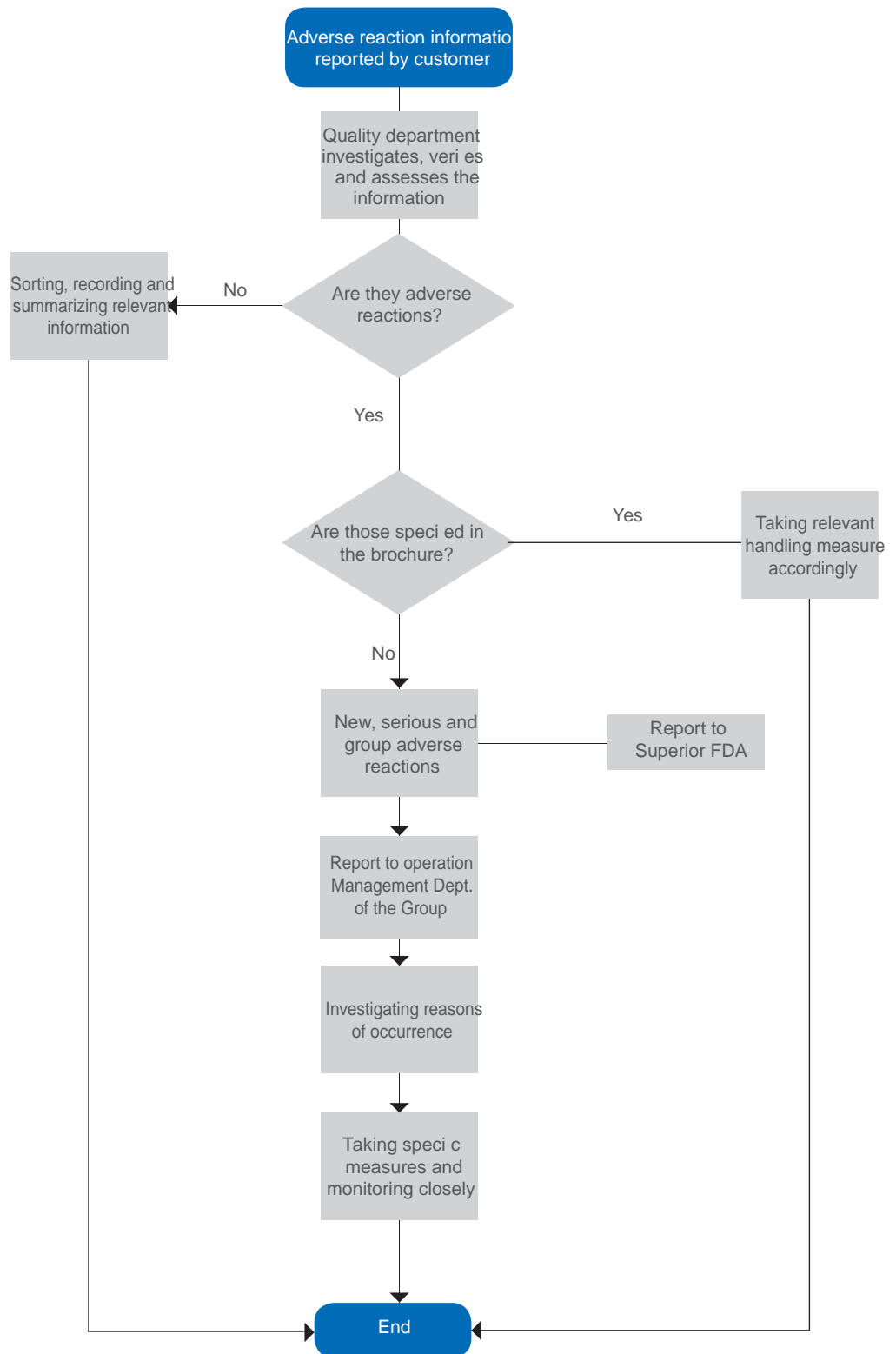
pharmaceutical enterprises to report adverse reactions as soon as they become aware of the adverse reactions. Respective pharmaceutical member enterprises enforce "zero-reporting" management in terms of adverse reactions as required by the adverse reaction monitoring articles of the Group. That is, even 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 1.0%. 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 effectively 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.

