

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

2011 Corporate Social Responsibility Report

This is the *2011 Corporate Social Responsibility (CSR) Report* published to the Public by Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

The report is formulated to reflect the development and practice of the corporate social responsibility of Fosun Pharma Group in 2011 truthfully, inform the stakeholders of the operation of the Company and make the stockholders, employees, government, clients, partners, communities and other stakeholders deeply understand the corporate social responsibility practice of Fosun Pharma. Since first launched in March 2009, the Corporate Social Responsibility Report of Fosun Pharma is published regularly each year.

The time span of the Report is from January 1, 2011 to December 31, 2011 and it is revealed simultaneously with the Annual Report of the Company. The financial data and coverage involved in the contents of the Report comply with the Annual Report 2011 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. The Report hereunder displays the profile of Fosun Pharma to the stakeholders, such as enterprise strategic development, corporate governance, economic responsibility, environmental protection, quality safety, occupational health and safety, employee development and public welfare. The next report will be published in 2013.

In the preparation of the Report, Fosun Pharma follows the Sustainability Reporting Guidelines (Version G3.1) of the Global Reporting Initiative ("GRI"). Fosun Pharma claims that the Report complies with the C+ level of GRI (G3.1).

For the convenience of expression and reading, according to contexts, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. is called "Fosun Pharma Group", "Fosun Pharma", "Company" and "us" for short in the Report. Shanghai Fosun Pharmaceutical Development Co., Ltd. is called "Industrial Company" and "Fosun Pharma Industrial Company" for short. The holding and joint stock enterprises of Fosun Pharma are called the "subsidiaries" and "member enterprises" in the Report.

The Report is prepared and printed in Chinese and English respectively and the English version is the core content extracted from the Chinese report. In the event that there is discrepancy between the understanding of the Chinese and English versions, the Chinese version shall prevail. For the convenience of further reading and understanding the Report of the stakeholders, a glossary involving the terms referred to in the Report is added in the final page of the Report.

The Report is made in the paper and electronic versions and the latter can be downloaded on the website of Fosun Pharma: www.fosunpharma.com. The Report is printed with the certified paper by The Pan-Euro Forest Certification Council (PEFC) for the purpose of expanding use of the wood and paper products promoting sustainable forest management and advocating the environmental protection concept.

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. has commissioned an independent foreign institution without any conflict of interest to provide independent verification service for the Chinese Report and offer the Chinese and English Verification Statements. The scope of verification involves the Headquarter (HQ) of Fosun Pharma plus the site verification of Jiangsu Wanbang Biochemical Pharmaceutical Co., Ltd., a holding subsidiary of Fosun Pharma.

Please visit www.fosunpharma.com for further information about how the Company implements the concepts and strategy of social responsibility and relevant practices.

Dear friends,

In 2011, the slowdown of global economy and continuous deteriorating of the European debt crisis brought about unfavorable international economic environment. The persistent increasing prices of raw materials and labor increased the pressure on the production cost. In the meantime, the medical reform in China forged ahead and new industrial policies were introduced. The competition was getting more intense in the industry.

Facing the opportunities and challenges brought by the macro-economic environment, Fosun Pharma insisted its mission to improve human health. Inheriting the operation concept of "Innovation for good health", Fosun Pharma played an active role in developing pharmaceuticals and healthcare and provided products and service with top quality so that more people would have equal rights to be healthy.

As an important part of the overall strategic system, Fosun Pharma kept developing the long-effect mechanism of corporate social responsibility and gradually implemented the sustainable development strategy in every step of the business.

Focusing on the core pharmaceutical businesses, Fosun Pharma kept the product innovation and enhanced the management and vigorously developed the organic growth, coupled with M&A and integration. By properly dealing with the lifecycle of the enterprise and products, our Company never stopped promoting the sustainable strategy of the products, services and talents.

As a pharmaceutical enterprise, the product quality and environmental protection are critical to the sustainable development of the enterprise and even the entire society. Quality safety is deemed as the engraved goal of the Company. From new drug R&D, raw material procurement, drug and medical product production to sales, Fosun Pharma spared no effort in improving the technologies, upgrading the technical process of production and prolonging the lifecycle of products so that we could provide safer, more effective and affordable drugs and services to the people and increase the popularity of the pharmaceutical and healthcare products and services.

Giving prominence to the environmental protection, our company actively promoted the environmental-friendly policies, strictly controlled pollution emissions from "Three Wastes", helped affiliated drug manufacturing facilities conduct clean production audit and also took measures of technical advancement, process improvement and capacity allocation and control for energy conservation & emission reduction.

Our company has established EHS System Management Committee at the headquarter's level, responsible for unified routine EHS system management from HQ to affiliated manufacturing facilities, especially control and supervision on environment, occupational health and safety of the drug manufacturing facilities.

In terms of sustainable development of talents, through the people-oriented human resource system, we emphasized the occupational development of existing employees and in the meanwhile, vigorously cultivated reserve talents. Moreover, through education donation that is of public welfare nature and by means of fund donation, employment practice, school-enterprise cooperation, etc., we reserved excellent talents for the development of the society.

Persisting in the sustainable development in the standardized, transparent and professional manner, Fosun Pharma further improved the overall control system within the enterprise and improved governance structure. Under the governance framework for listed companies, we paid more attention to communicating with stakeholders and maintaining their legal rights to build trustworthy relationship with them under the principle of open communication, standardization & transparency and mutual benefit so as to promote the sustainable and healthy development together.

Fosun Pharma has always been devoted to creating a more harmonious industrial ecosystem. As a player in the pharmaceutical industry of China, Fosun Pharma took the initiative in creating an industrial union of outstanding enterprises for the purpose of growing together with them, gathering strength for the development of the industry and jointly witnessing the birth of the world-class enterprises in the Chinese pharmaceutical industry in the future.

In 2011, Fosun Pharma successfully took the responsibility as corporate citizen by making progress in corporate governance, economy, environmental protection, quality safety, employee and society. In the New Year, we will continue to perform our social responsibility through practice and try to realize comprehensive harmony among enterprise, society and environment, and become one of the sustainable development enterprises with the highest awareness of social responsibility in the pharmaceutical and healthcare field of China and even in the world.

Chen Qiyu
Chairman of Fosun Pharma



Yao Fang
President of Fosun Pharma



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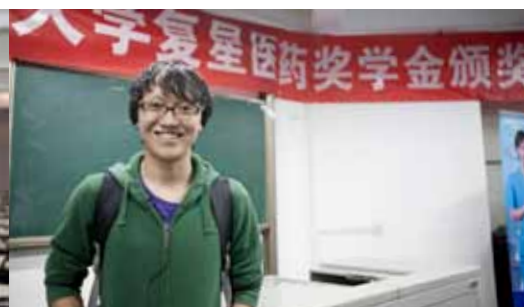
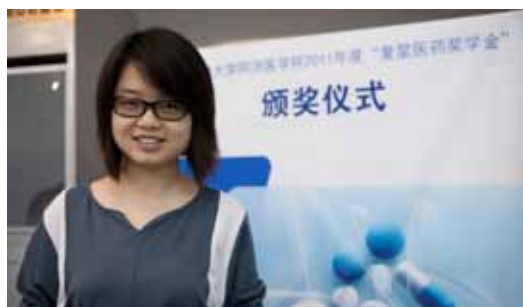
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All centerfold images are the winners of Fosun Pharma "Future Star" scholarship. The purpose of this scholarship is to promote pharmaceutical education in China and supply more talents into this industry by providing students a better study environment and encouraging their enthusiasm.

Fosun Pharma Involving in Vaccine Business by Controlling Aleph Biomedical

In 2011, two subsidiaries of Fosun Pharma, Fosun Industrial and Fosun Pharmaceutical Industry Development, signing the Equity Transfer Agreement with Aleph Holdings and HeXinBoYe to buy from them a total of 75% of the equities of Aleph Biomedical with the value of 666 million RMB and 9 million RMB respectively. The trading price includes the expectation of the rabies vaccine business which is submitted for registration at the moment.

Aleph Biomedical is one of the 11 influenza vaccine manufacturers, as well as one of the nine H1N1 vaccine manufacturers in China. Its current products include influenza vaccine and rabies vaccine. With its leading position in these two aspects, Aleph Biomedical has participated actively in the national disease control and undertakes many national research tasks for specific aspects.

Wanbang Biomedical Passing SFDA Field Inspection for New Products

On 22nd-27th Feb 2011, Wanbang has passed the new products field inspection organized by State Food and Drug Administration (SFDA). The team working for the inspection includes members from Production Department, R&D Department, QA, QC, Purchasing Department and Wanbang Jinqiao Pharma. The products for inspection are Pitavastatin Calcium API and finished products, and Recombinant Human Insulin Isophane Injection (30/70) in four specifications.

"Launching Your Future - Fosun Pharma Campus Tour"

On 19th Mar 2011, Fosun Pharma held a speech for "Launching Your Future - Fosun Pharma Campus Tour" in Jiangning Campus of China Pharmaceutical University and announced the formal opening of this activity. Since Fosun Pharma "Growing" Summer Camp held in August 2010 receiving a positive feedback, Fosun Pharma, working together with the campus authorities in 2011 at the first time, started a series of interactive activities through the theme of "Launching Your Future - Fosun Pharma Campus Tour" with the purpose of improving the employer's image among students and promoting the communications between company and students. In addition, through this activity, company is able to find some potential talents and make preparation for the yearly recruitment.

Looking into Medical Service Business, Cooperating with Anhui Jimin Cancer Hospital and Yueyang Guangji Hospital

On 19th May 2011, Fosun Pharma signed the strategic cooperation agreement with Anhui Jimin Cancer Hospital and began its investment into the medical service business. At 26th November, Fosun Pharma signed strategic cooperation agreement with Yueyang Guangji Hospital which was the first investment of Fosun Pharma in a general hospital which is within the health insurance system.

Yao Pharma Passing the Annual ISO14001 and OHSAS18001 Management System Surveillance Audit

On 19th May, 2011, Expert Team from China Certification and Inspection Group carried out the annual surveillance audit of ISO14001 and OHSAS18001 for Yao Pharma. The five experts of the team had a detailed evaluation of different aspects including EHS system, laws and regulations, targets and management, personnel education, special equipment management and solid waste treatment. After that, they gave their valued advice of improvement. Finally the team leader Tang Huixuan concluded: the information provided by Yao Pharma and its management system of the year is complied with requirement. Thus, it passed the audit.

Fosun Pharma Setting up Leadership Development Center

Fosun Pharma Leadership Development Center was set up on 10th June with the major roles in training management, personnel career and management consultant. By working together with training centers in each member enterprise, this center is used to promote Fosun Pharma culture, to manage Fosun Pharma special knowledge, to cultivate talents with Fosun characteristic and to coordinate the training resource in the group. It aimed to develop a comprehensive personnel cultivation system through evaluation, selection and education with consideration of HQ and each member enterprise's development.

Fosun Pharma Awarded Asia's Best Employer Brand Awards

The award ceremony of 2nd Asia's Best Employer Brand Awards 2011 organized by Employer Branding Institute was held on 22nd July at Suntec City, Singapore. Fosun Pharma was awarded together with another 80 enterprises in Asia and Pacific region with its creation of contribution, innovation culture and cultivation of leaders for future.

Finishing Medical Device Business Integration with a Good Performance of CML

In 2011, the former Fosun Medical Equipment Division and the MPD Business of Chindex were combined to become Chindex Medical Limited (CML) and has got a good outcome. In 2011, CML business grew a lot comparing in 2010 before the combination. Targets of both net profit and operating cash flow were fulfilled.

CML is specialized in medical equipment, and has set up a whole industrial chain from R&D, manufacturing to marketing both domestically and internationally. Fosun Pharma has enjoyed a rapid growth in this business through CML, a new operating mode in Fosun Pharma's medical equipment sector. At present, CML is the exclusive agent for many multinational companies including famous brand like Siemens and the region covered including mainland China, Hong Kong and Macao.

Fosun Pharma Building Pharmaceutical Outsourcing Center in Liangjiang New Area of Chongqing

The strategic new industry development of Liangjiang New Area of Chongqing has witnessed a new change of R&D innovation and global service. On 8th August 2011, Fosun Pharma worked with Yao Pharma,



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1. Fosun Pharma working with Lonza Group in new drug R&D
2. Strategic cooperation with Anhui Jimin Cancer Hospital and Yueyang Guangji Hospital
3. Fosun Pharma building pharmaceutical outsourcing center in Liangjiang New Area of Chongqing
4. Fosun Pharma setting up Leadership Development Center

one of the largest pharmaceutical outsourcing suppliers in the world, to build its international pharmaceutical outsourcing service center in Liangjiang New Area of Chongqing, which added a new large enterprise in the Area. This is also an important step taken by the area to build the National high-tech industrial center, R&D and transformation center. Lyophilized formulations such as Atomolan and Potassium sodium dehydroandrographolide succinate is the key products of Yao Pharma and enjoys leading position in China. In 2010, it became the 1st company which passed the Canada GMP audit in China. It now has become the biggest supplier of Clindamycin Hydrochloride to global well-known pharmaceutical manufacturers, while more than 90% of its APIs are exported to USA and Europe.

Artesunate for Injection Becoming the 1st Choice for Severe Malaria Treatment Recommended by WHO

In April, 2011, WHO changed the "Guideline for the Treatment of Malaria" which recommended to use artesunate for injection as the 1st choice for the severe malaria treatment. Malaria endemic countries especially in Africa are reacting actively. So far, more than a dozen of countries have changed their malaria treatment guideline accordingly. At the same time, Guilin Pharma's artesunate injection has passed the re-inspection of WHO pre-qualification program.

Fosun Pharma Working with Lonza Group in New Drug R&D

On 6th September, 2011, Fosun Pharma announced in Shanghai that it planned to set up a joint venture in Zhangjiang high-tech Park with Lonza Group from Switzerland, a global leading supplier of pharmaceuticals, health products and life science products, to develop high technology medicines in urgent demand in China. The 1st phase of investment amounted to 100 million RMB, with major focus on anti-tumor, anti-infection and cardiovascular disease.

Beijing United Family Healthcare passing JCI Certification again

On 19th September 2011, Beijing United Family Healthcare Hospital and its clinics passed the Joint Commission International (JCI) certification again, which marked the 3rd time of passing this certification by the first and biggest foreign-funded general healthcare facility, which ensures the healthcare quality, patients safety and administration management complying with the international highest standard.

2011 Sino-U.S. Pharmaceutical Industry Summit was Held and Joint Declaration was Signed

On 18th, October, the Sino-U.S. Pharmaceutical Industry Summit



2011 Sino-US Pharmaceutical Industry Summit was held and joint declaration was signed

2011 was grandly held in Beijing, which was cosponsored by the China Chamber of International Commerce (CCIOC), the China Pharmaceutical Industry Research and Development Association (SINO-PhIRDA), the American International Chamber of Commerce (AICC) and the Pharmaceutical Research and Manufactures of America (PhRMA). Thanks to the coordination and supports from the American Chamber of Commerce, the China Council for the Promotion of International Trade (CCPIT) and Fosun Pharma (Shanghai), more than 200 Chinese and foreign officials, corporate executives and industry experts attended the summit. The SINO-PhIRDA and the PhRMA signed the Joint Declaration on Strengthening Intellectual Property Rights Protection, Promoting Pharmaceutical Industry Innovation and Development, and Improving Public Health at the summit, in which both parties made commitments to constantly improve the health of the two peoples by providing safe and effective new drugs to patients. The cosponsors of the Summit also arranged the special Roundtable on Sino-U.S. Pharmaceutical Industry IPR Protection, at which Mr. Chen Qiyu, SINO-PhIRDA Vice President and Chairman of Fosun Pharma introduced the status quo and future strategies of the company, attracting high attention from the industry.

Fosun Pharma CSR Report Awarded Grade AA Certification

On 18th, November, 3rd A-share Companies CSR Reporting Summit and CSR Reports Rating Award Ceremony was held in Beijing, Fosun Pharma's CSR Report of 2010 with Grade AA, ranked 1st position of the total mark in biological and pharmaceutical industry in a successive three years and listed on the 5th position among all social responsibility reports submitted by 519 A-Share enterprises.

This forum was co-hosted by Rankins CSR Ratings, Chinese Enterprises' Social Responsibility Institute of Beijing Normal University, and Det Norske Veritas. Fosun Pharma's CSR report, with a mark of 78.44 out of 100, ranked as number one in biological and pharmaceutical industry and enjoyed 5th position in annual comprehensive ratings and awarded Grade AA together with other ten enterprises.

Furthermore, with the concept of "a pharmaceutical enterprise should make public in details all consumers' medicine safety and health information, and advice from all Stakeholders", Fosun Pharma's 2010 CSR report has been included as the special case in the Blue Book of 2011 CSR reports of Share A listed enterprises.



Fosun Pharma Participating in 1st Shanghai Philanthropy Partnership Day

Fosun Pharma Participating in 1st Shanghai Philanthropy Partnership Day

On 25th, November, the 1st Shanghai Philanthropy Partnership Day was opened in Shanghai Exhibition Center. During the three-day activity, Fosun Pharma was participating and presenting together with other nearly ten enterprises. In this platform of 120 NGOs and government bodies, Fosun Pharma has presented its social responsibility vision and strengthened its communication with NGO and government, with the purpose of working with more partners to search for more efficient cross-section cooperation on social charity.

By setting up public welfare projects in different aspects including community-level service, supportive education and science & technology research through the "Future Star" initiative, and with its strength in medical and health product, technology and service and continued investment in the medical product R&D, health service and education, Fosun Pharma is trying to not only give to the society materials but also focus on education so as to realize the sustainable development for both enterprise and society.



Huang Jing

Pharmaceutical Major, Tongji Medical College of Huazhong University of Science and Technology
Winner of Fosun Pharma Scholarship 2010

"Both of my parents are working in hospital, I am influenced by them and dream to be a pharmacist one day since childhood. I am senior now and planning to go on with my study in the pharmaceutical field abroad, then after graduation, I will go back China to work in the pharmaceutical industry to contribute myself to Chinese pharmaceutical development".

Company Overview

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma", stock code: 600196), was established in 1994 and listed on Shanghai Stock Exchange in August 1998. It is a leading listed company in Chinese pharmaceutical industry.

Since listing 14 years ago, Fosun Pharma's net profits have increased by 21 times with its CAGR reached 26.72%. Meanwhile, its revenue, net assets, net profits and market capitalization outperformed the listed peers in Chinese pharmaceutical industry.

Specializing in modern biopharmaceutical and healthcare industry, Fosun Pharma has captured opportunities within the rapidly developing Chinese healthcare industry as well as from the globalization of Chinese healthcare companies in general. Fosun Pharma's operations strategically cover several important segments of the healthcare industry value-chain, including: pharmaceutical manufacturing, distribution and retail. In particular, the Company has a leading market position and unmatched advantages in pharmaceutical distribution and retail, healthcare services, diagnostic products and medical devices, and maintains a strong focus on research and development, and manufacturing. As one of the largest healthcare companies in China, Fosun Pharma enjoys a competitive advantage in research and development, innovation, marketing, integration of mergers and acquisitions, as well as human resources.

As a result of its focus on innovation, research and development, Fosun Pharma maintains a highly capable international R&D team with operations in Shanghai and Chongqing and the United States in addition to its National Recognized Enterprise Technology Centre. Fosun Pharma's research and development activities cover therapeutic areas such as metabolism and alimentary tract, the cardiovascular system, oncology and immunomodulation., nervous system and anti-infection. The Company has market-leading products in China in such segments as liver diseases, diabetes, tuberculosis and diagnostic

products; and is the leading provider of anti-malaria medicines globally.

While focusing on pharmaceutical manufacturing, Fosun Pharma has built a leading position in diagnostic products and medical devices while actively developing its presence in healthcare services, where it has a solid foundation for domestic high-end and specialty services. Fosun Pharma is the second largest shareholder of Sinopharm, China's largest pharmaceutical distributor. The Company also operates leading local pharmacy chains such as For Me Pharmacy and Golden Elephant Pharmacy, which, from their bases in Shanghai and Beijing, provide it with a nationwide retail network.

Fosun Pharma strongly believes in the principle of sustainable development and has incorporated social responsibility into its long-term business strategy. In full recognition of its social role, Fosun Pharma endeavors to meet the needs of its community, customers, employees and shareholders throughout the conduct of its business and its future development.

With its commitment to innovation for good health and creating a better future, Fosun Pharma remains on its mission to promote health and well-being. The Company's strategic development approach of "Organic Growth, Coupled with M&A and Integration" allows it to continue to enhance creativity and service, drive integration and achieve global capabilities. As a result, Fosun Pharma will emerge with an effective operation, world-class management, sound investments and as a leading provider of healthcare products and services.

Mission

Continuously improve its capabilities of innovation, service and integration as well as internationalization and efficiently run and invest excellent enterprises to become a leading provider of healthy products and services.

Positioning

A leader in Chinese pharmaceutical and health industry

Development Approach

Organic Growth, Coupled with M&A and Integration

FOSUNPHARMA

复星医药



Care for Life



Continuous Innovation



Strive for Excellence



Win-win Cooperation

Brands of Holding Subsidiaries



Brands of Co-operative Enterprises



国药控股股份有限公司
SINOPHARM GROUP CO. LTD.





Strategy and Management

As the company becomes larger and internationalization process faster, Fosun Pharma puts sustainable development strategy into the enterprise comprehensive strategic system, and keeps improving management and internal control and communicates actively with Stakeholders. Meanwhile, it pursues the sustainable development by integrating CSR strategy into different sectors including pharmaceutical R&D, manufacturing and marketing.

Target and Strategy

Fosun Pharma's strategic development pattern can be summarized as "Organic Growth, Coupled with M&A and Integration". Focusing on the enterprise mission and strategic objective, Fosun Pharma firstly tries to improve its operation capacity and realize synergy effect and comprehensive advantage through integrating various steps of R&D, manufacturing and marketing of pharmaceutical products to achieve growth rate exceeding industry average. Secondly, through investing and managing excellent enterprises over the entire medical industry chain, it collects and integrates external resources to consolidate

existing operating advantage and enters into new fields on high starting point and at fast speed for improving its industry chain. Thirdly, through integrating existing internal resources and conducting integrated M&A, it continuously enhances assets profitability and operating efficiency and displays synergy effect to realize overall competitive advantage of industry chain so as to become a leading provider of innovative pharmaceutical and health products and services.



