

2010 Social Responsibility Report



Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

2010 Corporate Social Responsibility Report

FOSUNPHARMA

About This Report

This report is the 2010 CSR Report (Corporate Social Responsibility) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

This report is aimed at truly reflecting the development and practice of 2010 CSR (Corporate Social Responsibility) Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and disclosing the company's operating status to stakeholders so as to help the shareholders, employees, government, customers, partners and the public understand CSR practical activities of Fosun Pharma. CSR Report of Fosun Pharma was firstly published in March, 2009 and then issued annually.

This Report's date ranged from Jan 1st to Dec 31st, 2010. It was disclosed with Fosun Pharma's Annual Report at the same time. The financial data involved in the content of this Report shall be in line with 2010 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.. The content of this Report has shown the actions on corporate strategy development, corporate governance, economic responsibility, environmental protection, quality and safety, occupational health and safety (OHS), employees development and public welfare to stakeholders. The next report will be published in 2012.

Fosun Pharma follows the Sustainability Reporting Guidelines (G3 Edition) of Global Reporting Initiative (GRI) to prepare.

For the convenience of presentation and reading, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in the report can be referred to "Fosun Pharma Group", "Fosun Pharma", "Company" and "We", according to the context.

The report will be also prepared and printed in Chinese and English, with an English abstract in the publish version. In case of the discrepancy between the Chinese and English version, the Chinese version shall prevail.

This report adopts paper-based version and online version, of which online version can be available for download and read through the website of Fosun Pharmaceutical (Group) Co., Ltd.: www.fosunpharma.com. It is prepared and printed by the paper certified by Programme for the Endorsement of Forest Certification Schemes (PEFC) for a purpose of promoting the use of the woods and paper products for sustained forest management and initiating the concept of environmental protection.

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. has entrusted external independent agency, to provide independent verification service for the report's Chinese version and audit statement in Chinese and English, the range of which includes on-site audit and verification to the headquarter of Fosun Pharma, and Jiangsu Wanbang Biochemical Pharma Co., Ltd., a holding subsidiary company under Fosun Pharma.

For further understanding our company's concept, strategies and relevant practical activities of implementing CSR, please visit the website of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.: www.fosunpharma.com.

Chairman's Message

Dear Friends,

In 2010, new healthcare reform in China continues to be improved and new industrial policies are further introduced, so the competition among the trades becomes fiercer. With the opportunities and challenges brought from current economic environment, Fosun Pharma continues to develop medical & health business under the concept of "Innovation for Good Health" so as to let more people share equal rights of getting health by affordable products and first-class services.

Fosun Pharma always thinks that the company shall do a good job in two reports. One is the Financial Report, which reflects the results of business operation and the achievements of economic performance, and the other is CSR Report, which reflects the harmony between the company and society, as well as sustained development of the company in every aspect. Therefore, as an important part of overall strategy system, Fosun Pharma will further develop permanent mechanism for Corporate Social Responsibility and gradually put sustainable development strategy into each aspect of the company.

As for sustained development of Fosun Pharma, the first thing is to better control the company's life cycle, and to make the company, entrepreneurs' team as well as its product and technology to keep vitality permanently. Starting from sustainable development of the talents, Fosun Pharma has developed a set of Human Resources System by taking people first, and put emphasis on career development of the employees and actively cultivated the reserve talents. We think that excellent managers cultivated by Fosun Pharma not only provide team basis for enterprise's sustained development, but contributes to our society.

As for a medical and healthcare enterprise, product quality and environmental protection are the key aspects to ensure sustained development of the company in whole society. The Fosun Pharma towards quality safety of the products is the same for human life in attitude through establishing EHS system of the Group and striving to promote it, and emphasizes on the harmony between enterprise & society and natural environment. On the life cycle of the products and technologies, we hold the concept of sustained development to continually enhance R&D on the medicines, and also focus on the extension for life cycle of the products. We keep on the improvement for existing mature products and dig the potential of production technologies and process to realize the production with low cost and high quality, and try all possible to extend life cycle of existing equipments and the enterprises, so as to provide more jobs, and high-quality and affordable products to the society.

In order to increase the accessibility of medical & healthcare products and services, the company continues to intensify R&D on the medicines and further improve R&D System on innovation and generic drugs, meanwhile, its industry, academia and research strategic alliances has passed the projects approved by the State, and such an alliance has positively follow the latest technological frontier of global pharmaceutical industry through the company's international R&D platform to promote the popularity of medical & healthcare products and service by virtue of safer and more effective products with more affordable price.

On the development of standardization, transparency and professionalization, Fosun Pharma has not only enhanced internal control and improved its governance structure, but given more focus on the dialogue with the stakeholders under governance frame of the listed company. The company has fully maintained their legal rights and established reliable relations with the stakeholders under the tenet of frank communication, standardization and transparency, and win-win interest to promote its sustained and sound development.

In 2010, Shanghai Fosun Hi-Tech (Group) Co., Ltd., uniting 15 other excellent private enterprises in China, built 2010 Shanghai Expo Private Enterprises Pavilion to show their unlimited vitality and potential power to the public at home and abroad. By the platform of Shanghai Expo and Private Enterprise Pavilion, Fosun Pharma has actively communicated with the stakeholders to show its concept of "Innovation for Good Health" and Chinese pharmaceutical industry's determination and actions in promoting human health.

Meanwhile, we devote ourselves to the public welfare and continue to take an active part in international anti-malaria in Africa to provide malaria prevention training for the public in developing counties and launch the Public Welfare Plan of "Future Star" to make contribution to the society through education and scientific research support and community service.

Fosun Pharma is dedicated to create a more harmonious industrial ecosystem. As a part of Chinese pharmaceutical industry, it actively develops industrial enterprises alliance to grow together and gather the force for industrial development to witness the future of world-class enterprises in Chinese pharmaceutical industry. In 2010, Fosun Pharma has made further progress in governance, economy, environmental protection, quality and safety, employee and society, and undertaken the responsibilities as a corporate citizen. We will continue to positively fulfill social responsibilities through the practices, so as to reach the balance among the company, society and environment, and to become one of the companies with social responsibility and sustainable development in China and global healthcare field.

Chen Qiyu
Chairman of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.





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There are our employees' kids, who participated in the Fosun Pharma's Children Painting Competition *World Expo: Green Home in My Heart*. The activity was to present the green concept from the children's eyes and to improve awareness of environmental protection.

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Milestone

Hansen Pharmaceutical Listed on SSE

Hunan Hansen Pharmaceutical Co., Ltd (abbreviated as Hansen Pharmaceutical), which invested in 2007 by Shanghai Fosun Pharmaceutical (Group) Co., Ltd., was officially listed on 25th May on SME Board (Shenzhen Stock Exchange).

Hansen Pharmaceutical (002412) is principally engaged in research, development, manufacturing, and distribution of the traditional Chinese medicines, which used for gastrointestinal disease, orthopedic traumatism disease and cardiovascular and cerebrovascular disease. The company's main products include Simotang oral liquid, Yushangling capsules, Suoquan capsules, as well as Yinxyngye capsules, among others.

New Appointment of Fosun Pharma Board Members

On 9th June, 2010, the Fifth Board Meeting, which held by Fosun Pharma, has confirmed the new management team of the company. Chen Qiyu serves as Chairman and Yao Fang serves as Vice Chairman and President. The board of directors includes the following members: Chairman Chen Qiyu, Vice Chairman and President Yao Fang, Director Guo Guangchang, Director Wang Qunbing, Director Zhang Guozheng, Independent Director Han Jiongqian, and Independent Director Zhang Weijiong.

Fosun Pharma Implemented the Strategic Cooperation with Chindex International

On 28th Dec., 2010, Fosun Pharma together with Chindex International Inc. established a brand new joint venture enterprise, Chindex Medical Ltd., in Hong Kong, to integrate medical products devices (MPD) business to realize the complementary advantages in brand and business, and thus to perfect its industrial chain system on medical devices from R&D, manufacture, to marketing in domestic and overseas.

Fosun Pharma Lunched "Future Star" Public Welfare Plan

On 28th July, 2010, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. held the ceremony of Fosun Pharma Day – Fosun Pharma "Future Star" Public Welfare Education Plan at the Chinese Private Enterprises Pavilion on the site of World Expo. This plan was initiated by RMB 2 million and the funds have been devoted into 2 cooperation projects in early stage, including cooperate with the Education Bureau of Henan Xin County to build a hope primary school, and set up Fosun Pharma Scholarships for three medical and pharmaceutical universities, Shenyang Pharmaceutical University, Huazhong University of Science and Technology and Huaxi Medical College of Sichuan University.

Fosun Pharma Wholly Owned Golden Elephant Pharmacy

On 12th October 2010, Fosun Pharma announced publicly that the wholly owned subsidiary Shanghai Fosun Chemical & Pharmaceutical Investment Co., Ltd scheduled to offer RMB 122 million to capital increase in Beijing Golden Elephant Pharmacy. After completion of this capital increase, the direct shareholding ratio of Fosun Pharma to Beijing

Golden Elephant Pharmacy Chain Co., Ltd. (hereinafter referred to as "Golden Elephant Chain") shall increase by 55%, and its actual equity to Golden Elephant Pharmacy shall increase from 50% to 76.3%. Hence, Golden Elephant Chain becomes Fosun Pharma controlled retail chain enterprise. Moreover, the Beijing Golden Elephant Pharmacy Chain Co., Ltd is the large medicine retail chain enterprise in Beijing which mainly engaged in the medical retail chain development.

Fosun Pharma Leads the Industry-University-Research Technology Innovation Alliance

In 2010, the industry-university-research technology innovation strategic alliance led by Fosun Pharma has been approved by the State Ministry of Science and Technology. This Alliance will connect R&D and production.

The Artesunate Injection of Guilin Pharmaceutical Granted WHO-PQ Certification

On 4th November, 2010, a closing letter came from WHO stated that on-site GMP inspection of Artesunate injection production line of Guilin Pharmaceutical meet the standard of WHO-GMP. On 5th November, the Artesunate for injection produced by Guilin Pharmaceutical has been officially listed in PQ drugs list on WHO official website. Guilin Pharmaceutical became the first injection production enterprise that pass WHO-PQ certification, this will further enhance the international influence of Guilin Pharmaceutical and even China Pharmaceutical enterprises, and thus to speed up the exploration of company's product development and international markets.

Yao Pharma Granted GMP certification

On 23 November, 2010, Chongqing Yao Pharma was granted GMP certificate from Canada Food and Drug Administration which indicated that Yao Pharma stepped into the first threshold of PIC/S of 28 countries.

Handa Pharmaceuticals' First Generic Product Obtained FDA Tentative Approval

On 9th December, 2010, US Handa Pharmaceuticals, LLC, the joint stock company of Fosun Pharma, has received FDA's formally notification that the Release Quetiapine, Handa Pharmaceuticals' generic product, has obtained FDA Tentative Approval; moreover, this is the first generic product of the affiliated company under China's Pharmaceutical Enterprises to obtain the approval.

Fosun Pharma Speeds Up Anti-tuberculosis Drugs Towards International Market

On 12 Dec., 2010, Fosun Pharma announced in Shanghai that they shall join hands with Shenyang Hongqi Pharmaceutical Co., Ltd, the leading anti-tuberculosis enterprise in China, to promote China's anti-tuberculosis drugs towards international market. In the same day, the two parties held the cooperation signing ceremony, and Fosun Pharma shall be assigned 70% stock rights from Hongqi Pharmaceutical by equity transfer. By this cooperation, the anti-tuberculosis drugs, after the Artesunate drugs, will become the second business card to knock the global pharmaceutical market.



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1. Hunan Hansen Pharmaceutical Co., Ltd listed on Shenzhen Stock Exchange
2. Fosun Pharma launches "Future Star" public welfare plan
3. Fosun Pharma increases capitals and enlarge shares to hold Beijing Golden Elephant Pharmacy
4. Fosun Pharma realizes strategic cooperation with Chindex International, Inc.
5. Fosun Pharma joins a hand with Hongqi Pharma to accelerate the internationalization steps for anti-tubercular agent.



Fosun Pharma Organizes the Malaria Prevention Training with Ministry of Commerce.

Fosun Pharma Held Malaria Prevention Training

The Malaria Control Seminar for the Officials for Africa French-speaking Countries, held by Ministry of Commerce of China, Shanghai Municipal Committee of Commerce and Fosun Pharma from 18th May to 31st May, 2010. Total 29 students from 16 French-speaking countries had attended this seminar. Students are all leaders and professionals from malaria control institutes and medical field of the local countries.

Fosun Pharma Accomplished the Non-public Offering

On 6th May, Fosun Pharma (600196) released public notice and announced it had finished the registering and managed procedures for the new increased non-public offering stocks with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 4th May 2010. So that Fosun Pharma's non-public offering stocks had finished. The number of non-public offering issued in this time is 31.82 million shares with RMB 20.6 yuan per share, total raise funds reach to RMB 655 million and total net raise funds reach to RMB 635 million. The

funds collected shall be used in restructuring the industrialization of human insulin (raw materials and preparations), the Artesunate high-Tech industrialization model project, and the in-vitro diagnostic product manufacturing base. When the non-public offering finished, the net assets of Fosun Pharma shall increase RMB 635.392 million, accordingly the assets liabilities ratio get decreased and the company's assets quality has enhanced.

Fosun Pharma Won the Best Corporate Social Responsibility Report

On 16th September, 2010, by total score of 76.14 (full score is 100), Fosun Pharma 2009 Corporate Social Responsibility Report ranked third in 471 A-share listed companies, and again awarded the Best Corporate Social Responsibility Report in Bio-pharmaceutical Products Industry.

It is the consecutive third year for Running & Loving Consulting for Common Welfare (RLCCW) implements the global rankings for whole sample ratings of CSR for listed companies. Fosun Pharma 2009 CSR Report scored 76.14 with AA grade which rankings top three together with China life (78.71) and China Shenhua (78.49). Following by 2008 CSR Report won the first in bio-pharmaceutical Products Industry and won the top 10 in annual overall performance list, Fosun Pharma again honored this award.



Tao Hong (Parent: Xie Liang from Shanghai Chemo Wanbang Biopharma)

The world is our green homeland. Children are taking the Word Expo environmental protection train, and on the trip to the homeland of Word Expo.

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 has now become a top listing enterprise in Chinese pharmaceutical industry.

Since it was listed on the market in 1998, its net profits have increased by 39 times within 12 years and the annual compound growth rate has reached 39.59%. Net assets and net profits are in the front rank of the listing enterprises in Chinese pharmaceutical industry.

Specializing in modern biological medical & healthcare industry, Fosun Pharma has taken great opportunities of the rapid growth of China's medical market and Chinese enterprises' accession to the world's predominant medical market, and accelerated industry integration and implemented key product strategy by following the business principle of "Brand, Innovation, High-efficiency and Globalization" so as to realize stable operation and rapid development; meanwhile, it has become a large pharmaceutical group on the aspect of R&D, innovation, marketing, merging & integration and team building by regarding R&D, manufacturing and distribution of the medicines as the core and taking the lead of the scale and market role in diagnostic medicines and medical instruments.

Fosun Pharma has attached great importance to innovation and development and possesses a state-level technology centre. In China, it has attained leading position for hepatic disease, diabetes, tuberculosis and clinical diagnosis products in segment market; Sinopharm Group Co., Ltd. contributed by Fosun Pharma has listed on Hong Kong Stock Exchange in 2009, which ranks the leading position in China in pharmaceutical distribution field. In pharmaceutical retail field, we

have finished the proprietary investment to Golden Elephant in 2010 and formed pharmaceutical retail pattern via setting basis in Beijing and Shanghai as well as facing to national market. In the international market, it has been a leader in the field of anti-malarial drug.

Outstanding market performance has made the growth of Fosun Pharma adopted as a case of global top business colleges; the sustained and steady development has made it become a benchmark of China's Listed Companies and take a leading position in the industry; the brand of the company has enjoyed the trust in medical & health industry and capital market.

Fosun Pharma follows the principle of sustainable development and lays the same emphasis on the social responsibilities, economic and ecological benefits of the company. The responsibilities of corporate citizen have been a part of long term development strategy; Fosun Pharma is always dedicated to the public welfare establishments and the development of Guangcai Programme in China, and actively assists Chinese government in foreign aid as well as invests over RMB 100 million in education, salvation of the disabled and disaster relief.

Facing the future, Fosun Pharma will continue to promote human health for the mission, follow the concept of "Innovation for Good Health" and adopt the strategic developing means of "Endogenous Growth, Denotative Expansion and Integrated Development", while further strengthening its leading position in China's pharmaceutical industry, it has taken the innovation strategy as guidance towards domestic and international market so as to create globalized pharmaceutical enterprise with international competitiveness.

Mission:

Improve innovation and internationalization by investment, management and integration to outstanding companies, so as to become a leading enterprise in healthcare products and services.

Orientation:

A Leading enterprise in Chinese pharmaceutical and healthcare industry

Developing Paths:

Endogenous Growth, Denotative Expansion and Integrated Development

FOSUNPHARMA

复星医药



Continuous Innovation



Continuous Improvement



Care for Life



Complementary Integration

Brands of Holding Subsidiaries



复星长征



Brands of Joint-Stock Subsidiaries





STRATEGY MANAGEMENT



Strategy & Management

Sustainable development is part of the company's strategy system. We keep on realizing sustainable development by improving management, enhancing internal control, undertaking dialogs and communication to stakeholders.

Strategy and Management

Strategy and Objective

The strategic development of Fosun Pharma can be summarized into three aspects as Endogenous Growth, Denotative Expansion and Integrated Development. Firstly, improve business capability of the company, form synergistic effect and comprehensive advantage in R&D, manufacturing and marketing of the products through integration, so as to achieve growth rate over average industrial level. Secondly, integrate

external resources through investment and management to outstanding enterprises in pharmaceutical industry to consolidate operating advantages and rapidly enter into new field to improve the industrial chain. Lastly, integrate existing interior resources and implement the ways as integration and merger and acquisition (M&A) to further improve profiting capability and operating efficiency.