Member Enterprises

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





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



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 guideline” 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 customer’s privacy. In 2014, there were no complaints about breaching privacy of customers or lost customer’s 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 customer’s 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 old 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 customer’s satisfaction survey and complaint handling to reinforce consumer’s 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 sta .

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 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 performed 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 suppliers' qualification, quality system, and 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 in 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 Fosun 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 Fosun Pharmacy 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.

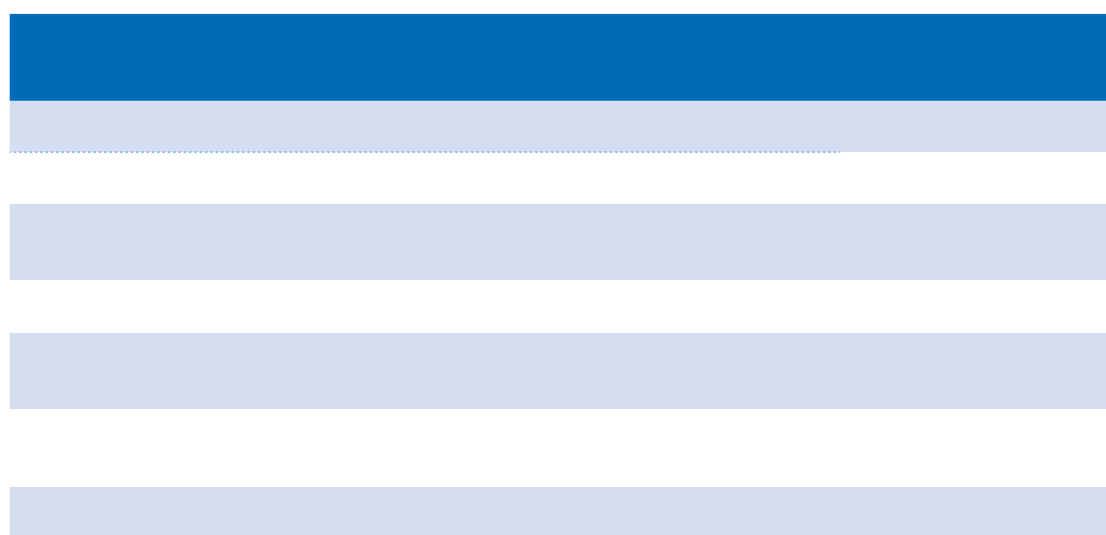


As of 2014, there were over 70 suppliers in medical device member enterprises. Each member enterprise has established its own supplier management system to facilitate scientific rating and classified management of suppliers' qualification, production environments, workmanship and technical standards, 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 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 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.



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

(Unit DSupplier)