Steps and Measures of Sustainable Development Strategy

Strategic Steps	2009	2010	2011	Before 2015
	<ol style="list-style-type: none"> 1. Strengthened the product health, quality safety, environmental management and review. 2. Gradually established the social responsibility index collection system. 3. Continued to improve the communication system of stakeholders. 4. Invited international third party institution to carry out social responsibility evaluation and verification. 	<ol style="list-style-type: none"> 1. Strengthened the risk control mechanism, kept improving corporate governance and promoted the product, service and talent sustainable development strategy. 2. The EHS system had been established and comprehensively implemented in all holding pharmaceutical enterprises. Implemented Chinese Pharmacopoeia 2010 in all holding pharmaceutical enterprises. Promoted clean production 3. verification, advocated environmental protection and green office concept and gradually introduced the concept of greening the supply chain. Strengthened the building of the public welfare system, united the member enterprises of the Fosun Pharma system and external public welfare institutions to jointly create a public welfare platform. Improved the training and development system and upgraded 5. the incentive compensation system. 	<ol style="list-style-type: none"> 1. Improved the management system, strengthened the risk control, kept enhancing corporate governance and promoted the product, service and talent sustainable development strategy. 2. Concentrated efforts on improving the competitiveness of key business like medicine R&D and production. Strengthened product quality 3. safety. Promoted the EHS system and 4. strengthened environmental protection. Improved the training and 5. development system. Strengthened the public welfare 6. system building. 	<ol style="list-style-type: none"> 1. Build, implement systematically and keep improving the sustainable development policy. 2. Build a complete social responsibility system concerning health, safety, environment, quality, etc. and the system will involve an index collection system, an inspection procedure and monitoring system and an evaluation system. 3. Establish a sustainable social responsibility structure. 4. Strengthen the progress and implementation of the medicine recall system. 5. Establish the weather-changing coping strategies. 6. Improve the public welfare system. 7. Closely link the employees' development with the enterprise.
Methods	2009	2010	2011	Before 2015
	<ol style="list-style-type: none"> 1. Established a long-effect mechanism for monitoring adverse drug reactions and relevant emergency plan. 2. Implemented the GMP and environmental protection flight inspection system 3. Established the corporate social responsibility report leading team and working team. Took charge in promoting the preparation of corporate social responsibility report and developing corporate social responsibility 4. Set up the charge system of the social responsibility index collection and implemented the system in the key holding enterprises 5. Improved the communication system of stakeholders, understood the focus of attention of stakeholders and strengthened communication with them. Entrusted the independent 6. foreign institution to conduct report verification for the first time. 	<ol style="list-style-type: none"> 1. Prepared social responsibility report index collection table, indicated the contact information of collectors and collected in the holding companies of various business plates thus improved the completeness and traceability of data. Improved the survey mechanism 2. of stakeholders, promoted enterprise culture building, joined in the Private Enterprises Joint Pavilion in World Expo 2010 Shanghai and improved the stakeholders' communication channel. Promoted the subordinate pharmaceutical enterprises to establish 3. the "provisions on the report and management of adverse reactions" according to the Administrative Measures on Report and Monitoring of Adverse Drug of the State Food and Drug Administration and set up an adverse reaction monitoring team. Improved the supplier audit procedures, strengthened the supplier back-evaluation system and gradually 4. practiced greening the supply chain. Established the public welfare strategy with subsidizing education, supporting scientific research and servicing communities as the main 5. direction and launched the "Future Star" public welfare plan of Fosun Pharma. Entrusted the independent foreign institution to verify the corporate social responsibility report for two consecutive years and intended to improve internal control audit. 6. 	<ol style="list-style-type: none"> 1. Comprehensively promoted the internal control system from five aspects, namely, internal control environment, risk evaluation, control activities, information & communication and internal monitoring. 2. Continued to insist the "4+1" R&D model and took the lead to establish the "industry-academy-research alliance of Fosun Pharma" to integrate the social R&D resources. Carried out quality and EHS 3. audit, flight inspection and special inspections, implemented risk control and management concerning quality safety. All subsidiaries of Fosun Pharma had set up the quality management system complying with the requirements of the new GMP. Improved the supplier audit procedure and gradually practiced 4. greening the supply chain. The production enterprises of Fosun Pharma had established 5. the EHS management system one after another and basically passed the cleaner production audit & inspection. The training and development center and training base were 7. launched officially and provided multi-layer training. Continued to promote the public welfare strategy with subsidizing 8. education, supporting scientific research and servicing communities as the main direction. 	<ol style="list-style-type: none"> 1. Improve the social responsibility index collection responsible person system and ensure the information quality. Practice the performance assessment and evaluation mechanism of relevant responsible persons. Continue to carry out 2. systematic dialogue with stakeholders and increase participation of the public. Take more active role in 3. recalling the drugs with safety hazards through the adverse drug reaction mechanism. Establish and improve the sustainable supplier 4. management system. Establish the public welfare cause bid-invitation system 5. and promote the long-term development of public welfare activities. Strengthen the external 6. evaluation system.



Global Strategy

Taking the advantage of the market, resource and cost of China and following the mainstream of global market, Fosun Pharma is taking a globalization road integrating Created in China and Made in China, establishing international marketing network through drug production internationalization, R&D international cooperation, product export, consigned processing and acquisition & merging, vigorously promoting international drug resource integration and trying to realize the sustainable development objective of producing safer and more effective medical and health products with better accessibility.

In terms of the internationalization of product and manufacturing, Fosun Pharma promotes the international certification of the members so that they could obtain the qualification of entering the international market and become a link on the global medical industrial chain. So far, 7 active pharmaceutical ingredients production lines have passed the America FDA certification, European certification and certification of the Ministry of Health and Welfare, Japan, 2 active pharmaceutical ingredients production lines, 2 injection production lines and 1 oral preparation production line have passed the WHO-PQ certification, and 1 oral preparation production line has passed the Canadian FDA certification.

Fosun Pharma actively creates a R&D platform integrating Chinese and foreign resources and advantages. Fosun Pharma conducts international R&D through investment, co-construction and cooperation, etc. So far, Fosun Pharma has organized many innovative drug R&D teams and an innovative R&D system covering Shanghai, Chongqing and San Francisco, USA.

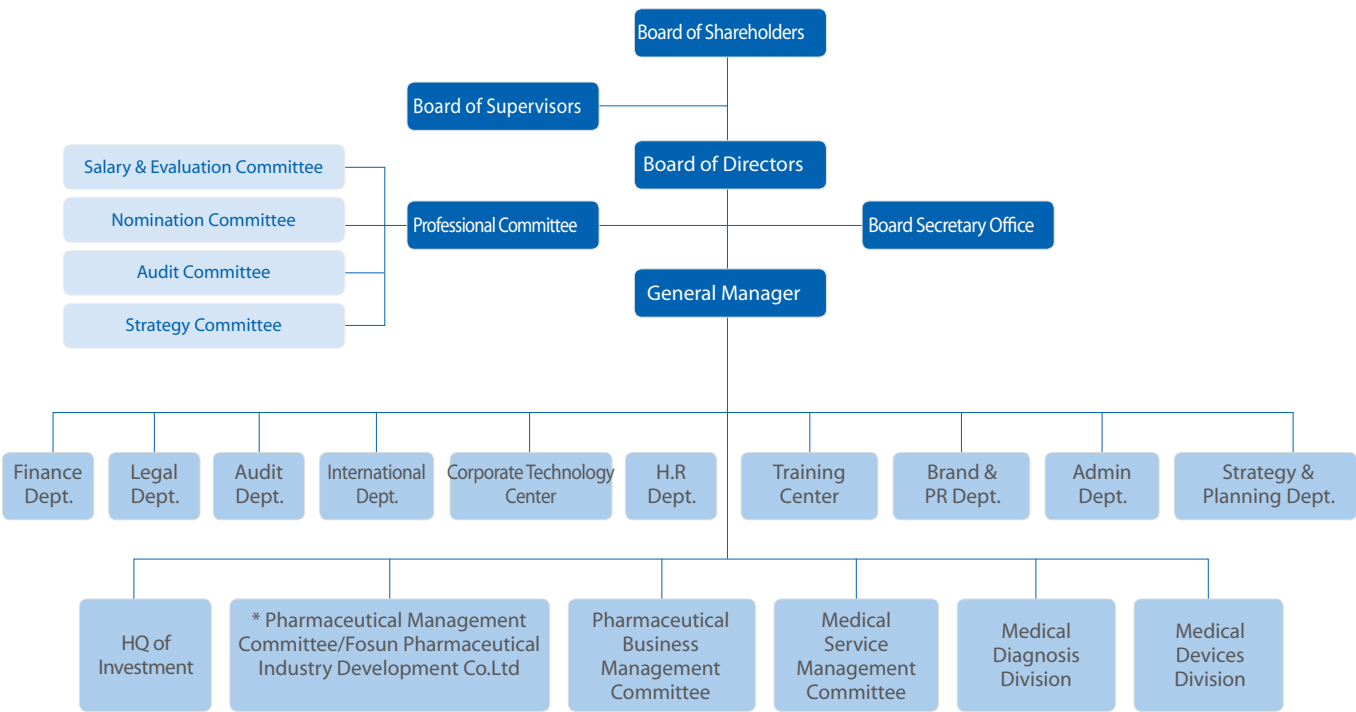
While focusing on the core pharmaceutical business, through cooperating with high-end overseas medical service institutions, Fosun Pharma cooperates with Chindex International, a famous medical & health company to keep on promoting the development of "United Family Hospital" in China; meanwhile, medical instrument business is carried out. The former Fosun Medical Instrument Division and Chindex MPD business division are incorporated into Chindex Medical Limited (CML).



- Hybrid system of R&D in Shanghai, Chongqing, San Francisco (USA)
- New York Office in USA and Ghana Branch in Africa
- Export of original innovative medicine of Artesunate series to the developing markets

Efficient Management

Organizational Framework



* The Manufacture Management Dept., Policy Affairs Dept., Marketing Dept., Investment & Development Dept., Enterprise Supporting Dept. referred to in this report all belong to the "Pharmaceutical Management Committee/Fosun Pharmaceutical Industry Development Co Ltd.".

Continuously Optimize the Management

Fosun Pharma faces the market change with proactive transformation; in the meantime, it takes the active role to promote the innovation strategy and optimize the organizational structure in time. The HQs of the Group has established the Pharmaceutical Management Committee, Pharmaceutical Business Management Committee, Medical Service Management Committee, Medical Diagnosis Division and Medical Devices Division. The Pharmaceutical Management Committee is in charge of the drug production and R&D and performs the function of platform company through Fosun Pharma Development Ltd., a wholly-owned subsidiary of Fosun Pharma to carry out daily management and operation. Through the three management committees and two divisions, the HQs of Fosun Pharma Group has composed a strategic management and control structure from three aspects, i.e., the strategic planning system, operation plan & financial budget management system and the performance & incentive system to comprehensively promote the effective operation of the Group.

The Company has set up a legal person governance structure composed of the Board of Shareholders, Board of Directors and Professional Committees, Board of Supervisors and senior management. Besides, there are 19 subordinate divisions, including the Financial Department, Board Secretary Office, Strategy & Planning Department, HR Department, Training Center, Administrative Support Department, Brand and Public Relationship Department, Audit Department, Legal Department, General Investment Department, Investment Department I, Investment Department II, International Department, Corporate Technology Center, Pharmaceutical Business Management Committee, Medical Service Management Committee and Medical Diagnosis Division.

In order to improve the decision-making efficiency and expertness and effectively prevent the risk caused by personal decision mistakes to the Group development, Fosun Pharma has promoted the building of a trans-department management committee in the HQ of the Group and strengthened the effective operation. In terms of the management, the Company has set up many special committees, consisting of senior management staff, persons in charge of the functional departments and other professionals. As the links on a trans-department decision-making and coordination organization, the committees improve the expertness of decision-making and enhance the efficiency of decision-making and the implementation. At present, the Company involves a Corporate Culture Working Committee, Budget Committee, Risk Control Committee, Brand Management Committee, Executive Committee, Performance Management Committee, EHS Management Committee, Investment Decision-making Committee, Security Working Committee and Salary Management Committee.

Company Governance

Transparent Norms

In 2011, Fosun Pharma had further improved the legal person governance structure and enhanced the modern enterprise system according to the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and other relevant laws, regulations and normative documents.

About the shareholders and Board of Shareholders: The Articles of Association has clearly stipulated the rules of procedure of Board of Shareholders and the Company could guarantee all shareholders enjoy fair status to implement shareholders' rights.

About the shareholders and listed company: The code of conduct of the shareholders of the Company does not exceed shareholders' rights to intervene the decision-making and production & operation of the Company directly or indirectly and not harm the interests of the Company and other shareholders. The shareholders and the Company are mutual independent in the aspects like personnel, assets, finance, organization and business. The Board of Directors, Board of Supervisors and other internal organizations of the Company operate independently.

About the directors and Board of Directors: The Company selects and employs directors strictly according to the provisions of the Articles of Association and the number of directors and personnel components of the Board comply with the provisions of laws, regulations and the Articles of Association including clear rules of procedure of the Board of Directors. The Board of the Company includes 8 members, 3 are independent Directors from the fields of accounting, law and

strategy, meeting the requirements of the Code of Corporate Governance for Listed Companies in China and company development. Subordinate to the Board of Directors, there are the Strategy Committee, Audit Committee, Nomination Committee and Salary & Evaluation Committee, strengthening the decision-making function of the Board. In 2011, the Company amended the Articles of Association, Rules of Procedure of the Board of Directors and Rules Concerning the Work of the General Manager to further clarify the right division of the Board of Directors and the management.

About the supervisors and Board of Supervisors: The Board of Supervisors of the Company can carry out the monitoring and inspection rights to the Directors, managers and other senior management personnel independently and effectively. The Board of Supervisors convenes regular meetings and interim meetings in time according to the needs and the Articles of Association including the rules of procedure of the Board of Supervisors.

About the performance evaluation and incentive & restriction mechanism:

The Company has vigorously established a performance evaluation standards and procedures for senior management personnel and provided corresponding amendment and improvement according to the implementation conditions. The appoint and dismiss of senior management personnel of the Company strictly follows the provisions of relevant laws, regulations and the Articles of Association, and relevant information is noticed in time. In 2011, the Company also worked out the Working System of the Secretary of the Board of Directors which clearly stipulated the selection, duty-performance, training, assessment, etc. of the Secretary of the Board of Directors.

About the stakeholders: The Company fully respects the legal rights of the stakeholders like bank and other creditors, employees, consumers, suppliers and communities and takes an active role to cooperate with them to promote the continual and healthy development of the Company.

About information disclosure and the transparency: The Company has fully performed the information disclosure obligation of listed companies strictly according to the provisions of laws, regulations, Administrative Measures on Information Disclosure by Listed Companies of China Securities Regulatory Commission, Guidelines on the System for Management of Information Disclosure Affairs of Listed Companies of Shanghai Stock Exchange, the Articles of Association and the Information Disclosure System of the Company; in the meantime, the Company has worked out the Management System for External Information Submission and Use and the Management System for Insiders Knowing the Insider Information and Accountability System for Material Information Disclosure Mistakes in the Annual Report and earnestly put them into practice so as to guarantee the timeliness, fairness, authenticity, correctness and completeness of the information disclosure of the Company. Except for legally required information disclosure, the Company also publishes the Internal Control Self-evaluation Report and Corporate Social Responsibility Report to the public regularly, and employs professional institutions to provide the audit opinions thus fully shows the transparent and standard operation of the Company. The Company emphasizes on the communication and exchange with investors, has Investor Relation Management Methods and other relevant systems to guarantee the investors could obtain the information of the Company in a fair and timely manner.

Conducting of special corporate governance activities: According to the requirements of Notice [2008] No.27 of China Securities Regulatory Commission, the Company has completed all projects requiring rectification and reform in the specified period. In 2011, the Company has been keeping on strengthening the rectification and reform effects, improving the corporate governance structure and enhancing the corporate governance level. Perfect corporate governance is the cornerstone and guarantee of enterprise development and the Company will continue to strictly follow the requirements of the Code of Corporate Governance for Listed Companies in China to strengthen and further improve the corporate governance level, enhance the competitiveness of the enterprise, therefore reward the vast investors with better business performance.

Internal Control & Risk Control

Basing on the "The Basic Regulations of Enterprise Internal Control" issued by the Five Ministries of China, Fosun Pharma builds its own internal control system which is adapted to the development and management requirement for itself. By promoting in internal control, risk assessment, controlling activities, information and communication, and internal supervision to ensure its efficient operation, Fosun Pharma aims to ensure the enterprise's legal operation, property safety, financial report and related information's completion and

authentication, and to improve efficiency and promote development according to strategy.

Basing on the laws and regulations from the "Company Law", "Securities Law" and "Code of Corporate Governance for Listed Companies in China", etc, and according to the former management system, Fosun Pharma has reviewed and completed every item of management regulations of the company.

Policy and Methods	Authorization Control	<ul style="list-style-type: none"> - Improved operation of each enterprise's Board of Directors and Board of Supervisors - Improved the decision-making function and supervision role of Board of Directors and Board of Supervisors in external investment, guarantee, borrowing, large property treatment, budget and strategic planning
	Corporate Level	<ul style="list-style-type: none"> - Implemented classified management by levels and types and Finance Director Countersigning system - Made responsibilities clear for each functional entity - Strengthened the supervision and inspection and follow-up on the policy implementation
	Business Control	<ul style="list-style-type: none"> - Completed the investment project management system to have better process management , controlling of each project, better using internal resources and better collection of project information - Carried out due diligence inspection to the enterprise which is going to invest, and insisted the principles of independent reporting based on independent investigation on each aspect. Due diligence should include not only finance, law, market, R&D but also some new aspects such as environmental protection and human resource
	Management and Publication of Internal Information	<ul style="list-style-type: none"> - Added "Anti-Fraud and Reporting Policy" - Revised "Insider of information Management Policy" to make responsibility in the information management more clear
	Admin Management	<ul style="list-style-type: none"> - Added "Official Documents Management Regulations" to regulate and institutionalize the official documents processing scientifically and improve the efficiency of documents processing
	Fund Raising Management and Control	<ul style="list-style-type: none"> - Revised "Fund Raising Management Policy" to have efficient management of the raising fund
	Environment, Quality and Safety Management and Control	<ul style="list-style-type: none"> - Basing on the characters of supervision in pharmaceutical industry and the fact that China government is paying more attention on environmental protection and production safety, in 2011, Fosun Pharma carried out follow-up inspection on the quality management status as well as unannounced inspection on environmental protection and special inspection on production process safety of related enterprises, and required them to correct the problem and potential risk. All enterprises have taken relative steps to improve its weak link
	Human Resource	<ul style="list-style-type: none"> - Made "Incentive Scheme for Fosun Pharma Strategic Investment Project" to motivate investment personnel in their strategic investment project specifically and promote the development of the company's investment business - Updated "the Management Regulations of Assigning Directors/Supervisors to Investing Enterprises" to renew the assigning directors/supervisors' requirement, selection and changing process, responsibilities, rights and obligations, working process, training, evaluation, pay, reward and punishment and career, and to regulate and encourage their better performance to manage the investing company - Revised "the Management Policy for Retirement and Hiring back Staff" to renew and regulate the conditions, responsibilities and process of hiring back staff, so as to build a better company's talents structure
	Fosun Pharma Internal Control Manual	<ul style="list-style-type: none"> - An overall update on Fosun Pharma's Internal Control Manual

Internal Control Overall Improving Project

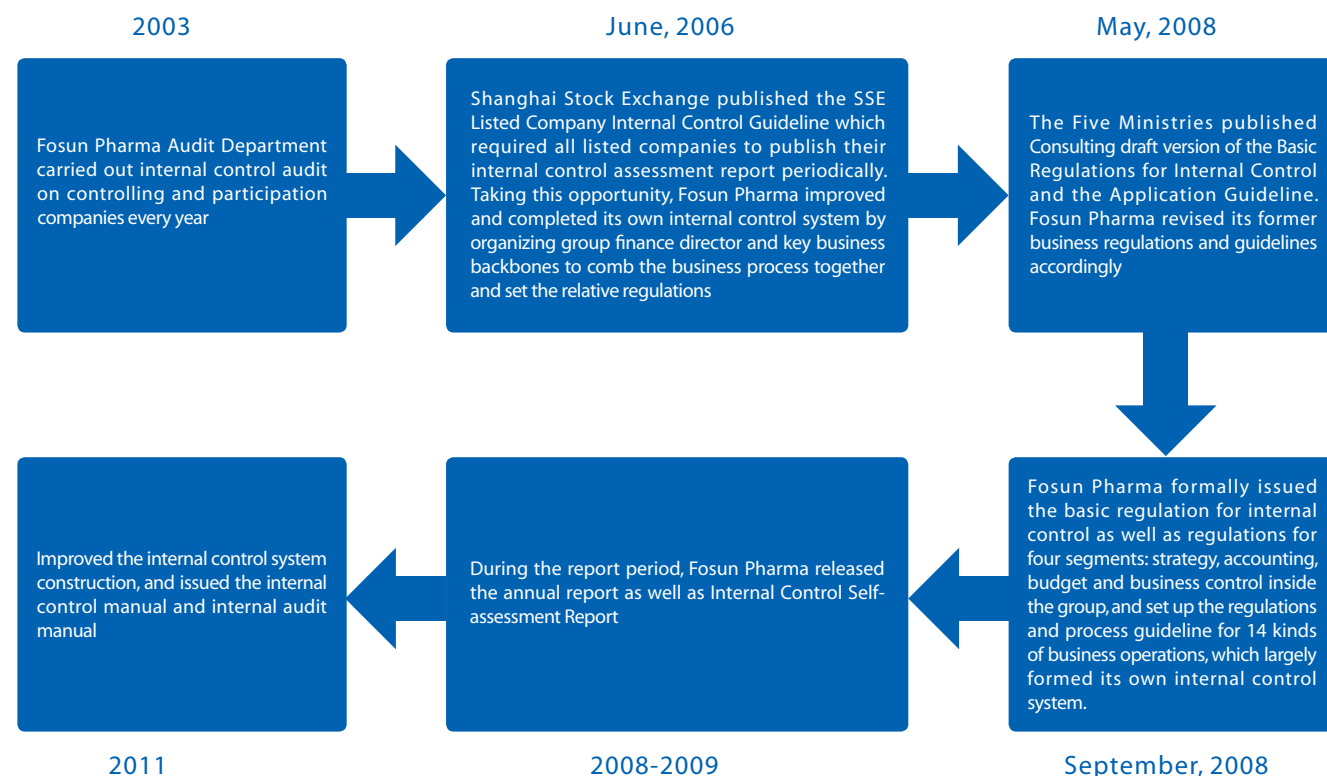
Basing on *the Basic Regulations of Internal Control* and its guideline issued by the Ministry of Finance and the Five Ministries, Fosun Pharma initiated the company internal improving project, focusing on field analysis of the current internal control status of HQ and six subsidiaries, which finally combed 62 controlling processes and find out many defects which was corrected within the year.

It carried out the risk assessing works of enterprises by investigating in HQ and subsidiaries. Through risk investigation, initial risk analysis, major risk combing, risk assessing meetings, major risk ranking and in consideration of the company's strategy, operation, legality and finance, it was able to found out 15 big risk sectors and made countermeasures accordingly, and finally formed *the Risk Accessing Working Report*.

The Internal Control Manual

In 2011, Fosun Pharma continued to strengthen its internal control methods. Basing on *the Basic Regulations of Internal Control* issued by the Five Ministries and *the 18 Internal Control Application Guideline* and *the Internal Control Assessment Guideline*, Fosun Pharma had an overall update of its Internal Control Manual and formed a new Internal Control Manual (Draft), which consisted of three major parts: General Provisions, the Internal Control Process for specific business and the Internal Control Self-Assessment Manual. The General Provisions contains some general information such as the legal basis of the manual, the application scope and internal control structure. The Internal control Process includes the controlling activities, controlling targets and controlling frequency of specific business operations such as group level management, HR management, purchasing management, sales management, stock and manufacturing management, properties management, capital management, R&D, construction project management and financial reporting management. The Internal Control Self-Assessment Manual includes contents of internal control assessment principles, structure and specific assessment methods. The Manual will be used from 2012 to guide Fosun Pharma and its subsidiaries in their internal control construction and assessment.