Strategy & Actions

Strategy	<p>2009</p> <ol style="list-style-type: none"> 1. Strengthen healthy product, quality & safety, environmental management and inspection. 1. Strengthen healthy product, quality & safety, environmental management and inspection. 3. Continue to improve communication mechanism to interest-related parties. 4. Continue to invite international third-party organization to implement the assessment and inspection for social responsibilities. 	<p>2010</p> <ol style="list-style-type: none"> 1. Strengthen risk control mechanism, further improve corporate governance, boost the products and services as well as sustained development tactics of the talents. 2. Established EHS System and comprehensively implemented it in all holding pharmaceutical subsidiaries. Implement China's Pharmacopoeia in all holding pharmaceutical subsidiaries. 3. Implement work for auditing clean production and advocate the idea of environmental protection and green office, and gradually introduce the concept of green supply chain. 4. Strengthen the public welfare system, unite subsidiaries and external NGOs to build welfare platform. 5. Improve training system and compensation incentive system. 	<p>2015</p> <ol style="list-style-type: none"> 1. Establish, implement and improve sustainable development policies. 2. Establish complete CSR system in health, safety, environment and quality, including CSR index collection system, inspection process, monitoring and evaluation system. 3. Establish sustainable structural framework of social responsibility. 4. Strengthen the drug recall system. 5. Establish the strategies towards climate change. 6. Improve public welfare system. 7. Closely combine employee development with enterprise development.
	<p>2009</p> <ol style="list-style-type: none"> 1. Establish long-term effective mechanism and emergency response plan for adverse drug reaction monitoring. 2. Implement GMP and inspection system for eco-friendly spot check. 3. Set up leading group and working group of CSR in charge of promoting the preparation of CSR Report and strategic development work of CSR. 4. Establish the collecting system of social responsibility index (to be implemented in key holding subsidiaries). 5. Improve communication mechanism to stakeholders. 6. Invite the third parties (independent external organizations) to inspect the report for the first time. 	<p>2010</p> <ol style="list-style-type: none"> 1. Prepared index collection table of CSR Report, label contact information of the collectors in holding companies in every business segment, and enhance the completeness and traceability of the data. 2. Improved research mechanism of the stakeholders, push the construction of corporate culture, participate 2010 Shanghai Expo (China) Private Enterprise, improve communication channels of the parties concerned. 3. Established Administrative Regulations on Adverse Drug Reactions in manufacturing subsidiaries. Set up adverse reaction monitoring team in accordance with Administrative Measures on Reporting and Monitoring of Adverse Drug Reactions (ADR) by SFDA. 4. Improved supplier audit regulation, strengthen supplier comment system 5. Launched public welfare plan of "Future Star" in education sponsorship, scientific research support and community service. 6. Entrusted independent organizations to implement the audit and examination to CSR Report in consecutive two years. 	<p>2015</p> <ol style="list-style-type: none"> 1. Improve the collecting system of social responsibility index to ensure the data accuracy. Establish the KPI system of data collectors. 2. Continue to implement systematical dialogs with stakeholders and enhance public participation. 3. Be more active to recall the drugs with potential safety hazard through adverse drug reaction mechanism. 4. Establish and improve sustained management system of the suppliers. 5. Formulate bidding system for public welfare projects and promote long term development of public welfare activities. 6. Strengthen independent auditing system.



Internationalization

Corporate strategy of Fosun Pharma has inseparable related to internationalization. With the advantages of Chinese markets, resources and cost, the company aims at global mainstream market by combining China Creation and China Manufacturing. It spread international marketing network by integrating international medical resources, such as international drug manufacturing, R&D cooperation, products export, consigned processing and M&A. That is to realize sustained development objective on producing safer and more effective medical and health products and services with higher accessibility.

On products and manufacturing, Fosun Pharma has helped the subsidiaries to acquire the international qualification to access into international markets. Its has 8 production lines (including main crude drugs production line and a part of reagent production line) have passed cGMP (Current Good Manufacturing Practice) Certificate, five of which were granted U.S FDA Certificates, two was granted WHO PQ Certificates and one for solid reagent has passed the Certificate issued by the Canada Food and Drug Administration.

Fosun Pharma has positively built R&D platform by integrating Chinese and foreign resources and advantages. The international R&D work has been implemented through investment, and cooperation. Fosun Pharma has set up entrepreneurial teams on innovative drugs, which has formed an innovative R&D system cross Shanghai, Chongqing in China and San Francisco in the U.S.

The pharmaceutical reagents are mainly sold in the Chinese market. Products of Artesunate Series are mainly exported to the developing countries, such as Africa. Biological generic drugs and chemical generic drugs are respectively to European market and American market. Fosun Pharma acts as the agent to process solid reagents and injections upon the CROs.

Fosun Pharma has set up its offices in Now York, Tokyo and London. Its holding company-Shanghai Kelin Medical Technology Co., Ltd has set up its office of Guilin Pharmaceutical (Ghana) Limited in Gana, Africa in 2010, and then gradually arranged the network of international marketing and cooperation.

While focusing on core pharmaceutical business, Fosun Pharma has positively sought for the cooperation with overseas high-end medical service institute. It has formed strategic alliances with Chindex International, a U.S medical healthcare company. Both parties have implemented the business of medical instruments while further promoting the development of United Family Hospital in China

Fosun Pharma has established China' s market advantages and expanded international market space through integrating international quality resources to finally become a world-leading medical & healthy company and realize its objective of strategic vision.



- R&D system acrossing Shanghai, Chongqing, and San Francisco
- Liaison office in New York, Branch in Ghana, Africa.
- The export of Artesunate Serials oriented to developing market.
- The export of biological genetic drugs oriented to Europe market.
- The export of chemical genetic drugs oriented to American market.

Efficient Management

Fosun Pharma deals with market change by positive transformation, promotes innovation strategy and optimizes organization structure. The headquarter of the company has set up Pharmaceutical Management Committee, Pharmaceutical Commerce Management Committee, Medical Services Management Committee, Medical Diagnostics Business Unit and Medical Devices Business Unit. Pharmaceutical Management Committee is in charge of manufacturing and R&D on the drugs and practices corporate platform function to implement daily management and operation through Fosun Pharma Industry Development Co. Ltd, a wholly-owned subsidiary of Fosun Pharma. By the three management committees and two business units, Fosun Pharma has formed strategic management control constructure from three aspects: strategic planning system, operating plan and financial budget management system, performance and incentive system so as to comprehensively promote high-efficiency management of the company.

In 2010, Fosun Pharma has constantly improved inner management and control function and finished a series of changes on organization structure to optimize the management. It has adjusted the structure of the organization to rename Audit Evaluation Department to Audit Department, which is in charge of intra-control audit work of the group's headquarters and member enterprises, and puts the work of Financial Due Diligence to investment projects of Audit Evaluation Department into Financial Department. By this adjustment, the Audit Department focuses on intra-control work of the company. It is to improve investment system structure, strategic investment and investment separation of Pre-IPO through the restructuring to make investment team more professional. Its HR Department has increased management consulting function so as to enhance the work of management and consultation to HR resources and set up HR consulting work system step by step.

Fosun Pharma has promoted and enhanced the construction and effective operation of management working committee within the headquarter and across the departments. The company has set up several professional committees in management level, which are composed of managing officers, heads of functional department and other professionals, which has formed a decision-making and coordinating organization cross the departments so as to improve professionalization and efficiency of decision-making and call collective wisdom to prevent the risks. On the basis of original Corporate Culture Working Committee, Budget Committee, Risk Control Committee and Brand Management Committee, the Executive Committee, Performance Management Committee and Investment Management Committee have been established in 2010.

The establishment of the Executive Committee aims at assuring the effectiveness of company's strategy in the process of implementation, immediate communication for important business activities in daily management and the objective of effective decision. Performance Management Committee will assist the company in effectively implementing performance management, promoting performance-oriented culture and support the implementation and accomplishment of company's strategy. Investment Management Committee is in charge of investment development strategy, improving work efficiency of the investment, fully mobilizing the initiatives in boosting resource utilization and professional ability.

Fosun Pharma has also established an integration management

system in adjustment to the structure. We have established "Incentive Management Method to the Investment Personnel of Fosun Pharma Group for Pre-IPO Investment Project" and set up overall compensation reward system for investment personnel with internal fairness and external competitiveness. On the basis of original management system, a new "College Intern Management System" has been established to enhance the management to college interns. In addition to, the aspects as PR Management, Corporate Culture Management, HR Management, Investment Management, and Information Management have been detailed to further establish sound internal control system.

Corporate Governance

Since its listing in 1998, it has further improved corporate governance structure. It is to continually boost the corporate governance and create the value for the shareholders according to the laws & regulations. Good corporate governance is the basis of enterprise development. In 2010, Fosun Pharma has continued to improve corporate governance structure and adhere to standardized operation, as well as continued to make a dialogue with stakeholders, advance the level of corporate governance to be trusted by the parties concerned and enhance core competitiveness of the company. In light of sound business performance and transparent and efficient operation, Fosun Pharma has been selected into SSE180, Shanghai-Shenzhen 300 Index, SSE Dividend Index and SSE Corporate Governance Index, SSE Private Enterprise 50 Index and SSE Social Responsibility Index.

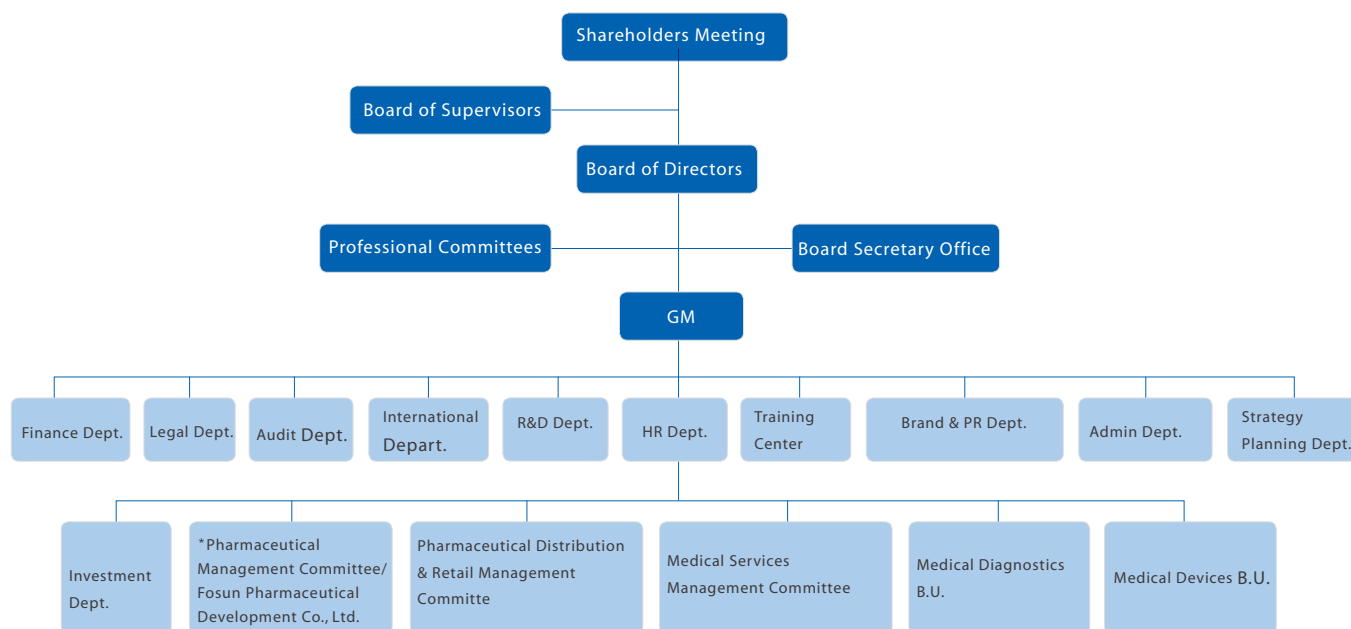
Standardization and Transparency

During the reporting period, according to the requirements of relevant laws, regulations and normative documents of "Company Law", "Securities Law" and "Code of Corporate Governance for Listed Companies", Fosun Pharma has further improved corporate governance structure and established sound enterprise system.

The corporate governance of Fosun Pharma has firstly been shown on well-defined responsibility and authority to the shareholders, directors and management. Under governance structure of the listed company, the large shareholders shall exercise the rights according to the laws and the regulations stipulated by the company, and have absolute controlling rights, and not allowed to misuse, exceed and be absent from the position. The directors represent the shareholders to exercise the rights, transfer the pressure and grant full rights to the management to inspire them. The management has full power to make decision for business activities within the scope of responsibility and authority and shall be responsible for business results. The Articles of Association has clearly defined the rules of procedure for shareholders meeting; the company can assure all shareholders to enjoy equal standing and exercise the rights of the shareholders. The conducts of the controlling shareholders have not been over the limit of power to directly or indirectly intervene in making the policies or production & operating activities of the company as well as damaged the interests of the company and other shareholders. The controlling shareholders of the company shall be dependent from the company on the employee, assets, finance, institutions and businesses. The Board of Directors, Board of Supervisors and other internal authorities shall be run independently.

Referring to the directors and the Board of Directors, the company shall strictly follow the regulations in the Articles of Association to select and

Organization Structure



*In this report, the Manufacturing Management Dept., Policy Affairs Dept, Marketing Dept, EHS Management Committee, Products Planning Dept, Sales Committee, Industrial Park Project Dept, are all belonged to the Pharmaceutical Management Committee/Fosun Pharmaceutical Development Co., Ltd.

retain the directors, and the number of the Board of Directors and the personnel shall follow the regulations of the laws, stipulations and the regulations in the Articles of Association; and the Articles of Association has clearly defined the rules of procedure for shareholders meeting. In 2010, the company has further enhanced the construction of the Board of Directors, increasing the directors from 6 to 8 and independent directors from 2 to 3, who are the professionals in accounting, law and strategic field in conformity with the requirements of "Governance Rules of Listed Company" and the needs of the company's development. The Board of Directors has four committees, that is, Strategy Committee, Audit Committee, Nomination Committee and Compensation & Examination Committee, so as to enhance decision-making ability of the Board of Directors.

The Board of Supervisors can independently and effectively practice the rights to the directors, managers and senior managers. It periodically holds meetings and interim conferences. The Articles of Association has stipulated the rules of procedure for the supervisors meeting. Meanwhile, the company shall positively set up performance evaluation standards and procedures, and properly make corresponding amendments and improvements as per actual conditions. The appointment and dismissal for senior manager shall be implemented in strict accordance with relevant laws and the regulations of the Articles of Association, and publicly announced in time.

The company can fully respect legal rights of stakeholders as the shareholders, banks and other creditors, employees, consumers, partners and communities, and positively hold a dialogue and cooperation with them to jointly push sustained and sound development of the company. The company has actively established performance evaluation standards and procedures, and fully mobilized initiatives of the management through effective incentive mechanism. For the partners, the company seeks to grow together on the principle of integrity.

As for information disclosure and transparency, the company has strictly follow the laws and regulations, "Administration Measures for Information Disclosure" issued by CSRC (China Securities Regulatory Commission), "Guidelines for Management System of Information Disclosure of the Listed Companies" issued by SSE (Shanghai Stock Exchange), "the Articles of Association" and "Regulation on Information Disclosure" to fully perform the duties for information disclosure of the listed companies.

Within reporting period, the company has improved Information Disclosure System and newly prepared "Management System for External Information Reporting and Use", "Management System for the Insiders on Inside Information" and "Accountability System for Material Errors in Annual Report Information Disclosure", and fully enforced them to ensure the information disclosure to be in time, fair, true, accurate and complete. Except statutory disclosed information, the company has periodically announced "Self-Evaluation Report to Internal Control" and "CSR Report" to the public and retained professional authorities to give audit comments to show transparent and standardized operating conditions of the company. The company has emphasized on the communication with the investors and formulated related system, such as "Management Measures for Investor Relationship", so as to guarantee the investors to fairly and timely acquire the public information.

Fosun Pharma has been widely acclaimed by society for its sound corporate governance. And it has won double awards in the 2nd Top 20 Most Competitive Pharmaceutical Listed Companies in China by virtue its outstanding performance and reputation and 2010 Top 10 Most Valuable Pharmaceutical Listed Companies. In addition, it has been granted the awards of "2010 Top 20 Best Governance of the Board of Directors of the Listed Companies in China", "2010 Best Board of Directors of the Listed Companies in Chinese Main-Board (Top 50)" and the Sixth "Gold Prize of Round Table" of the Outstanding Board of Directors".

Internal Control

The internal control of the company is an important part of operation and management of business. By starting from the objective of the survival and sustained development and meeting the requirements of external supervision, Fosun Pharma has promoted the flow and communication of the information, increased the transparency, further enhanced internal control and improved the capability of risk management on the aspects of the construction of internal control environment and internal system & flow as well as internal supervision.

Internal Control Environment

Sound control environment is the basis of implementing effective internal control. Fosun Pharma has always followed the inspiration of the enterprise spirit of "To better oneself, To maintain family harmony, To establish one's career, To contribute the society" since its establishment and tried to realized the objective of "Innovation for Good Health" through frank & open, learning& progress and team-working culture under the guidance of business concept of standardization, efficiency

and professionalization.

As an important part of internal control environment, the work of enterprise culture always shoulders important tasks of delivering the enterprise value and enhancing the cohesion from the level of strategy. The enterprise culture manual of Fosun Pharma has clearly defined Business Code for Conduct, and the codes as adherence to honesty, responsibility for society, environmental protection and natural resource are the creeds to be followed in business operation.

Since Fosun Pharma has established its Corporate Culture Working Committee ("Culture Working Committee") in early 2009, it acts as advancing mechanism of enterprise culture cross the departments and enterprises to enhance the construction, propagation and deepening of enterprise value directly led by the president and provides the dynamics of management to the development of the company from the level of the strategy. In 2010, "Culture Working Committee" has defined working strategy and actions, and deepened enterprise value from three levels of the headquarters, enterprise and employees, and then popularized business concept and management model of the company through various activities as management month and enhanced the cohesion of the company.

Fosun Pharma Business Code for Conduct:

- ☐ Adhere to the principles of integrity
- ☐ Responsible to client, employee, shareholders, and society.
- ☐ Treat partners as equals and realize win-win with interested parties.
- ☐ Not to take use of the company resources such as personnel, information, intelligence property to seek illegal interests.
- ☐ Company and individuals shall be respected for the dignity and recognized for the advantages.
- ☐ To be the outstanding corporate citizen and support charity undertakes which good for society, and fulfill the obligation to pay the tax payable.
- ☐ Protect environment and nature resources.



Corporate Spirit of Fosun Pharma: Self-Improvement, Teamwork, Performance and Social Responsibility

Actions of Corporate Culture Working Committee

Headquarter	Enhance the learning, training and communication as well as benchmarking study to improve foreign learning system of "Going-Out"
Subsidiaries	Establishment of Enterprise Research System: deepen cultural understanding to member enterprises, match up development strategy of the enterprise, implement stratified advance to the enterprise, promote cultural construction and recognize enterprise culture to Fosun Pharma. Establishment of Cultural Shift System: invite the enterprise to assign the persons concerned to functional departments under "Culture Working Committee" to communicate and learn.
Employees	Establishment of Enterprise Culture Activity System: implement system planning from 4 angles of entrepreneurial spirit.
Promotion of Cultural Connotation	Establishment of Improved Enterprise Culture: improve trainer mechanism of enterprise culture and training material, and introduce communication culture of member enterprise; continue to review, enrich and promote enterprise culture.
Enterprise Influence	Improvement of "Going-Out" Culture: select the enterprises to implement overseas communication from 4 aspects of entrepreneurial spirit and formulate whole-year plan. Enhance the communication and cooperation with cultural institutions of outside enterprises.