* Note: the gures 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

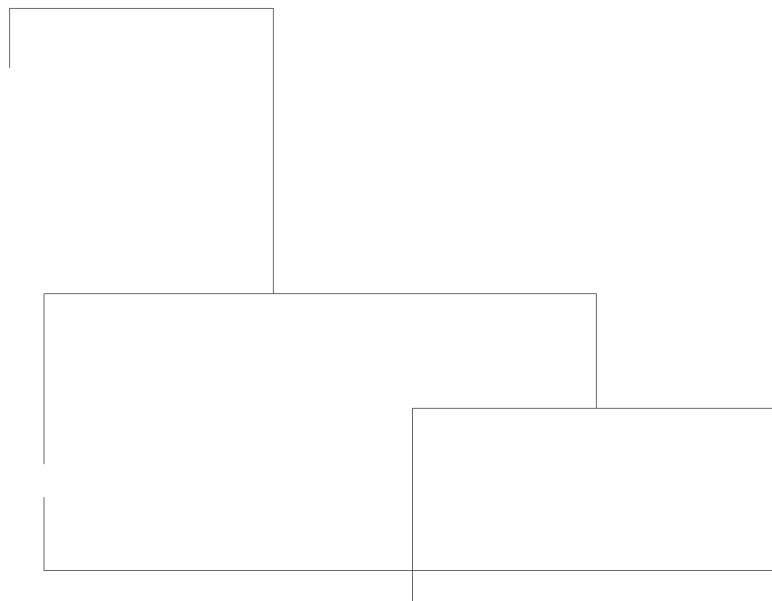


Fosun Pharma has set annual goals of medical quality and patient safety for its healthcare service member enterprises. They are linked to performance of their management. It also made regular or irregular inspections and gave instructions on implementation of those core systems in the hospitals to promote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





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: re 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 re 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

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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 ve 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 certi cation or certi cation renewal audit or passed safety production standardization certi cations.

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 d ap(tion)12()edo the sewisor atio(ed a)4(t th48())TJplstainab a

packing materials, expired medicinal intermediates or products, etc.) are treated, cremated, lled, 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 o ces 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 member's 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.

Resources

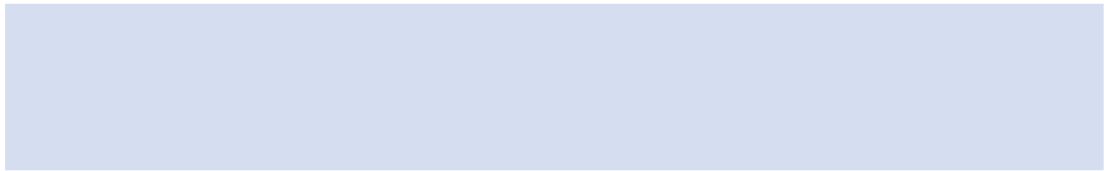
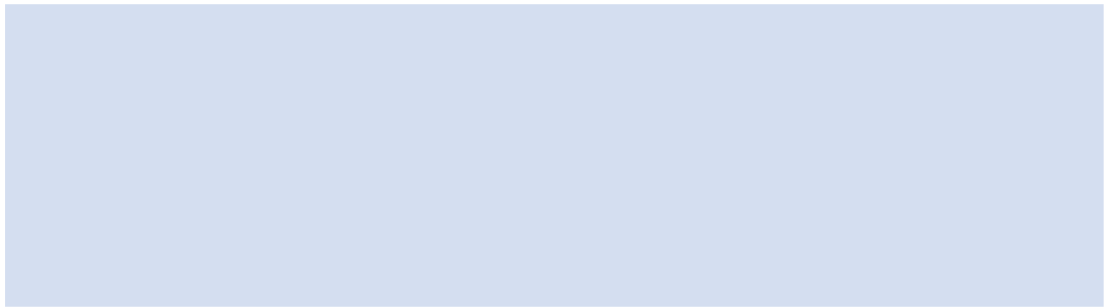


The purchase, utilization, and recycling of materials by some member enterprises of Fosun P



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Natural gas 3300 kg of

Some Data of energy consumption of member enterprises in 2014

)	(Kg)	³	(M)	(Kg)	(Kg)	(Kg)	(Kg)



Energy-saving and consumption reduction measures of some major enterprises of FOSUN PHARMA Group and their effectiveness in 2014

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





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





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

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.

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 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
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 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 issues 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 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 re 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 improvement of safety conditions to facilitate the hospital health care function



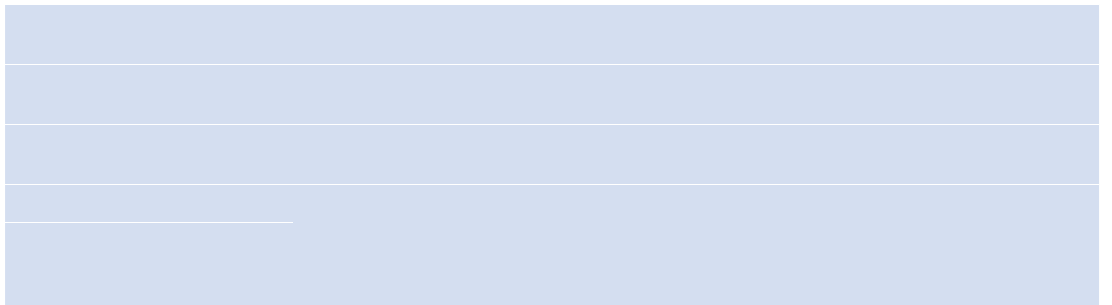
ues EHS education and
ning for EHS managers in
armaceuticals, healthcare
, medical diagnosis and
e and consumer goods)
training covered relatively
purpose, objectives and
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EHS to the pharmaceutical
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prehensive training prior to
ntaneous inspections for the
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