Development History of Fosun Pharma Internal Control System



Information Security System	Investment Management Platform	<ul style="list-style-type: none"> - Operated from the beginning of 2011 - Through one-year operation, information of separate investment projects and different reports were collected and formed a systematic and complete database for investment - Realized the informationization of business operations, and provided efficient management tools for managers to manage the project progress
	Database Center Project	<ul style="list-style-type: none"> - According to the daily financial management requirement, collected each member enterprise financial data into the group financial database - Function: to let financial personnel give up using low-efficient Excel to manage financial data and decrease human errors so as to improve management methods and efficiency; to further improve financial analysis methods and data utilization; to get comparing data of each enterprise and each business sector in different periods and discover the truth hiding behind the financial figures
	QA System Upgrades	<ul style="list-style-type: none"> - Upgraded the group QA system through four phases; completed all process set-up on the new platform, ready for new regulation that all approving process should proceed through QA system in 2012 to ensure all process under control and transparent - New QA system platform went online officially at the end of 2011, which had a better portal experience after upgrading, while form and processing function could satisfy the need for the diversity of process management.
	Audit Department Information Construction	<ul style="list-style-type: none"> - Through network platform, achieved to some extent integration of information data, standardization of working process, being controllable of audit process and transparency of performance evaluation - Let the information of basic situation, history audit situation and problem correction situation of each enterprise be seen at the information platform, so as to keep improving the audit quality and efficiency
	Warehouse Management System	<ul style="list-style-type: none"> - Improved the distribution capacity, warehouse efficiency and management: Fosun Pharma developed the Warehouse Management System V2.0 (WMS System), and it went online in 2011, which realized the control throughout the distribution process; large improvement was witnessed in the logistics management, the error rate lowering to 0.20% comparing to 1% previously. Furthermore, the distribution capacity was also improved a lot and ready for the growing products sales
	Archives Administration	<ul style="list-style-type: none"> - Set up Fosun Pharma Archive Information Platform - Collected, sorted, examined and kept 315 volumes of archives - Supervised and guided member enterprises on the archive management - Completed indicators for Fosun Pharma archiving level assessment - Completed archiving level assessment for nine member enterprises

Inspection and Supervision of Internal Control

To perfect the internal control framework and process regulations, exclusive personnel were assigned to comb and revise current internal control system of the company periodically. While the company has set up the internal control system, it also completed the supervision system based on three big sectors: Supervisors Committee, Audit Committee of Board of Directors and Audit Department, to inspect and supervise the set-up and implementation, evaluate the effectiveness and correct the defect if any. Audit Department, guided and supervised by Audit Committee under Board of Directors, undertook independent assessment of internal control. Basing on the state regulations, Audit Department made a series of internal audit management

principles and employed many auditors working exclusively for internal control auditing, specific auditing, performance auditing and off-office auditing as well as independent financial due-diligence investigation of investment projects.

Self-Assessment on Internal Supervision and Internal Control

In 2011, Audit Department carried out auditing to 27 business operations in eight member enterprises including company governance, sales and payment collection, purchasing and payment, revenue and spending, stock management, property management, and construction project

management, issued the auditing reports as well as gave the relative advice. In addition, it carried out specific auditing to 12 enterprises including HQ, member enterprises and parts of joint-stock companies on several aspects such as assigning directors/supervisors performance management, investment management process, off-office economic responsibilities, internal control status and financial status of joint-stock companies. By internal auditing, through the inspection and supervision to the company's internal control environment, control system and its implementation, and giving the advice, Fosun Pharma is able to ensure the smooth implementation of its internal control system and the proper operation of daily activities of the company.

The Board of Directors reviews the self-assessment of the company internal control every year and gives its advice. Meanwhile, Audit Committee under the Board also checks the implementation of each regulation and business operation process regularly and gives it advice.

Defects in the Internal Control and Corrections

Through a year of effort in the field of internal control, the current internal control is suitable for the need of company's management and development, and is able to ensure the financial data's authenticity, legality and completeness. At the same time, it is able to ensure safety and completeness of the company's properties and to ensure the information submitted or published according to the requirements of laws, regulations and company policy is true, accurate and complete. The internal control process worked well in controlling and preventing the company's major risks, management defects and serious process errors. No substantive errors or serious defects were found and the normal defects or errors were under control. In 2012, Fosun Pharma will continue its internal control construction and self-assessment and complete relative management methods to promote sustainable development of the company.

What's Done for Informationization

In March and July this year, Fosun Pharma carried out IT audit to Beijing Golden Elephant Pharmacy and Shanghai For Me Pharmacy respectively, including audit on the IT planning, information security and disaster preparations of computer room, investigating the computer room and working condition, checking the property recording memo, safety policy and communicating with IT staff. Through this audit, the company learned clear about the informationization level of the two enterprises, and found out the potential risks and defects during IT management and implementation. Finally, basing on the audit, auditors gave its advice and formed an audit report and suggestion exchange book and handed over to the two enterprises.

Participation of Stakeholders

Overview of Communications among Stakeholders

Stakeholders	Communication Channels	Protection of the interest of Stakeholders
Shareholders/ Investors	<ul style="list-style-type: none"> - Listed companies' routine information publication - Telephone communication - Mail communication - Website - Visiting - Investors meetings 	<ul style="list-style-type: none"> - Fosun Pharma issued <i>the Investors Relations Management Measures</i> to ensure investors fairly get public information about the company in time; published Listed companies' routine information, annual report, semi-annual report, quarterly report and statements about decisions made by the Board, investment projects and other important issues. In 2011, totally four fixed reports and 66 statements were published - In 2011, there were totally four general meetings of shareholders, 30 meetings of the directors and four meetings of the supervisors - There was exclusive staff working for communication with institutional investors to give feedbacks to their appeals; while for retail investors, they can communicate through telephone, email and website and so on
Partners/ Member Enterprises	<ul style="list-style-type: none"> - Visiting - Internal Control Audit - Assigning Directors/Supervisors Policy - Discussion Meetings 	<ul style="list-style-type: none"> - Implemented Hundred-day Service Plan to strengthen the communication and assistance with new members of Fosun Pharma Group - Communicated with and gave training to enterprises such as Aleph Biomedical, Shanhe Pharmaceutical Excipients and Old Uncle Restaurant
Suppliers	<ul style="list-style-type: none"> - Suppliers Management System - Complete Supplier Archives - Suppliers Annual Review System - Field Audit 	<ul style="list-style-type: none"> - Fosun Pharma and its member manufacturers all have supplier management system, annual quality review system and carry out field quality audit to suppliers so as to assure medicine quality and safety from the source.
Customers/ Consumers	<ul style="list-style-type: none"> - Set up complete customer complaint handling process - Set up complete information feedback system 	<ul style="list-style-type: none"> - Complaint handling process: Upon receiving complaint telephone, Customer Service Department makes detailed record about the complaint and determines its effectiveness; for the effective complaint, informs relative stores and departments to handle the issue; then follows up customers if it is solved and satisfied by telephone. For the complaint concerning the medicine quality, verifies it first. If it is true, negotiates with customers together with suppliers to solve the problem, or inform QA to settle the problem; meanwhile, recalls the products
	<ul style="list-style-type: none"> - "Golden Elephant Online" Upgrading 	<ul style="list-style-type: none"> - Improved customer experience by completing website contents (including product variety, information, pictures), enhancing shopping process and appearance - Reduced unreasonable structure, strengthened interactivities with customers and improved conversion rate - Set up and completed the membership system
	<ul style="list-style-type: none"> - Investigation on Customer Satisfaction 	<ul style="list-style-type: none"> - Customer Satisfaction of Golden Elephant Pharmacy achieved 90 point out of 100 - Yaneng Bio carried out the field investigation on customer satisfaction, and revisited customers in the whole country every three months. Customer satisfaction kept improving and achieved 95 points out of 100 the year of 2011
Staff	<ul style="list-style-type: none"> - Staff Discussion Meeting - Workers Congress - Investigation on Staff Satisfaction - Department Routine Meeting - Website Forum - Internal Publications: <i>Fosun Pharma Newspaper</i> - Morning Assembly - Staff Activities - Corporate Culture Activities - Survey 	<ul style="list-style-type: none"> - Morning Assembly was held every Monday at HQ to update all staff news of the passing week and any policy, regulations and requirements - Fosun Pharma Newspaper was published every month by HQ facing all staff in Fosun Pharma Group to present the development status of HQ and member enterprises - For Me Pharmacy/Fosun Pharma held the activity "Suggestion Show", to let staff give suggestion on the company's strategic brand positioning, new business, innovation and development - Wanbang Biochemical carried out investigation on staff satisfaction and key staff satisfaction
	<ul style="list-style-type: none"> - Internal Information Platform 	<ul style="list-style-type: none"> - Fosun Pharma started an overall update on its internal information platform from February 2011 and the new platform went online one month later. It became a comprehensive website with many functions including news publication for each member, quick search, log-in, office processing and internal sharing and communication which can be visited by all staff. As to the middle of November, there were more than 700 new articles in this internal information platform with each article read by more than 80 persons. 120 persons visited the website every day, with total visits of 30,000. It also added an internal BBS forum, which includes different subjects such as study materials and experience sharing, chatting and working
	<ul style="list-style-type: none"> - Administrative Issues Guideline 	<ul style="list-style-type: none"> - To improve the efficiency, the Administrative Issues Guideline was issued to let staff understand clearly how to process 19 kinds of daily administrative work.

Stakeholders	Communication Channels	Protection of the interest of Stakeholders
Government	- Involving in Policy-Making (through reports, proposals, discussion meetings, surveys and face-to-face communications)	<ul style="list-style-type: none"> - In 2011, as one of the core group company, Fosun Pharma participated in the drafting and validation of the <i>Pharmaceutical Industry Development Guidelines</i> during the "Twelfth Five-Year", and gave its professional advice on this field to ensure the successful publication of the guidelines. - For the new GMP implementation, Fosun Pharma submitted its advice of "Taking use of Market Mechanism to Guide Enterprises implementing GMP" to relative authorities during the two sessions and attracting attention from relative authorities. - Fosun Pharma worked with other core companies in the industry to submit its advice on "Adjusting Essential Medicine Prices with Caution", thus providing conditions for stable price of essential medicines by government in 2011
	- Daily Maintenance of Public Relations	- Kept good communication with regulatory authorities such as Securities Regulatory Bureau, Stock Exchange and Financial Office, to submit required documents correctly in time
	- Assisting Government's Foreign Aid Activities	<ul style="list-style-type: none"> - Finished 18 foreign aid projects with the products of ARSUAMOON, ARTESUN, ARTESUN-PLUS and Ribavirin Injection, the countries including Ghana, Guinea-Bissau, Mauritania, Sierra Leone, Gabon, Mozambique, Togo, Benin, Mali, Zanzibar, Liberia, Senegal, Guinea, Central Africa, Niger, Chad, with a total value of 26,650,595.37 RMB - Organized two human resource training projects for foreign countries: Official Seminar on Anti-Malaria for Asian and African Countries, and Seminar on Pharmaceutical Quality Management for Developing Countries. The Seminar on Anti-Malaria was held from 17th May, 2011 to 30th May, 2011 including 35 participants from 16 countries; while Seminar on Pharmaceutical Quality Management was held from 9th August 2011 to 30th August 2011 including 37 participants from 20 countries
Public	<ul style="list-style-type: none"> - Information Publication - News Broadcast - New Media - Website Construction - Public Sentiments Monitoring - Improving Current Media Communication Platform 	<ul style="list-style-type: none"> - HQ published information seriously accordingly to the regulations for listed companies - There are personnel working exclusive for broadcasting and the spokesman system was applied - Improved communication with Stakeholders through the quarterly magazine "Fosun Pharma". In 2011, "Fosun Pharma" magazine published four issues including major contents of social responsibilities, commerce development strategy, university cooperation and GMP management. Through this way, Fosun Pharma is able to convey its development strategy and business focus correctly to Stakeholders in time. - Fosun Pharma Magazine added a CSR column, to invite CSR experts providing good CSR concept and practice both domestically and internationally as a reference to Fosun Pharma's CSR relative work. In 2011, this column was published for three issues - Initiated official website updating - Of the member enterprises, Golden Elephant Online opened its micro blog at Sina.com and Tencent.com and developed iphone and android client applications. Meanwhile it set up the Golden Elephant Health website to increase the customer affinity and through increasing its presence at Baidu.com and Google.com to increase the web traffic
Industry Association	<ul style="list-style-type: none"> - Supporting Industry Association to hold pharmaceutical industry symposium - Giving advice to government policy-making through the industry association 	<ul style="list-style-type: none"> - As an responsible member in the industry, Fosun Pharma endeavored to realize sustainable development for the industry - Participated activities held by industry association and gave advice - Faced the industry regulatory changes actively ; involved in or affected the policy-making process
Communication among peers	<ul style="list-style-type: none"> - Corporate Culture Communication - Benchmarking 	- Communicated with enterprises in the same business through corporate culture communication, visiting and benchmarking

For Me Pharmacy Participating Policy-Making

For Me Pharmacy drafted the proposal which included the advice of "Commonly prescribed medicines (such as cardiovascular and diabetes) can be purchased with Health Insurance Card directly without prescription in designated Health Insurance Pharmacies", and communicated with relative authorities through discussion meeting and survey. Finally, *Notice on the record sales for the prescribed medicine in the specified scope in designated health insurance pharmacies* was issued jointly by Shanghai Municipal Human Resources and Social Security Bureau, Shanghai Municipal Health Insurance Office and Shanghai Municipal FDA.

Comment on Fosun Pharma CSR Report

Zhang Hao'er, President of Rankins CSR Ratings(RKS) and Senior analyst, gave her comment on the Fosun Pharma 2010 CSR report: "My deepest impression of Fosun Pharma's CSR management and information publication is 'serious'. Given it is a private company with a history of just 20 years, Fosun Pharma CSR management and report level has gone beyond other companies in the industry, though RKS gave many defects advice on its report in these two years. We believe the sustainable responsibility competitiveness will also make its business in a leading position in the industry."

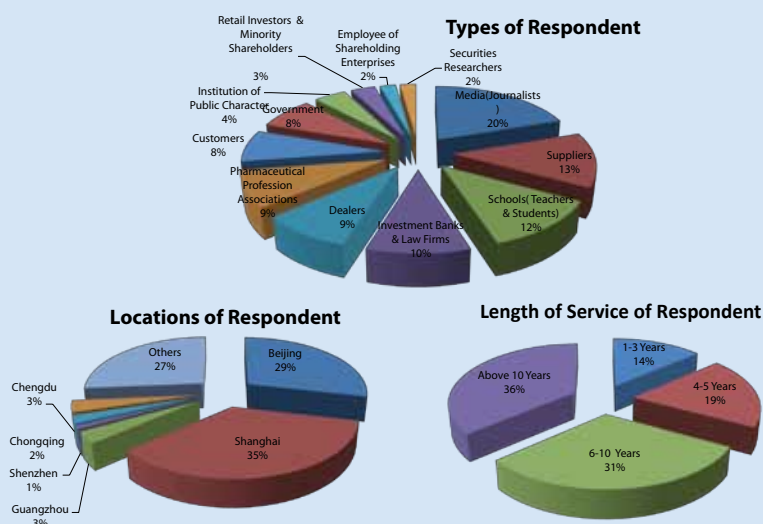


Interview of Guo Yunpei, Vice-Chairman of China Pharmaceutical Enterprises Association: "the act of publishing CSR report as the first one among the listed pharmaceutical enterprises in China shows that Fosun Pharma is indeed a company with social responsibility, and it has positive impact to guide the whole industry. I hope Fosun Pharma will be able to keep on issue the report every year. In my point of view, an enterprise should keep the same step with the country in voice and concept. The more responsibilities it has, the more development it gets. It is not totally true to judge whether a company is responsible or not by how many money they donated in various kinds of public welfare activities. To a pharmaceutical company, the priority is to do our own job seriously and provide people safe and effective medicines."

Survey on Stakeholders

Survey on Stakeholders

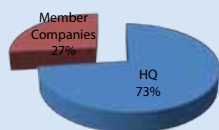
Fosun Pharma has given out 91 questionnaires through telephone and email. Among them 2 copies were given to joint stock enterprises, 7 copies to customers, 12 copies to suppliers, 8 copies to dealers, 4 copies to public welfare agents, 7 copies to government bodies, 18 copies to media, 2 copies to securities analysts, 9 copies to investment banks and law firms, 11 copies to schools, 8 copies to industry association members and 3 copies to retail investors.



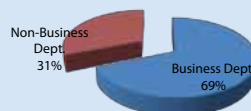
Internal Survey

HQ has given out 93 questionnaires through telephone and email, among them 68 copies were given to HQ and 25 copies to member enterprises.

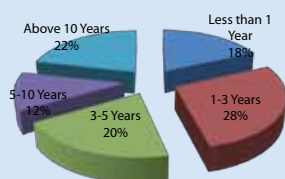
The Ratio of Survey between HQ and Member Enterprises



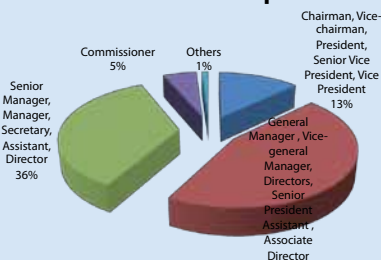
The Ratio of Survey between Business Dept. and Non-Business Dept.

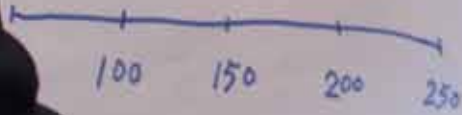


Length of Service of the Respondents (Fosun Pharma)



Positions of the Respondents





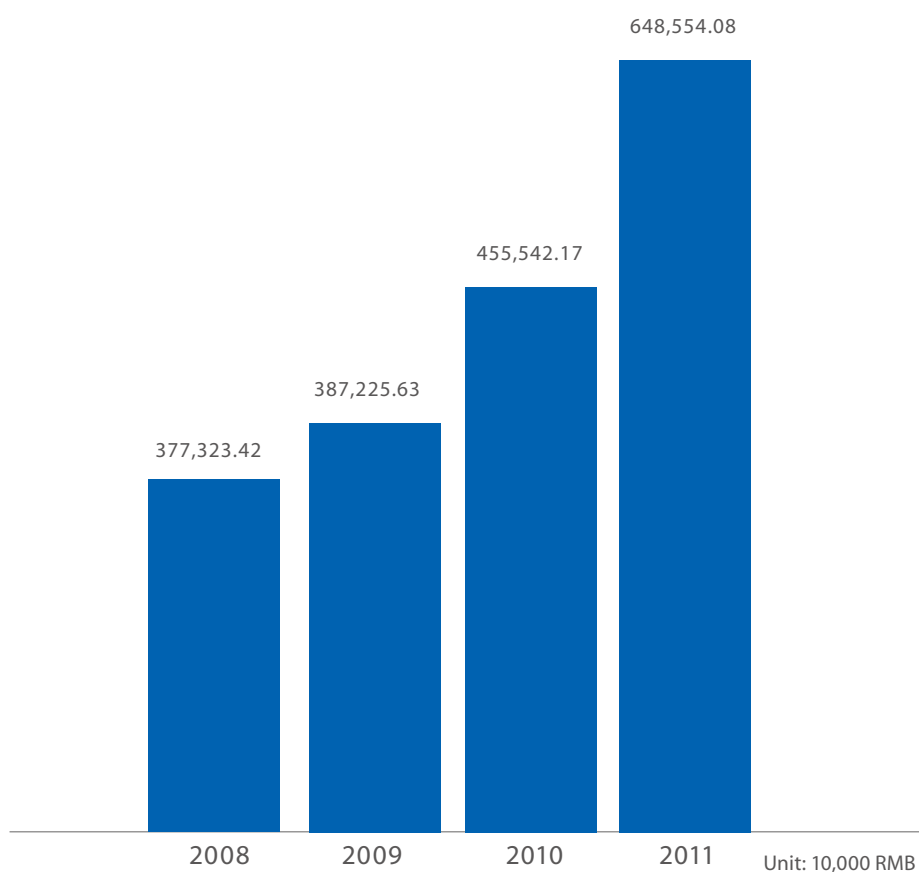
Economy

With the concept of "Innovation for Good Health", Fosun Pharma follows the strategic development model of "Organic Growth, Coupled with M&A and Integration". We have been increasing drug R&D investment, building an innovation and R&D system, integrating effective resources and made outstanding achievements in drug production, drug business (distribution, retail), medical services, medical devices, and medical diagnostics, etc.

Economic Index

In 2011, the operation revenue of the Company was 6.4855408 billion RMB increased by 42.37% compared with that of 2010 and the operation revenue of pharmaceutical business was 3.8669041 billion RMB increased by 35.22%. The operation profits was 1.5805061 billion RMB, with the total profits of 1.7266613 billion RMB and 1.1656076 billion RMB of net profits to be distributed to the shareholders of the public Company, increased by 38.59%, 43.65% and 34.96% respectively compared with that of 2010.

Comparison of Operation Revenues, 2008-2011



Business Performance

In 2011, the slowdown of global economy and continuous upgrading of the European Debt Crisis brought about unfavorable international economic environment. The persistent increasing prices of raw materials and labor increased the pressure on the production cost. Insisting on the operation concept of "Innovation for good health" and focusing on the core pharmaceutical businesses, Fosun Pharma continued to make product innovation and management improvement and vigorously developed by the organic growth, coupled with M&A and integration, and the main business of the company grew rapidly.

Product Innovation

R&D System

Fosun Pharma keeps improving the construction of pilot innovative enterprise as designated by the Ministry of Science and Technology and an R&D system "integrating generic drugs and innovative drugs". With the innovation system, the Company keeps improving the R&D capabilities, launching new products and trying to enhance core competitiveness of the Company. In 2011, the Company was enlisted as an "Innovative Enterprise" by the Ministry of Science and Technology.

The pharmaceutical industry continued to follow the "4+1" R&D pattern and the member research enterprises aimed at different R&D fields, clarified the work divisions with key fields. Fosun Pharma took the lead in establishing the "industry-academy-research alliance of Fosun Pharma", integrating the social R&D resources and strengthening the R&D of the Company.

The "Strategic Alliance subordinate to the Ministry of Science and Technology" was applied in the name of Fosun Pharma. 2 projects were approved in the second batch of innovative drug during the "12th Five-Year Plan" period. 1 PCT patent of Fochon was publicized. Henlius completed the application of the first product, Rituxan (Fosun Pharmaceutical Development Co., Ltd. has finished the application of the first monoclonal antibody generic drug). Pitavastatin of Wanbang, artesunate/amodiaquine HCl tablets of Guilin Pharma were approved by the State Food and Drug Administration and the production approval numbers were obtained.

R&D Investment

In 2011, Fosun Pharma kept promoting the R&D of generic drugs and innovative drugs and the total R&D investment totaled to 310 million RMB. 118 innovative drugs and vaccine projects were developed. During the year, 5 varieties obtained production approval letters, 3 new drug certificates, 11 production approval letters, 5 new drug clinical trial approvals and 3 projects had been under the clinical trial stage. The persistent investment of the Company in R&D and innovation lays a solid foundation for the future development.

R&D Progress

Integrating the affiliated R&D platforms such as Chongqing Pharmaceutical Research Institute Co., Ltd., Chongqing Fochon Pharmaceutical Research

Co., Ltd. and Shanghai Henlius Biotech Co., Ltd., Fosun Pharma had been promoting the R&D of generic drugs and innovative drugs for the purpose of strengthening its innovation capacity and competitiveness and vigorously following the cutting-edge technology of the global pharmaceutical industry. 2 monoclonal antibody products of Henlius had completed the construction and screening of producer cell lines and 1 monoclonal antibody product had entered the clinical application phase. Besides, 1 candidate innovative compound of Chongqing Fochon showed satisfactory safety and effectiveness in the pre-clinical trial.

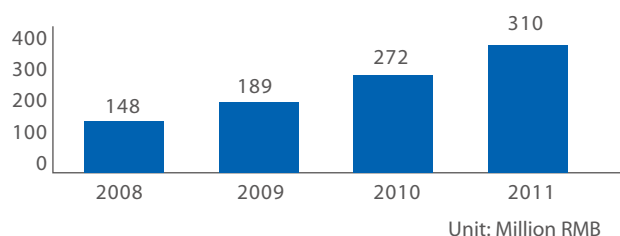
Patents and Achievements

Fosun Pharma keeps promoting the implementation of the patent strategy. In 2011, the drug production division of Fosun Pharma applied for 70 patents, including 65 invention patents and the 17 application patents for medical diagnostics and medical device, with 16 invention patents.