Systems and Actions

On April 26, 2010, Ministry of Finance has joint with CSRC (China Securities Regulatory Commission), NAO (National Audit Office), SASAC(State-owned Assets Supervision and Administration Commission), CBRC(China Banking Regulatory Commission) and CIRC (China Insurance Regulatory Commission) to issue "Guideline for Enterprise Internal Control Application", "Guideline for Enterprise Internal Control Evaluation" and "Guideline for Enterprise Internal Control Audit", which have integrally constructed internal control regulatory system of Chinese enterprise together with "Basic Standards for Enterprise Internal Control" issued in May, 2008. According to the requirements, the guidelines above have been implemented for the companies simultaneously listed at home and abroad from Jan 1, 2011 and for the listed companied in main board of SSE (Shanghai Stock Exchange and SZSE (Shenzhen Stock Exchange). The latest version of "Guideline for Enterprise Internal Control Application" has 18 topics concerning development strategy, organization structure, HR, social responsibility, corporate culture, information system, overall budget, financial report and asset management.

Fosun Pharma has planned to finish the construction and improvement of internal control system and formed its internal control manual and internal audit manual prior to 2011. High-efficient running and control system have been formed by combining the information system. It also plans to set up internal control system towards three levels of group operation, management & control to holding and share-holding companies and the subsidiaries to enhance organizational guarantee, work arrangement guarantee and examination guarantee. And it is to construct actual internal control system and overall self-evaluation system that meet its own management step by step and realize the completion of internal control system through combining overall operation of the enterprise so as to accept the evaluation of external supervision to risk management and risk control capability when facing internal control audit of the interested parties as the shareholders in accounting firms and regulators in 2012.

At present, Fosun Pharma has its internal control organization that

includes Audit Committee, Risk Control Committee, Audit Department and Financial Department Process Management. The duties of Audit Committee include effective implementation of supervision and internal control and self-evaluation conditions of internal control. Risk Control Committee refers to a leading unit to synergically promote internal control work cross the departments. Audit Department is responsible for implementing audit function of internal control. Financial Department Process Management sets up and implements daily work by organizing and coordinating internal control. The work of internal control to the business and functional departments will be enhanced, and is implemented in internal department.

On the aspect of financial management, the company has fully popularized "Financial Manual" and implemented the training for 50 holding and share-holding companies in Shanghai, Jiangsu and Chongqing in 2010. Meanwhile, it has improved funds collection management method and implementation rules for funds collection and then issued management method and implementation rules for foreign guarantee, and passed "Hundred-Day Service Plan" to use the resources and management control system of Fosun Pharma and relevant departments of one-for-one investment enterprise to combine with business management of the enterprise to realize synergistic effect and resource share and promote internal control construction of newly holding and share-holding enterprises.

Fosun Pharma advocates overall budget. Its Budget Management Committee is a top decision-making and leading body in charge of enterprise budget preparation and management to be responsible for guiding, organizing and determining overall budget and auditing and approving the revision. Overall budget has been promoted and put into place through the conference, training and the activities in budget internal control month so as to enhance prior-plan, concurrent control and post hoc analysis in the time of actual business operation of the enterprise and timely guide business activities to make proper improvement and adjustment to jointly improve internal control level of the budget and risk resistance capacity.

Development History of Internal Control System

2003	June, 2006	May, 2008	September, 2008	2008-2009	Before 2011
the Audit Department of Fosun Pharma has implemented special audit of internal control to holding and joint-stock companies every year.	SSE has issued "Internal Control Guideline for Listed Companies in SSE" to stipulate that all Listed Companies in SSE must periodically disclose internal control self-evaluation report. Fosun Pharma took this opportunity to improve internal control and organize CFO and business performers within the Group to rectify business process and prepare business norms.	The Five Committees have issued "Basic Standards for Enterprise Internal Control" and draft version of its guideline for application. Fosun Pharma has revised its existed business regulations and process guidance.	In August, 2008: Fosun Pharma Group has officially issued basic norms of its internal control as well as four category norms on strategy, accounting, budget and business control, and has prepared business norms and process guidance for 14 kinds of the businesses and basically established its own internal control system.	From 2008 to 2009: within reporting period, Fosun Pharma has disclosed internal control self-evaluation report while implementing annual report disclosure.	Finish the construction and improvement of internal control system and prepare internal control manual and internal audit manual of Fosun Pharma.

Internal Control Supervision

Over the years, the audit department of Fosun Pharma has been transferred to risk-oriented internal control audit from traditional financial audit and given assistance to business process audit and Due Diligence to functional departments to improve internal control and risk resistance mechanism.

In 2010, the audit department of Fosun Pharma has conducted internal audit, special audit and financial audit to the headquarters and holding companies. In internal audit project, the audit department has conducted internal control audit to 34 business processes of the companies under Fosun Pharma. Internal control has been implemented for 38 audit programs in whole year. Subsequent audit has been done for audit problems occurred in 2009, and then Fosun Pharma has implemented enterprise communication for the audit problems and formulated rectification proposal. According to the comments of Auditor's Report, the audited unit has drawn up rectification proposal in details, including time, person in charge and specific measures. General Manager and CFO of the audited unit have confirmed it by the signature and seal. The Group Company has concluded performance assessment report with General Manager and CFO of member enterprises and implemented the assessment to internal control construction and improvement conditions; the audit department has arranged subsequent audit and examined the conditions of implementing enterprise rectification according to the plan. The results of the audit have shown that 86% problems have been improved or partly improved. As for those problems that have been rectified, the audit department has continued to arrange subsequent audit to check and supervise the rectification of the company until the rectification has been finished.

The audit department of Fosun Pharma hasn't been limited to traditional post hoc audit, but has arranged a more effective post hoc audit on the part of the project. Aiming at engineering project of the member enterprises, the auditors have began to check project establishment, outsourcing, construction and payment for engineering projects in the process of construction and helped the audited enterprises to timely find out the problems occurred in the implementation of the project, and then taken effective actions to rectify and deal with the problems to avoid adverse effect on the project from serious backlog of the problems to the end. On the aspect of special audit, the member enterprises of audit department have conducted special audit to counter-commercial bribe to help and guide the enterprise to avoid and prevent all risks. Meanwhile, the company has implemented special audit for the performance conditions of responsible director and supervisor of expatriate share-holding companies

Furthermore, financial audit programs of 3 companies, including the

headquarters of Fosun Pharma, have been finished, and the improvement suggestions on financial management and accounting have provided the basis for the Group to formulate the management decisions.

In 2010, the audit department of Fosun Pharma has newly developed "Working Sheet for Financial Audit" and "Audit Procedure for Cost Accounting", as well as revised "Audit Procedure for Engineering Project" and "Audit Procedure for Recruitment and Compensation", and helped the member enterprises to set up audit departments. In 2010, it has promoted YaoPharma, Wanbang Biopharma and Shanghai Fosun Pharmaceutical Co.,Ltd. to establish their audit departments, which have been required to deliver Monthly Audit Working Report, Annual Audit Plan Schedule to the headquarters of Group and required the companies to prepare Annual Audit Plan.

The audit department has helped functional departments to implement the audit work of special business process and conducted business training to the auditors of the headquarters and member enterprises, and then assisted the functional departments of member enterprises in preparing audit procedures and provided auditing procedures and methods, the template of the auditor's report and amendment comments on verification and Auditor's Report and conducted the audit work with related persons of functional departments in the company to complement each other and mutually develop.

Under the assistance of the audit department, each functional department has enhanced its audit work on business process. The Brand PR Department has conducted brand audit for member enterprises on the aspects of brand planning system, brand control environment, brand working flow and contents, public communication system, public communication organizational environment, public communication working contents and process, spokesman and crisis warning response system, as well as shared brand achievements, resources conservation through the brand audit and promoted environmental requirements for packaging and printing used for the products; HR Department has carried out the audit work by aiming at the recruitment and compensation auditing procedure. Manufacturing Management Department of Fosun Pharma has also conduct periodic check and audit to quality safety and environmental protection of member enterprises.

Information Security System

In the process of business management, how to guarantee the security of enterprise information resources has been one of important works in risk control. Fosun Pharma has continued to construct and improve information security system and enhanced internal control to assure stakeholders as the shareholders and investors.

In 2010, Fosun Pharma has strengthened informatization construction and finished the construction of investment management platform, and planned overall work of investment analysis platform by combining internal control guidance. The informatization construction refers to complete representation of the information concerning all control points, control behavior and auditing procedures after building a uniform platform by implementing, supervising and improving internal control, and the needs for the informatization construction has been increased. With the commencement of investment management platform, IT planning has started material procedures to improve redundancy and disaster backup and system recovery of Group's information system. Fosun Pharma has formulated "Security Management Practice for Investment Management Platform of Fosun Pharma Group" according to the laws and rules of "Regulations of the People's Republic of China for Safety Protection of Computer Information System". The company has also formulated management systems and processes as "Administrative Measures for Information System Password", "Management Practice for Computer Virus Prevention", "Management System for Website Information Security" and "Rapid Response Plan to Information System Emergencies" to ensure the integrity, availability, confidentiality and reliability of the company's information.

The file management has played an important role in guaranteeing the integrity of the information. The headquarters of Fosun Pharma has further strengthened the work of collecting, sorting out, verifying, safekeeping and using the files. In 2010, it has collected, sorted out, verified and safekept the files of 460 volumes. The company has proactively promoted the member enterprises to implement file management and provides management service to the member enterprises through the establishment of file information cluster and the use of network platform, and realized the share of file resources. Fosun Pharma has improved grade evaluation index for its file work and conducted file grade evaluation to member enterprises. In 2010, it has finished the evaluation to 13 member enterprises.

Stakeholders Involvement

Communication with Shareholders/ Investors

With further expansion of business scale, how to effectively maintain information symmetry between the company and the investors is an important premise to keep sustained and healthy development. The company has emphasized on the communication with the investors and formulated relevant systems as "Administrative Regulations on Investor Relationship" so as to ensure the investors to fairly and timely acquire the public information. Over the past one year, the company has held the dialogues with the investors through different communication channels. At the AGM (Annual General Meeting), the shareholders have spoken out freely to fully show their opinions.

The Investor Relation Management Team of Capital Market has helped the investors understand operating conditions and development strategy in time as well as provide timely, honest and high-quality service so as to guarantee healthy development of the company's main businesses through the actions as setting up investor hotline, investor communication platform in website and periodically communicating with the investors. The independent directors of the company have reported their work to Shareholders Meeting according to the regulations of CSRC (China Securities Regulatory Commission) and the Articles of Association and positively brought independent function of the independent directors to give advice for company's development and maintain legal rights and interests of the company and all shareholders, especially for

minor shareholders. Except for periodic disclosure and the disclosure for major events, the Board of Directors and the management have kept good communication and uniform concept & business strategy, so the decisions on major financing and investment projects made by the management are easily to be accepted and supported by the shareholders, and the projects are finished as per the requirements of the Board of Directors. Through long-term effective communication, the management, shareholders and the public have set up the relationship of mutual trust.

Protection of Investors' Interest

On investment business, Fosun Pharma has kept on the concept of value investment, standardized the process and management of implementing the investment and strictly followed investment and decision-making process. And it has strengthened the interaction with the experts within the industry and emphasized on Due Diligence. The company has conducted Due Diligence for the projects according to "Enterprise Investment Standards". Under uniform organization of the project director, the persons concerned in Business Unit have carried out comprehensive and systemic actions for investigation and analysis to the restructuring, current conditions and development of business management of the targeted company as per the investment objective, of which include overall investigation and analysis to business management and development, marketing condition, financial position, legal situation, R&D research and intellectual property condition, production quality, resources management, environment protection status and HR management. The company has never done those investments that violate the laws and policies. On the aspect of environmental protection, Fosun Pharma has formulated Environmental Quality Evaluation Report for investment projects and investigated whether the treatment for waste water, exhaust gas, waste residue and noise pollution meets the requirements of national environmental protection, as well as centralized treatment facility for waste water and COD exhaust are in conformity with national standards. The construction projects are prohibited to adopt the equipments and processes that have been banned by official order of the State. If it is found that the enterprises have sewage charges, fines and other liabilities arising from environmental protection in the past through the investigation, Fosun Pharma should never consider those enterprises with heavy pollution and high energy consumption.

As for the enterprises with successful investments, Fosun Pharma has promoted internal control construction of newly holding and shareholding enterprises through "Hundred-Day One - for- One Service Plan" at early cooperation and fully made use of its resources and management & control system to implement one-for-one investment to relevant department of the company and unite business management of the company to realize synergistic effect, resource share and risk control, and then blend with enterprise culture and gather development strength.

Client and Consumer

Fosun Pharma has established perfect customer complaint handling procedure. By virtue of sound customer feedback mechanism, the manufacturer and retail pharmacies have set up complaints hotline and sorted out the comments and suggestions for the quality, purchase, sale, billing, distribution, finance, information and after service put forward by the clients and then made timely response, and also assigned special person to be in charge of user file management in special areas through setting up user file information so as to search user information. In addition, they have implemented Customer Satisfaction Survey. In 2010, For Me Pharmacy has reached 90 (hundred-mark system). The results for Customer Satisfaction Survey to Fosun Biolog, Fosun Diagnosis and

Fosun Medical under Diagnosis Business Unit are over 90.

According to the features of the instruments, the enterprises under Diagnosis Business Unit of Fosun Pharma shall implement subsequent information tracking and feedback for the maintenance of its manufactured diagnostic instruments through the actions as telephone visit, on-site visit, site solution and subsequent tracking. And then it is to reduce 20% of overall maintenance time, timely give feedback for the information and make standby machine in place ahead of schedule by improving subsequent process for instrument maintenance so as to let the users know maintenance process.

Leading Group for Supervision of Adverse Drug Reaction Monitoring under Fosun Pharma Industrial Development Co., Ltd has timely understood and summarized the information of adverse drug reaction from Medicines Manufacturers and supervised monitoring conditions of adverse drug reaction so as to assure adverse drug reaction occurred in the manufacturers under controllable state and the drugs manufactured by Medicines Manufacturers to be safe and effective.

Employee Communication

Fosun Pharma has always paid more attention to employees. Under frank culture, the company has encouraged employees to speak out freely with the management, and free communication has been shown in Employee Manual. The company has deeply known the ideas and opinions of the employee through electric information platform, promotional materials, symposium, employee activities and the works of enterprise culture so as to provide corresponding solutions and further improve employee satisfaction. Referring to current undergraduates for appointment, the company has set up cultivation plan of the undergraduates and helped them integrate into the family of Fosun Pharma as soon as possible through the training for appointment and basic management skills.

The monthly magazine of "Fosun Pharma Journal" has collected the "voices of the employee through fixed columns as "Employee Q&A", "Readers Correction", and "Correspondence", "Star of Fosun Pharma" and "Employee Activities" as well as Articles Collection for Employee. The editorial department will reflect the opinions and suggestions collected to relevant departments of the company, and give the feedback for the replying comments through the newspaper and other communication platform to realize good reaction between the employees and the enterprise.

The quarterly magazine of "Fosun Pharma" has interviewed 28 employees in different levels from the member enterprises of Fosun Pharma in year-end special issue by taking the form of Character to let them tell their life and work and enhance the understanding between the employees and the enterprises and among the employees. In 2010, the headquarters of Fosun Pharma has taken an innovative way to implement the year gathering, this year gathering has centered on the topics of enterprise management to let the employees contribute ideas and exert efforts by group performance and speech cross the departments to fully mobilize the initiative of the employees to communicate.

Participation of Policy Formulation

Fosun Pharma has contributed the ideas for medical reform supporting policies through" the NPC (the National People's Congress) and CPPCC (Chinese People's Political Consultative Conference)". During the NPC and CPPCC, Mr. Guo Guangchang, the Chairman of Fosun Group, has submitted related proposals of medical reform in NPC, which refer to three topics, that is, promote the concentration of medical industry, guide social capital to participate in medical and healthcare course and encourage the development of the third party inspection diagnostic service industry, the first two topics have been shown in national policies in 2010.

Comments from students of Summer Camp



Wang Ying, Undergraduate, Pharmaceutical Preparation Major, China Pharmaceutical University

Five days memory is very short, which make us difficult to tear it apart. Five days memory is very long, which shall engrave in our life forever. Five days memory is very plentiful, which have us grow up in the dynamic air.



Yao Yu, Master, Bioinformatics Major, Shanghai Jiao Tong University

I really felt Fosun Pharma's spirit Cultivation, Teamwork, Performance and Contribution. I am also impressed with the love the Fosun Pharma people showed to the company from their heart.



Oteba/ Olowo Martin: The Assistant Chairman of the Medical Regulatory Authority of Ministry of Health of Uganda

Comments from the student at Developing Country Drugs Quality Seminar.

Uganda has very strict on the management method for safety and quality of drugs. We have set the State Drugs Supervision Bureau which fully in charge of drugs registration, supervision, among others; all drugs selling in our country have to accept the periodically inspection from Drugs Supervision Bureau of Uganda.

This study will bring very big help to my future work. From this experience, I learned a lot of information, which will give much more references to my future work in health department, I shall submit the summary report for this trip to concerned department and held meeting to discuss it, so as to help everyone learn and aware of Chinese pharmaceutical status.

2010 is the starting year of "12nd Five-Year Plan", medical industry has been highly valued by the State as strategic emerging industries. The Ministry of Information and Industry, as industrial competent department, has started "12nd Five Year "Plan of medical industry and emerging industry revitalization plan, and called the key enterprises to participate in the study and collect the opinions for implementing specific supporting measures for medical reform. Fosun Pharma has combined current industrial state and set foot on the premise of maintaining healthy, long-term and rapid development of the industry to center on the links of drug price, medical insurance reimbursement, bidding & purchase and use to put forward the suggestions. Meanwhile, we have submitted the suggestions to competent departments and leaders of drug supervision with the formulation and implementation of new version of GMP Standard and received the praise from the parties concerned.

We have worked with the state to further promote basic drug system to ensure the supply and quality of basic drugs. In 2010, the State has driven basic drug system to be comprehensively implemented in all parts of the country, and different places have added the categories on the basis of 307 Categories in national essential medicines catalogue (Grass-Root Version) and combined national requirements for basic drug centralized purchase to explore double-envelope bidding method, and promoted supply concentration of basic drugs while further reducing purchase price of the drugs to benefit the people. Fosun Pharma has dug out its potentials as always to overcome the difficulties of reducing the profits of basic drugs and proactively participated in centralized purchase of basic drugs in each province to ensure the supply in time and with good quality.