enterprises of Fosun Pharma Group in 2014







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 placed 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 Foton 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 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.

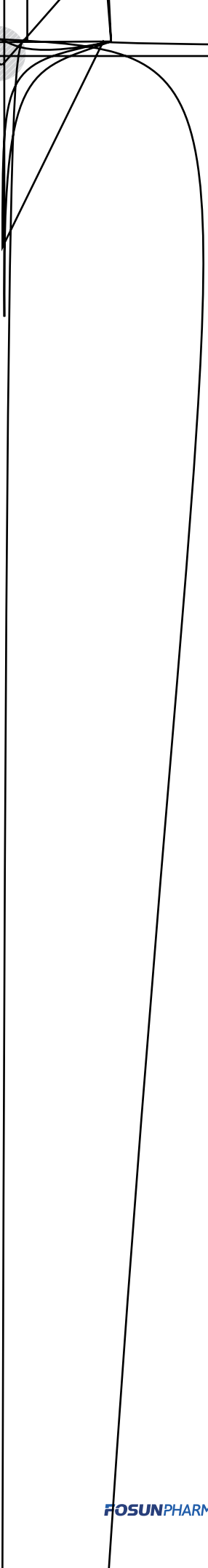
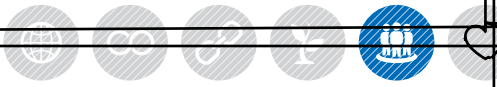
(Data description: the statistics of the data disclosed in the above sections and each table in the EHS report are conducted in accordance with related state or local regulations, industrial standards, administrative requirements or practices formulated by member enterprises. They are derived after reasonable 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 "N/A".