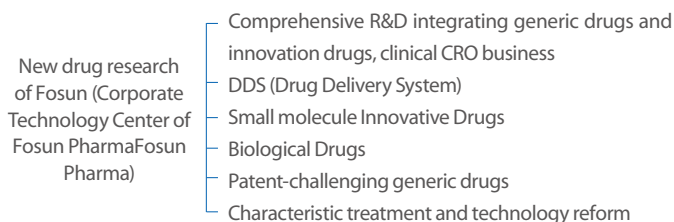
Successful Previous R&D Achievements



R&D Investment



R&D Institutions and Platforms



From the upstream to downstream, able to undertake all development tasks from pre-clinical trial to clinical trial

Metabolism & Gastrointestinal Drugs



Anti-Infection Drugs



Cardiovascular & Blood System Drugs



Anti-Tumor Drugs



Central Nervous System Drugs



Pharmaceutical Manufacturing

In 2011, the pharmaceutical and R&D business of Fosun Pharma realized rapid growth, with operation revenue of 3.8669041 billion RMB, increased by 35.22% compared with that of 2010. Total profit of this section was 746.1971 million RMB, increased by 50.32% compared with that of 2010.

While the pharmaceutical business of the Company grows rapidly, the professional operation team is further strengthened. In 2011, competitive products of the Company in the treatment fields of metabolic & gastrointestinal, cardiovascular system, central nervous system, blood system and anti-infection maintained leading positions in respective market segments in China. The products with the sales exceeding one hundred million Yuan include Atomolan, Wan Su Pin (Glimepiride Tablets), Ao De Jin (Deproteinised calf blood serum injection), Bang Ting (Hemocoagulase for Injection), Xi Chang (Cefmetazole Sodium for Injection), etc. Moreover, the Company strengthened the marketing strength of traditional Chinese medicine products. The sales volumes of Moluodan and Aloe Compound Capsules, were greatly improved and the sales revenue of Moluodan exceeded one hundred million Yuan.

While promoting the development of member enterprises, in 2011, Fosun Pharma enhanced industrial investment and integration. The Company acquired Dalian Aleph Biomedical Co., Ltd., a vaccine producer and obtained its holding shares therefore entered into the field with a relatively higher industrial barrier. Besides, the Company also obtained the holding rights of and made investment in Jinzhou Ahon Pharmaceutical Co., Ltd., a characteristic biological preparations enterprise which enriched and optimized the product structure of the Company. In 2011, the sales revenue and net profit of Jinzhou Ahon reached 367.9926 million RMB and 163.3115 million RMB respectively. The core competitiveness of the drug production business of the Company in the central nervous system and cardiovascular system further enhanced. Moreover, Jiangsu Wanbang, one of our member enterprises also integrated ZHPharma smoothly and Guilin Pharma completed the acquisition and merger. The integration and operation model with the core enterprises as the platform had taken the initial shape and preliminary effect was achieved.

Distribution and Retail

In 2011, the sales revenue of the drug distribution and retail of Fosun Pharma was 1.4404045 billion, RMB increased by 25.48% compared with that of 2010. Total profit of this section was 551.5386 million RMB with the stock increase of Sinopharm Group Co., Ltd., deduced, increased by 24.33% compared with the same period in 2010.

Sinopharm, with the Company as a holding shareholder, continued to accelerate industrial integration, maintained and strengthened its advantageous position as the largest drug and healthcare product distributor in China and a leading supply chain service provider. In 2011, the sales revenue of Sinopharm was 102.225 billion RMB with the net profit of 1.561 billion RMB, increased by 47.65% and 29.11% respectively and the industrial leading advantages had been further strengthened.

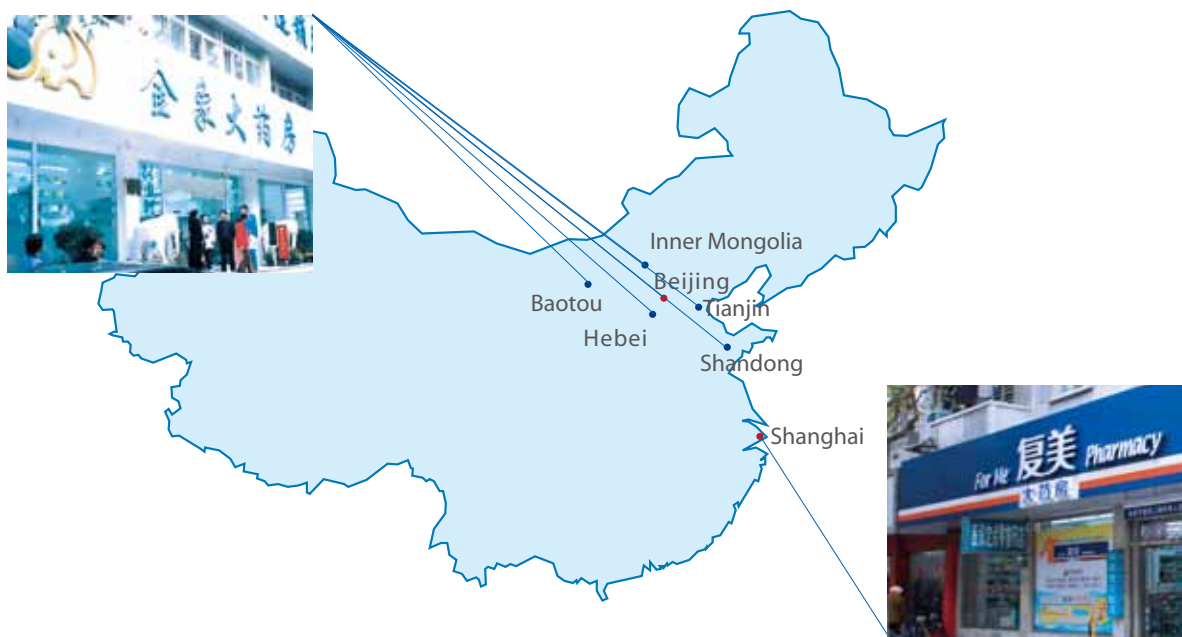
Fosun Pharma further strengthened drug retail business. By the end of 2011, For me Pharmacy and Golden Elephant Pharmacy, the subordinate retailing brands, held more than 650 retail pharmacies and continued to maintain the position as leading brands in the respective regional markets. In 2011,

the sales income of For me Pharmacy and Golden Elephant Pharmacy reached 687.4414 million RMB among the first ranking in the regional drug retail markets in Shanghai and Beijing.

In 2011, the joint procurement of "South For me and North Golden Elephant" was launched. For me Pharmacy has 455 pharmacies, 54 more than that of 2010 and a special e-business department is established for e-marketing, with the sales generated in this section taking up 1.32% of the total. In the past 10 years, the growth of For me Pharmacy exceeded the average level of the industry, with the compound growth rate reaching 17% and the sales revenue of 600 million RMB. For me Pharmacy is also the first brand in the chain retail and among the franchised outlets of Shanghai, one of the Top 50 drug retail chain enterprises in China, the first private chain enterprise obtained the qualification of providing service under the medical insurance and a national GSP certified unit. In 2011, Golden Elephant Pharmacy had 184 pharmacies and the sales revenue obtained through e-business accounted for 5% of the total.

Medical Services

Fosun Pharma increased investment in the medical service field. The



New Website of Golden Elephant Online

New website of Golden Elephant Online launched	Measurement	- Optimized the business process, divided the functional departments, improved the management of the business and increased the working efficiency	
		- Innovative marketing model	<ul style="list-style-type: none"> - Started and promoted the "fast bag" 1h distribution service and shaped the competitive barrier - Established and improved the membership system, strengthened cooperation with the upstream manufacturers and won their supports - Set up material inventory of the Golden Elephant Net, providing the actual purchasable quantity, connected quantity to the website so as to reduce invalid consulting and chargeback due to stockout in the meantime, comprehensively improved the delivery speed - Optimized the product structure. According to the historical sales data, the product categories were optimized in the foreground and in the background, the products were divided into brand (ensured the sales), profits (improved the gross profit) and long tail (ensured the product line) to strengthen the product marketing planning
	Effect	<ul style="list-style-type: none"> - The Golden Elephant Net maintained the growth tendency and continued the leading position in the industry - The Golden Elephant Net got widespread attention in the society, more than 50 medias such as CHINA-US, People's Daily Online, Sina, Tencent, DONEWS, Sootoo, E-BANG reported the Golden Elephant Net for nearly 100 times 	
	Social honors	<ul style="list-style-type: none"> - "Demonstration Enterprise of E-business of the Ministry of Commerce" (Together with 360buy, VANCL, etc., 87 e-business websites nationwide are the first batch that won the honor) - "China Top 100 E-business Enterprises" - "China Top 10 E-business Websites of Drug (Retail)" - The first "Executive Vice Chairman Enterprise of China Online Pharmacies Council (COPC)" - Xu Jun, General Manager of Golden Elephant Fosun Pharma won the title of "China Pharmacy Ten-year Influential Character" - The Golden Elephant Net won the "Best Award for E-operation of Traditional Enterprises" granted by Analysis International - Golden Elephant Online was the 6th in the "Top50 Most Valuable E-business Runner" and the "Most Influential Online Pharmacy" - Beitasi Pharmacy affiliated to Golden Elephant Fosun Pharma won the honor of "Most-welcome Traditional Chinese Brand Award", "Outstand Credit-worthy Enterprise in Beijing", etc. 	

Company made investment in Anhui Jimin Cancer Hospital and Yueyang Guangji Hospital one after another. Jimin Cancer Hospital is the largest private hospital in Anhui Province, providing 200 sickbeds. In 2011, the revenue of Anhui Jimin Cancer Hospital totaled to 48.77 million RMB. Yueyang Guangji Hospital is a regional comprehensive hospital with 500 sickbeds. In 2011, the revenue of Yueyang Guangji Hospital was 77.09 million RMB. Through the above investments, Fosun Pharma has shaped the medical service management model with its characteristics. The Company continued to support and promoted the development and distribution of United Family Hospital, a high-end medical service brand affiliated to Chindex. In 2011, the sales revenue of the medical services of Chindex amounted to USD114.40 million, increased by 19.92% compared with that of 2010.

Medical Devices & Medical Diagnosis

In 2011, through increasing investment and strengthening cooperation, Fosun Pharma promoted its development in the medical devices & medical diagnosis field. The revenue of the medical devices & medical diagnosis business of the Company totaled to 1.0607502 billion RMB, with the total profits of this section of 70.2501 million RMB, increased by 168.32% and 111.24% respectively compared with those in 2011.

The medical device section has been fully giving play to the established brand and market advantageous of Fosun Pharma and CML and continued to improve the industrial chain system from R&D and manufacturing to domestic and overseas marketing after the reorganization of Fosun Pharma and realized rapid growth.

CML successfully incorporated the former Fosun Medical Instrument Division and Chindex MPD business and became the operation platform of Fosun Pharma in the medical device. In the manufacturing, the market share of "Viral Inactivation System", the core product of the Blood Division of CML exceeded 50% in China, which stabilized its first place in the domestic market. The exports of surgical suture and surgical blade of the Wound Care Division of CML are also the highest in China.

The "In Vitro Diagnosis Product Production Base Project" of the Company had been built and would be put into operation in 2012. Both the revenue and profits of the biological business of Yaneng Bioscience(Shenzhen) Co.,Ltd, an enterprise affiliated to the Medical Diagnostics Division exceeded 60%, with the growth of HPV gene chip molecular diagnostic products almost increased by 90% compared with the level of last year.



Investment Integration Values Creation

While promoting the development of member enterprises, in 2011, Fosun Pharma continued to enhance industrial investment and integration. The Company acquired Dalian Aleph, a vaccine producer and Jinzhou Ahon, a company with characteristic biological preparations products. Besides, Fosun Pharma made investment in specialist cancer institute, Anhui Jimin Cancer Hospital and a regional comprehensive hospital, Yueyang Guangji Hospital, thus made strategic layout in the medical services. At the same time, the Company continued to urge the shareholding enterprises to enter into the capital market. In 2011, Tofflon, Jincheng Pharma, Dian Diagnostics and Billions with shares held by Fosun Pharma issued the initial public offerings(IPO).

New Cooperators in 2011

Jinzhou Ahon Pharmaceutical Co., Ltd.

The predecessor of Aohon Pharma is Pharmaceutical Factory of Jinzhou College of Medicine established in the end of 1999 and it is a high-tech biochemical pharmaceutical R&D, production and sales enterprise evolved from a university laboratory. At present, it has more than 30 approvals for biochemical, chemical and traditional Chinese medicines and many projects in R&D. At present, the registered capital of the Company is 107.87 million RMB and the total asset is 210 million RMB. In 2011, the sales revenue of the Company reached 357 million RMB, which enabled it to become a leading enterprise in China biochemical pharmaceutical industry. "Ao De Jin", the main product of the Company, is a top brand in the calf blood product field in China and "Bang Ting" is one of the three main brands in the hemocoagulase hemostatic drugs market in China. Besides, Yushangling Capsule, KangguzengshengTablet, FuyankangfuTablet have favorable reputation and shares in the market.

Anhui Jimin Cancer Hospital

Established by Professor Liu Aiguo, a renowned tumor treatment expert in China in 2003, Anhui Jimin Cancer Hospital is a private non-profit hospital approved by the Department of Health of Anhui Province. Its antitumor technology is in the leading position nationwide. The Hospital has gathered a number of domestic and overseas tumor experts and scholars to deal with the basic prevention and clinical treatment of tumor. It has established friendly cooperative relationship with some famous domestic tumor research institutions such as The Tumor Institute and Hospital, Chinese Academy of Medical Sciences (CAMS), Beijing University Tumor Hospital and Shanghai Tumor Center. Moreover, it has many scientific research cooperative themes with many famous tumor research institutions like MD Anderson Tumor Center in Houston, Harvard University, University of Southern California, Humboldt University in Germany, McGill University in Canada, etc.

Dalian Aleph Biomedical Co., Ltd.

Established in February 2002, the Company integrates scientific research, development, manufacturing and sales. It is a high-tech enterprise focusing on the R&D, production and sales of preventive biological products. In the meantime, it is an important base to develop biological products and high-tech biological products for treatment use. It is one of the 11 enterprises that could produce influenza vaccine and one of the 9 enterprises entitled to produce A (H1N1) influenza vaccine. The technology of the Company in influenza and rabies vaccine is in the leading position. In the influenza vaccine, it possesses a sound product structure. At present, it produces split influenza virus vaccine and A (H1N1) influenza vaccine. It is also applying for clinical trial of Generation III influenza vaccine, the influenza subunit vaccine (the single enterprise with the production capacity in China). In terms of the rabies vaccine, the bioreactor technology is adopted, which deals with excessive DNA residue with promising development potential and competitive advantages.

Yueyang Guangji Hospital Co., Ltd.

Yueyang Guangji Hospital is the second largest private comprehensive hospital in Hunan Province. The Hospital is characterized of advanced equipment, excellent technology, scientific management and standard service. In the aspect of disciplinary building, the advantageous operation divisions include the department of hepatobiliary surgery, general surgery department, minimally invasive surgery, orthopedic surgery, otolaryngological department, department of obstetrics & gynecology, etc. Now, in the ranking all around the City, the comprehensive strength of the Hospital is the No.3 and in the ranking among the private hospitals all over the province, it is the No. 1 in terms of the comprehensive strength.

Return to the Shareholders

Based on good faith, Fosun Pharma actively creates values for shareholders. Since the Company went public, the social image and inner investment value of Fosun Pharma have been widely recognized by the market investors. While trying to create values, Fosun Pharma also takes initiative to return to the shareholders. By the end of 2011, the shareholders' equity of the Company had increased by 2090% compared with 1998 when it first got listed. Since going public, the Company made bonus distribution in 11 years successively and the total amount of cash bonus had exceeded 3.025 billion RMB.

The Company was granted the "Golden Prize of Round Table" –the Outstanding Board of Directors Award, "Top 10 Most Valuable Public Pharmaceutical Companies 2011" and other awards.

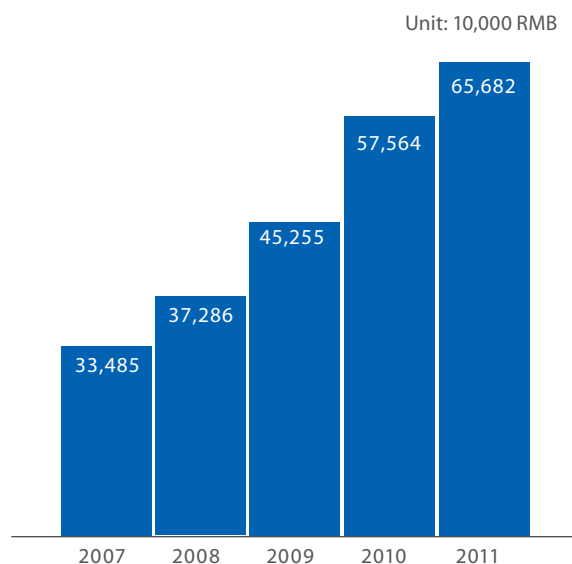
Employee Salary Comparison, 2007-2011

Tax-paying

Fosun Pharma takes pride in the taxpaying records. In 2011, the tax paid by the holding companies of Fosun Pharma Group totaled to 685 million RMB. The fine taxpaying record of Fosun Pharma reflects that the optimization of the management improves the operation profits from another aspect.

Salary and Welfare System

Taking employee's development as the main point, Fosun Pharma carries out external market salary investigation each year to improve the salary and welfare system gradually. Moreover, the Company also makes adjustment according to the duties and performance of employees. In 2011, the salary of employees exceeded 627 million RMB, increased by 8.86% compared with that of 2010.



Division of Employee Salary Payment

Unit: 10,000 RMB

Total (male)	Total (female)	Insurance		Welfare expense			Training expense	Recruitment expense	Other	Total
		Social insurance	Basic public accumulation funds	Commercial insurance	Allowance	Others				
30,615	14,150	7,354	2,641	215	3,024	893	771	134	9,388	65,682

Perseverance

A photograph of a young man, Wan Wei, smiling warmly at the camera. He is wearing a black hoodie with white and grey horizontal stripes on the sleeves and a black t-shirt with 'FERRI' printed on it. The background is a blurred classroom with rows of desks and chairs, and a window with blue curtains.

Wan Wei

Pharmaceutical Major, Tongji Medical College of Huazhong University of Science & Technology
Winner of Fosun Pharma Scholarship 2011

I have been dreaming of becoming a scientist since childhood. While applying for universities, I found that the pharmaceutical specialty perfectly corresponded with my dream. Through observation, Fosun Pharma aims at the mainstream global pharmaceutical and healthcare market and it has established innovative research system. By following the corporate spirit of "Self-improvement, Family Harmony, Career Development, Social Responsibility", Fosun Pharma observes a thankful culture and puts it into practice. China is badly in need of such enterprises.

I always believe that life lies in perseverance. Through persistent study, I hope I can take pharmaceutical synthesis as my career in the future thus return to the society and contribute to the motherland.

Society

Employee

EHS

Quality and Safety

Economy

Strategy and Management



Quality and Safety

Quality safety is deemed as the permanent goal of Fosun Pharma. From new drug R&D, raw material procurement, drug and medical product manufacturing to sales, Fosun Pharma keeps improving the technologies, upgrading the technical process of production and prolonging the lifespan of drugs so that we can provide safer, more effective and affordable drugs and services to the people and increase the popularity of the pharmaceutical and healthcare products and services of the Company.

Manufacturing

Security System

In the fields of product R&D, manufacturing, retail and distribution, Fosun Pharma has established strict quality security system & mechanism for the purpose of ensuring the whole process of R&D, production, sales, market withdrawal or recall of drugs and medical products security and validity. As a drug manufacturing enterprise, Fosun Pharma strictly implements Chinese Pharmacopoeia 2010. The company also carries out stability investigation on the drugs with changed process, applies for technology change in time so as to ensure drugs produced meet the standard of Chinese Pharmacopoeia.

Nearly 20 drug R&D and manufacturing enterprises affiliated to Fosun Pharma are distributed in 9 provinces, autonomous regions and municipalities directly under the central government nationwide. The product scope of enterprises includes biological products, traditional Chinese medicine, chemical synthesis, vaccine, preparation etc., covering most categories and preparation formulations of Chinese Pharmacopoeia.

In 2011, in order to safeguard drug quality security, Fosun Pharma continued to carry out strict quality supervision on the affiliated drug manufacturing enterprises. All year round, the inspection personnel with professional qualifications conducted the quality and EHS audit, flight inspection and special examination so as to carry out risk control and management of quality security, find the deficiency in the enterprise quality management in time, issue objective real inspection reports and require the inspected affiliated enterprise to provide the feedback concerning the rectification in the form of CAPA within one month. Manufacturing Management Department would carry out cycle tracking on onsite review, inspection and improvement, and implement the PDCA cycle to keep on improving the professional enterprise management level, promote the improvement of drug manufacturing hardware and software so as to ensure the drug quality and meet requirements of the patients to the maximum extent.

On March 1, 2011, the new GMP was officially published for implementation. Fosun Pharma convened the quality work annual meeting immediately and took the initiative to propel the quality system building with the new GMP as the standard and promote the product-centered international cGMP certification and obtained obvious effects. All affiliated enterprises of Fosun Pharma have established the quality management system meeting requirements of the new GMP. Besides, the company also invited experts to provide trainings for the affiliated enterprises on the "hardware reform meeting the new GMP", "interpretation of the new GMP" and other contents so as to improve the enterprise quality management concept.

During the drug manufacturing process, Fosun Pharma encourages enterprises to adopt advanced equipments and technologies to manufacture drugs, emphasizes process validation and strictly takes change management according to relevant State regulations and international standards so as to ensure the quality of drugs meet the registration standard.

Attaching great importance on drug security, Fosun Pharma further improved the long-effect mechanism for monitoring adverse drug reactions and properly dealt with drug security re-evaluation for the highly risky products. The HQ and affiliated drug manufacturing enterprises have established adverse drug reaction monitoring procedures according to the Administrative Measures on Report and Monitoring of Adverse Drug Reaction of the State Food and Drug Administration (SFDA) to follow and collect adverse drug reactions and handle the adverse reaction report as soon as possible. According to requirements of Fosun Pharma adverse drug reaction monitoring procedures, affiliated enterprises of the Group carry out "Zero Report" management on the adverse reactions, i.e., drug manufacturing enterprises are expected to submit the adverse reaction information sheet at the start of each month, even for no relevant information. For newly found or severe adverse reactions, limited time report management is enforced that affiliated enterprises should report to the Group and local adverse reaction center within the specified time, ensure all adverse drug reactions are collected and handled in time strictly act up to the adverse drug reaction monitoring standard of the SFDA. Throughout 2011, Fosun Pharma Group did not have severe adverse reaction reports thus guaranteed maximum security of the drug for sale.

Fosun Pharma requires drug manufacturing enterprises to establish strict drug recall system, drug quality stability investigation system and drug quality complain handling system. Once potential quality problems founded, the company would take the initiative to recall drugs with potential safety hazard in accordance with the stipulated procedures. Manufacturing enterprises should establish the Drug Recall System and the Drug Recall Procedures in accordance with the Administrative Measures for Drug Recalls of SFDA and record the recall information in time. In 2011, there was no such incident due to drug quality

problems. Drug recall, especially for strengthening active recall of drugs with potential risk after they are approved for sale has been listed in the corporate social responsibility development strategy.

In terms of commercial retail, retail stores and franchised outlets warrant all goods sold meet requirements of the GSP Management System and Operation Procedures, Medical Device Management System and Operation Procedures and Adverse Drug Reaction Monitoring and Management System, etc.