The company has strengthened the expansion in end market and proactively participated in distribution of basic drugs. Sinopharm Group Co., Ltd. is a main platform of basic drugs distribution in China, which has realized chandeliers layout in almost all provinces and cities in the country through several integration channels and development in depth and breadth by network, as well as constructed well-improved basic-level drug flow network of medical and healthy institution in urban communities and rural townships to assume its social responsibilities in constructing "Two Network" for rural drugs.

Assistance to Developing Countries

The knowledge and management skills of different countries on anti-malaria and drug quality are improved through academic exchange and talent cultivation of the developing countries so as to enhance the friendship bridge between China and Asian & African countries. Since 2006, the company has assisted Chinese Ministry of Commerce in holding "Malaria Control Seminar for the Developing Countries" for consecutive 6 years, and then Fosun Pharma has assisted Ministry of Commerce of in foreign aid training again in 2010 and undertaken "Drug Quality Seminar for the Developing Countries" for the first time to offer the training of Drug Quality Management for 30 representatives from 12 countries in Asian and Africa for three weeks as well as provide a platform of exchanging & learning and sharing the experience on drug quality management.

Bridge for Public Communication

The pursuit of sustainable developing enterprise may pay special attention on its image and reputation in the public mind. Except for

the regulations stipulated for the listed companies, Fosun Pharma has seriously fulfilled the responsibilities of information disclosure and set up media propagation post in the organizational system, and implemented spokesman system to satisfy the Right of Information of the public to a great extent. In order to have better communication with the public, it has strengthened system construction for enterprise magazine, press conference, website and opinion information to further improve propagation platform of public communication in 2010.

Media Relations

Launched in 2005, the magazine of "Fosun Pharma" has become an important platform to propagate the culture and brand image of Fosun Pharma to the public. In 2010, the company has published 4 issues of the magazine by taking R&D Innovation, Internationalization, Corporate Governance and Character as cover topic to accurately and rapidly transfer important dynamic information to stakeholders.

Fosun Pharma has transferred important notices in readable news articles to the public by the media. According to incomplete statistics from Fosun Pharma Brand and PR Department, Fosun Pharma has issued more than 60 pieces of news articles to the public, which have gotten the support over 100 medias and been carried more than 11,000 times.

Website Construction

In 2010, the company has finished new version of Chinese&English Website on the basis of original website structure, and prepared standard operation manual for website and strengthened the use of font, color and identification; in addition, it has periodically monitored the website visit and made proper adjustment as per analysis to the results of the evaluation by virtue of professional website analysis software.

Public Opinion Monitoring

The public shall objectively look at the problems of the company, and the company needs to win the trust from the public by transparency and responsibilities. Fosun Pharma implements spokesman system in the headquarters and member enterprises to ensure timely and accurate issuance of the company's information, and it works with professional monitoring institution, timely knows external evaluation to Fosun Pharma through media report, focuses on industry trends and enhances the communication between the company and the public & society.

Shanghai Expo

In 2010, Shanghai Fosun Hi-Tech (Group) Co., Ltd. has built 2010 Shanghai Expo Private Enterprises Pavilion, uniting 15 excellent private enterprises in China. As a member enterprise of Fosun Group, Fosun Pharma has united with our companies to proactively participate in the work of Private Enterprises Pavilion, which has received the visitors over 2 million from May to October in 2010. And it has set up reception center in the Pavilion for important guests over 464 batches and 4136 persons. In light of the platform of Shanghai Expo, Fosun Pharma has shown Private Pharmaceutical Enterprises of China to the world.

During the period of Shanghai Expo, Fosun Pharma has organized many brand activities in Private Enterprises Pavilion and invited all walks of life to visit it, and participated in launching ceremony of the Public Welfare Plan of "Future Star", and the activities of investment financing forum, and held press conference for the topic of "Cooperation between Fosun Pharma and Chindex International, Inc." focused by the medias.

Promotion of Industrial Development by Industry Association

Fosun Pharma has actively participate in Industry Association to provide the suggestions and support for industrial development and taken part in public welfare activities relating to the association to support the development of pharmaceutical industry backup strength. 2010 is the year of China's Health Care Reform and the pilot healthcare reform has been further deepened, so Fosun Pharma has mainly focused on the policies that have great influence on medical industry development as centralized purchase and pricing for basic drugs and use of basic drugs through the channels of the associations, including China Pharmaceutical Research and Development Association (Sino-PhIRDA), China Medical Insurance Institute, China Price Association, China Chemical Pharmaceutical Industry Association, China Pharmaceutical Enterprise Management Association, China Nonprescription Medicines Association and so on, and put forward corresponding proper analysis

and suggestions to raise its influence as well as strived for healthy and sustained policy environment for industry development.

In 2010, Fosun Pharma has supported China Pharmaceutical Research and Development Association (Sino-PhIRDA) to respectively hold "The 1st Hospital Pharmacy Forum of China —Pharmacy Administration in Medical Reform and National Basic Drug System" and the 2nd Session of the 4th Editorial Committee of "Chinese Journal of New Drugs", as well as "International Development Strategy Seminar of China Generic Drugs". Additionally, it has supported China Medical Insurance Institute under Ministry of Human Resources and Social Security to hold "The 2nd Competent Dean Training Program of Designated Health-Care and Insurance Institutions". It also has assisted Shanghai Hereditism Industrialization Committee in holding the seminar of "New Technology and Industrialization for Disease Gene Diagnosis" and the academic activities of "Shanghai Hereditism Youth Forum" to promote the communication with professional and young scholars and support backup strength of the industry development.

List of Entities of Fosun Pharma Participating in the Association

List of Associations	Positions	List of Associations	Positions
Shanghai Biopharmaceutical Industry Association	Director	China Pharmaceutical Research and Development Association	Deputy Director
China Health Law Magazine	Deputy Director	China Nonprescription Medicines Association	Deputy Director
China Pharmaceutical Industry Association	Deputy Director	China Pharmaceutical Enterprises Association	Deputy Director
Shanghai Pharmaceutical Industry Association	Deputy Director	China Pharmaceutical Newspapers and Association	Executive Deputy Director
Price Association of China	Deputy Director in Honorary	Chinese Journal of Pharmaceutical Technology Economics and Management (China Pharmaceutical Technology Organization)	Vice Executive Director Member of editorial board
China Medicinal Biotechnology Association	Vice Executive Director	China National Association of Pharmaceutical and Medical Equipment Industry Technical Market	Vice Executive Director
Shanghai Society for Biotechnology	Vice Executive Director	China National Association of Pharmaceutical and Medical Equipment Industry Technical Market	Member
Shanghai Society of Genetics	Member	China Health Insurance Research Association	Member
Shanghai Pharmaceutical Trade Association	Deputy Director		



Sun Leyi (Parent: Sun Hao from Fosun Pharmaceutical Industry Development Ltd.)

Rainbow robot, which is controlled by Haibao, and the around small-sized robots are designed to protect environment. They are helping the trees. The rainbow in the sky smiling with them, and trees filled with beautiful fruits.





Economy

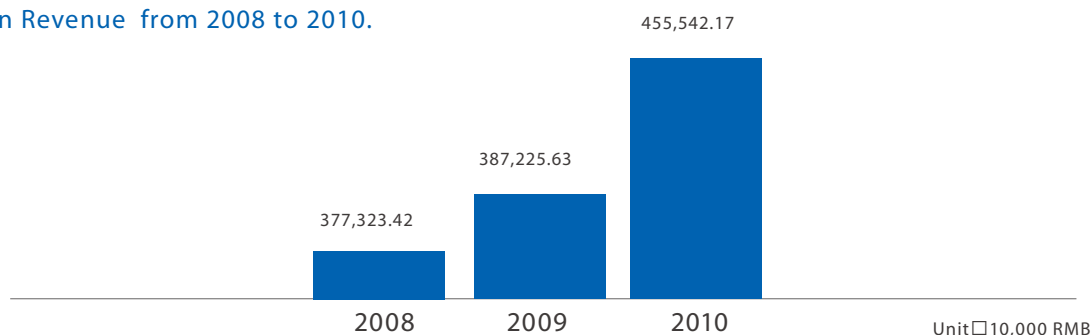
Under the concept of "Innovation for Good Health", Fosun Pharma has increased the input in drug R&D, built innovation and R&D system and integrated resources. It made outstanding achievements in pharmaceutical business, pharmaceutical distribution and retail, medical services medical devices and medical diagnostics.

Economy

Economic Index

In 2010, the company has achieved business income of RMB4,555,421,700, an increase of 17.64% over 2009. Within reporting period, it also has realized operating income of RMB 1,140,450,000 and total profit of RMB1,201,950,000 and net profit of RMB 863,650,000 that belongs to the shareholders of the listed company.

Operation Revenue from 2008 to 2010.



Business Achievements

When Chinese economy has increased rapidly and steadily, Chinese medical industry has grown fast and global capital has been optimistic about Chinese medical and healthcare industry, Chinese pharmaceutical industry has confronted with many favorable factors. In domestic markets, new healthcare reform has promoted industry integration, emerging industry rejuvenation program has encouraged the policy support for the innovation and the needs for the drug consumption have been increased. Likewise, generic drugs market has been developed rapidly around the world and the pharmaceutical and R&D production have the opportunity to be transferred to low-cost countries in international markets.

Under the circumstance of industrial development, Fosun Pharma has seized the opportunity of rapid development and integration of the rapid growth of China's medical market. Under the concept of "Innovation for Good Health", it has held "Endogenous Growth, Denotative Expansion and Integrated Development" as its strategic development model, and kept abreast of innovation and integration to focus on enterprise mission and strategic objective and further improve R&D of the drugs, and explored innovative management concept and globalization road to further enrich product category, higher curative products with fair price and first-class services and realized the accessibility of medical health so as to let more people share equal rights of getting health.

Products Innovation

Fosun Pharma has always taken independent innovation as driving force of enterprise development and followed the principle of "People Oriented" to try to make the drugs more effective and safer as well as easier for the patients to use and to reduce the threat of the diseases faced by human being, relief from the illness and move towards the health. The company has focused on innovative drugs towards Chinese markets and highly skillful developed generic drugs towards global markets, and adopted several methods as R&D, cooperative R&D, patent authorization, A&M and teamwork to promote the implementation of innovative strategy.

State-Level Enterprise Technical Center under Fosun Pharma has had full-time R&D staff over 500, of which one expert is for new drug review and 16 enjoy national special allowance.

Innovation and R&D System

On R&D, the company has continued to improve R&D System on innovative and generic drugs to form "4+1" Structure with unique features, of which "4" refers to R&D innovative platform composed of highly skillful developed generic drugs, innovative drugs with chemical micro-molecule, monoclonal antibody with biological macro-molecule and characteristic preparation, and "1" refers to investment platform for new drugs. It has build international R&D term through the platforms under Chongqing Pharmaceutical Research Institute, Chongqing Fosun Pharmaceutical Research Co., Ltd and Shanghai Fuhong Hanlin Biotechnology Co., Ltd. newly added R&D base in US has formed innovative R&D system cross Shanghai, Chongqing and San Francisco, USA, and further promoted R&D on generic drugs and innovative drugs, tried to strengthen its innovative ability and product competitiveness and proactively followed the latest technological frontier of global pharmaceutical industry.

In 2010, Industry, Academia and Research Strategic Community for Major Project on New Drugs led by Fosun Pharma has passed project approval by Ministry of Science and Technology, this Community will realize close connection between R&D and production and inject the vitality into R&D System of Fosun Pharma.

R&D Investment

The company invests 7%-10% of sales income as R&D expenses every year, and newly innovative products will further enhance its sustained development. And R&D investment has been increased over the past three years. In 2010, the company has invested RMB 272,000,000, with an increase of 43.92% over 2009, and has 111 projects under R&D, of which 4 have acquired clinical approval, 5 have been under clinical research stage, 14 have applied for production and 12 have gotten approval for production, and 2 products as "Alprostadiil" have obtained new drug certificate and production approval document.

R&D Progress

In 2010, Fosun Pharma has obtained 7 approvals in the first national new drugs in the "12nd Five YearPlan". Fuhong Hanlin has finished the construction and screening of cell-line production for two Monoclonal Anti-body Products, of which one has been under pharmacological study prior to the clinical study. As for micro-molecule new drug R&D team, new drugs for anti-diabetic category of Chongqing Fosun Pharmaceutical Research Co., Ltd. has successfully acquired 4 compounds as valuable candidates and R&D onantineoplastic drug project with 2 new targets has been launched. US Handa Pharmaceuticals, LLC has obtained FDA Tentative Approval for Release Quetiapine as generic drug derivative to challenge the patent.

Guilin Pharmaceutical under Fosun Pharma has developed the first independent & innovative drug of Artesunate to make the company become the only supplier of World Health Organization (WHO) in China. And Guilin Pharmaceutical has constantly developed drug combination of the arteannuin on this basis. In 2010, Guilin Pharmaceutical has acquired WHO Supplier Qualification Certificate on Artesunate Injection to make a landmark breakthrough for internationalization . Now, Guilin Pharmaceuticalhas become the first drug manufacturer with from crude drug and tablet to injection in conformity with International GMP Standard and tablet and injection that have passed WHO Supplier Qualification. So Artesunate Injection will enter into global anti-malaria market and be purchased by the government of all counties in Africa as well as be listed in NDRL.

R&D Progress

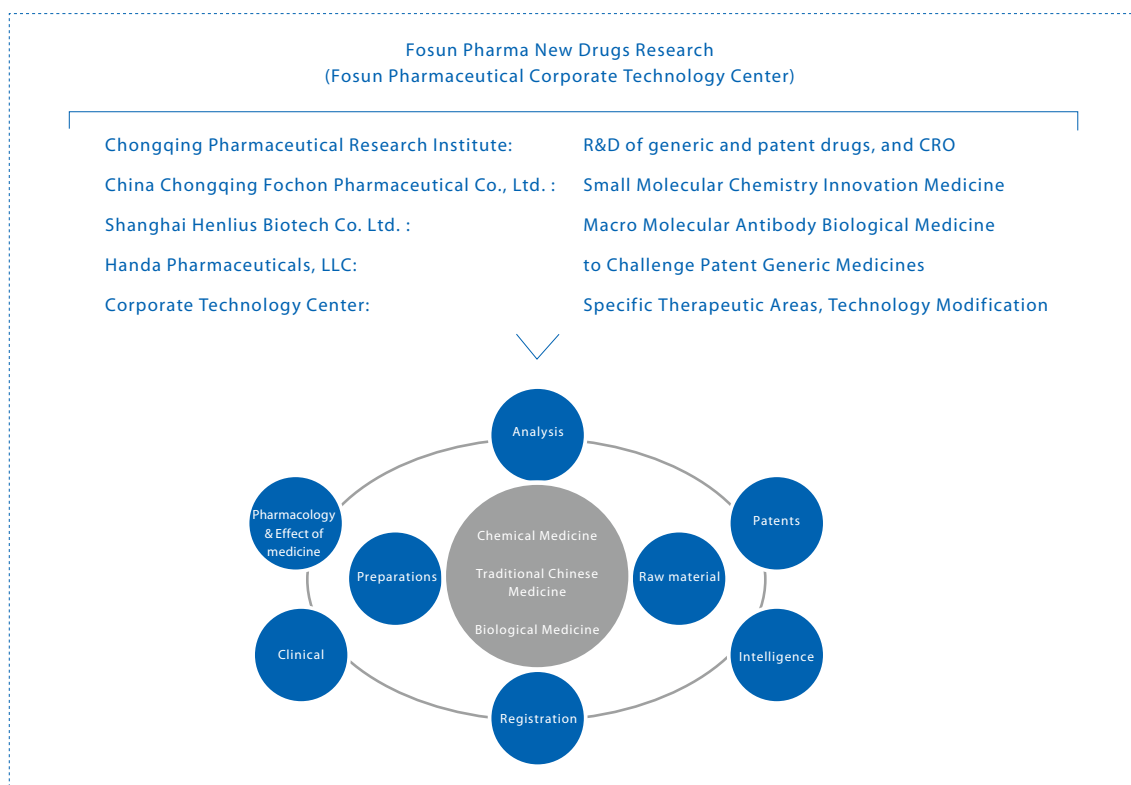
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Patent Achievements

The company has continued to advance the implementation of patent strategy and has applied for 78 patents in 2010, of which there are 70 invention patents, including 5 PCT Patents applied by Chongqing Fosun Pharmaceutical Research Co., Ltd.



Pharmaceutical Manufacturing

In 2010, main pharmaceutical business of Fosun Pharma has been developed rapidly by Endogenous Growth and Denotative Expansion. Within reporting period, it has realized main operating income of RMB 2,812,360,000, an increase of 23.61% over 2009 and departmental profits of RMB 3, 239, 2870,000, an increase of 44.52% over 2009. As core enterprises, YaoPharma, Wanbang Biopharmaceutical and Shine Star Biological Engineering have realized sales income of RMB 2,364,898,000 and total net profits of RMB 189,956,400 with an increase of 28.43% and 10.30% respectively.

In 2010, the business of pharmaceutical manufacture has developed rapidly, the team building for specialized operation in key fields of treating diabetes mellitus, hepatopathy, malaria and coronary heart disease and future developing fields of central nervous, anti-tumor, gastrointestinal tract and antibiotics has been further strengthened, and the competitive products, such as Atuomolan, Insulin, Artesunate and Amino Acid Derivatives, have continued to keep leading position in segment market.

Fosun Pharma has been ranked the fifth in total assets and total profits and the 23rd in main operating income for national independent accounting pharmaceutical enterprise according to "2009 China Medical Statistics Annals" issued by the Ministry of Information and Industry.

On manufacturing, Fosun Pharma Industry Development Co. Ltd. has introduced the talents on high-end technology and management and set up Investment Development Department & Park Project Department, and offices in London and Tokyo. And it has established EHS Management Committee, Production Planning Committee and Marketing Committee. The guarantee shall be provided for R&D and manufacture for on the

drugs from the employees, organizational structure and management system.

Fosun Pharma has expanded product category through the cooperation with other companies on the basis of existing product brands. In 2010, it has joint a hand with Shenyang Hongqi Pharmaceutical Co., Ltd, as a leading anti-tuberculosis enterprise in China, to promote China's anti-tuberculosis drugs towards international market together. Shenyang Hongqi Pharmaceutical Co., Ltd is engaged in R&D, manufacturing and marketing on the series of anti-tuberculosis drugs as a leading anti-tuberculosis enterprise in China. By cooperating with Hongqi Pharmaceutical, the anti-tuberculosis drugs will become the second card to enter into global pharmaceutical market after Artesunate drugs.