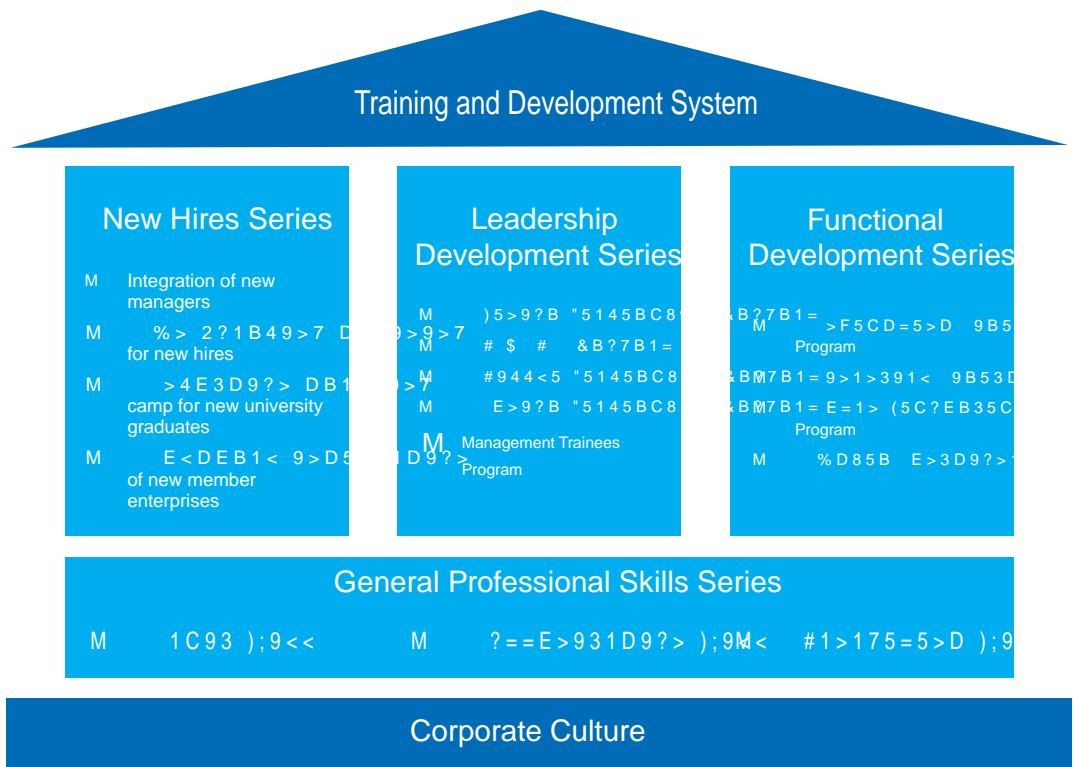
Belief

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.

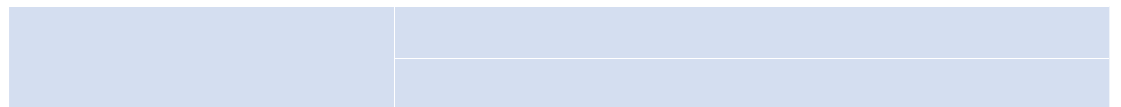




Training and Development System



Major training indicators at Fosun Pharma Group



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

*2 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.



Training Project

Title of Training Project

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Employee Development

Performance management

Fosun Pharma Group emphasizes motivating 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.

Table of 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

Table of employee outflow and loss rates

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)



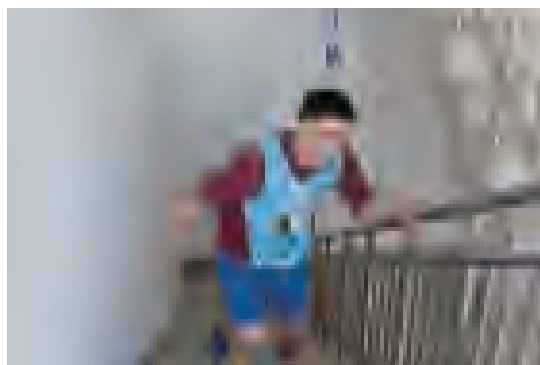
Employee Activities

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 (康乐杯)" 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.





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.



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 "ethic 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 specially sponsors the "C.C. Tan Life Science Award for Industrialization".

Fosun Foundation

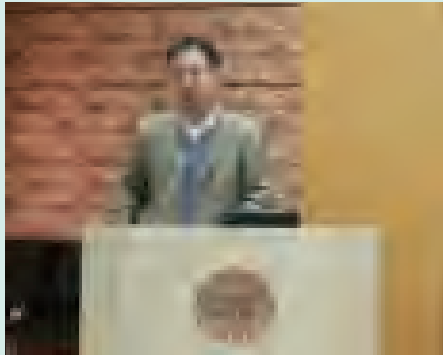
On November 30, 2012, Fosun Foundation jointly initiated and established by Fosun Group, Fosun Pharma, and Forte Group was officially announced to be activated in Beijing. "Fosun Foundation" is a non-publicly raised fund. The initial value of the foundation was RMB10,000,000. The foundation is meant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

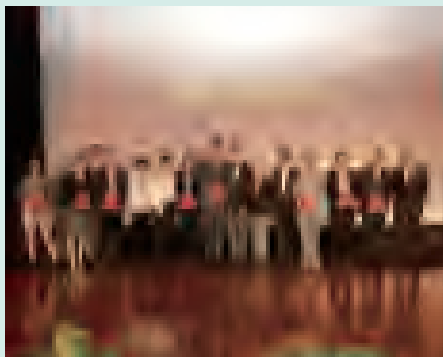
Listen to what they say: Community charity collaboration projects



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 “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.

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 & Jade Ribbons

On October 14, 2014, Jade Ribbon Liver Care Center, which was founded by Yaoyou Pharma, launched the “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”

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.”