Promotion of R&D and Production Level

With titles of National-level Corporate Technical Center, National Patent Pilot Enterprises and Public Institutions, National Key High-Tech Enterprise, Enterprise Postdoctoral Scientific Research Workstation and National-level Innovation Pilot Enterprise, the Corporate Technology Center of Fosun Pharma gathers top scientists and researchers from China and America, sets up the unique 4+1 R&D platform of Fosun for integrating advantageous domestic and foreign resources, taking the highly difficult generic drug as the main direction and vigorously expanding the European and American markets. So far, Fosun Pharma has established a main force with world-class new drug innovation including Chongqing Pharmaceutical Research Institute Co., Ltd., Shanghai Fosun Omni Pharmaceutical, Chongqing Fochon Pharmaceutical Research Co., Ltd., Henlius, Handa pharmaceuticals and various manufacturing enterprises' R&D teams which have passed the American FDA and other international certifications. The Industry-academy-research Alliance for major special new drug projects led by Fosun Pharma has been approved by the Ministry of Science and Technology. The alliance has realized seamless link of R&D and production thus strengthened the power of the R&D system of Fosun Pharma. Moreover, the company also obtained project-establishment approval and fund from the "Major Special Projects of the 12th Five-Year Plan Period", Strategic Alliance of the Ministry of Science and Technology, Shanghai Municipal Science and Technology Commission, etc.

The R&D expenses of Fosun Pharma account for 7%-10% of the sales revenue of the drug manufacturing and the R&D expenses of the drugs concerning the national economy and the people's livelihood such as anti-malarial take up more than 5% in the total R&D investment of the Company.

Except for the investment in R&D, Fosun Pharma also made great investment in the projects to provide technical support and track service for them and check the progress and the significant change of the project.

The 365 million RMB investment raising project of Wanbang, i.e., the recombinant human insulin raw material and preparations project are progressed as planned. The 10 thousand ton of amino acid project in the Qingjie Industrial Park of Shine Star with a total investment of 561 million RMB. In the 189 million RMB investment raising project of Guilin Pharma, the preparation factory is nearly completed and the artesunate and multifunctional workshops are progressed as planned. The injection reform project in the old factory area of Ahon Pharma with a total investment of 105 million RMB is also under way.

Quality System Certification

In 2011, all Fosun Pharma affiliated member enterprises passed GMP certification, and they also actively strived for passing international certifications to enter into the international market. So far, 7 active pharmaceutical ingredients production lines have passed the America FDA certification, European certification and certification of the Ministry of Health and Welfare, Japan, 2 active pharmaceutical ingredients production lines, 2 injection production lines and 1 oral preparation production line have passed the WHO-PQ certification, and 1 oral preparation production line has passed the Canadian FDA certification. The artesunate injection of Guilin Pharma has passed the re-certification of supplier qualification of the WHO and the solid preparation production line of Chongqing Yao Pharma also passed the Canadian FDA certification.

Fosun Pharma keeps promoting the quality system certification, especially the new GMP reform of injections. Now 20 injection production lines are in construction or moved and renovated according to the requirements of the new edition of GMP and 6 injection production lines are reformed on the original sites. 16 production lines have been started to build or reform and 10 are about to launch recently. Altogether 850 million RMB are invested for the newly building or reform of the above injection projects.

1 oral preparation workshop and 2 active pharmaceutical ingredients production lines of Fosun Pharma Group have passed the certification under the new GMP in advance. The Group has started to prepare new GMP reform and certification plan for the oral preparations, drugs for external use, traditional Chinese medicine and active pharmaceutical ingredients of the whole Group so that they could pass new GMP certification as early as possible.

Quality Control

All drugs of Fosun Pharma meet the standard of Chinese Pharmacopoeia 2010 or the registered standard. The affiliated enterprises have worked out the internal control standard higher than the legal requirements to improve the quality of products. Moreover, Fosun Pharma makes perfection more perfect, encourages enterprises to adopt the European Pharmacopoeia (EP), United States Pharmacopoeia (USP), International Pharmacopoeia (IP) and other international standards freely in the production process.

In order to control the impurities and reduce adverse reactions, Yao Pharma conducts quality research on the potassium sodium dehydroandrographolide succinate products and developed new testing methods. It also applied impurities control standard to the nation to improve the safety of the drug. It commissioned the Adverse Drug Reaction Center of Guangdong Province and Chongqing Municipality to carry out reevaluation of the safety after the Potassium Sodium Pehydroandrographolide Succinate is launched into the market therefore provide scientific basis for the decision-making, reasonable clinical application and improving drug quality of drug administrative departments. In 2011, after the Potassium Sodium Pehydroandrographolide Succinate was launched to the market, the Phase I literature investigation of the safety reevaluation work and the Phase II adverse reactions of over 4,000 examples have been completed. Now it's in the third stage, a larger scale research including 16,000 examples would be carried out.

Safety Management

The manufacturing enterprises of Fosun Pharma attach great importance to safety management. In 2011, no material accident or personal injury happened and the safety production management was in a sound state.

In 2011, according to the established safety management system, the functional departments of the Company carried out special safety or flight inspection for the member manufacturing enterprises, including the conditions of the safety management system, safety of the site (including laboratory), storage and use of hazardous chemicals, management of highly toxic products and precursor chemicals, etc. The enterprises are pushed to improve and eliminate the problems and risks in safety production management, maintain the good safety production management with no accidents involving the material safety and personal injury.

As for security, Fosun Pharma established the Security Committee to strengthen various security issues of Fosun Pharma comprehensively, arrange and implement the security protection measurements and complete various security protection tasks. In the next half year, the Company organized 7 routine security inspections to eliminate unsafe factors and potential troubles. It also provided security precautions education and organized fire drill in the Clone Technology

Park so as to improve the fire prevention capacity of the enterprise.

Retail

System Guarantee

In order to strengthen quality management, the retail pharmacies and franchised outlets of Fosun Pharma stick to the GSP Management System and Operation Procedures, Medical Device Management System and Operation Procedures and other systems to guarantee that all commodities sold comply with the required quality standard or requirements.

Fosun Pharma carries out uniformed management and provides the same standard to all retail pharmacies. The pharmacies have worked out franchised outlets management provisions; they also turn to e-business to conduct online sales and provide services and strictly abide by the Order Management Procedures, Delivery Management Procedures and Payment Collection Management Procedures to improve the transparency of management.

Control method of safety monitor in retail pharmacy

Product category	Monitoring Method
Prescription drug	- Enclosed-shelf sales, sell according to the provisions and prescription, hang warnings concerning prescription drugs in the sales area - Mark drug prescription category in the business system, check the sales journal accounts of prescription drugs in the system after the operation each day, check whether the prescription is completed
OTC	- Sell according to the categories, also hang warnings concerning prescription drugs in the sales area - A pharmacist is available in each pharmacy each day, providing OTC drug consulting services for customers
Non-drug products (food, cosmetics, etc.)	- Referring to the drug management system and provisions, each pharmacy will work out relevant quality management system for the OTC drugs sold in the pharmacy. The system covers various parts of the operation, such as commodity procurement, inspection and acceptance, storage, maintenance, distribution, inspection at the pharmacy, display, sales, after-sales service, personnel management (job duty, hygiene, health and training), etc.
Other medical device products	- Strictly follow the Medical Device Operation Quality Management System

Franchised Outlet Management

For Me Pharmacy and Golden Elephant Pharmacy, the two retail pharmacies affiliated to Fosun Pharma own 639 pharmacies nationwide, including 487 franchised outlets, accounting for 76% in the total. The management of Fosun Pharma has become the key in the management of the retail pharmacy. Fosun Pharma strictly complies with the *Franchise Operation*

Contract, Franchise Operation Purchase and Sale Agreement, Franchise Outlets Computer Management Provisions, Provisions for the Management of Franchise Outlets' Decoration and Equipment & Articles Purchase and Quality Assurance Agreement of Franchised Drugs to strengthen the management of the outlets.

Enterprise	Retail Pharmacy Operation and Management Measurements	
For Me Pharmacy	Woodpecker Plan	In order to strengthen the pharmacy management, standardize the operation, and guarantee the pharmacies implement the Operation Manual of the Company, evaluate the executive force of the pharmacies about the tasks designated by Fosun Pharma, the Company recruited some woodpeckers as the customers to carry out monthly inspection on the operation and management of the pharmacies, including: appearance of the pharmacy, hygiene of the showcase and the hanging of advertisements, certificate management, disciplines at the counter, appearances, display of the commodities, whether the labels and logos correspond to the commodities, whether the reception procedure of the salespersons and cashiers comply with the standard and whether the marketing activities are implemented as required by the Company. In the meantime, in order to monitor and guarantee that the pharmacies follow the provisions of the State Food and Drug Administration, standardize the sales of prescription drugs, the woodpeckers also check how the pharmacists sell prescription drugs in a standard way, whether they introduce Chinese patent drugs to replace the prescription drugs thus properly deal with each sale and neglects neither standard nor sales.
Golden Elephant Pharmacy	<i>Management and Punishment for Self-Purchased Commodities</i>	With the routine inspection by the regional managers and with relevant departments, it carried out random inspection irregularly and strengthened the inspection of self-purchased commodities. For those with material breaches, the outlets' would be disqualified. The Onsite Inspection of the Quality Management of Pharmacies with the quality management department is applied to evaluate the rating system and inspect the environment, commodity display, GSP terms, pharmacist personnel, etc. of the pharmacies and worked out the preferential policies for admitting franchised outlets to be transferred to direct sales pharmacies.

Marketing Compliance

In the compliance of marketing, For Me Pharmacy abides by the advertisements laws of the State and keeps away from exaggerating promotion and reviews the contents of the product promotion of manufacturers and issues approval letters. Fosun Pharma carries out daily monitoring and inspection of the sales of the pharmacies. The Quality Control Department supervises the pharmacy according to the GSP requirements of the State and the Audit Department conducts random inspection of the pharmacies. Once a product problem is proposed, the Quality Department will suspend the sales of the product in no time, and carry out inspection immediately or delivery the drug in question to relevant quality inspection department for inspection. If the drug is defective, the Pharmacy would recall the product and report to drug administration but if the drug is not defective, relevant people would be replied in time. In terms of non-drug products, special healthcare convenience pharmacies based on the existing pharmacies have been launched. According to the

positioning of the special pharmacies, health food, convenient food, medical device, health preservation, nourishing and other non-drugs are increased. In the next-stage plan, directions have been clarified for the special pharmacies, including health preserving club, medical device pharmacy, medical cosmetics pharmacy, maternal and child pharmacy, etc. and it has started to prepare for expanding the product categories of corresponding pharmacies.

Quality Safety Training

In the quality safety training for the employees of the pharmacies, various retail pharmacies had provided trainings concerning drug storage, drug consultation and other training for drug quality safety.

Enterprise	Training items	Total hours of training	Average hours/ person
For Me Pharmacy	- External training, internal training, special GSP management training organized by Shanghai Food and Drug Administration - Continual education and training concerning drug quality regulations and system of the Company - Continual education hosted by the China Licensed Pharmacist Association	32,960	18
Golden Elephant Pharmacy	- Drug laws and regulations, cosmetics, health preservation food and food trainings, medical device training, laws and regulations training, occupational ethics training - Continual education for quality management personnel hosted by the China Licensed Pharmacist Association - Quality management training for the heads, stand-by heads, four main pharmacists	5,885	8

As for the drug recall, all retail pharmacies have the responsibility to cooperate with the quality management department for the investigation of hidden trouble of drugs and recall. Upon receiving the voluntary recall notice from the manufacturer or mandatory recall notice from the administrative department, the quality management department shall conduct self-inspection immediately and deliver the recall information to various pharmacies and relevant departments. The recall process will be recorded carefully. After the recall is finished, relevant materials will be collected and archived. Meanwhile, in order to prevent the product recalled due to quality problems flowing into the market or through illegal channels, the enterprise shall return the drugs to the supplier initiating the recall (manufacturer), and the drugs would be sealed on site, reported and destroyed uniformly. In case of any violation, Fosun Pharma will re-standardize the system and procedures relevant to the affair and reorganize theme training. The cause of the accident is eliminated, and the barriers and inconvenience for the pharmacies to deal with relevant affairs are eliminated and violating sales are inspected and punished more strictly.

As for drug return and exchange, the retail pharmacies have worked out the drug return conditions and the procedures in details according to the Quality Management System of Returned Drugs. The online pharmacy of the Golden Elephant Net promises that it would provide complete return service within 7 days after the customer receives commodities in case of quality problems as confirmed by the Golden Elephant Net or manufacturer with original package. The Golden Elephant Net also promises that it provides goods exchange service within 30 days after the customer receives commodities in case of quality problems as confirmed by the Golden Elephant Net or manufacturer with complete package, contents and invoices.

Expired Drugs Reclamation

The pharmaceutical enterprises realized 100% reclaim of expired drugs as prescribed by laws and they usually commission qualified institutions to destroy the drugs uniformly. The retail pharmacies store the expired drugs collectively in the disqualified area, report and destroy them in time. It also organizes drug reclaim activities in communities such as clearing family medicine box activity, hanging posters on the doors of the pharmacies and establishing overdue drug recycling bins for expired drug reclaim in the long run. Besides, the expired drugs are registered for uniform destroy.

Supplier Management

Supplier management is one of the important links in the quality management system of pharmaceutical enterprise since the selection of supplier directly influences the quality and security of products. Fosun Pharma and affiliated drug manufacturing enterprises have set up supplier management procedures, established supplier annual quality review system and carried out onsite quality audit of suppliers thus warranted the quality and security of drugs from the

source.

While auditing the suppliers, drug manufacturing enterprises of Fosun Pharma have introduced supplier audit procedures, management rules, assessment methods, etc. for scientifically reviewing the supplier' qualification, production site, technological level, quality assurance system, etc.. Before supply, the enterprise audits the supplier' qualification, quality system, product process, onsite operation, etc. , carries out quality inspection and testing on the samples and further conducts process validation and deal with the record. After the supplier passes the audit, it may be determined as a qualified supplier. During supply, the enterprise will collect the information in terms of the quality, supply speed, service attitude, etc. of delivered products and carry out assessment for realizing effective supplier management.

Manufacturing enterprises also established the supplier annual quality review system to make regular assessment of main suppliers' quality, supply, price, etc. If suppliers fail to pass the test, they would be vetoed immediately. Through review, Fosun Pharma communicates with the suppliers and provides feedback so as to promote the suppliers' material quality improvement. The company has also established the supplier archive and supplier rating system, updated the list of qualified suppliers dynamically and implemented classified management so as to ensure the quality is controllable in the source.

For Me Pharmacy and Golden Elephant Pharmacy have also worked out and strictly implemented supplier management system and procedures. For the supplier that has existed business relationship with Fosun Pharma, an information library is established to record the qualification and supplied products' qualification. The library is maintained dynamically so that contents in the library could be amended in the real time. For the enterprise or drug with aging qualification and has not provided new qualified material, Fosun Pharma prevents unqualified enterprises or drugs from being procured through suspending the supply contract in the business system temporarily. After the contract is suspended, if the supplier could supplement qualified evidence materials, the suspension may be terminated and the normal business relationship may be continued. As for goods unqualified (including rejection, quality problem complain, quality announcement or random inspection), the Golden Elephant Pharmacy will make data analysis. Suppliers with relatively higher disqualification rate will receive relatively lower rating and treated differently in the settlement cycle. The ones with relatively higher rating will be granted preferential service in new product introduction, settlement, etc.. As for a few suppliers with relatively poor quality reputation, Fosun Pharma would stop purchasing the variety or terminate the business relationship.

Supplier Management of Golden Elephant

The Golden Elephant Pharmacy develops e-business supplier management system and procedures, established supplier archives and suppliers' annual reevaluation system. When supplier reevaluation is conducted, if there are sufficient evidences, for the first time, the supplier would be informed and instructed how to correct the problem. If the same problem appears for the second time, the supplier would be warned. As for the third time, the problem would result in termination of the cooperation and the commodities would disappear from the shelf once the inventory is finished. As for non-drug products, the certificate-demanding system for product introduction is established for the Pharmacy to review product qualification strictly and the products failing to meet the requirements would not be introduced.

Society

Employee

EHS

Quality and Safety

Economy

Strategy and Management



Environment Health Safety (EHS)

With improving human health as our mission, we insist sustainable harmonious development with nature. The EHS system of Fosun Pharma aims to provide policy assurance for environmental protection, career health and quality & safety, through cleaner production planning, human resource and financial investment, participation in social environmental public welfare activities and raising the proposal to attract stakeholders' attentions to environmental issues.

EHS System Construction

Fosun Pharma has paid much attention to the EHS system and considered it as an important part of the development and its social responsibilities. As the company becomes bigger and the business keeps growing, it never forgets its responsibilities it should take in the society. For building the EHS management system, Fosun Pharma set up EHS working committee at HQ to ensure all member enterprises to keep the same pace with HQ. The working committee is responsible for the communication, coordination as well as controlling and inspection of EHS system and status. It is also responsible for the supervision of the environmental protection and the employees' health issues of member manufacturers, and makes sure that they follow the production regulations to avoid serious accidents. All member manufacturers have set up their own EHS systems, such as Shine Star, Yao Pharma, Wanbang, Wangbang Jinqiao Pharma, Moluodan, Chongqing Carelife Pharma have passed GB/T24001-2004 and GB/T28001-2001 certificate and got related certificates for environmental management, career health and safety management.

Environmental Protection

Fosun Pharma is increasing investment in environmental protection continuously. In 2011, the value just all enterprises of manufacturing members put in environmental hardware transformation is 9.56 million RMB, not including expense for optimizing production process, improving production facility using efficiency, three wastes treatment and environmental facility operation. Large environmental investment is important for further energy saving and emission reduction and surrounding environment protection.

In the year of 2011, Member manufacturers prevented serious environmental pollution accidents. In addition, no enterprise was subjected for administrative punishment or complaints from surrounding enterprises or residents due to environmental problems.

System and Standard

In 2011, according to the established environmental protection management system, functional departments of Fosun Pharma made special environmental protection or flight inspection on the member manufacturing enterprises, urged them to improve and adjust problems and defects existing in environmental management, kept on improving the operation level of the environmental management system and earnestly performed the social responsibility of energy-saving & emission reduction and environmental protection.

Fosun Pharma actively promotes environmental protection policy, strictly treats the three wastes (waste gas, waste water and waste residues) and effectively controls the discharge of pollutants. In the meantime, through

innovation, technological progress, process optimization, reasonable production capacity layout and other improvement measures and regulation means, the company urges manufacturing enterprises to realize the energy-saving and emission reduction effects.

Member manufacturing enterprises conducted pollutant discharge reporting and registration in time with the local environmental protection authorities. The control and discharge of the three wastes are conducted effectively under the monitoring of the local environmental management authorities thus guaranteed legal pollutant discharge.

Member manufacturing enterprises have involved themselves in the legal environmental protection monitoring according to requirements of environmental protection laws and regulations. In the areas implementing the pollutant discharge permit system, all member manufacturing enterprises have applied and obtained the Pollutant Discharge Permits from local environmental protection management authorities.

They have also carried out regular environmental monitoring on the three wastes discharge. Result of the environmental monitoring report issued by the local environmental monitoring institute displays, in 2011, member manufacturing enterprises of Fosun Pharma could warrant stable and up-to-standard discharge of the three wastes.

Member manufacturers also paid various pollutant discharge fees in a timely and sufficient manner in 2011 according to requirements of assessment notice on the collection of pollutant discharge fees issued by the local environmental protection monitoring institute.

Energy Efficiency

Fosun Pharma encouraged member manufacturers to carry out cleaner production, and most of them passed the acceptance checking in 2011. Based on this, member manufacturers are making efforts to build an environment-friendly enterprise to control and reduce the waste and pollution.

After Zhaohui Pharma, Yao Pharma, Wanbang, Wanbang Jinqiao Pharma, Kangle Pharma and Folon passed the acceptance inspection for cleaner production in 2011, other member manufacturers including Shine Star, Guilin Pharma, Moluodan, Chongqing Pharmaceutical Research Institute, Chongqing Carelife Pharma, Chongqing Kaixin Pharma, Hexin Pharma, Hongqi Pharma, Shanghai Chemo Wanbang Biopharma, Shanghai Transfusion Technology, Fosun Long March Medical Science and Yaneng Bio have also passed the acceptance inspection in the year of 2011.

Energy Consumption of Manufacturers of Fosun Pharma

	Total Water Consumption (CBM/Year)	Total Power Consumption (KWH)	Energy Consumption other than Power (equivalent to standard coal) (KG)
2011	7,440,584	174,413,259	109,521,700.40

* Data from 16 Fosun Pharma controlling pharmaceutical manufacturers

Measures and Effects of Partial Member Manufacturers of Fosun Pharma in 2011

Business section	Company	Measures		Amount saved (10,000 RMB)		Percentage of amount saved by cleaner production from the total output value	Percentage of amount saved by improving efficiency from the total output value
		Cleaner Production	Other measures	Cleaner Production	Other measures		
Pharmaceutical Manufacturing	Wanbang Biochemical	- Added energy saver for lighting system, power saving rate around 10% - Sterilized steam water recycling in workshop - Equipment in variable frequency - Time controller to control the switch - Condensation water recycling - Purified water recycling through two-stage reverse osmosis systems	-	78.00	-	-	0.20%
	Wanbang Jinqiao Pharmaceutical	- Acetone recycling reform plan - Recycled water reform plan - Cooling tower system improvement plan	- Energy-saving transformer to reduce loss of power - Frequency conversion technology in motors to reduce power consumption	40.00	24.00	0.40%	-
	Wanbang Fulin Pharmaceutical	- Carried out 32 plans with no charge/low charge and 2 plans with medium charge/high charge in the cleaner production	-	23.05	-	0.40%	-
	Shanghai Zhaohui Pharmaceutical	- Purified water system energy-saving reform - Water pump system energy-saving reform - Steam condensation water and waste water recycling - Using natural gas and diesel	- Using variable frequency equipment and energy-saving lighting system	120.00	40	1.00%	0.40%
	Moluodan (Handan) Pharmaceutical	- Extracting and concentrating machine reform - Water recycling reform - Integrated workshop ground renovation - Concentrated pill production line reform	-	49.60	-	0.33%	-

Business section	Company	Measures		Amount saved (10,000 RMB)		Percentage of amount saved by cleaner production from the total output value	Percentage of amount saved by improving efficiency from the total output value
		Cleaner Production	Other measures	Cleaner Production	Other measures		
Pharmaceutical Manufacturing	Chongqing Kangle Pharmaceutical	- Organic solvent recovery distillation device - Natural gas boiler	-	100.00	-	-	-
	Chongqing Carelife Pharmaceutical	- Gas boiler energy-saving reform - Using natural gas boiler	-	18.87	-	0.11	-
	Yao Pharma	- Steam condensation water recycling - Solid preparation workshop cleaning system reform - Natural gas boiler	-	101.80	-	0.11	-
	Guilin Pharma	-	- Bumetanide production line reform:through energy-saving, comprehensive utilization and waste reducing methods - Overhauled the ten-tonne boiler and its deduster in Shanghai Rd.Factory	-	140.00	-	0.04%
	Sichuan Hexin Pharmaceutical	- Condensation water recycling technology - Warehouse insulation reform - Bottle washing water recycling	-	18.64	14.26	0.09%	0.65%
Medical Devices	Huaiyin Medical Instruments	- Materials such as environment-friendly abrasive to reduce waste water discharge - Recycled water utilization	-	20.17	-	0.22%	-
	Shanghai Transfusion Technology	- Reduced non-conforming rate; improved product yield - 0# diesel for all	Overhauled the boilers	-	21.00	-	0.22%
Medical Diagnosis	Yaneng Bio	- Ultrasonic cleaner - Refrigerators energy-saving reform - Passed 2 plans with high charges, 2 with medium charges and 25 with no/low charge	- Two large freezer to replace previous spread freezer - Added nucleic acid quantitative machine to lower non-conforming rate - Replaced normal fluorescent bulbs by energy-saving ones	17.70	11.70	0.32%	0.21%
	Fosun Long March Medical Science	-	-	123.00	108.64	0.98%	0.87%

Energy Consumption of Partial Member Manufacturers of Fosun Pharma in 2011

Business Section	Energy Type	Natural Gas (CBM)	Liquefied Petroleum Gas (CBM)	Steam (Ton)	Coal (KG)	Diesel (KG)	Petrol (KG)	Fuel Oil (KG)
	Total Consumption	6,509,779	280	24,878	103,026,000	947,000	10,642	291,000
Pharmaceutical Manufacturing	Wanbang Biochemical	-	280	-	-	-	-	-
	Wanbang Fulin Pharmaceutical	-	-	-	470,000	-	-	-
	Wanbang Jinqiao Pharmaceutical	-	-	24,878	-	-	-	-
	Chemo Wanbang Biopharma	-	-	-	-	312,000	-	-
	Shenyang Hongqi Pharmaceutical	-	-	-	-	-	-	291,000
	Shanghai Zhaohui Pharmaceutical	6,000	-	-	-	380,000	-	-
	Moluodan (Handan)	-	-	-	2,358,000	-	-	-
	Fenghuang Jiangshan Technology	-	-	-	50,000	-	-	-
	Chongqing Kangle Pharmaceutical	587,364	-	-	-	-	-	-
	Chongqing Carelife Pharmaceutical	492,283	-	-	-	-	-	-
	Yao Pharma	4,600,000	-	-	-	-	-	-
	Chongqing Pharmaceutical Research Institute	64,132	-	-	-	-	-	-
	Guilin Pharma	-	-	-	7,289,000	15,000	10,642	-
	Shine Star (Hubei) Biological	-	-	-	92,859,000	-	-	-
	Chongqing Kaixin Pharmaceutical	630,000	-	-	-	-	-	-
	Sichuan Hexin Pharmaceutical	130,000	-	-	-	-	-	-
Medical Devices	Shanghai Transfusion Technology	-	-	-	-	240,000	-	-

Water Resource Protection

The total water consumption of member manufacturers of Fosun Pharma is 7,440,584 CBM in 2011.