Sichuan Hexin Pharmaceutical Co., Ltd., which is holding by Fosun Pharma, is a state-level high-tech enterprise by mainly emphasizing on anti-infective drugs. The cooperation with Hexin Pharma has realized the production and marketing for raw materials and preparations of Cefmetazole Sodium and the formation of complete industry chain to be more active in reducing production cost, improving production volume and occupying market share as well as be more favorable for the company to further develop anti-infective drugs and realize greater development.

YaoPharma and Hisun Pharma have concluded General Sales Agent for first freeze-dry preparation in the market in China. Wanbang Biopharmaceutical has concluded Exclusive Agency Agreement with India Biocon Company, OKBiotech Co.Ltd. (Tai WAN) and Youhe Biochemical Co.Ltd. (Tai WAN) respectively. It also has signed Strategic Cooperation Framework Agreement with Chemo Way Pharmaceutical Group for introducing 4 Monoclonal antibody projects on Kai Mao Biological Platform.

Market Share and Rankings for 2010 Fosun Pharma Key Products and Subsidiaries

Product Name (Trade Name)	Manufacturing Enterprises	Share in Segment Market	Rankings in Segment Field
Isophane Insulin Injection (Wansulin)	Wanbang Pharmaceutical	89.97%	1
Reduced Glutathione (Atuomolan)	Yao Pharma	34.67%	1
Potassium Sodium Dehydroandroan Drographolide Succinate (Shaduolika)	Yao Pharma	61.47%	1
Water-soluble vitamin for injection (V- Jialin)	Yao Pharma	27.15%	1
Meglumine Adenosine Cyclophosphate Injection (Xinxian'an)	Wanbang Pharmaceutical	29.71%	1
Heparin Natrium	Wanbang Pharmaceutical	25.66%	1
Glimepiride Tablets (Wansuping)	Wanbang Pharmaceutical	19.71%	2
Calcium Dobesilate Capsules (Keyuan)	Zhaohui Pharmaceutical	24.67%	2
Clindamycin (Kailaikelin)	Kailin Pharmaceutical	12.06%	2
Asarone (Bumetamide)	Guilin Pharmaceutical	18.53%	2

□ Sources □ IMS

Pharmaceutical Distribution & Retail

The company has kept sound growth on the distribution and retail business. And the distribution and retail business of the drugs have realized main operating income of RMB 1,130,160,000 an increase of 8.68% over 2009 and departmental profits of RMB 4,278,739,000 an increase of 13.33% over 2009.

In the field of drug distribution, Sinopharm Group Co., Ltd. has maintained rapid development through endogenous growth and Denotative expansion and been ahead of the competitors by virtue of an increase of sales income over 31.45% and profits over 25.03% so as to show its global competitiveness.

The retail business has been steadily developed. For Me Pharmacy is not only one of the five medical retail chain companies in Shanghai with 401 stores, but a medical retail chain company that have the largest number of the stores with single brand in Shanghai. After launching new brand, For Me Pharmacy has finished changes of the store signs and brand for its 401 stores within one year. Its comprehensive strength has been raised to the 22nd from the 25th in national medical retail chain store.

After the holding investment to Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd. in 2010, Fosun Pharma has formed the pattern of "Golden Elephant" in the north and "For Me" in the south. In 2010, Golden Elephant Pharmacy has had 169 stores, and its comprehensive competitiveness has ranked the 12nd in China and the 1st in North China, according to "2009 China Drug Retail Enterprise Competitiveness Research Report" by China Medical Development Center (MDC). Golden Elephant Pharmacy has also ranked the 26th in Top 100 China Medical Retail Chain Industry in 2009. For Me Pharmacy has had 27 Medical Insurance Fixed-Point Pharmacies in the districts of Shanghai.

In March, 2010, Chain Store Branch under China Pharmaceutical Commerce Association has issued Top 100 Rankings of 2009 China Medical Retail Chain Industry. For Me Pharmacy and Golden Elephant Pharmacy under Fosun Pharma have been selected into the list, and ranked Top 50 respectively.



Medical Diagnostics

The sector of diagnostic products has production lines on biochemical diagnosis, immune diagnosis, molecular diagnosis and microorganism diagnosis. Shanghai Fosun Medical High-Tech Development Co., Ltd., a subsidiary of Fosun Pharma, has reached over 60% market share in AIDS testing reagents of national disease control system for HIV single product in 2009. After the superbug cassette independently developed by Fosun Biolog Biotech Co., Ltd has been entered into the market, the sales volume has realized the increase more than 40% over 2009.

In 2010, it has put investment into Asian Research Centre of Molecular Diagnostic (HK) Company Limited ("Yaneng Bio"), Yaneng Bio has established technical platform for clinical application gene chip (film chip) and firstly industrialized gene diagnostic chip at the earliest in China. It has won the title of "Top 10 Advanced Reagent" in the activity of "2009 Annual Award of China Lab Medicine" and become only one awarded HPV Lab Product.



Medical Devices & Medical Services

The cooperation between Fosun Pharma and Chindex International has advanced high-end medical services industry, and new joint venture - Chindex Medical Limited has been integrating medical devices business of Fosun Pharma. The industry system for medical devices from R&D,



manufacturing to the marketing at home and abroad has been improved through the integration of the two companies.
The market share for virus-removal blood bag, as original core product for blood transfusion technology, has been over 50% in domestic market.

Investment & Integration

As a part of China's medical industry, Fosun Pharma has positively built excellent enterprise alliance to grow with those outstanding enterprises and gather the force for industrial development to witness the future of a world-class enterprise appearing in Chinese pharmaceutical industry. With the separation of strategic investment and Pre-IPO investment as well as the restructuring and improvement of investment system structure, Fosun Pharma has strengthened system construction for investment and the services for the partners so as to create a

development platform for sharing the resources.

Fosun Pharma has set up investment management platform in 2010. It has realized process control and resources allocation through the improvement of each link of investment chain to build its professional investment service system. Meanwhile, it has also enhanced "Hundred-Day One – for- One Service Plan" to share its management experience and resources with member enterprises.

In 2010, Fosun Pharma has further enhanced the investment and integration to excellent enterprises in this industry. It has finished holding investment to Sichuan Hexin, Beijing Golden Elephant Pharmacy, Yaneng Bio, Hongqi Pharma and Chindex Medical Limited, and completed the investment to overseas holding companies as Chindex International and BioSino Bio-technology and Science Inc in larger investment proportion.

2010 Partial New Invested Holding Companies

Hongqi Pharmaceutical Co., Ltd.

Shenyang Hongqi Pharmaceutical Co., Ltd.: it is the only one manufacturing enterprise in three listed enterprises engaging in independent and innovative new anti-tuberculosis drugs (Ethambutol Hydrochloride, Pyrazinamide, Rifampicin and Isoniazid Tablets, Ethambutol Hydrochloride, Rifampicin and Isoniazid Tablets and Rifampicin and Isoniazid Tablets), and has had Independent Intellectual Property Rights and quality standard drafting unit. It is also the only one manufacturer that meets quaternary (Ethambutol Hydrochloride, Pyrazinamide, Rifampicin and Isoniazid Tablets II) Anti-tuberculosis Compound Preparation recommended by WHO. At present, Hongqi Pharma has become key manufacturer for anti-tuberculosis drugs recommended by WHO to the world and drug manufacturer for "anti-tuberculosis Control Project" designed by Ministry of Health of PRC.

Sichuan Hexin Pharmaceutical Co., Ltd.

Sichuan Hexin Pharmaceutical Co., Ltd.: it has 7 products that have acquired approval No., including 3 new drugs (2 anti-infective drugs and 1 Cardiovascular Drug) and 4 generic drugs. Cefmetazole for Injection as the knock-out product has several specifications and has been entered into NDRL as the first generic drug in China, and has been highly recognized in the market. For there are fewer competitors, its market share ranks the first; since 2006, it has realized rapid growth for consecutive 4 years after entering into the market and its annual compound growth rate has reached 151.37 %.

Asian Research Centre of Molecular Diagnostic (HK) Company Limited.

Asian Research Centre of Molecular Diagnostic (HK) Company Limited.: it is a leading company in clinical gene diagnostic chip technology in China. As the first company to introduce and popularize typing concept of HPV (Human Papilloma Virus-high-risk HPV is the cause of triggering cervical cancer), and the market share of its manufactured HPV Gene Typing Lab Chip has been at the top of the rankings in China. Currently, the company has applied for more than 10 invention patents of China and acquired 5 authorizations; 7 products have obtained product registration certificates issued by State and Guangdong Food and Drug Administration.

Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd .

Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd .: it is a large-scale medical retail chain enterprise in Beijing and takes the development of medical retail chain as main business. At present, it has about 300 medical chain stores that covers the provinces, cities and autonomous regions as Beijing, Tianjin, Shandong, Hebei, Shanxi and Inner Mongolia and becomes Top 10 business brand in Beijing.

Chindex Medical Limited

Chindex Medical Limited: it is a US Medical Healthcare Company listed in NASDAQ and has "United Family Hospitals & Clinics " that is a market leading brand in China's high-end medical service market, as well as Chindex International as the brand of medical product. Fosun Pharma has been the first shareholder by its investment contribution. They have restructured and integrated their medical instrument business and set up new Joint Venture, that is, Chindex Medical Limited. The Joint Venture will continue to sell the products from large multinational companies, including imaging equipment and

Return to Shareholders

Fosun Pharma adheres to integrity-oriented tenet to create the value to the shareholders. Since its listing, it has been widely recognized by the market for its social image and internal investment value. While trying to create the value, it has proactively return the shareholders, as of the end of 2009, the shareholder's equity has realized an increase of 1165% over the listing year of 1998, and the company has offered the dividends for consecutive 11 years with accumulative amount over RMB 994,000,000.

Tax Paid by Laws

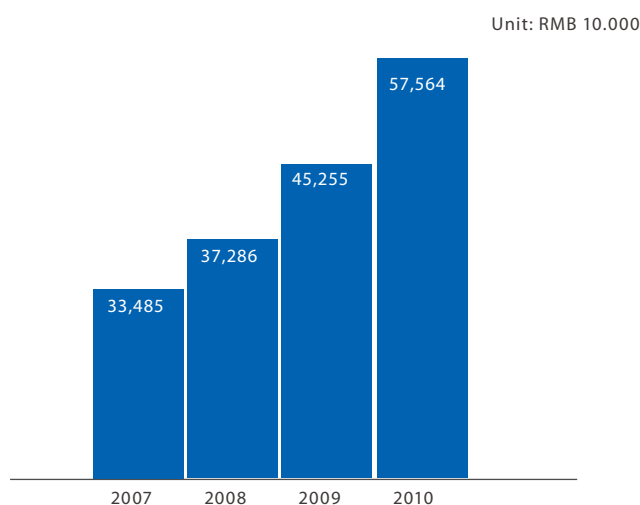
Fosun Pharma takes taxpaying result as honor. The member companies

controlled under Fosun Pharmaceutical Group have paid the tax of RMB 431,310,000 in 2010. Fosun Pharma has good taxpaying records, which has reflected that operating performance is improved by sustained and optimized management of the company from the other side.

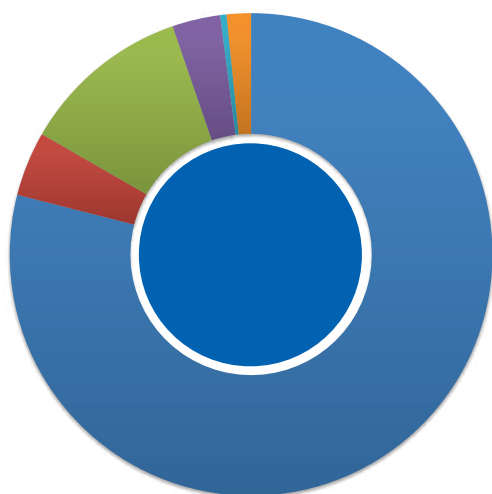
Salary & Welfare System

Fosun Pharma takes employee development as main appeal point, and carries out salary survey for external market every year, so as to gradually improve Salary & Welfare System. And it is to timely adjust the salary of the employees as per employees' job responsibilities and performance. In 2010, the salary of the employees has been up to RMB 575,640,000 with a increase of 27.2% over 2009.

Comparison of Employees' Salary, 2007-2010



Allocation of Employees Salary Payment



Salary, Bonus, Allowance and Subsidy	45,461
Welfare Expenses	2,492
Social Insurance Charges	6,578
Housing Fund	1,852
Severance pay	245
Labor-Union Expense and Personnel Education Expense	935
Total	57,564

Unit: RMB 10.0 Thousand



A hand holding a magnifying glass over a pill, symbolizing quality and safety.

Quality & Safety

We take quality & safety as unchanging objective engraved in the rock. Fosun Pharma has constantly improve the technologies and production process flow, extended life circle of the drugs and reduced the cost from R&D on the drugs, raw material purchase, drug manufacture and drug retail so as to provide safer and more effective drugs and services with fair price and expand the popularity of medical healthcare products and services.

Quality & Safety

Drug Manufacturing

Safety System

On the aspect of R&D, manufacture, distribution and retail of the products, Fosun Pharma has formulated strict quality & safety system mechanism to ensure correct whole process of the drugs and medical products on R&D, manufacture, marketing, market exit or recall. It has seriously followed "Chinese Pharmacopoeia" (2000 Version) in drug manufacturers and made a good job for implementing the preparation work of new pharmacopoeia through organizing the learning and training for "Chinese Pharmacopoeia" and providing necessary instruments. The company has carried out stability test for process changes of the drugs and timely applied for process modifications to ensure the drugs manufactured to reach the standard in "Chinese Pharmacopoeia" (2010 Version).

Fosun Pharma has carried forward software construction as supplier audit and approval, verification, control on changes, deviation processing, OOS/OOT, CAPA and so on through organizing the persons concerned to the learn new version of GMP (draft) issued by State Food and Drug Administration (SFDA), and raised GMP management to new level to guarantee the drugs of the manufacturers to reach national and international quality standard.

In 2010, Fosun Pharma has continued to implement spot check to the safety of the drugs and GMP management of each drug manufacturer, urged its subsidiaries to rectify and provide support & assistance to assure strong supervision to drugs quality.

Fosun Pharma and its pharmaceutical manufacturing subsidiaries have formulated adverse reaction monitoring regulation. According to the requirements of Drug Adverse Reaction Monitoring Regulation of Fosun Pharma, each drug manufacturer has reported adverse reaction information sheet at the beginning of each month and strictly implemented Drug Adverse Reaction Monitoring Regulation by SFDA.

Fosun Pharma has required each drug manufacturer to strictly follow drug recall system and recall those drugs with potential safety hazard as per regulated procedures. Each drug manufacturer shall formulate "Management Regulations on Product Recovery" and drug recall system according to "Administrative Measures for Drug Recall" issued by SFDA and then timely recorded recall system. Drug recalling work has become a part of social responsibility development strategy, especially for enhancing the strength of active recall for the drugs that have potential safety hazard after being approved for listing.

On business retail, each pharmacy retail store and pharmacy has ensured that all products are in conformity with the requirements for the systems as Management System and Operating Procedures for GSP, Management System and Operating Procedures for Medical Instruments and Drug Adverse Reaction Monitoring Regulation.

Promotion of R&D and Manufacture Level

Under the title of "State-Level Enterprise Technical Center", "State-Level Key High-Tech Enterprise", "Enterprise Post-Doctor R&D Station" and "State-Level Innovative Pilot Enterprise", Technical Center of Fosun Pharma has gathered top scientists and researchers from China and U.S, established 4+1 R&D platform with unique features. It integrated Chinese and foreign dominant resources and explored European and American markets by taking difficult generic drugs as main studying direction. At present, Fosun Pharma has the principal forces on world-class innovative drugs that have acquired international certificates, including Chongqing Pharmaceutical Research Institute, Fosun Omni Technology, Fuhong

Hanlin Biotechnology Co., Ltd., Handa Pharma and R&D team of each manufacturer. Industry, Academia and Research Strategic Community for Major Projects has passed project approve by the Ministry of Science and Technology, and this Community has realized seamless link between R&D and production and added the strengthen into R&D System of Fosun Pharma.

Fosun Pharma has introduced the technologies through international cooperation. It has reached Cooperation Agreement with D-Pharm (Israel) and introduced acute ischemic stroke therapeutic drug- DPb99, in 2010, this drug has entered into Phase III Clinics upon approval of US FDA.

The company has contributed 7%-10% of sales volume on medical business to R&D, of which R&D expenses for the drugs beneficial to the people's livelihood account for more than 5% of total R&D expenses.

In addition to the investment to R&D, Fosun Pharma has put substantial funds into project construction and provided technical support, tracking service, and checked project progress on the projects. Recombinant human insulin project of Wanbang Biopharma with the investment of RMB 370,000,000 and Ten-Thousand Amino-Acid Qingji Industry Park of Shine Star Biological Engineering (Hubei) with the investment of RMB 368,000,000 have been broken. As for the project raised by Guilin Pharma, the preparation plant has finished its primary structure, and the construction for Artesunate Workshop and multifunctional workshop has been implemented as per the schedule.

In order to strength the check and monitoring for the safety of the drugs and ensure the quality & safety of each production link to improve production efficiency, Wanbang Biopharma has established Positive Virus Lab and set up chemical compound workshop according to EU Standard in May. Meanwhile, it has re-constructed the plant and buildings in 2010 and has planned to complete upgrade and reconstruction of solid preparation as per the requirements of China's GMP (New Version), and established new injection plant as per the requirements of China's GMP (New Version) and current European and American GMP.

Quality System Certificate

In 2010, the member enterprises of Fosun Pharma have positively implemented international certification to gradually march towards

Approval of International Quality System Certificate by Member Enterprises of Fosun Pharma

Guilin Pharma	its Artesunate Injection workshop has passed GMP on-site inspection of WHO to acquired Supplier Qualification Certificate, and the quality standard for Artesunate has selected into USP.
Yao Pharma	it has submitted application for registration ANDA (Abbreviated New Drug Application) Project of the first product in May, 2010, and its solid production workshop has passed GMP On-Site Certificate of Canada Food and Drug Administration.
Chongqing Pharma Research Institute	Two crude drugs of Ferrous Saccharose and pemetrexed disodium have passed on-site inspection of US FDA.
US Handa Pharmaceuticals, LLC	it has obtained FDA Tentative Approval for Release Quetiapine, and this is the first generic product of the affiliated company under China's Pharmaceutical Enterprises to obtain the approval.