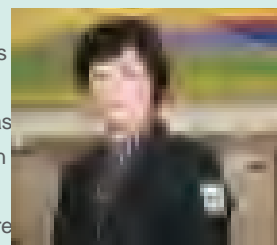
Wu Jianhong

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



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, nance.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.

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

In April 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.

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.

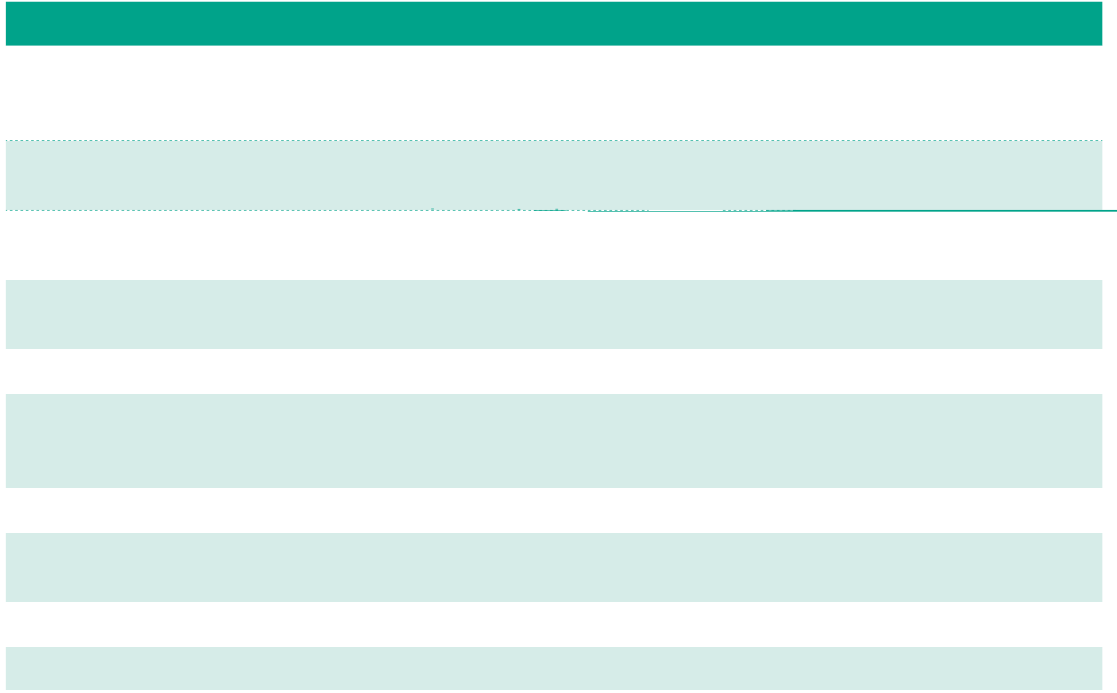
Fosun Pharma Wins Two Awards during the “Golden Round Table” Event

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.

Social Indicators



Form with a solid teal header bar and 24 horizontal teal lines below it.

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 Me25.(.)JTt Me32.599.2909 Td2Shangh., Ltd.	

Terminologies

A series of horizontal bars for writing, consisting of a solid teal bar at the top, followed by a dotted teal bar, and then 15 solid light teal bars.



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” 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 |

5 5 4 2 1 3 ; 6 B ? = 4 9 R 5 B 5 > 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 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 Qiying, 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 year social responsibility report 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.

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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
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SGS Assurance Statement

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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:

- ¼ A sluggish cycle for the industry we do business in;
- ¼ Increased overhead or reduced profitability as a result of new laws and regulations or amendments to existing laws and regulations;
- ¼ Price increase of raw materials, particularly when it is impossible for us to transfer the cost to customers;
- ¼ Reduced or loss of product patent protection;
- ¼ Debts, particularly when they have to do with environmental laws and regulations or are caused by product liability lawsuits;
- ¼ International currency exchange rate fluctuations and changes to the overall economic environment;
- ¼ 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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