Water Resource Utilization of Parts of Member Manufacturers of Fosun Pharma in 2011

Business Section	Company	Total Water Consumption (CBM/Year)	Source of Industrial Water and the percentage from total	Recycled Water and the Percentage	Water-Saving Measures	The Water-Saving Achievement (equivalent to sum of money, 10,000 RMB)
Pharmaceutical Manufacturing	Wanbang Biochemical	110,800	100% from tap water	15.00%	Condensation water recycling; purified water recycling through two-stage reverse osmosis systems	5.30
	Wanbang Fulin Pharmaceutical	30,000	100% from groundwater	16.70%	Improving water management; using recycled water to irrigate grass; using water nozzle	0.70
	Wanbang Jinqiao Pharmaceutical	56,700	100% from tap water	61.20%	Condensation water recycling; cooling tower water recycling	12.39
	Chemo Wanbang Biopharma	60,789	-	-	-	-
	Hongqi Pharmaceutical	47,000	100%		Using recycled water to irrigate grass	0.70
	Zhaohui Pharmaceutical	80,000	80%	15.00%	Condensation water and waste water recycling	2.00
	Moluodan	62,000	More than 90% from groundwater; others from tap water	62.90%	Cooling water and waste water recycling	9.20
	Fenghuang Jiangshan Technology	14,700	100%	90.00%	Cooling water and condensation water cycling	5.00
	Chongqing Kangle Pharmaceutical	81,505	tap water	-	Avoid using water for rinsing the ground; water jacket and condensation water recycling	0.14
	Carelife Pharmaceutical	125,732	100% from tap water	80.00%	Equipment maintenance and water-adding management for the recycled water system	0.52
	Yao Pharma	285,000	100% from tap water	80.00%	Steam condensation water and waste water recycling	1.50
	Chongqing Pharmaceutical Research Institute	17,923	100% from tap water	30.00%	Condenser water recycling (discharge directly previously)	5.00
	Guilin Pharma	1,919,109	48.5% from groundwater 51.5% from tap water	48.50%	Cooling groundwater used in condenser of refrigeration station will be recycled to be used in dedusters of the boilers; the upper clean water in the ash sump will be recycled to be used again for dedusting; two submerged pumps(15 CBM/Hour) are used for dedusting	7.30
	Shine Star (Hubei) Biological	4,500,000	100% from Yangtze River	50.00%	-	-
	Chongqing Kaixin Pharmaceutical	21,423	100% from tap water	10.00%	Condensation water recycling reform	1.00
	Sichuan Hexin Pharmaceutical	27,903	100% from tap water	6.50%	Water recycling	0.77
Medical Devices	Shanghai Transfusion Technology	28,911	100% from tap water	-	Water balance test; water recycling	17.50
Medical Diagnosis	Long March Medical Science	3,828	100%	37.00%	-	0.18

Waste Treatment

As for the waste gas treatment, Wanbang Jinqiao Pharmaceutical installed the activated carbon absorption device, while the waste gas from the waste water treatment station will be collected in the closed room and sprayed by plant extract to ensure it meets the standard of emission. In addition, it reduced the resource and energy consumption through improving the process and technology.

Moluodan (Handan) Pharmaceutical used Granite water-bath

desulphurization deduster with dedusting rate of 95% to reduce the emissions. In addition, its Chinese herb medicine waste residue was used as fertilizer and the waste packing materials was recycled; all slag was used as construction or paving materials.

Guilin Pharmaceutical used water and caustic soda for absorption and neutralization before discharging according to the nature of the gas emitted. Other types of gas will go through absorption tower before discharge.

Wastes Emission by Partial Member Manufacturers of Fosun Pharma in 2011

Company	Total Water Discharged(CBM)	Total Exhaust Emitted (CBM)	Total Solid Waste (Ton)	Percentage of Hazardous Waste from Total Waste	Total Treated Hazardous Waste (Ton)
Wanbang Biochemical	97,000	-	78.00	9.00%	-
Wanbang Fulin Pharmaceutical	20,000	-	262.00	0.04%	0.10
Wanbang Jinqiao Pharmaceutical	22,000	-	18.50	2.86%	0.53
Chemo Wanbang Biopharma	60,789	3,450,000	1.79	100.00 %	1.79
Hongqi Pharmaceutical	20,080	36,780,000	5.00	24.00%	1.20
Shanghai Zhaohui Pharmaceutical	26,400	5,000,000	40.00	20.00%	30.00
Moluodan Pharmaceutical	20,000	65,090,000	2,300.00	0.008%	-
Fenghuang Jiangshan Technology	1,470	8,230,000	-	-	-
Chongqing Kangle Pharmaceutical	67,837	5,170,000	-	-	41.50
Chongqing Carelife Pharmaceutical	61,950	19,506,000	43.62	0.85%	37.20
Yao Pharma	36,000	32,000,000	1,000.00	0.05%	0.54
Chongqing Pharmaceutical Research Institute	14,338	705,452	20.00	8.00%	2.50
Guilin Pharma	1,535,287	-	3,697.25	0.14%	3.45
Shine Star (Hubei) Biological	3,000,000	140,000,000	30,110.00	0.36%	110.00
Chongqing Kaixin Pharmaceutical	11,856	6,955,904	13.00	0.20%	0.028
Sichuan Hexin Pharmaceutical	22,322	11,771,400	-	1.80%	0.96

Animal Protection in Experimental

Yao Pharma used mice, rabbits and cats to conduct the animal tests. Their bodies were sent to certified agents for burning. In setting the standard for R&D products, Yao Pharma tried to use endotoxin methods in pyrogen check to reduce the quantity of rabbits used.

Chongqing Pharmaceutical Research Institute carried out around 10 times of small animal tests annually under the guidance of *Experimental Animal Management Regulations* and used experimental animals rationally and legally for the medicine research. In the process, animals were treated well - - their basic needs were satisfied and pains suffered were minimized and finally received euthanasia.

Occupational Health and Safety (OHS)

Fosun Pharma pays much attention on the employees' health and has provided them working facilities with good environment. Regular physical check once a year is also provided. In accord with the environmental protection requirement, its member enterprises have installed dedusters, exhaust fans and noise barriers in the production workshops where there are powders, smell and noise to reduce the bad impact on employee health. Member Enterprises of Fosun Pharma have set up the OHS management policy and OHS archives system and provided OHS training periodically. HQ of Fosun Pharma has published the physical inspection management platform to its staff and they are free to choose the physical check and the follow-up health service.

Environmental Protection Education

All member enterprises train the employees at different positions on the environmental protection about environment, health and safety. For Me Pharmacy promoted the environmental protection knowledge through internal newspapers and reports. Golden Elephant Pharmacy carried out the pre-service training to increase their awareness of energy saving and the in-service training through energy-saving performance evaluation.

Green Office

Fosun Pharma promotes Green Office concept, working with member enterprises to save energy and reduce the consumption. It encourages staff to turn off office equipment such as computers before leaving office which is checked by specially-assigned staff. All copiers and printers and other equipment with energy-saving mode should enable the same.

In regard of water saving, Fosun Pharma assigns exclusive staff to adjust the amount of water to be used to save water as much as possible under the premise of ensuring enough water supplying. It also checks taps and toilet tanks from time to time to avoid leak of water.

Fosun Pharma encourages reducing usage of disposable items such as chopsticks and lunchboxes. In the company, mugs and environment-friendly pens are used. Employees are encouraged to bring their own toiletries in business trips. Waste batteries are recycled and rubbish are separated by dry or wet. For electronic waste, it tries to extend the service period at first then sends them to special agents for recycling.

The company has a unified car management system to count the usage of cars and control the mileage. It encourages drivers to reduce fuel used through a fuel-efficient award. It promotes low-carbon transportation and

improves the car service efficiency by integrating car resource and reducing car quantity.

Information communication is majorly through internal network, forum, email and video. In 2011, video conferences and teleconferences counted for 30% of all conferences in HQ, which were basically with member enterprises in different regions to reduce the travelling cost. Guilin Pharma adopted the paperless QA management system to reduce the paper used. In 2011, there were 2050 QA approval processes, one A4 paper for one process, saving 2050 pieces of paper annually.

Fosun Pharma encourages member enterprises to use Fosun 1+N Sharing Platform to integrate resources, cross sales and share sales channel to reduce cost and realize the synergy effect.

Environmental Protection Proposal

The 1+N platform selects only energy-saving certified suppliers. For example, the furniture suppliers must pass the domestic cleaner production certification and US Greenguard Indoor Air Quality certification. It also purchases employee benefits from green product suppliers. At present, the platform provides various services to staff such as office supplies procurement, hotel reservation and travelling service.

Fosun Pharma uses the Sharing Month of Administrative Platform to improve the efficiency and management of administration departments through internal resource integration and optimization. Meanwhile, this activity helps staff in other departments know more about the administration work and shows more support in the future to promote energy saving and efficiency together and create value for the enterprise.

HQ worked together with member enterprises to collect environmental pictures to make "the 2012 Fosun Pharma Environmental Calendar" and included 24 natural pictures finally added with energy-saving tips to encourage green life style.

Environmental Tour to Campus

On 14th November, 2011, organized by the Communist Youth League of China Pharmaceutical University Committee and Graduate Student Council of China Pharmaceutical University, sponsored by Fosun Pharma, the environmental protection activity "Fosun Pharma working with Students of China Pharmaceutical University to Build Green Campus" was initiated in the University. With the theme of "Promoting Low-Carbon Life and building a Green Campus", the activity included 4 subsequent activities including "Environmental Quality Survey in Campus", "Medical Waste Recycling in Campus", "Clearing Spam from Campus" and "Energy Conservation and Environmental Protection Contest".

For the environmental activity in this year, Fosun Pharma gave up the form of speech as previously. Instead, Fosun Pharma worked with the Graduate Student Council to plan and implement a series of environmental activities.



"2012 Fosun Pharma Eco-Friendly Calendar", promoting green life style



"Green", one of the photos selected in the Eco-Friendly calendar

[Voice]

Ge Yinnan, Vice-Chairman of Graduate Student Council of China Pharmaceutical University:

"I was touched by the cooperation with Fosun Pharma. On one hand, I had my public welfare dream come true through this environmental activity; on the other hand, I come to realize Fosun Pharma as a company with strong sense of social responsibility and serious working attitude. This is win-win cooperation."

Shang Shuwan, Secretariat of Graduate Student Council of China Pharmaceutical University:

"The environmental protection activity, Fosun Pharma working with Students of China Pharmaceutical University to Build Green Campus, has aroused students' attentions in environment through various activities and encouraged them to keep a good habit in environmental protection. I think this activity brought positive changes to our living environment and habits."

Zhu Jia, Academic Dept. of Graduate Student Council of China Pharmaceutical University:

"Our views were changed a lot after this activity. We realized environmental protection is so close to us. It is not a great issues as we imagine. Just like the water of the ocean comes from trickles, small actions from every one can make big changes."



Eco-Friendly Activities - - "Expired Drugs Reclamation in Campus"

On 2nd December, one of the environmental activities - - "Expired Drugs Reclamation in Campus" organized by the Communist Youth League of China Pharmaceutical University Committee and Graduate Student Council of China Pharmaceutical University, sponsored by Fosun Pharma was initiated. Ms. Bie Aiping, Manager of Shanghai Huifeng For Me Pharmacy and a licensed pharmacist, was assigned to attend this medicine recycling activity and answered the questions of drug usages.

This activity has recycled nearly 200 boxes (bags) of abandoned medicines. To encourage more students to participate, band-aid were distributed free of charge.



Waste Recycling - - Creative Works in "Energy Conservation and Environmental Protection Contest"



Eco-Friendly Activities - - "Energy Conservation and Environmental Protection Contest"

On 10th December, one of the environmental activities - - "Energy Conservation and Environmental Protection Contest", organized by the Communist Youth League China Pharmaceutical University Committee and Graduate Student Council of China Pharmaceutical University, sponsored by Fosun Pharma was held in Jiangning Campus. Through collecting creative ideas from students about energy conservation and environmental protection, this activity aimed to encourage students' imagination, creativity and participation, furthermore to promote environmental awareness and their responsibility and to keep a good habit in daily lives.

Society

Employee

EHS

Quality and Safety

Economy

Strategy and Management



Employee

Fosun Pharma values sustainable development of talents Since the company was founded Fosun Pharma raised the concept of "attracting people with development, uniting people with career, cultivating people by working and evaluating people by performance". Now , the management team with entrepreneurial spirit has become the core of Fosun Pharma's development. Together with the rapid development, the company provides employees good career development. It builds the platform to give employees opportunities to discover their value and improve themselves through the talent pool plan.

Employee Structure

With the development of the company, more and more outstanding talents joined in Fosun Pharma. By December 31, 2011, Fosun Pharma has 13,192 employees in different regions, increased by 14.9% compared with 2010. Among them, doctors increased by 14%, masters by 34.86% and bachelors by 36.24%. Among all employees, 24.77% of them are with bachelor degrees, increased by 20% compared with 2010.

During the internationalization, Fosun Pharma has introduced outstanding overseas studying talents and learned the advanced concept to provide human resource for the internationalization. Meanwhile, Fosun Pharma values the cultivation of young and middle-aged backbone. With strong learning ability, working experience and sharing values with Fosun Pharma, they become the foundation of the company's sustainable development. In 2011, more than 50% of employees in Fosun Pharma are at the age of 30 to 50.

Workforce Structure

Unit: Person

Year	Total	Gender	
		Male	Female
2011	13,192	6,794	6,398
2010	11,484	5,975	5,509
2009	9,611	5,088	4,523
2008	8,580	4,617	3,963

Educational Background

Unit: Person

Year	Ph.D.	Master	Bachelor	Junior College	Secondary Education and below
2011	48	441	2,778	2,910	7,015
2010	42	327	2,038	2,342	6,735
2009	27	262	1,626	1,859	5,837
2008	23	211	1,231	1,491	5,623

Position Distribution

Unit: Person

Year	Management	Worker	Sales	Technical	Accountant	Admin	Medical
2011	661	5,049	3,088	1,923	379	1,555	511
2010	493	4,684	3,217	1,667	284	1,139	—
2009	340	4,239	2,687	1,275	241	829	—

Age Distribution

Unit: Person

Year	20 & above	20 ~ 30	30 ~ 40	40 ~ 50	50 ~ 55	55 ~ 60	60 & above
2011	513	4,506	3,854	3,000	765	467	87
2010	389	3,949	3,285	2,728	688	397	48
2009	376	3,550	2,883	1,717	715	322	48

Employees of Female, Disabled and Ethnic Minorities in Fosun Pharma

Unit: Person

	Female Employees	Disabled Employees	Ethnic Minorities
Number	6,398	67	396
Percentage of Total Amount	48.50%	0.51%	3.00%

Talent Sustainable Development

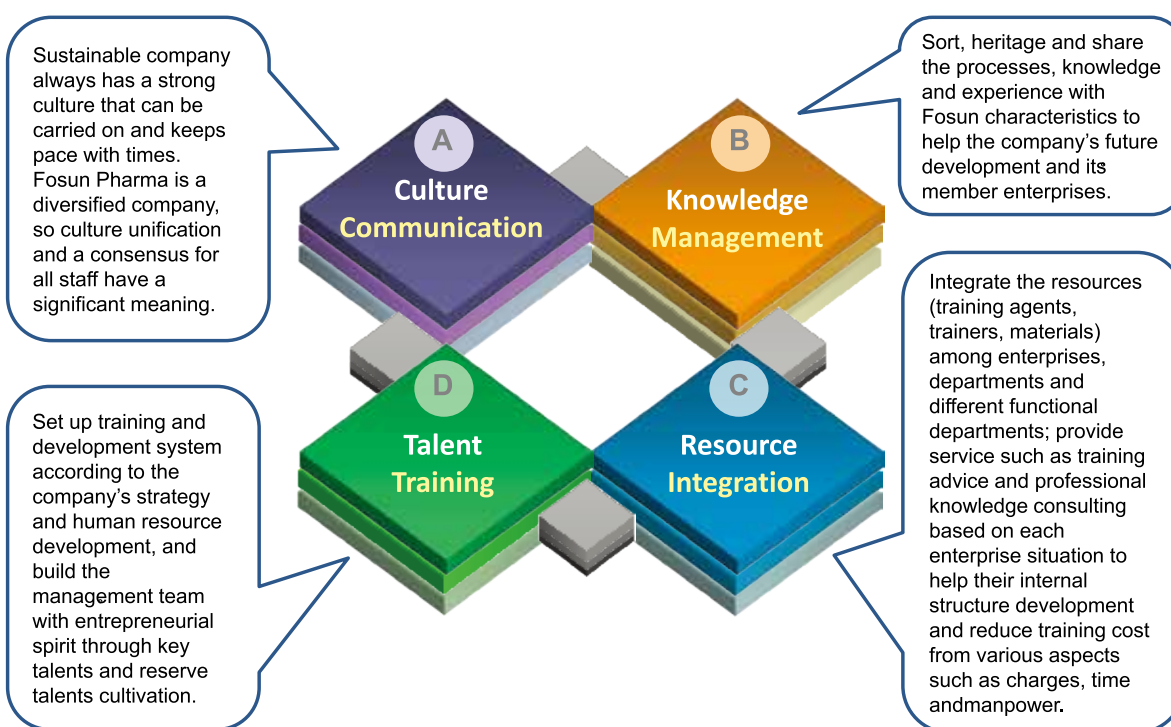
Talent sustainable development is very important in the company's strategy. With the development of the company, Fosun Pharma has paid great attention to talent sustainable development by combination of external introduction and internal cultivation. As introducing outstanding talents from outside, Fosun Pharma keeps strengthening internal cultivation system through performance evaluation, salary and benefits and incentive systems to build the talent echelon team with sharing values with Fosun Pharma and entrepreneurial spirit.

Talent Supply Chain Plan

To keep pace with rapid development and supply qualified employees to every business segment, HQ carried out the talent supply chain plan to have fresh college graduates, management trainees, special technical staff, supervisors and directors rotated in different positions or different functional departments including investment, marketing, R&D and production. It aims to improve themselves through the rotations and build the backbone and management team with Fosun characteristics.

Training and Development

The Role of Training and Development Center



Training and Development Center

Fosun Pharma Training and Development Center & Training Base was set up to provide every employee with adequate training opportunities by inviting external teachers giving lessons, increasing training opportunities and enlarging training targets.

As for the training content, Training and Development Center set up the training course system according to the company's development strategy to provide personalized training plan to each employee at different levels, in different functional departments and at different stages of their careers.

The company provided new staff with culture and professional training to help them get used to the work as soon as possible. In addition,

Fosun Pharma carried out the care plan for one-year and two-year management trainees and gave them tracking guidance to intervene any problem from happening as earlier as possible and prevent personnel or even bigger losses. Fosun Pharma also tried to improve the management trainee projects for member enterprises through communications with relative persons and enhance the management trainee mechanism for them including systematic training mechanism, working rotation mechanism, supervisor guiding mechanism and performance evaluation mechanism to push further the cultivation of management trainees.

Major Training Projects in 2011

Training Project	Name of the Project	Training Content
Leadership	Fosun Pharma CEO Salon	<ul style="list-style-type: none"> - Made the top management deeply understand Fosun's future and development plan through a face-to-face communication with Fosun's entrepreneurs - Set up the communication platform for top management from HQ and member enterprises to increase the cohesion of the management team of Fosun Pharma - Complied with the change from entrepreneurs for operational purpose to entrepreneurs for strategic development and people development
	Potential Talents Selection	<ul style="list-style-type: none"> - 360-degree evaluation of talents in HQ - Assisted member enterprises in selecting management echelon and top management evaluation
Professionalism	Training Course for Financial Directors of Fosun Pharma	- Invited professional financial training agents to train financial directors from HQ and member enterprises
	Training Course for HR Managers of Fosun Pharma	- The trainings given by HR directors from HQ aimed to provide HR talent reservation by reserving HR managers and building the HR talent echelon
	Training Course for Admin & HR managers in Chongqing	- The training course aimed to cultivate HR talents for member enterprises, which covered 40 young and potential staff from HR and admin of member enterprises in Chongqing and lasted for 4 months from August to November with each session lasting for 2 days
	English Training	- Invited professional English training agents to give employees English training basically for business purpose
	Training Course for HR Directors	- Cultivated HR professionalism through HR personnel communication, HR working conference and training and investment team conference and training
Management Trainees Guidance	Military Training	- Improved their sense of organization and discipline to get with the company's culture
	Knowledge and Professionalism Training	- Helped new staff to get with work soon
	Care plan for Management Trainees	- The care plan for fresh graduates gave them tracking guidance to intervene any problem from happening as earlier as possible and prevent personnel losses
Corporate Culture & Employer Brand	"Start the Future", A Tour to Campus of Fosun Pharma	- Carried out a series of interactive activities in universities through cooperation with the campus authorities at the first time
	"Grow with Vigor", Fosun Pharma Summer Camp	- The summer camp was held with member enterprises in Shanghai, Jiangsu and Chongqing and attracted 138 students from 27 universities
	Corporate Culture Training	- Internal lecturer team is developed to preach corporate culture
Talent Standard and Evaluation	Set-up of Competency Model and Talent Evaluation Center	<ul style="list-style-type: none"> - The competency model is made according to the company's cultural strategy by behavioral event interview, group discussion, questionnaire survey, benchmarking and competency dictionary - The competency model is used in various aspects including personnel selection, training and development, performance evaluation, succession planning, career planning and salary management

Talent Flow

Fosun Pharma encourages the rational flow of personnel in the company for promoting openness and development. The total staff turnover of HQ and its member enterprises is 14.5% in 2011.