Case Presentation: Artesunate International Standard

Guilin Pharmaceutical Corp, as the holding subsidiary company of Fosun Pharma, is not only an innovative company on the Artesunate, but a unique manufacturer able to producing water-soluble Artesunate preparation. After 20 years of continuous development, it has sharply improved the aspects on crude materials and preparation quality of the Artesunate, at present, the production volume of the Artesunate injection is 6,000,000 needle/ year. It has always kept on integrating quality standard of the Artesunate with international standards, and become the first pharmaceutical manufacturer in China that have passed PQ Certificate of WHO from crude drug, tablets to injection, and the Artesunate injection will be entered into global anti-malaria market and be purchased by the government of all counties in Africa as well as be listed in NDRL so as to speed up the exploration of product development and international markets.

The Artesunate injection has firstly been recommended by World Authority Medical Journal of "The Lancet". On Nov 8th, 2010, "The Lancet" has issued clinical trial report for the latest drugs in malaria study field; the clinical results of the AQUAMAT (African Quinine - Artesunate Malaria Test) implemented by MORU Authority in 9 counties in Africa have shown that the curative effect of Artesunate for injection is obviously superior to the quinine, and it is suggested to use the Artesunate for injection to replace the quinine as the first-line drug to cure severe malaria. the Artesunate for injection (Artesun) used in the test is manufactured by Guilin Pharma, which is the only product that is applying for WHO Tentative Approval. The AQUAMAT period is for 5 years, and the project group has given positive evaluation and approval for drug quality provided by Guilin Pharma. The report of "The Lancet" has laid an important foundation for the Artesunate for injection used for curing server malaria and played a positive role in promoting drug-use policy of the countries in Africa.

1977	Guilin Pharma has successfully compounded the Artesunate on the basis of the artemisinin.
1987	China has implemented new drug approval measure, and the Artesunate has acquired New Drug No.1 Certificate and the Artesunate Injection has acquired No.2 Certificate.
2005	The Artesunate Tablets has passed PQ of WHO, and the Artesunate Injection has been recommended as the first choice for malaria first-aid by WHO.
June, 2010	The quality standard of the Artesunate provided by Guilin Pharma has been entered into USP.
Nov 4th, 2010	GMP on-site inspection of Artesunate Injection Workshop of Guilin Pharma has passed GMP Standard of WHO.
Nov 5th, 2010	The official website of WHO has published the information about the Artesunate Injection of Guilin Pharma that has passed PQ of WHO and acquired the qualification.
Nov 8th, 2010	The Artesunate Injection has firstly been recommended by World Authority Medical Journal of "The Lancet".

global mainstream markets while ensuring 100% approval of GMP Certification. At present, its production line of main crude materials and partial preparations has passed dynamic cGMP (Current Good Manufacturing Practice) Certificate, 5 production lines of the drugs have passed US FDA Certificate, as well as 2 production lines of the drugs have passed PQ Certificate of WHO and one production line of solid preparation has passed Canada Food and Drug Administration. On this basis, Fosun Pharma has kept on improvement to formulate enterprise's internal control standard over those stipulated by the law and voluntarily adopted international standards as European Pharmacopeia, EP, USP and IP.

Quality Control

In order to control the impurities and reduce adverse drug reaction,

YaoPharma has carried out quality research for its manufactured product of Potassium Sodium Dehydroandrographolide Succinate and developed new testing method, as well as applied for impurity control standard to the State to raise the safety of the drugs, and entrusted Adverse Drug Reaction Monitoring Center of Guangdong and Chongqing to positively implemented safety re-evaluation for Potassium Sodium Dehydroandrographolide Succinate for injection after coming into the market so as to provide scientific basis for medical administrative management department to make decisions and implement proper clinical application and improve drug quality. The finished product of the insulin manufactured by Wangbang Pharma has stable quality and impurity content lower than the standards stipulated by the law of the State, and its macromolecular protein content fluctuates between 0.4% and 0.8%, but is limited within 1% of standard control, and relevant

protein content fluctuates between 3% and 4%, but is limited within 5% of standard control, so the safety of the drugs can be assured.

Spot Check

The company has formulated spot check System to implement Drug GMP Spot Check Procedures carried out by its manufacturers to ensure drug quality & safety of the manufacturers. It has been stipulated in Spot Check System that Fosun Pharma has authorized 2 -3 full-time checkers to implement the tasks of Drug GMP Spot Check for its member enterprises and systematically check enterprise's production site and document system. In 2010, Drug GMP Spot Check has been implemented for 9 manufacturers. After finishing flying check, the checkers shall prepare check report as per actual conditions and submit it to the management of Fosun Pharma and the person in charge of the checked manufacturer, and require the enterprise to deliver the rectification report to Fosun Pharma and implement the rectification actions.

Retail of Drugs

In order to strengthen quality management, the retail pharmacies and franchised pharmacies of Fosun Pharma adhere to follow the systems as "Management System and Operating Procedures for GSP" and "Management System and Operating Procedures for Medical Instruments" to ensure that all sold commodities are in line with specified standards or requirements for the quality.

Fosun Pharma has adopted uniform management and standards for the retail pharmacies. The pharmacies have formulated administrative regulations for the franchised pharmacies and implemented on-line sale and service by the application of e-commerce, as well as strictly followed "Order Management Process," "Delivery Management Process" and "Collection Management Process" to improve the transparency of the management.

On using safety of the prescription drugs, the retail pharmacies have strengthened its supervision control system for the sale of the drugs. The prescription drugs adopt closed-shelf sale, but they can be sold upon the recipe, and the warnings for the prescription drugs shall be hung or posted in sales area. The category of the drug recipe shall be labeled in business system, after the end of daily business, it is to search the journal account for the sales of the prescription drugs to confirm whether the collection of the recipes is right.

The non-prescription drugs adopt open-shelf sale, and Advice shall be hung or posted in sales area. The retail pharmacies have on-the-post pharmacists every day to offer consulting service for the use of the non-prescription drugs to the customers.

The retail pharmacies have not only implemented quality supervision for

the safety of the drugs, but real-time supervision for the quality safety of non-drug products, and formulated relevant systems to ensure the safety of the consumers. The stores shall draw up related quality management systems for non-drug products sold in the pharmacies by referring to the system regulations of the drug management. The systems cover the links of product marketing as purchase, inspection & acceptance, safekeeping, mountainous, distribution and delivery from the warehouse, store inspection & acceptance, exhibition, marketing, after service and staff management (post responsibility, hygiene, health and training).

On drug recall, the retail pharmacies have the responsibility to work with quality management department to implement the investigation and drug recall for potential safety hazards. Upon the receipt of recall notice concerning voluntary recall of the manufacturers or ordered recall of supervision department, quality management department shall timely implement self-check and convey recall information to the retail pharmacies and relevant departments. The retail pharmacies shall seriously record the recall process and put the materials concerned on file after finishing the recall. Meanwhile, the companies shall return to the suppliers (manufacturers), who initiative the recall, and seal the recall products on the spot to report the losses and destroy them uniformly so as to prevent the recalled products from entering into the markets or illegal channels.

As for a refund or an exchange for the drugs from the consumers, the retail pharmacies shall formulate return work process in detail according to the conditions of returning the drugs, and the pharmacies shall deliver "Registration form of After-Market Returned Products" and "Application Form for Return" to Operation Supervising Department (called as "Pharmacy Operation Department" now) of the headquarters on the 10th of each month, and then independently pack the after-market returned products and obviously label them to return to distribution center. Depending on E-commerce development, the pharmacies have also stipulated corresponding conditions to return and exchange, and designated the ways to return and refund, and focused on the customers to let them have reassured drugs.

Recall for Expired Drugs

In order to prevent the outdated drugs from flowing outside to cause the accidents for quality safety, the manufacturers and the retail pharmacies of Fosun Pharma have taken serious management methods. Facing the problems of the outdated drug, the pharmaceutical companies usually entrusts the qualified authority to uniformly destroy them, and the retail pharmacies store those in on-conformity area to timely report the losses and destroy them. The R&D companies of Fosun Pharma, such as, Chongqing Pharmaceutical Research Institute, shall return those the

Supplier Management of Wanbang Biopharma

In order to effectively implement follow-up evaluation for the suppliers, Jiangsu Wanbang Biochemical Pharma Co., Ltd. as a holding subsidiary company under Fosun Pharma, has finished its contents as supplier files, added supplying quality review and quality comparison report in 2010. It has implemented on-site audit to 6 pancreas slaughter points and a SM supplier (SM) in whole year. Meanwhile, it has regularly held supplier conference to elect the excellent suppliers and carry out the discussion for special topics, and then provided higher standard for the suppliers to realize win-win. In future, Wanbang Biochemical will adhere to strengthen the regulation to supplier management to extend pancreas management to slaughter house.

Crude Material Safety & Control Measures of Important Manufacturing Enterprises

Enterprises	Safety of Crude Materials	Control Measures
Kailin Pharma	Company formulated the product internal control standard which is above the mandatory standard, particularly on control of product's impurity content and residual solvent, the company trying to execute as per advanced international standard such as USP, EP, ICH, which improved the drug's safety.	The company is highlight the product quality and manage the whole procedure of the drug production as per GMP standard, meanwhile, the company not only passed the certification of SFDA and GMP in China, but also passed the on-site inspections from US FDA, EU EDQM, Germany drug regulatory authority, and Japan drug regulatory authority.
Wanbang Fulon	Composite Aloe Capsule, as the regular manufacturing product, has no auxiliary materials added in, after the main material of this drug, the aloe and indigo naturals, are being sterilizing, toasting, powdering, and sorting, the powder shall directly be put into can. This drug has obvious curative effect and less adverse reaction. The aloe is the Africa nature aloe with no contamination and being processed to extracts. The indigo is authentic Chinese traditional herbs from Putian District, Fujian Province, China which is planted in GAP manufacturing base in Fujian Province.	The packing materials for drugs produced by company are all meet the standards of the state and the industry, and all drugs obtained Drug Production License, Drug GMP License, and relevant approval numbers, etc.
Wanbang Pharma	After each batch of raw materials being checked normally, the company shall add identification mark on each package, only the qualified package can be sent to production, which to have illegal and qualified raw materials from the source and to feed in production as per technology procedure.	Company implements GMP self-check for 1-2 times each year, and carries out products quality retrospect annually. Meanwhile, formulate statistics summary for all quality reports by phase and category, and control product quality. Be very disciplined about the management system for inspection, storage, and feeding of pancreas; all raw and auxiliary materials for production shall come from suppliers who are legal and acquired the approval from quality department; the production procedures shall strictly in line with Drug Production Quality Management Regulations; the production technology, workshop and equipment shall all pass the inspection; the production procedures shall be controllable, after pass the inspection, the person in charge of quality authorization shall let pass the quality procedures, inspection procedures and offsets when all above being evaluated.
Yao Pharma	For all raw and auxiliary materials, company formulated the product internal control standard which is above the mandatory standard, and only when materials check result complies with the principles specified in internal quality control standard can go ahead, otherwise the unqualified materials shall never get pass, which for strict the first step of product quality.	Establish sounded quality protection system, strict on all quality sectors from incoming raw and auxiliary materials to product delivered to the hands of customer, be very disciplined about the international recognized GMP specification in pharmaceutical industry; from company's decision making level to each worker on post, from the suppliers of raw, auxiliary materials, and packaging materials to each sales network end, to form a set of flawless quality management system consists of supplier management, product quality audit, customer complain and adverse reaction management, among others.
Shine Star	Company strengthens the incoming inspection on all sorts of raw materials and rejects to take the one which not in line with company's quality requirements, then file it into record to be the reference for auditing supplier in future. Periodically make annually remark to supplier. For new supplier, company organizes concerned person from departments of production, equipment, quality, supply to process on-site auditing.	Company had passed ISO9001 quality certification, ISO20002 food safety certification, and US A/B food safety certification. Company's product quality safety had improved by these certifications and customer satisfaction is increased annually.

drugs for clinical use and destroy them uniformly.

Supplier Management

The supplier management is an important part of quality management system of the pharmaceutical enterprises, and the selection of the suppliers will directly influence the quality and safety of the products. Fosun Pharma and its drug manufacturers have formulated supplier management procedures, established Supplier Annual Review System and implemented on-site audit to the suppliers so as to guarantee the quality and safety of the drugs from the source.

When implementing the audit to the suppliers, the drug manufacturers of Fosun Pharma has introduced supplier audit procedure, supplier management regulation, supplier evaluation method, SOP and so on, and implemented the control to the suppliers in charge of providing critical materials and non-critical materials, before providing the materials, the company has audited the supplier qualification, quality system and product process manufacturing site, and implemented quality test and material trial, after the suppliers are in conformity with the requirements and have passed the audit, they will be determined as the qualified suppliers. During the period of providing the materials, the company will carry out the statistics and evaluation every year according to AOG (arrival of goods) quality, supply speed, service attitude and other aspects to reach effective management to the suppliers.

Each manufacturer has set up Supplier Annual Review System and formulated Supplier Quarterly and Annual Evaluation Form, as well as periodically evaluated the conditions of main suppliers according to development status of the companies and given the feedback for the problems. During re-evaluating, if it is found that the suppliers have bad conditions on reputation service, product quality stability, qualification, completeness and update of the information, they are ordered to rectify and improve, if no rectification has been made, their qualification to be the supplier will be canceled. If bad conditions have occurred on quality and safety, their qualification to be the supplier will be canceled directly. For Me Pharmacy and Golden Elephant Pharmacy under Fosun Pharma have formulated serious supplier management system and process, as for the suppliers that have established business relationship with us, the

information database for their qualifications and the qualification for the supplied products have been set up and dynamically maintained so as to amend the contents in database. As for the companies or products that have been expired and not provided new qualified materials, it is to control them by adopting the method of temporally suspending supply contract with business system to prevent disqualified enterprises or the non-conformities from entering into the warehouse. After the termination of the contract, if the suppliers are bale to supplement qualified supporting documents for their qualification, the termination of the contract can be canceled, and normal business relationship can be maintained.

As for the conditions occurred in disqualified suppliers (including rejection, complaint quality issue, quality notice or sampling check), Golden Elephant Pharmacy shall analyze the data and give lower grade for the suppliers with higher non-conformity rate, and treat them in different ways on settling period for amount of the products, while priority service shall be given to the suppliers with higher evaluation on the aspects of introducing new products and goods settlement. Corresponding actions shall be adopted for the suppliers with worse reputation on individual quality, such as product return or termination of business relationship.

1+N Purchasing Platform Management

Fosun Pharma has combined the industries of Fosun Group and related professional companies to gradually promote the construction of 1+N Administrative System Sharing Platform in April, 2005. In 2010, 1+N Administrative System Sharing Platform has newly added 27 suppliers with the products over 1900 in two categories and formed a sharing platform composed by 231 suppliers with the products over 6400 in 15 categories. 1+N Administrative System Sharing Platform has realized the share for its non-productive material purchase resources and optimized resource allocation to improve the efficiency of Administrative Management System, and not only implement the concept of green office in the Group and member enterprises, but try to input this concept into our suppliers.

1+N Purchasing Platform Management

Category of Products	Products over 6400 in 15 Categories
Screening of Enterprises Participating in Platform	<p>When selecting the suppliers, the company shall not only audit the information concerning related qualifications, but implement on-site audit and select the most convenient and proper necessities with the best quality for the employees. When screening the supplies of drinking water, 1+N Platform has dispatched the persons to implement the audit and water quality test to the place where the suppliers are located so as to select the best and most healthy drinking water.</p> <p>In 2008, Fosun Business Building has set up Staples Convenience Store to let the employees implement personal selection and purchase of easily consumable office supplies and feel the convenience and advantages of free purchase. The Staples Convenience Store not only covers the headquarters of the Group, but involves partial member enterprises, and its employees can make an order through the internet. It not only reduces purchase cost, provides the convenience to the employees and improve the efficiency of the administrative services, but diversifies sales channels of the office supplies of Staples to realize win-win.</p>
Internal Cross-Marketing	Fosun 1+N Administrative System Sharing Platform has also provided a Internal Cross-Marketing Platform with the number of the enterprises over 17 On-Line Marketing Platform of For Me Pharmacy, that is, " Drug Guidance", has provided a convenient channel for the headquarters of the Group and its member enterprises to purchase the drugs.
Accumulated Cost Saving for Company in 6 Years	More than RMB 70,000,000



Sun Yun (Parent: Sun Yuebo from Shanghai Fosun Pharmaceutical Development Co., Ltd.)

We shall not waste water and we need to protect the environment. Let's smiling and singing heartily in the harmonious nature; let's visit the World Expo with the most environmental protection way.





Environment Health Safety

We take human health as our mission and focus on harmonious development with nature towards a green industry to maintain sustained development on environment. Fosun Pharma has promoted the construction of EHS system in pharmaceutical subsidiaries to provide system guarantee for environmental protection, occupational health and quality safety.

Environment, Health and Safety (EHS)

System Standard

In 2010, Fosun Pharma Industry Development Co., Ltd has carried out "Environmental Impact Assessment" to new construction, construction renovation and expansion projects to ensure "3-Simultaneity" principle in constructing, accepting and putting into operation of the manufacturers. The company has formulated "Reporting and Investigation System for Environmental Protection Condition", and mastered and supervised environmental protection condition of the manufacturers through regularly submitting the statement of environmental protection condition to Group and the data table of three-waster disposal monitoring to ensure them in conformity with the requirements and standards stipulated by the regulations of environmental protection.

Environmental Protection Spot Check is an important complementary method of drug quality & safety management. In 2010, the company has further promoted and improved "Spot Check System for Environmental Protection Management", and authorized full-time checkers to implement spot check tasks of environmental protection in the second quarter, which mainly refer to operating conditions for the facilities adopted in environmental protection and the documents of environmental protection. In the process of checking, the checkers have randomly taken the water sample from the exhaust water and entrusted the third-party independent test organization to implement the check. The checkers shall work out the report, and submit it to the management of Fosun Pharma and the person in charge of the company under the check according to the checking conditions, and then urge the company to carry out rectification actions to ensure the production to be done as per the standards of environmental protection and implement governance action.

Fosun Pharma has positively advanced the work of auditing clean production and formulated relevant incentive system. The reward shall be given to the enterprise that has passed the audit of clean production in earlier period, and it has planned to provide finance support to the enterprise that has passed the audit of clean production in 2011.

During the period from 2008 to 2010, Fosun Pharma and its manufacturers have followed national and local laws and regulations of environmental protection, and not had any major accidents and suffered any administrative punishment on environmental protection.

EHS System

According to the requirements of national laws and regulations, Fosun Pharma has proactively promote the construction of EHS system in its pharmaceutical companies, dedicated to provide harmless working place for the employees and undertaken social responsibilities of the employees to promote sustained development of the company.

Fosun Pharma Industry Development Co., Ltd ("Fosun Pharma Industry Company") has set up EHS Management Committee. This Committee is directly responsible for the president of Fosun Pharma Industry Company and is composed of manufacture management department and functional departments so as to guarantee the promotion of the construction work of EHS system.