Personnel Changes of HQ in 2011 (Unit: Person)

Total Number of Directors and Deputy GM	30
New Recruits	4
New Promoted	2
Total Number of Supervisors and Managers	128
New Recruits	46
New Promoted	44

Promoted Rate of HQ

Category	2011	2010	2009
In General	24.10%	24.31%	21.30%
Formula: Total Number of Promoted / ((total number of employees at the beginning of the year + total number of employees at the end of the year) / 2)			
Basic	41.20%	18.84%	25.00%
Directors–Senior Managers	45.10%	29.41%	40.63%
Department General Managers – Deputy General Managers	7.80%	50.00%	18.75%
Top Management	5.90%	9.09%	15.63%
Formula: (Number of Promoted / total number of employees in the level)%			

Staff Turnover of Fosun Pharma

Year	2007	2008	2009	2010	2011
Total Turnover	18.96%	17.20%	14.22%	12.82%	14.50%

Turnover of Fosun Pharma in 2011 (by divisions)

Division	Management	Technical	Sales	Production	Finance & Account	HR	Admin	Others
Turnover	17.20%	12.40%	24.60%	13.60%	12.40%	11.40%	8.10%	8.80%



With the corporate value of "Self-improvement, Family Harmony, Career Development, Social Responsibility", Fosun Pharma always encourages to combine the four aspects together and insists to link the personal success to the contribution to society and national prosperity. This is the values that everyone in Fosun Pharma must obey and recognize.

Employee Care

Fosun Pharma promotes equal communication and encourages direct communication among each level. Whenever any employee thinks his/her personal interest is infringed, or he/she has different views on the company's management, or he/she finds any violation of the company's regulations, he/she is encouraged to report it to his/her supervisor, department director or HR, even to the president in case of need.

In 2011, Fosun Pharma provided entrepreneurial services, namely the Health Care Plan, including Health Care Consulting Service, CEO salon to build the top management communication platform and birthday greetings, which aimed to increase their cohesion and promote corporate culture.

HQ also provided the physical inspection service management system for all employees and they were free to choose the physical check and the follow-up health service. Beside, Fosun Pharma paid cares to employees from poor families, retirees and the employees who are

giving birth to a child, and who are sick in hospital or in funerals.

Human Rights

There are labor unions in HQ and most of member enterprises. Anti-discrimination policy was also set up in those enterprises to handle the discrimination issues and employees with discrimination behaviors will be fired. In the HR policy, there were no gender difference in recruitment and employment, and child labor is forbidden in Fosun Pharma.

Fosun Pharma encourages equal competition without discrimination. In 2011, female employees accounted for 48.5% of all employees, disabled employees 0.51% and ethnic minorities 3%.

Employee Activities

Cultural Activities of HQ and Its Member Enterprises

Hangzhou Dian Diagnostics Cultural Festival	- The activities were carried out combining with corporate culture, festival culture and social culture. This was the 4th festival since September 2008	
Wanbang Biochemical Corporate Cultural Activities	- At least one corporate cultural activity was organized every two months, totally 17 different kinds of activities in 2011 with participants from various positions	
For Me Pharmacy 10th Anniversary Celebration Activities	<ul style="list-style-type: none"> - The 10th anniversary celebration was organized which participated by suppliers, customers and media, including ten-year review, best supplier selection, ten-year employees commending, 10th anniversary ceremony and entertainment performance - Series of activities were held such as "essay show, art show and advice show" - Special page was made for 10th anniversary at For Me Pharmacy Official Website to present and promote the progress of all activities - Large-scale promotion through relative authorities, industry association and media in various platforms including the initiation ceremony of Shanghai Shopping Festival (Medicine Branch) and 1st "For Me" Employee Skill Competition 	
Fosun Long March Activities "the Month for Sport Competition" and "the Month for Art Show"	- Including climbing mountain, Women's Day and Children's Day Family activities; badminton, table tennis and karaoke etc	
Fosun Med-Tech activity "the Month for Quality Service"	<ul style="list-style-type: none"> - Promoted the concept of "Be good from small chores and from me"; carried out "Happy Foundation", "Praising Wall" and autumn tour activities - 2nd Fosun Med-Tech "Cooking Show" is organized to show employees' cooking skills. 	
Employee Appreciation Activities	<ul style="list-style-type: none"> - Fosun Pharma ten-year senior employees appreciation activities - In the Mid-Autumn Day, Fosun Med-Tech sent letter of greetings to migrant employees' parents - Fosun Long March invited retired employees to come back to office after moving into new office building to see the company development 	
Fosun Pharma Volunteers Team	<ul style="list-style-type: none"> - Fosun Pharma "Family Day" activities - Participated the plan to plant a million trees held by the public welfare agent "Roots & Shoots" - Participated the first Shanghai Philanthropy Partnership Day - Sino Pharm volunteer team was established to plant trees 	
Art Troupes	- Fosun Pharma Art Troupe	- The working group and the regulations was established; to recruit art talents in the company; invited Yao Pharma Art Troupe and Guilin Pharma Art Troupe for communication-purpose performance
	- Yao Pharma Art Troupe	<ul style="list-style-type: none"> - The strategic cooperation relationship was established with Chongqing Municipal Cultural and Art Institute which was the first case of cooperation in Chongqing between an art institute and a company since the Sixth Session of the Seventeenth Central Committee - The famous dancers, singers and dramatists were invited to give speech to troupe members and organized art activities
	- Guilin Pharma Artemisinin Art Troupe	- This is a comprehensive art troupe including singing, dancing, cross talk and conjuring, which had 8 performances/competitions from 2010 to 2011
Clubs	- Fosun Pharma Staff Clubs	- Including football club, basketball club, table tennis club, photographing club and Tai Chi club
	- Yao Pharma Clubs	- The communications with subsidiary enterprises was improved and the communication channel was widen through various activities including basketball club, football club, and table tennis club and photographing club
	- Wanbang Biochemical "Bachelors Club"	- It provided bachelor employees a wide and reliable communication platform and guided them to improve their comprehensive quality through interpersonal communications
Birthday Party	- The group birthday party was held every month and sent their parents thank-you cards and gifts	
Wanbang Biochemical Etiquette Team and Flag-Raising Ceremony	<ul style="list-style-type: none"> - Etiquette Team was established to undertake various tasks including awarding, flag raising, flag guarding, presenting and voluntary work - Flag-raising ceremony & morning assembly was held once a month, including several parts such as raising flag, singing national anthem, elite oath, sharing corporate culture and company information 	

Gratitude



Li Zhuo

Doctoral Candidate, West China School of Medicine, Sichuan University
Winner of Fosun Pharma Scholarship 2011

It is extraordinary for a pharmaceutical company to care the development of the whole pharmaceutical industry in China and give financial supports to students like me, as this will not be helpful to the company's profit in short term. We can see from this that Fosun Pharma has paid much attention to the long-term development of Chinese pharmaceutical development. In addition, I am deeply moved by the value of "Social Responsibility".

Be grateful to the world. When you have confidence, bring it also to others; when you are happy, remember those who have helped you; when you have joy, share it to those who care you quietly; when you are successful, encourage those who are still on their way. All these positive things will not be reduced because of your giving. Instead, it will be more valuable. So be grateful.

Society

Employee

EHS

Quality and Safety

Economy

Strategy and Management



Society

We have consistently fulfilled our commitments as a corporate citizen and sincerely served the society. Since its establishment, Fosun Pharma has not only created wealth for the society, but also actively undertaken the responsibility as a corporate citizen by offering employment opportunities, supporting the development of education and assisting Africa in combating malaria.

Corporate citizenship commitments

Anti-corruption Management

In accordance with relevant state regulations as well as the situation of the company, Fosun Pharma has formulated the "Interim Regulations of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. on Prohibiting Business Bribery" and "Action Plan of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. against Business Bribery". The company has set up a special division

to organize and lead the anti-corruption activity and provides specialized training. Besides, it also takes such measures as combining self-inspection with special inspection, placing equal emphasis on rules formulation and education, establishing and improving long-term supervision system, and investigating and dealing with grave problems.

Corporate citizenship commitments	Anti-corruption Management	Policy	<ul style="list-style-type: none"> - "Interim Regulations of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. on Prohibiting Business Bribery" - "Action Plan of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. against Business Bribery"
		Measures	<ul style="list-style-type: none"> - Set up a special division to organize and lead the anti-corruption work - Special training - Combination of self-inspection and special inspection - Emphasis on rules formulation and education, established and improved long-term supervision mechanism - Seriously investigated and solved significant problems - Reporting system of complaint letters and visits - Internal communication at any time; all levels of subsidiaries report the rectification progress to the headquarters timely - Advocated and promoted the establishment of "1+N" administrative platform of Fosun Group to ensure sunshine purchase
	Corporate Social Responsibility Report	Awarded the title of "AA-level" report	<ul style="list-style-type: none"> - The 2010 CSR Report of Fosun Pharma was awarded the title of "AA-level" report in the 3rd A-share Companies CSR Reporting Summit ; Meanwhile, it was ranked No.1 in the CSR report rating of pharmaceutical and bio-products industry, and was ranked 5th in the overall ranking of 519 A-share companies - Fosun Pharma has released CSR report for three consecutive years since 2009, and has been ranked No.1 in the CSR report rating of pharmaceutical and bio-products industry for three consecutive times
		Graded No.1 in the CSR report evaluation of pharmaceutical and bio-products industry for three consecutive times	
		Selected as a special case in the "2011 A-share Companies CSR Report Blue Book"	<ul style="list-style-type: none"> - The 2010 Social Responsibility Report of Fosun Pharma was selected as a special case in the "2011 A-share Companies CSR Report Blue Book" for its viewpoint that "a pharmaceutical company should disclose in detail the consumer drug safety, and fully disclose the opinions of all stakeholders"

Anti-corruption Management

For Me Pharmacy established risk control measures to fight against corruption in the marketing process. In accordance with the Anti-Unfair Competition Law of the People's Republic of China, the company formulated relevant rules and regulations including "Anti-Commercial Bribery Regulations for Purchasing and Sales Staff" and "Anti-Commercial Bribery Reporting and Recording Regulations". In the execution process, the company set up the anti-commercial bribery steering group and work group, and provided training to purchasing and sales staff on anti-commercial bribery laws. Besides, the company established "Anti-Commercial Bribery Regulations for Purchasing and Sales Staff" as well as "Anti-Commercial Bribery Reporting and Recording Regulations", and required its staff should sign the anti-commercial bribery letter of commitment. Meanwhile, the anti-commercial bribery clauses were added to the standard purchase and sale contract to prevent corruption practices. In addition, the company also took risk control measures in the supplier management process by adding a special clause in the purchase & sales contract.

Social welfare

Social Welfare System of Fosun Pharma

As an important part of its sustainable development strategy, the overall social welfare system of Fosun Pharma is named as "Future Star". Based on the "Future Star" social welfare educational plan, Fosun wishes to undertake its social responsibility and contribute to the society by providing support for education, subsidizing scientific research, providing community services, making donations for poverty alleviation and disaster relief etc.

In terms of community service, Fosun Pharma takes advantage of the product and service of a pharmaceutical company to regularly provide various free medical and health services to community residents through its affiliated medical service institutions and chain pharmacies.

Fosun Pharma has established a complete disaster relief system. In Wenchuan Earthquake and Yushu Earthquake, Fosun immediately provided assistance to the disaster area, which shows the spirit of universal fraternity of Fosun Pharma.

Support for Education

On December 13, 2011, the joint awarding ceremony of Fosun Pharma Scholarship & Research Grants and Fu Manyun Assistantship of the Life Science School of Fudan University was held at Fudan campus. Since 2006, Fosun

Pharmaceutical Group has donated 1 million RMB to the Life Science School of Fudan University to establish the "Fosun Pharma Scholarship & Research Grants of the Life Science School of Fudan University, the scholarship & research grants have been awarded to 70 students and 49 faculty members to assist the school in fostering outstanding talents. All faculty members that received the research grants have made remarkable achievements in teaching and scientific research, among whom 3 received the National Science Fund for Distinguished Young Scholars, 2 were recognized as distinguished Cheung Kong Scholars of the Ministry of Education, 1 won the National Award for Distinguished Teacher, 1 was awarded the outstanding teacher of Fudan University, 3 were imported talents of Fudan University, and 10 got academic and professional title promotion in the past 5 years.

Fosun established "Fosun Pharma Scholarship" at Shenyang Pharmaceutical University, Huazhong University of Science and Technology and Huaxi School of Medicine, Sichuan University, and offered research grants at Shenyang Pharmaceutical University for the first time. In 2011, Fosun awarded scholarship to 30 outstanding students of the three universities.

Fosun Pharma offered the scholarships with aim to create a favorable learning environment for students, foster talents and promote the educational development in China's pharmaceutical industry.

Voices

Ma Hong, Dean of the Life Science School of Fudan University:

Fosun Pharma has established Scholarship and Research Grants at the Life Science School of Fudan University to reward excellent students and young faculty members, which plays an active role in promoting teaching and scientific research at the School. Life science is deemed as an area with huge development potential in the future, thus the cultivation of outstanding talents in this area is our urgent priority. After achieving a rapid development, Fosun Pharma returns to society in the forms of scholarship and research grants, which would definitely advance the cultivation of outstanding life science talents. I believe the award-winning faculty members and students not only consider the scholarship and research grants as material rewards, but also see the Fosun culture and spirit embodied in them as well as the contribution of Fosun people to the society and their alma mater."



Acceptance speech of faculty representative:

My multi-experience in multinational bio-tech enterprises as well as domestic and overseas research institutions allowed me to understand the importance of the close cooperation between fundamental research and development. I'm very glad to see that Fosun Pharma and the Life Science School of Fudan University both possess such a strategic vision and have initiated substantive collaboration. This high-level collaboration complies with the trends of international modern bio-tech industry and I hope this cooperation would bring both Fosun Pharma and the Life Science School of Fudan University to the international frontier through long-term practices.

—— Zhao Shimin



Acceptance speech of student representative:

"Fosun Pharma Scholarship" not only recognizes the diligence of students majored in life science by subsidizing their study and research, but also provides us with a rare opportunity to communicate with and learn from the elder generations of Fudan University. Meanwhile, the desire of Fosun Pharma for outstanding talents has provided the students with a good platform to apply what they learned to practices. The core values of Fosun Group include Self-improvement, Family Harmony, Career Development, Social Responsibility. As a winner of the scholarship, I deeply feel that we need to inherit and carry forward these values, and return society with our knowledge and skills while achieving personal advancement.

—— Zhu Yeyi, First Prize Winner of "Fosun Pharma Scholarship"





Awarding of Fosun Pharma Research Grants of Fudan University



Awarding of Fosun Pharma Scholarship of Sichuan University



"Launching Your Future - Fosun Pharma Campus Tour Lecture at Shenyang Pharmaceutical University



"Launching Your Future - Fosun Pharma Campus Tour"



Fosun Pharma "Growing" Summer Camp Participants



Yao Pharma "Growing" Summer Camp Participants

"Launching Your Future" Fosun Pharma Employer Branding Series of Activities

At the beginning of 2011, Fosun Pharma established the employer branding group, and initiated the "Launching Your Future" series of employer branding activities, including "Start the Future – Fosun Pharma Campus Tour", "Launching Your Future – Make the Star of Tomorrow" campus recruitment, and "Growing" Summer Camp etc.

On March 19 2011, Fosun Pharma successfully held the "Launching Your Future– Fosun Pharma Campus Tour" theme lecture at the Jiangning Campus of China Pharmaceutical University, which signifies the start of a series of university-enterprise interactive activities. This event aimed to promote the employer brand awareness of Fosun Pharma among universities and enhance the interaction of enterprises with universities and students. Meanwhile, Fosun also hopes the series of activities can help more outstanding students to understand the cutting-edge technologies as well as leading enterprises of the pharmaceutical industry, and better design

their career development goals and paths.

"Growing" Summer Camp

In August 2011, Fosun Pharma worked with its affiliated enterprises to organize the second "Growing" Summer Camp in Shanghai, Jiangsu and Chongqing in order to improve the employer's image among students and promote the communications of companies with universities and students. Meanwhile, it provides a strong guarantee for the recruitment of 2012 graduates and brings new vitality to the corporate growth.

This activity lasted for five days, and attracted 138 participants from 27 universities including Shenyang Pharmaceutical University, China Pharmaceutical University, Nanjing University and Sichuan University etc. 74% of the participants hold a master's degree or above, and the majority of them are from pharmacy-related specialties.

"Growing" Summer Camp

Shanghai	The summer camp was mainly held in Shanghai and attracted 34 students from 11 universities. During the five-day summer camp, the students participated in corporate culture lectures, alumni activities, career development lectures as well as career challenges contest, corporate visits and variety performance etc.
Jiangsu	Jiangsu Wanbang Pharma is a joint organizer of the summer camp. 24 students from Shenyang Pharmaceutical University, China Pharmaceutical University, Nanjing University and Xuzhou Medical College attended this three-day activity
Chongqing	The 2 nd Master and PhD Summer Camp organized by Chongqing Yao Pharma provided 69 master and PhD students from 22 universities with the platform to understand enterprises, share knowledge and viewpoints

Collaboration on Public Welfare Projects

In May 2011, Fosun Pharma headquarters worked with Yao Pharma to donate 2 million RMB to China Hepatitis Prevention Foundation, especially for the Hepatitis B vaccination and health project of Sichuan college students. This donation is used to provide Hepatitis B prevention education to millions of college students in Sichuan Province, and vaccinate them against Hepatitis B on a voluntary basis to minimize the harm of Hepatitis B to college students.

Fosun Pharma invited institutions of public character such as Shanghai Roots & Shoots and Shanghai Oasis Ecological Conservation and Communication Center to attend the Family Day activity in May. On the Dragon Boat Festival, the company provided the employees and children with the concept of environmental protection through family games and on-site speeches.

In 2011, Fosun Pharma also participated in the "Rural Teachers Flying Initiative 2011" for the first time. The initiative was hosted by HuaQiao Foundation (Shanghai), and aims to sponsor rural teachers to visit Shanghai. Besides, the company also donated medicine kits to over 100 rural teachers from Inner Mongolia as a support to rural education.

Participated in the First Shanghai Philanthropy Partner Day

On November 25, the first Shanghai Philanthropy Partner Day was opened in Shanghai Exhibition Center. Fosun Pharma, together with 10 other enterprises, participated in this three-day event and displayed its social charity programs on this platform which comprises 120 NGOs and government agencies. Meanwhile, it strengthened the connection with institutions of public character and governments, and worked with more partners to find a more effective channel of cross-section cooperation.

With "cross-sector cooperation among partners from the governments, enterprises and social organizations" as the theme, this event was hosted by Shanghai Civil Affairs Bureau with aim to building a new mechanism of cross-sector cooperation among the 3 parties. During the event, Fosun Pharma established extensive links with many non-profit organizations, who wish to cooperate with enterprises. Through this innovative event, Fosun Pharma can leverage the resources of philanthropic organizations from different areas, break the boundary of public welfare and achieve the common goal of social service in a more scientific and effective way.

Caring for left-behind children

In 2011, Guangxi Huahong Pharmaceutical offered caring for left-behind children and donated 400,000 RMB to Liutang Central Primary School through the Women's Association of Liucheng County. The donation was used to construct premises integrating the functions of living, psychological counseling and studying for the healthy growth of left-behind children.

The company also launched the Spring Bud Initiative, which donated 400,000 RMB to Jiangping Central Primary School, Wuzhuan Town through the Women's Association of Donglan County, Guangxi Province. The donation was used to construct an 800-square-meter Huahong "Spring Bud" comprehensive teaching building.

In addition, Huahong Pharma also donated 100,000 RMB to Liujiang Middle School for the maintenance of the comprehensive teaching building in honor of its anniversary celebration.



Fosun Pharma Participating in the First Shanghai Philanthropy Partner Day



Fosun Pharma "Family Day" Advocating Green and Environmental Protection



For Me Pharmacy Community Service Activities

Community Service

The retail pharmacies under Fosun Pharma actively joined hands with serve communities through pharmacist consultation, clearance of household medicine chest and provision of community lectures. The pharmacies also provide health consultations and services on various chronic and seasonal diseases, e.g. measuring blood pressure for hypertension patients and blood sugar for diabetes patients free of charge.

Each retail pharmacy has a pharmacist consultation desk, and regularly provides services to communities including medicine consultation, health consultation, disease prevention and health care etc. The additional services also include: decoction and delivery of herbal medicine, slicing service for customers, blood pressure measurement, registration of goods shortage and mail order service etc. In addition, in the non-drug category, the pharmacies have implemented the model of health convenience store based on existing stores, and increased the provision of healthy food, convenience food, medical devices and healthcare products etc.

Each retail pharmacy has established membership system with 12% discount on Member's Day. Members can earn points while they shop and exchange points for commodities. The pharmacies also release commodity and health information through member's SMS platform.

To provide high-quality, efficient and fast services to customers, each retail pharmacy of Fosun Pharma develops the customer satisfaction questionnaire to help improve customer satisfaction. Besides, the customer satisfaction rating form is used to monitor the improvement process.

By the end of 2011, there are 40 For Me Pharmacies and 5 Golden Elephant Pharmacies that are designated by Shanghai Medical Insurance Bureau. The two chain pharmacies strictly comply with the regulations on medical insurance designated pharmacies, and have provided their staff with training on medical insurance policy, specialized knowledge on pharmaceutical area, identification of common diseases, health knowledge, and cosmetics knowledge etc.

For Me Pharmacy is well recognized by the Joint Review Team as a result of its largest number of retail stores, fastest renovation layout and best visual design.

Golden Elephant Pharmacy further exploits the advantage of Traditional Chinese Medicine (TCM) to forge the concept of health preservation, and invites famous TCM doctors from both Beijing and Taiwan. Since its opening in May, the Xi'dan traditional Chinese medical center has invited over 50 well-known TCM doctors to provide medical consultations, including "Xiaoer Zhang", Yang Zengliang, Zhu Rong etc. To realize differentiated operation, five young prominent doctors from Taiwan are invited to provide medical consultations. The diagnosis services of the medical center are enriched and the brand of medical center is promoted in different ways such as Internet, paper media, lectures etc.

Membership Card Service of Golden Elephant Pharmacy

Golden Elephant Pharmacy is upgrading all its existing membership cards and strictly follows the new member's price and membership management process to ensure its implementation in the collection stage of member information. The pharmacy organized a variety of member activities such as Member's Day, Points for Gifts, Member's Festival, and Member's Contest on Pharmaceutical Knowledge to promote member loyalty and satisfaction. Furthermore, the pharmacy also attracts high-end members through diverse forms including health lectures and continuously deepens the membership marketing. In 2011, Golden Elephant Pharmacy was awarded "Pharmacy of the Year with Top Brand Power" in the China Health Annual Overall Rank and the "Base for Health Science Education" by People's Daily.

Donation for Poverty Alleviation

Fosun Pharma and its affiliated companies actively conduct public activities and contribute to address social needs. Fosun Pharma donated a total amount of 3.11 million RMB to the society in 2011.