EHS Management Committee is responsible for the decisions of EHS Management System made by Fosun Pharma, as well as helps and guides the pharmaceutical member enterprises to set up EHS Management System, organize the training, check and supervise the implementation of EHS Management and improve overall level of EHS management of Fosun Pharma.

In 2010, Fosun Pharma has established EHS management and reporting system, as well as tracked, supervised and served EHS management of the pharmaceutical companies, and put the accidents on environmental pollution, industrial injury and safe production into performance evaluation system.

According to the regulations concerned, the pharmaceutical companies shall quarterly implement routine report for EHS management. In the process of managing accident report, it is required to provide oral report within 4 hours and submit written report to Fosun Pharma Industry Company within 24 hours for major accidents, but for ordinary accidents, the member enterprises shall provide oral report within 24 hours and submit written report to Fosun Pharma Industry Company within 48 hours.

Under the promotion of EHS Management Committee, each pharmaceutical company has set up its EHS Management Committee and formulated its EHS Management System, and implemented them. YaoPharma, Wanbang Biopharma and Wanbang Jinqiao have passed EHS System Certificate.

Environmental Protection

Fosun Pharma and its member enterprises have increased the investment and enforcement in environmental protection. During the period from 2008 to 2010, they have made environmental protection investment of RMB 24,700,000 mainly used for the construction and improvement of the facilities on environmental protection, of which environmental protection investment by the pharmaceutical companies has an increase of 11.05% over the same period of 2009.

Energy Conservation and Emission Reduction

Fosun Pharma has undertaken the responsibilities as a corporate citizen to protect the living environment of human being. It has advanced the transition of the manufacturers to clean production by constantly reforming new technologies, improving the design and trying to realize the unification among the economy, society and environment through "energy conservation, energy consumption reduction, pollution reduction and energy efficiency.

Fosun Pharma has proactively promote auditing work of clean production, and Fosun Pharma Group has comprehensively arranged the work of clean production in the second half of 2010 to definitely require its all pharmaceutical companies to pass the audit of clean production in the second half of 2010. As of the end of 2010, 6 pharmaceutical companies has passed it.

The pharmaceutical companies of Fosun Pharma have actively improve the process saving the energy and increase the efficiency in order to save the energy saving, reduce raw materials consumption as well as the generation and exhaust of the pollutants.

Wanbang Biopharma has gradually realized clean production by adding the use of the alcohol as clean energy. In 2010, its total consumption for the alcohol has been increased by 11 %, and finished the takeover for the work of chemical compound workshop through the cooperation among the departments as well as completed the confirmation for the workshop & plant, air-conditioning system, water purification system and equipment and all kinds of the documents. Its Pitavastatin Calcium has passed trial production and formed stable production process, control parameter and so on to support R & D application and finish the verification for clean production. Additionally, Wanbang Biopharma has changed the paper used for drug instruction from calendered paper to offsite paper with the specifications as follows: the calendered paper and

offsite paper of 1m2 are 80g and 60g respectively, and annual saving of the papers is 1,500kg with saving rate of 25%.

Shenyang Hongqi Pharmaceutical Co., Ltd has collected solar energy to supply domestic water and used cold water recycling system of water machine unit to adjust environmental temperature in transition season of the spring and autumn.

In YaoPharma, the air conditioner and refrigerating machine of the air-conditioning system have completely adopted variable frequency motor, and total power-saving of 18,800,000KWH has been realized in 2010.

Carelife Pharma has recycled exhaust afterheat of the boiler to save 10%

of natural energy.

Shine Star (Hubei) has adopted the technologies as reverse osmosis film, resin adsorption and double effect evaporation to improve the efficiency of the concentration to reach the purpose of saving the energy. It has adopted 18 sets of exhaust adsorption system to reduce the exhaust emission.

Guilin Pharma has adopted the residues, which is from the extraction of the apiacea in the process of extracting the artemisinin as boiler fuel and fully used renewable energy sources.

Case: Insulin capacity expansion of Wanbang Biopharma and Realization of Scale Performance

The Insulin of Wanbang Biopharma has continued to be expanded and gradually realized scale performance. On the basis of current production line, it has implemented partial reconstruction and optimization, and fully made use of current equipments to reach the purpose of expanding the production. In 2010, Wanbang Biopharma has realized an increase of 30% in total value of the output over 2009, but an increase of 44% and 20% in water consumption and power consumption respectively. Wanbang Jinqiao, as a holding subsidiary company under Wanbang Biopharma, has changed dehydration process of the Insulin. In 2010, it has finished the study for freeze-dry process of the Insulin and constantly made innovation to ensure it to be a leading one in the production of the Insulin.

Productivity Increase

the production capacity increased by 20% and the inventory rating increased 300 tons, which may produce finished product for 40 kg and realize the output value to RMB 14 million with RMB 6 million gross profits.

Production Yield Increase

after officially enlarging the production at the second half year of 2010, the production yield increased by 9% comparing to 2009; the increased output and benefit reached 28.9kg and RMB 10.14 million respectively.

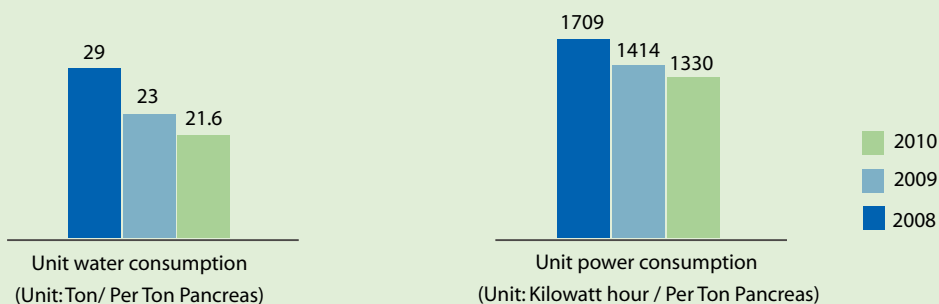
Production Efficiency Increase

in 2010, the finished product reached 330 kg, which the output value realized RMB 123.85 million, and the output value per capita realized RMB 1.0298 million with 23.5% increase compare to 2009.

Production Cost Decrease

in 2010, the charging cost per ton realized RMB 19,616.0, which saved RMB 1922.00 per ton compare to 2010; accordingly, as per 2,526 tons inventory rating for a year, the total saving reached RMB 4.85 million.

Three-year unit energy consumption of Wanbang Pharma:



Water-Saving Actions and Results of Partial Subsidiaries of Fosun Pharma in 2010

Company	Action	Result
Wanbang Biopharma	Recover the condensation water	Recover the condensation water of 6,000 tons and annually consume the water volume of 110,000 tons for preparation, and save 5.5%
	Recover and use the Concentrated Reverse Osmosis Water Level II	Save 4.5% of the water volume, and save the water resources of 4,950 tons for whole year
	Replace underground pipe network of the plant area in its Wanbang Jinqiao	Get rid of the losses for leakage
Yao Pharma	Establish sewage recovery system, use the recovered sewage to irrigate the grass and wash the toilet. Strictly implement monitoring plan for the exhaust of the water pollutants	Reduce 20,000 tons of the water volume over 2009, and occupy 81% of total water consumption volume by recycled water
Shine Star	Use closed cycle of cooling water and boiler water to comprehensively use water resources	Reduce water discharge and pass environmental management system certificates as ISO-14001
Chongqing Pharmaceutical Research Institute,	Contribute RMB 500,000 to build a set of sewage disposal facilities	Discharge a small amount of the sewage for lab and life sewage to maintain the quality of surrounding water

Water Resource Protection

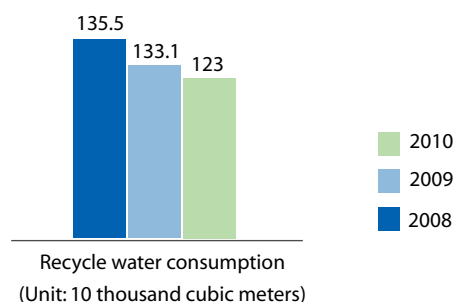
Water is the source of life. Fosun Pharma has positively advocated the saving of water resource and innovative technologies, as well as adopted the measured to save the water and protect water resources from the headquarters of the Group to the manufacturers.

In the manufacturing process, the manufacturers have strictly limited the washing to large area to avoid the waste of the water resource and the pressure for end-water treatment, and advocated the recycle of cooling water and boiler water, and then implemented comprehensive use of water resources by the use of cooling water and boiler water to make closed cycle. Meanwhile, they have fully used reverse osmosis film, resin adsorption and double effect evaporation to improve the efficiency of the concentration to recycle water resources and ensure all emissions reach the standard of state.

Treatment of "Three Wastes"

Fosun Pharma has required its member enterprises to implement the treatment for the waste water, and the waste water must be in conformity with discharge standard before entering to pipe network system, and the waste gas must reach the standard before discharging, but other wastes must be recovered and disposed by professional environmental protection companies. Each company needs periodically submit environmental protection statement to the headquarters of the Group. The headquarters of the Group must summarize the conditions of environmental protection, as well as check and supervise the work of environmental protection. In 2010, the pharmaceutical manufacturers have obtained sewage discharge permission issued by local environmental protection authority for legal discharge of the pollution. The pharmaceutical companies has implemented the recovery as per the classifications and delivered them to qualified units to dispose them as per the nature, and concluded disposal contract. The recovered cartons shall be sold to paper mill and the plastics shall be sold to recovery company for separation, and the boiler ash, coal cinder, exported cement and the waste active carbon shall be recovered and disposed by

Yao Pharma Water Resources Recycle



professional manufacturers.

In the process of drug circulation, outer package shall be recovered after the outdated drugs are separated by hands, the waste drugs and inner package shall be centrally disposed by professional hazardous waste treatment unit entrusted by the company.

In order to make full use of the resources and protect the environment, Wanbang Biopharma has recovered and recycled the raw materials as animal pancreas and has changed economic growth mode from "Resource-Product-Pollution Discharge" into closed cycle of "Resource-Product-Recycle Resource", and sold the wastes as the residues of the pancreas to qualified feed companies to recycle and reduce resource consumption and the waste discharge to a great extent to realize scale performance by updating the techniques in traditional industry. Chongqing Kangle Pharma has recycled the packaging materials, and the recycled materials have accounted for 50% of total packaging materials.

Protection for Laboratory Animal

Fosun Pharma and its member enterprises have dedicated to improve quality standard and possibly reduced the usage of the laboratory

animals for test so as to realize harmonious development with natural environment. The laboratory animals used in the process of testing drug quality by Wanbang Biopharma and YaoPharma have accounted for 1% and 0.01% of all tests made by each manufacturer.

In order to meet different legal testing standards (e.g. "Chinese Pharmacopoeia"), Wanbang Biopharma has adopted the mouse to implement the test on bioactivity or titre in the insulin and preparation series and the rabbit to determine the titre of its whole blood in heparin sodium and its injection. For connecting quality standard of the insulin and preparation with USP (United States Pharmacopeia) and BP(British Pharmacopoeia), Wanbang Biopharma has seriously followed Pharmacopoeia Supplement (2005 Version) and deleted animal test. The insulin belongs to biochemical products, so the check for bioactivity has been added in the Pharmacopoeia (2010 Version). After constantly improving quality standard of the insulin and its preparation, it has only taken a half of the past usage for laboratory animal

As for carcass after the experiment, the company has selected qualified supplier to implement burning treatment, in which the treatment capacity of Chongqing Pharmaceutical Research Institute is less than 500kg, and then it has planned to rectify animal houses in 2011.

OHS (Occupational Health Safety)

Fosun Pharma pays more attention to occupational safety and health. The education of safety awareness, disaster prevention drills and skill training have been widely held. The company takes the safety as the criteria of assessment and sets up inspection mechanism to evaluate working environment as well as the safety of the products and service.

The manufacturers have periodically arranged all employees to take medical check-up, and new employees shall accept entry check-up; the employees, who directly contact the drugs, shall take health check-up every year; all employees shall take health check-up every two years and it has planned to take health & safety training plan every year so as to ensure quality safety of the drugs, and partial pharmaceutical member enterprises has taken medical check-up for all employees.

The manufacturers have adopted safe, personalized and advanced manufacturing equipments and implemented safety check once at least every month, and timely provided the rectification for potential accidents; the company has gone through certificate approval formalities for hazardous operation and timely send the injured persons to the hospital for treatment and reported working injury, and then the accidents shall be dealt with according to the principles stipulated by the State so as to reduce the losses caused by the accidents.

The departments have regularly implemented OHS training to let the

employees master basic knowledge of OHS, OHS management system and operating procedures to try to improve safety awareness and safety skills of the employees and enhance emergency rescue capability for the accidents occurred by the employees.

The training contents for security staff include: safety knowledge and laws & regulations, use and maintenance of firefighting equipments; special training for state-level, province-level and city-level dangerous chemical products and province-level and city-level firefighting; firefighting monitoring operation; knowledge on equipment safety, safe production management and firefighting; lab safety training on aseptic processing and hygienic knowledge, GMP training and first-aid training.

The headquarters of Fosun Pharma has hold 3 times of the training for security staff of the property for 1 h/time every month, and all security staff has accepted the security staff, and regular driving safety training has been implemented for the drivers and self-driving employees.

The company has arranged a routine checkup to all on-the-job employees in the headquarters and a special checkup to all women employees every year and has irregularly invited the health experts to the company to hold the lectures on self-health care and pressure management.

Education on Environmental Protection

"Environmental Protection First" has become common sense of all employees in Fosun Pharma. Fosun Pharma Group carries out the education on environmental protection to the employees to let them at all levels master current state of the enterprise's environmental protection and enhance their environmental awareness so as to ensure the implementation of eco-responsibility.

The manufacturing enterprises have implemented the education on environmental protection to the employees, which includes environmental protection law training, environmental protection, environmental protection conduct norms training, environmental protection law and regulation training, sewage operating management training, clean production knowledge training, recycle economy training, facility operating management and treatment technology training, especially for EHS Training, and the work of environmental protection will be a part of annual performance examination items. Each manufacturer has required that the employees in functional posts shall accept environmental protection training.

In 2010, the training hours for each employee in key pharmaceutical manufacturers of Fosun Pharma has been risen by 71% and the number of the employees in functional posts, who are required to accept environmental protection training, has been risen by 4.37%.

Statistics for Environmental Protection Training of Fosun Pharma

	2009	2010	Growth Rate
Environmental Protection Training Hour Per Capital	7 hrs	12 hrs	71.43%
Total Employees on Functional Posts required to accept Environmental Protection Training	1076 person	1123 person	4.37%
OHS Training Hour Per Capital	9 hrs	8 hrs	-11.11%

Green Office

We advocate the concept of green office and join a hand with its member enterprises to take energy-saving actions to reduce the consumption. In 2010, Fosun Pharma has adopted environmental protection paint to decorate the headquarters. And it has invited special company to test and handle indoor air environmental after the decoration to reach national standards. On the aspect of decoration and design, we has taken transparent and open design with better lighting as possible to save the energy and electricity.

The company has issued Electricity-Saving Initiative to require the employees to close the computer, lights and heating power of water fountain, and dispatched special persons to check. On purchasing the office supplier, it is priority to purchase energy-saving equipments and those equipments with national energy-saving labels when purchasing new equipments. It is preferred to adopt the more energy-efficient laptop to replace the desktop computer with higher energy consumption.

All duplicators, printers and the equipments with energy-saving mode have started energy-saving mode. The split-type air conditioners has been adopted to reduce energy consumption and control the temperature of the air conditioners to save the electricity as per the reasons. In order to prevent the heat-loss, the doors and windows are closed with the curtains. On water resources, special persons have been designated to turn water valve of the rest room into the best position of water consumption to save the water on the basis of guarantee the water available to be used.

In order to reduce the consumption for all disposable items, the headquarters has provided special ceramic mug with the name of each employee. It has also advocated the employees to cherish the papers to print in two sides and select black or color print as the case may be, and put waster-box near the printer. The Company has make office supplies as recycle pen and recycle bag to put the concept of green office into every detail.

Fosun Pharma and its member enterprises have uniformly managed the vehicles, done statistics for the vehicles number, controlled the mileage, as well as set up oil-saving award for encouraging the drivers to save the oil so as to ease the traffic pressure and reduce carbon emission. They have added information communication platform for internal network, forum, e-mail and video to improve the efficiency and reduce communication cost. In 2010, the video conference and telephone conference have occupied about 30% of the conferences held by the headquarters of the Group.

In addition, Fosun Pharma has used its 1+N Administrative System Sharing Platform to work with the suppliers to promote low-carbon Economy, enhance the application and marketing of environment-

friendly products and realize green office. Its headquarters has passed 1+N Platform and promoted the enterprises and the employees in share platform to respond to recycle actions of replacing those old office suppliers with new office supplier as computer, duplicator and printer. In 2010, 32 sets of computers have been replaced so as to save the cost and improve machine utilization and office efficiency; meanwhile, it has transferred the concept of green office to the employees and its partners.

Environmental Protection Initiative

Fosun Pharma has positively proposed the concept of environmental protection to its member enterprises and the employees. After the initiative of Culture Working Committee under Fosun Pharma, the member enterprises have actively responded to "Environmental Protection Month" to show their opinions of saving the energy, reducing the emission and consumption, and the employees have enthusiastically created the works of environmental protection and solicit the articles of environmental protection. During this period, Fosun Pharma has selected "Environmental Protection Bodyguard" and "Excellent Environmental Protection Enterprise", as well as made a great deal of publicity in internal magazines to encourage all to make personal contribution for environmental protection.

YaoPharma has participated in Chongqing Environmental Protection Association and actively taken part in the publicity activities of World Environment Day this year, and provided the funds to propagate environmental protection for the company.

Fosun Pharma has hold Children's painting competition of "World Expo-Green Home in My Heart" on the activity of "2010 Fosun Pharma Family Day". During the activity, the children of employees have created the works by taking "Environmental Protection" as the topic so as to use painting brush to show their love to the environment and improve their awareness to environmental protection..

In order to popularize the concept of low carbon environmental protection, Fosun Pharma has positively participated in "2010 New Public Welfare Carnival" sponsored by China Social Entrepreneur Foundation to help the employees and their family members understand and know new public welfare. Through taking part in "Low Carbon Environmental Protection Trip", it has hold the activities in Cenbu County, Qingpu District as Farmer Bazaar, Environmental Protection Lecture, Ecological Farming Training , and its team has experienced the hardship and fun as well as green life to remove the grass, transplant the seedlings and plant with the farmers.