Donations by Fosun Pharmaceutical Group

Date	Company	Project	Receiver	Amount (10,000 RMB) (including equivalent amount of donated materials)	Basic Information and Donation Purposes
2011.05	Fosun Pharma Headquarters	Hepatitis B Vaccination and Health Project for College Students in Sichuan Province	Chinese Foundation for Hepatitis Prevention and Control (CFHPC)	20.00	This donation is used to provide Hepatitis B prevention education to college students in Sichuan Province, and vaccinate them against Hepatitis B on a voluntary basis to minimize the harm of Hepatitis B to college students
2011.11		Scholarship projects of Shenyang Pharmaceutical University, Huazhong University of Science and Technology and Huaxi School of Medicine, Sichuan University		6.00	
2011.12		Fudan University Scholarship & Research Grants Project		20.00	
2011.06	Wanbang Pharma	Support for Education Initiative	Baogusi Primary School, Fengcheng Town, Feng County, Jiangsu Province	0.36	Provision of school supplies such as schoolbags, stationery etc.
2011.09		Financial aid to households enjoying the five guarantees	Guankou Village, Jiawang District, Xuzhou	0.80	32 bags of flour, 32 bottles of cooking oil, 32 boxes of moon cakes
2011.05	Yao Pharma		Poverty Alleviation Foundation of Chongqing Economic Commission	1.00	Donation
2011.08		Hepatitis B Vaccination and Health Project for College Students in Sichuan Province	CFHPC	1.00	Donation
	Moluodan	Month of National Drug Quality Safety	Handan Municipal Government	0.40	Education on drug quality safety
		Food & Drug Safety Promotion Month of Handan City	Municipal Drug Administration	0.30	Promotion of safe drug use
2011.08	Guilin Pharma	Forum on China-Africa Cooperation	Kenya	6.50	1 box of Artesun
2011.02	Chongqing Pharmaceutical Research Institute Co., Ltd.	Poverty alleviation	Zhou Zijun (company employee)	1.94	The father and wife of Zhou Zijun suffered from cancer. The huge medical expenses caused difficulties in his life
2011.12		Public welfare project	Renji Road Community, Nan'an District, Chongqing	0.70	The company sponsored the election of people's congress representatives at community level
	Shine Star (Hubei)	Assistantship	No.1 Middle School of Gong'an County	6.00	
		Voluntary blood donation			
		Cadre investigation at village level		25.00	Involvement in government affairs
2011.11	Ahon Pharmaceutical	Poverty alleviation fund	Financial Office of Qianyang Township, Yi County	5.00	Subsidy to poor peasants
2011.01	Huahong Pharmaceutical	Caring for left-behind children	Liutang Central Primary School, Liucheng County	40.00	Constructed premises that integrated the functions of living, psychological counseling and studying for the healthy growth of left-behind children
2011.09		Spring Bud Initiative	Jiangping Central Primary School, Wuzhuan Town, Donglan County, Guangxi Province	40.00	Used to construct a 800-square-meter Huahong "Spring Bud" comprehensive teaching building
2011.11		Anniversary Celebration	Liujiang Middle School	10.00	Used for the maintenance of comprehensive teaching building

Date	Company	Project	Receiver	Amount (10,000 RMB) (including equivalent amount of donated materials)	Basic Information and Donation Purposes
2011.01	Shanghai For Me Pharmacy	Community poverty alleviation	Changshou Neighborhood Committee, Putuo District	0.20	Healthcare products etc.
2011.03		Provide free medical services to female workers of the State- owned Asset Supervision & Administration Commission of Putuo District on the Women's Day			The company sent chief physician Zhang Henian to provide free medical services to the female workers of the State-owned Asset Commission
2011.07		Community poverty alleviation	Dongxin Block	0.12	Summer varieties, healthcare products
2011.08		Community poverty alleviation	Changshou Block	0.15	Healthcare products etc.
2011.10		Community poverty alleviation	Ganquan Block	0.145	Summer varieties
		Donation to welfare home	Putuo Welfare Home	0.22	Daily necessities
		Provide voluntary consultation to female workers in Putuo District on taking tonics in winter			The company sent chief physician Zhang Henian to provide lectures on winter tonics and voluntary consultation to female workers in Putuo District
		Clearance of household medicine chest			Reclaimed expired medicine from residents, distributed promotion materials on rational use of antibiotics, cleaned up medicine chests of residents, measured blood pressure for residents for over 100 times, and instructed residents on safe drug use
2011.01	Beijing Golden Elephant Pharmacy	Extended greetings to nursing homes	Shijingshan Social Welfare Home	0.20	Caring and donation for the aged
			Yingzhi Rehabilitation Nursing Center for the Aged	0.20	
			Yinling Apartment for the Aged	0.20	
			Dongli Nursing Home	0.20	
2011.05		Poverty alleviation activity	Low-income residents of Xinjiekou Block	0.18	Financial support to poverty-stricken residents
2011.09		Caring for the disabled people	Sub-district offices of Xicheng District	1.08	Love donation to the disabled
2011.11		Subsidy to Golden Elephant Health Lecture	Medical Association of Xicheng District	2.00	Subsidy to Golden Elephant Health Lecture

Assisting Africa in Combating Malaria

Fosun Pharma owns the first national innovative drug Artesunate. Taking advantage of the product strength, the company actively cooperates with the Chinese government in assisting Africa in combating malaria. Since 2006, Fosun has undertaken nearly 100 foreign aid projects of the Ministry of Commerce, covering over 30 countries. In 2011, Fosun Pharma carried out 18 foreign aid projects, providing Arsuamoon, Artesun, Artesun-Plus, and

Ribavirin injection etc. to Ghana, Guinea-Bissau, Mauritania, Sierra Leone, Gabon, Mozambique, Togo, Benin, Mali, Zanzibar, Liberia, Senegal, Guinea, Central African, Niger and Chad, totaling to 26,650,595.37 RMB.

In 2011, Fosun Pharma undertook 2 external HR training programs, Official seminar on Anti-Malaria for Asian and African Countries, and Seminar on Pharmaceutical Quality Management for Developing Countries.

Other voluntary aids	Support the research on SMAC (Severe Malaria in African Children), which conducted clinical trials in five African countries including Ghana, Gabon, Gambia, Kenya and Malawi. The project was launched in May 2011 and is still going on. So far, Fosun Pharma has provided 9000 pieces of Artesunate for injection to this project
	Donated 500 pieces of Artesunate injections to the Forum on China-Africa Cooperation
	Donated 1000 pieces of Artesunate for injection to the Uganda branch of Clinton Foundation HIV/AIDS Initiative (CHAI) for use in the Clinician Training Program on Artesunate for injection they jointly offered in this country
	Donated 400 pieces of Artesunate for injection to the National Malaria Prevention Center of Sudan for use in clinical trial and research

Awards and Honors

2011	Awarded the title of "Shanghai Advanced Organization" for consecutive 5 years
March 2011	Formally approved as an "Innovative Enterprise of the Ministry of Science and Technology"
April 2011	Mr. Chen Qiyu, Chairman of Fosun Pharma, was selected as one of the "2011 Top Ten Global Chinese Business Leaders" by the 7th World Outstanding Chinese Entrepreneurs Convention and the 10th "Spring of Diplomats"
May 2011	<p>The 2010 Social Responsibility Report of Fosun Pharma was compiled as one of the 11 excellent reports in the "2011 Research Report on the Disclosure of Social Responsibility Information of China's Listed Companies"</p> <p>Fosun Pharma won the "Excellent Board of Directors Award" under the 7th Gold Prize of Round Table. Meanwhile, Mr. Chen Qiyu won the Best Chairman with Social Responsibility Award</p>
July 2011	<p>Fosun Pharma was elected as one of the "Top 10 Pharmaceutical Listed Companies with Highest Investment Value" in the "Third Appraisal of Top 20 Most Competitive Pharmaceutical Listed Companies and the 2011 Appraisal of Top 10 Pharmaceutical Listed Companies with Highest Investment Value"</p> <p>Fosun Pharma was awarded the "2nd Asia's Best Employer Brand Award 2011" for creating the culture of contribution and innovation and fostering future leaders</p>
August 2011	<p>For Me Pharmacy and Golden Elephant Pharmacy were ranked respectively the 24th and 27th in the list of "2011 Top 100 Chinese Pharmaceutical Retail Enterprises in Comprehensive Competitiveness"</p> <p>Fosun Pharma was ranked 30th in the appraisal of "Top 100 Chinese Pharmaceutical Companies 2010" organized by the Southern Medicine and Economic Research Institute of State Food and Drug Administration, as compared to 49th in 2009. The rank evaluates the performance of Chinese pharmaceutical groups, listed companies, and multinationals in China, and only includes the pharmaceutical business of Fosun Group</p>
September 2011	<p>"Fosun Pharma" magazine and newspaper were listed among the "2011 Top 10 Chinese Corporate Media" by the Media Science Division of China News Culture Promotion Association</p>
October 2011	The 2010 CSR Report of Fosun Pharma was awarded the "AA-level" in the 3 rd A-share Companies CSR Reporting Summit ; Meanwhile, it was ranked No.1 in the CSR report rating of pharmaceutical and bio-products industry, and was ranked 5 th in the overall ranking of 519 A-share companies.
November 2011	Won the award of "China Social Welfare Collective Prize 2011" in the first China Charity Festival
December 2011	

Main financial indicators in the 2010 Annual Report

Unit: 10,000 RMB

Item	2011	2010	2009	2008
Net asset per share (RMB per share) attributed to shareholders of listed company	5.13	4.42	0.21	3.24
Basic earnings per share (RMB per share)	0.61	0.46	1.35	0.37
Basic earnings per share (RMB per share) after deducting non-regular profit and loss	0.30	0.20	0.20	0.18
Weighted average ROE(%) after deducting non-regular profit and loss	6.32	4.99	7.18	8.28

Comparison of economic indicators

Unit: 10,000 RMB

Item	2011	2010	2009	2008
Operating income	648,554	455,542	387,226	377,323
Return on investment	168,539	118,179	321,914	847,054
Operating profit	158,051	114,045	321,203	80,756
Plus: Non-operating income	17,197	6,948	6,115	3,823
Less: Non-operating expenses	2,581	798	852	1,011
Including: Loss on non-current asset disposal	-	24	336	1,011
Gross profit	172,666	120,195	326,467	83,568
Minus: income tax expense	34,182	20,161	70,040	7,474
Net profit	138,484	100,034	256,427	76,093
Net profit attributed to shareholders of parent company	116,561	86,365	249,820	69,086
Profit and loss of minority shareholders	21,924	13,669	6,607	7,007

Social indicator

Comparison of number of employees

Unit: Person

Year	Total	Gender	
		Male	Female
2011	13,192	6,794	6,398
2010	11,484	5,975	5,509
2009	9,611	5,088	4,523
2008	8,580	4,617	3,963

Total value of employee compensation

Unit: 10,000 RMB

Year	2008	2009	2010	2011
Total employee compensation	37,286	45,255	57,564	65,682

R&D indicators

Unit: Item

Year	2008	2009	2010	2011
Ongoing project	128	101	111	118
Clinical trial approval for new drugs obtained	10	4	4	5
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HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	No statistics

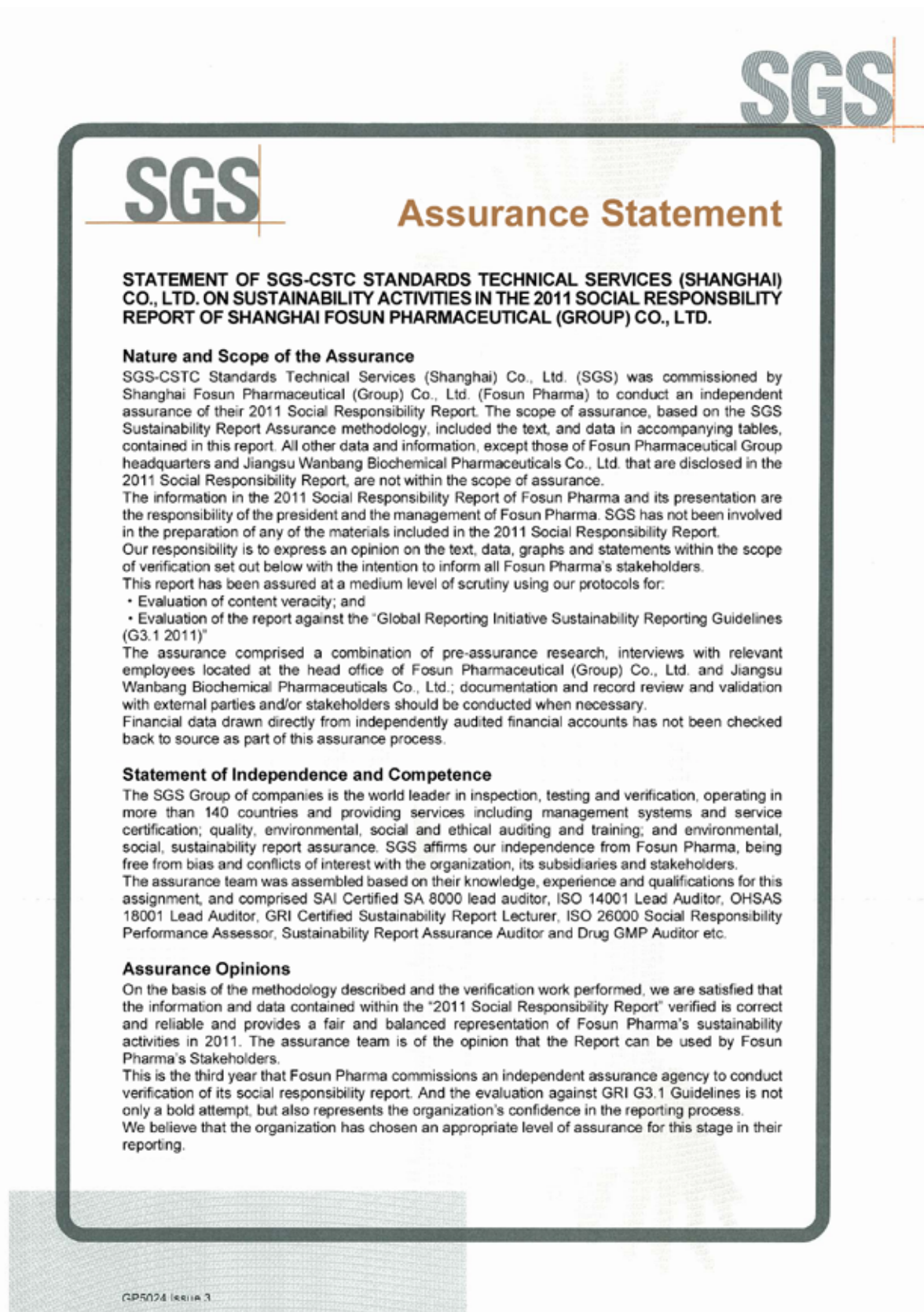
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SGS

Assurance Statement

STATEMENT OF SGS-CSTC STANDARDS TECHNICAL SERVICES (SHANGHAI) CO., LTD. ON SUSTAINABILITY ACTIVITIES IN THE 2011 SOCIAL RESPONSIBILITY REPORT OF SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD.

Nature and Scope of the Assurance

SGS-CSTC Standards Technical Services (Shanghai) Co., Ltd. (SGS) was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Fosun Pharma) to conduct an independent assurance of their 2011 Social Responsibility Report. The scope of assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report. All other data and information, except those of Fosun Pharmaceutical Group headquarters and Jiangsu Wanbang Biochemical Pharmaceuticals Co., Ltd. that are disclosed in the 2011 Social Responsibility Report, are not within the scope of assurance.

The information in the 2011 Social Responsibility Report of Fosun Pharma and its presentation are the responsibility of the president and the management of Fosun Pharma. SGS has not been involved in the preparation of any of the materials included in the 2011 Social Responsibility Report.

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

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

- Evaluation of content veracity; and
- Evaluation of the report against the "Global Reporting Initiative Sustainability Reporting Guidelines (G3.1 2011)"

The assurance comprised a combination of pre-assurance research, interviews with relevant employees located at the head office of Fosun Pharmaceutical (Group) Co., Ltd. and Jiangsu Wanbang Biochemical Pharmaceuticals Co., Ltd.; documentation and record review and validation with external parties and/or stakeholders should be conducted when necessary.

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

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; and environmental, social, sustainability report assurance. SGS affirms our independence from Fosun Pharma, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised SAI Certified SA 8000 lead auditor, ISO 14001 Lead Auditor, OHSAS 18001 Lead Auditor, GRI Certified Sustainability Report Lecturer, ISO 26000 Social Responsibility Performance Assessor, Sustainability Report Assurance Auditor and Drug GMP Auditor etc.

Assurance Opinions

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the "2011 Social Responsibility Report" verified is correct and reliable and provides a fair and balanced representation of Fosun Pharma's sustainability activities in 2011. The assurance team is of the opinion that the Report can be used by Fosun Pharma's Stakeholders.

This is the third year that Fosun Pharma commissions an independent assurance agency to conduct verification of its social responsibility report. And the evaluation against GRI G3.1 Guidelines is not only a bold attempt, but also represents the organization's confidence in the reporting process.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2011) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Sustainability Context

Fosun Pharma promotes the chain development of the industry by providing safe and affordable drugs and medical services and satisfies the basic needs of specific groups among stakeholders, e.g. focusing on the drugs and medical services for diseases and critical illnesses that have impacts on public health. SGS suggests Fosun Pharma demonstrate its performance under a more comprehensive sustainability context, e.g. through the disclosure of comparative data between the organization's environmental and social performance and the overall level of industrial partners or local communities, thus being able to evaluate the social responsibility performance of the company.

Stakeholder Inclusiveness

Fosun Pharma disclosed sustainability strategy and best practices pertaining to stakeholders, and also conducted brand research for internal and external stakeholders to proactively understand the reasonable expectation and interests of stakeholders. SGS suggests Fosun Pharma can consider gradually introducing topics related to labor management and human rights management in the communication and requirements of stakeholders.

Accuracy

The data collection system of Fosun Pharma report becomes more mature compared to the last year, and is able to disclose information to stakeholders from more perspectives, reflecting the practices of social responsibility management concept and strategy in business segments and functional lines. SGS suggests Fosun Pharma clearly define each indicator it plans to collect, ensure that the data collection leaders of the head office and affiliated companies receive effective instructions and ensure the consistency of statistical calibers to guarantee the accuracy of summary data.

Signed:

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



Zeng Weiming
Director, Mainland China and Hong Kong
International Certification Service Division
March 23, 2012

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Comments on the "2011 Social Responsibility Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd."

As an outstanding example of implementing social responsibility in China's pharmaceutical industry, Fosun Pharmaceutical (Group) Co., Ltd follows the principle of sustainable development, and strives to integrate social responsibility into every part of corporate administration.

Guided by the mission to promote human health, Fosun Pharma upholds the concept of "Innovation for Good Health", and has actively implemented the strategy of endogenous growth, extensional expansion and integrative development. Despite the adverse changes in international economic environment, Fosun Pharma adheres to product innovation and management improvement, and actively promotes its R&D capability through the establishment of innovation system. Through the continuous launching of new products, the company has maintained and strengthened its leading position in China's pharmaceutical industry, and is making continuous progress toward the goal of becoming a globally competitive pharmaceutical enterprise.

Fosun Pharma keeps improving its technologies and production processes and integrates quality management into the whole process of new drug research & development, raw material procurement, manufacturing and sales of drugs and medical products. Fosun has established strict quality safety system and ensured safety and accuracy in the R&D, production, sales, withdrawal and recall of drugs and medical products to provide safe, effective and inexpensive drugs and services to the ordinary people.

Fosun Pharma actively implements environmental policies and facilitates the establishment of EHS system. It works with each member manufacturer to strictly control the emission of "three wastes", and impels each member manufacturer to implement clean production audit, control and reduce the total emission of pollutants. Besides, it also enhances the effect of energy conservation and emission reduction through such means as technological advancement, process improvement and capacity layout adjustment etc.

Fosun Pharma cares for occupational health of employees, and tries to minimize the adverse impact of working sites on employees; it has strengthened anti-corruption management, provided active support to social welfare activities and assisted the Chinese government in providing aids to foreign countries. Furthermore, Fosun faithfully fulfills its social responsibility as a corporate citizen by increasing the investment in education, orphaned and disabled children relief and disaster relief etc.

This report has a distinct theme, complete framework, clear logic and detailed data. It reflects the features and 2011 highlights in the implementation of social responsibility by Fosun and is a readable social responsibility report of high quality.

Cheng Duosheng,
Executive Director of Global Compact Network China



Glossary

Serial No.	Term	Definition
1	API	Acronym for Active Pharmaceutical Ingredients, which is usually referred to as drug substance
2	CAPA	Acronym for Corrective Action & Preventive Action
3	cGMP	Acronym for current Good Manufacture Practices, also called dynamic Good Manufacture Practices. As an international leading drug manufacture standard, it requires that the whole process of product manufacturing and logistics must be validated
4	EDQM	Acronym for European Directorate for Quality Medicines, which is affiliated to the European Parliament
5	EPO	Abbreviation for Erythropoietin
6	GMP	Acronym for Good Manufacturing Practice, a system which places great emphasis on the independent management of production quality and hygiene safety in the manufacturing process
7	GSP	Acronym for Good Supplying Practice. It refers to the management system established to ensure the conformance to quality standards of drugs targeting at various links of the drug circulation process, including procurement planning, purchasing acceptance, warehousing, sales and after-sale services etc.
8	ISO14001	The symbol for environmental management system certification
9	OHSAS18001	OHSAS18000 Occupational Health and Safety Management System is the internationally recognized standard jointly launched by 13 organizations including British Standards Institution(BSI) and Det Norske Veritas (DNV)
10	PCT	Acronym for Patent Cooperation Treaty, an agreement for international cooperation in the field of patents
11	PDCA	Acronym for Plan-Do-Check-Action. PDCA is also known as Deming cycle, which was made popular by American quality management expert Dr. Edwards. Deming. It is a scientific procedure that should be followed in comprehensive quality management
12	PQ	Acronym for Production Quality
13	QA	Acronym for Quality Assurance
14	QC	Acronym for Quality Control
15	SFDA	Acronym for State Food and Drug Administration
16	Unannounced inspection	Rapid on-site inspections performed on enterprises without giving a prior notice
17	Clean production	Continuous application of synthetically preventive environmental protection strategies in the production process and products so as to minimize the hazards to human and environment
18	Artesunate	A drug that has strong sterilization effect on asexual malarial parasites and thus control the outbreak of malaria rapidly
19	Five ministries and commissions	Ministry of Commerce, China Securities Regulatory Commission, State Administration of Taxation, State Administration for Industry and Commerce, State Administration of Foreign Exchange

Feedback Form

Dear readers:

Thank you for reading this report! This is the fourth consecutive year that we released social responsibility report of Fosun Pharma to the public. Therefore, we are looking forward to your feedback on this report. Your precious advice will help us make continuous improvement to this report.

You can submit your feedbacks through the following means:

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Feedbacks on the "2011 Social Responsibility Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd."

Name: _____
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Feedback questionnaire:

- | | | |
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This corporate social responsibility report includes forward-looking statement. The statement uses wording of "believe", "assume", "expect" or similar expressions. Various known and unknown risks, uncertainties or other factors may cause the actual results, financial status, assets, developments or performance of the company in future to differ materially from those expressed or implied in the above forward-looking statements. These factors include but are not limited to:

- We are in a gloomy business period;
- New regulations or amendments to existing regulations have increased our operating cost or reduced our profitability;
- The price of raw material increases, especially when we are unable to transfer this cost to customers;
- Lessening or forfeiture of product patent protection;
- Debt issues, especially when these issues are caused by environmental regulations or liability lawsuit of related products;
- Fluctuation of international currency exchange rate as well as the change in overall economic environment;
- Other factors identified by the social responsibility report;
- Anonymous authors of some source data in the report are expected to contact us so that we can send you the royalties.

These factors include the contents disclosed in the open report we submitted to Shanghai Stock Exchange and China Securities Regulatory Commission (CSRC) and its agencies. Considering these uncertainties, we advise the readers not to rely too much on these forward-looking statements. Our company has no responsibility of updating these forward-looking statements or adapting them to future events or developments.

Innovation for Good Health

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