Low Carbon Environmental Protection Trip



Fosun Pharma Family Day – the Children's painting competition of *World Expo Green Home in My Heart*

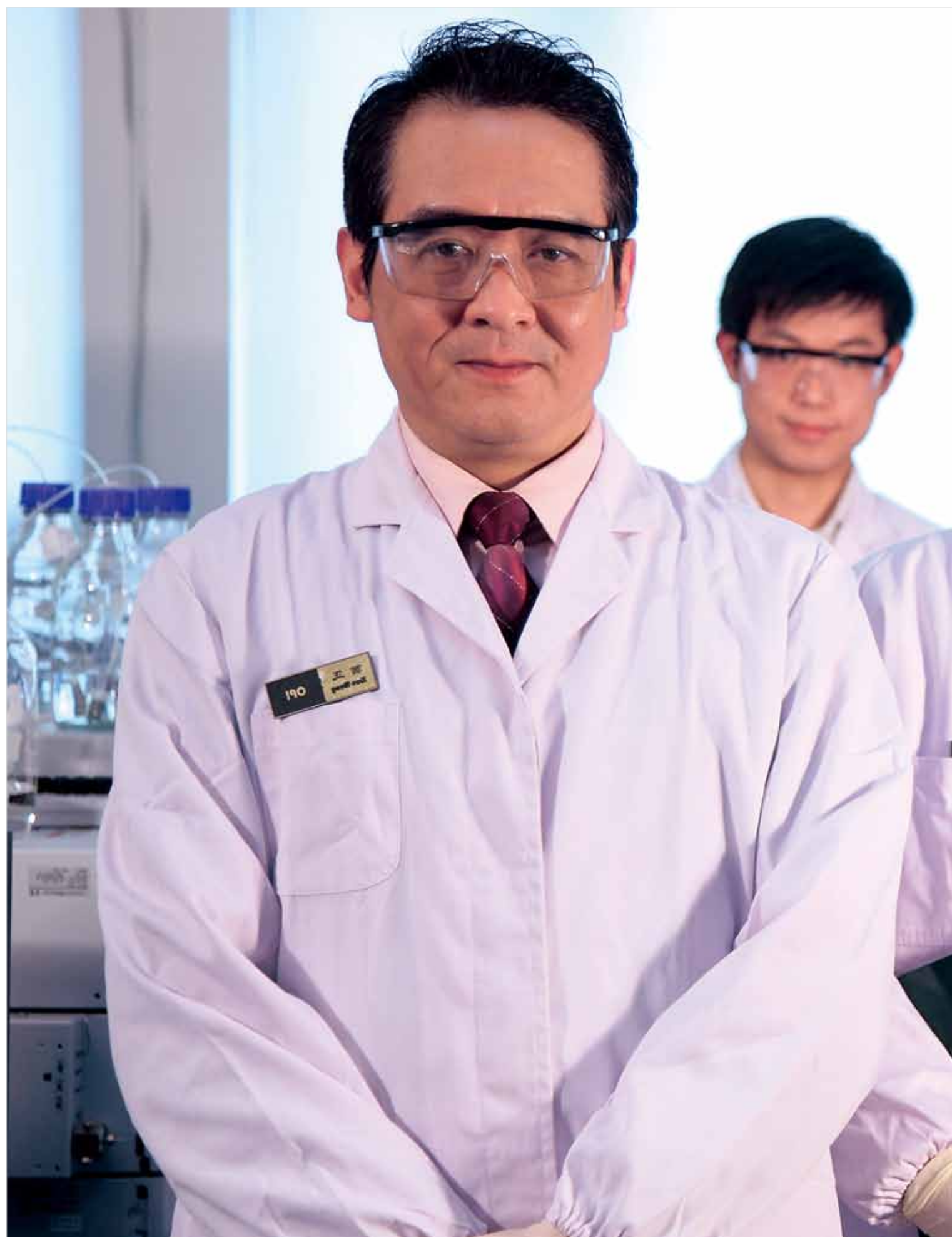


Fosun Pharma's eco-friendly Pen



Jin Haiyi (Parents: Jin Bo from Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)

Blue sky, white clouds, green grass, green trees, lovely little animals... every child has a dream, that is our big family---the earth has not been contained, not been destroyed, we may coexist with nature harmoniously.





Employees

Fosun Pharma has put emphasis on sustained development of the employees. Since its establishment, it has valued the talent concept of “attract talents by development, unit people with one cause, cultivate staff in working and assess people according to their performance”. We have launched talent reserve plan to enhance the construction of the talents.

Employees

With continuous expansion of the scale, more and more excellent talents have joined in team of Fosun Pharma. As of Dec 31st, 2010, Fosun Pharma Group has employed 11,484, an increase of 19.5% over 2009, in which the number of PhDs has increased 55.6%, the masters and undergraduates have increased 25% and the employees with bachelor.

In the process of internationalization, Fosun Pharma has introduced excellent overseas staff and adsorbed foreign and advanced concepts to provide talent guarantee for internationalization process. Meanwhile, we have also emphasized on the cultivation of young and middle-aged core staff, who has strong learning ability, post experience and has recognized the value and development mode of Fosun Pharma, so as to become the basis of its sustained development. In 2010, the staff with the age between 30 and 50 employed by Fosun Pharma has accounted for 50%.

In 2010, Fosun Pharma has paid more attention to R&D and independent innovation, and the technology researchers has accounted for 14%, an increase of 1% over 2009.

Employees Structure

Unit: Person

Year	Total Number	Sex	
		Male	Female
2010	11484	5975	5509
2009	9611	5088	4523
2008	8580	4617	3963

Educational Background

Unit: Person

Year	Doctor Degree	Master Degree	Bachelor Degree	Collage Degree	Secondary School & below
2010	42	327	2038	2342	6735
2009	27	262	1626	1859	5837
2008	23	211	1231	1491	5623

Post Isolation

Unit: Person

Year	Managerial Personnel	Production Personnel	Salesman	Technical R&D Personnel	Financial Auditors	Administration and Logistics Personnel
2010	493	4684	3217	1667	284	1139
2009	340	4239	2687	1275	241	829

Age Structure

Unit: Person

Year	Below 20 Years Old	20 □ 30 Years Old	30 □ 40Years Old	40 □ 50Years Old	50 □ 55Years Old	55 □ 60Years Old	Over 60 Years Old
2010	389	3949	3285	2728	688	397	48
2009	376	3550	2883	1717	715	322	48

Sustained Development of Talents

The sustained development of the talents is an important guarantee of realizing the strategy of the company. With continuous expansion of the scale, Fosun Pharma has combine external introduction of the talents with internal cultivation to enhance internal cultivation while attracting external excellent talents, and build the talents echelon that recognizes the enterprise culture and have entrepreneurial spirit through the construction of Performance Appraisal, Compensation and Welfare and Incentive Mechanism so as to realize sustained development of the talents.

Talent Supply Chain Plan

In order to match rapid development and provided qualified key talents for businesses development of the company, the headquarters of the Group has launched Talent Supply Chain Plan in 2010 through middle and long term plan to implement the Rotation within and cross the functions for newly employed undergraduates, management trainer, specialist, chief executive and the others on the investment, marketing, R&D and production so as to improve their ability in the process of the rotation and build a team composed of internal key talents and entrepreneurs characterized by Fosun.

Recruitment System

Fosun Pharma has supported fair competition and gone against discrimination. In 2010, the employee structure has been composed as follows: women employees of 48%, the disabled of 0.55% and the minority of 2.36%

Fosun Pharma has attracted high-quality talents through the channels as hunter, network, professional media and candidate recommendation. In 2010, staff employed by the headquarters of the Group has accounted for 30% of total employees, including senior management as President and CFO. The posts have covered grass-root employees, senior manager, director and GM for setting up high-quality professional team.

In the recruitment system, campus recruitment and manager trainee project has been an important method of the company to introduce and cultivate the talents, and then develop and cultivate them to become the backbone that recognize Fosun culture, have outstanding capability and team spirit. The company has employed 285 undergraduates in campus recruitment, of which 71 has become MT that is composed of 35% of the undergraduates, 55% of the masters and 10% of the doctors. In 2010, Fosun Pharma and our member enterprises have hold 2011 Campus Recruitment in 16 universities and planned to employ 518 undergraduates to reserve the talents for its future development.

In the process of the recruitment, Fosun Pharma has investigated the accuracy and authenticity of the background for the employees to ensure sound development of the company. In addition, Fosun Pharma has developed Recruitment Efficiency Measuring Tools and set up and timely updated Industrial and professional talent database to make the allocation of HR more proper and effective.

The company has also set up "the Best Referrer Award" to encourage internal employees to recommend the talents. The employees can recommend internal or external persons to be the candidates according to the post information in Company's website and other medias issued by HR. If the recommended persons are officially employed in a half year, HR Department will give public commendation and some bonus as

encouragement to the referrer at the end of year

Evaluation and Incentive

Fosun Pharma has always valued the talent philosophy of "Assess people according to their performance". In 2010, we have set up Performance Management Committee to improve decision-making efficiency. During this period, we have required the member enterprises to set up Performance Evaluation Database (including business index database, KPI database) and formulated HR strategy of the headquarters of the Group to urge the sectors and some key enterprises to draw up their HR strategy. Meanwhile, the share-holding enterprises have been put into the scale of evaluation to require them to submit the evaluation report of senior management as the record.

As an important Performance Evaluation tool, 360-Degree Performance Evaluation has been introduced by the headquarters of Fosun Pharma Group in 2005 to evaluate personal development and organization development of the employees. It has played an important function in culture, resources, cooperation and passion to make all-directional and multi-dimensional evaluation to implement the work of talent assessment, guidance & training and post adjustment.

Meanwhile, we have adopted 360-Degree Performance Evaluation as a tool to promote the member enterprises, such as Wanbang Biopharma and Fosun Long March, to independently implement 360-Degree Evaluation. In 2010, we have helped share-holding company, that is, Henan Lingrui Pharmaceutical Co., Ltd, finish 360-Degree Performance Evaluation for same senior management.

In 2010, Fosun Pharma has improved long-term incentive mechanism for the employees; except for ensuring compensation incentive for ordinary employees, it has focused on compensation incentive for the investment and senior management to comprehensively ensure long-term incentive. With the separation of strategic investment and Pre-IPO investment, the company has formulated "Incentive Management Method to Investment Personnel of Fosun Pharma Group for Pre-IPO Investment Project" and set up overall compensation reward system for investment personnel with internal fairness and external competitiveness according to relevant principles of "Compensation Management System". Meanwhile, it has initiated long-term incentive project of senior management and formulated compensation management measures for senior management of the holding member enterprises in business sector to improve overall incentive mechanism.

Fosun Pharma encourages self-learning and promotion. "Employee Training Management System" of the headquarters of Fosun Pharma has stipulated reward policies concerning voluntary training of the employees as follows: encourage and support the employees to take different academic educations. During the period of working in the company, the company will give one-time reward for those employees who have take academic educations recognized by the State and obtained academic certificates according to different academic educations, in which the Bachelor Degree can get RMB 1000; the Master Degree can enjoy RMB 3,000 and Ph.D can receive RMB5,000. In 2010, the headquarters of Fosun Pharma has corresponding rewarded 4 employees in total.

Except for the headquarters of the Group, the member enterprises have provided the support of learning and further study for the employees. During on-the-job period, the employees who have acquired related certificates will be rewards and promoted on material by the company and receive the tutorship from senior staff, as well as obtain learning materials concerning the companies. In 2010, the member enterprises have corresponding rewarded 125 employees in total.

Training

Fosun Pharma has implemented talent management strategy of "Pursuit of Highly harmonious and Unification between Individual Success and Enterprise Development" to integrate individual development with enterprise development and make enterprise progress highly blend with the promotion of individual value to a great extent.

Training Development Center

Training Development Center has become a training platform of Enterprise University of Fosun Pharma. Through employee development, training management, management & consultation as well as the promotion of training center work of the holding companies and

integration of training resources, it is to guide and promote the capability of the member enterprises on talent development management so as to establish scientific talent cultivation development system and build business team with entrepreneurial spirit to provide the guarantee of talent capability for realizing enterprise's development strategy.

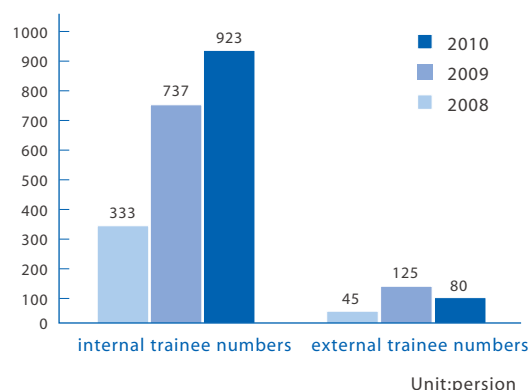
Fosun Pharma has emphasized on a variety of training methods, e.g. rotation, tutorial work, project implementation, temporary post, talent exchange and external training. For new undergraduates, we have formulated Undergraduate Growth Assistant Program to provide the conditions for the employees' development. In 2009, the headquarters of the Group has finished 95% training plan, totally implemented 92 times of training caused and provided the training to more than 900 employees, and this training has covered all departments. In 2010, the headquarters of the Group has also strengthened internal training, invited the lecturers to give the lessons and expanded the range trained for the employees, and the training expenses is RMB6, 750,000 at the

The organization structure of Training Development Center:



Fosun Pharma training development center enhances the employee's all-around ability and improve self-value as per the diversified training style and content, meanwhile, the training center also sharing training resources and output management concepts to member enterprises.

The numbers of trainee in internal training and external training



Training Hours

	2010	2009	2008
Total Training Hour	784892	413818	354569
Training Hour Per Capital	68.35	43.06	41.33

Unit: Hour

same year and internal training has accounted for 40%.

On training contents, Fosun Pharma has paid more attention to promoting comprehensive capability of the employees while enhancing the training on professionals skills and providing basic skills cultivation to the employees. In 2010, it has implemented training courses of professional skills on enterprise culture, HR, investment, finance and audit, and also carried out orientation training, Management Trainee Project , periodic training, probational rotation, tutorial work and systematical training for those with more than one-year appointment for new undergraduate according to Growth Assistant Program. The headquarters of Fosun Pharma has invited external experts to give the lectures through sectors conference.

On comprehensive capability, Fosun Pharma has promoted individual capability value and build its own lecturer team through Internal Training The Trainer (TTT) and Outward Training. In 2010, 16 lecturers on enterprise culture have obtained the certificate. Since the building of cultural lecture team in 2009, 20 employees have been certified.

In order to promote effective use of training resources and realize

positive interaction and information share between the headquarters and the member enterprises, Fosun Pharma has implemented the resources to promote and set up high-effective HR Management Organization and Training System among the member enterprises, build share platform from the employees, lecturers to training resources, assist the organizations among the companies to rapidly develop through sharing training resources, offering consulting service, implementing the suggestions on training plan and tutorial advice, supervising and tracking the cultivation of Management Trainee and internal audit methods , as well as reduced training cost on the aspects of cost, time and labor to improve the efficiency of training.

In addition, Fosun Pharma has carried out safety training for the employees and show safety protection education to improve the awareness concerned. In order to ensure safe driving, the company has given serious requirements for the drivers and vehicle management, and guided them centrally every month and reminded them of safe driving and of not drunk driving.

Special Training of Fosun Pharma



Campus Summer Camp



Undergraduate Training



Construction of Internal Lecturer Team



Multi-skill Talent Training

Talent Development

Fosun Pharma has emphasized on "Cultivate Staff In Working " to provide development space for the employees. In 2010, the headquarters of Fosun Pharma Group has promoted 44 employees with promotion rate of 24%, in which 8 Management Trainees (MT) have been promoted, accounting for 40% of total Management Trainees (MT).141 managers in business sectors of Fosun Pharma have been promoted.

Talent Flow

As for the employees, middle-level cadres and professional managers, we advocates proper flow to promote the openness and development of the company, meanwhile, Fosun Pharma has constantly formulated and improved rational system to prevent management crisis from the talents flow. In 2009, the staff turnover rate was 12.82%, but the turnover rate presents downtrend over the last four years in general.

Employee Caring

We initiate fair communication and encourage direct communication between the employees and their supervisors, when the employees think that personal interest should not suffer such an infringement, or have different suggestions on business management of the company, or have found any acts that have violated the regulations of the company, they can present the conditions above to their direct supervisors, heads of department or HR department according to normal procedures, but special conditions can be directly appealed to the President.

Fosun Pharma has always cared for the relationship with the employees and provided the information of different aspects to enhance internal communication through e-platform, bulletin, forum, enterprise magazine and enterprise culture activities. In September, 2010, we have organized tea forum for senior employees to listen to their complaints and suggestions so as to create the value while sharing the development with the employees.

In addition, Fosun Pharma has set up HR Warning Mechanism and hold monthly conference to exchange and review the work on the businesses and HR of the sectors and members enterprises, and deeply known the employees to provide corresponding solutions to constantly promote employee satisfaction.

It has continually improved 1+N Administrative System Sharing Platform and put it living level of the employees, and set up 1+N Administrative System Employee Care Platform. The employees can enjoy preferential products and services on hotel, dirking water, flight ticket and catering provided by cooperative companies through the platform. Since the establishment of the platform in 6 years, 1500 employees have shared it.

Fosun Pharma and our member enterprises have not only paid the insurance and subsidies, but extended their regards to the employees for critical events as weddings and funerals through trade union and arranged the handling of kindergarten payment and parent-child activity. They have set up mutual fund to help the employees who have voluntarily taken part in Mutual Fund Committee and applied for funding in case of unexpected difficulties. They have also provided the care for the retirees, e.g. organize return activity and present the gifts to those that are ready to retire and irregularly organize care activity for those that have been retired, and console those employees who are working under high temperature. From 22nd, Dec to 31st, 2010 , HR Department of Fosun Pharma has implemented an investigation and research for Employee Flexible Benefits Program through the third party-Towers Watson to understand the needs of the employees so as to provide financial service products and other services.

Promotion Rate of the Headquarters of Fosun Pharma

Classification	2010	2009
Spelist	18.84%	25%
Director-Senior Manager	29.41%	40.63%
Department GM or Deputy GM	50.00%	18.75%
Senior Management	9.09%	15.63%
Total	24.31%	21.30%

Formula: Employee Promotion Numbers
/ Total Employee Numbers in This Level

Statistics for Employee Turnover of Fosun Pharma

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



First - line employees summer caring.

The employee's birthday party becomes the tradition of the company caring for employees.



Fosun Pharma Employees' Club



Fosun Pharma Volunteer Group

Fosun Pharma Art Troupe



Employee Activity

We sincerely and fairly treat each employee, care about the work, learning and body condition of the employees and focus on employee satisfaction to the work and enterprise so as to try to build overall cultural atmosphere to meet the characteristics of Fosun Pharma.

After the intense work, Party Committee, Trade Union and Corporate Culture Working Committee under Fosun Pharma have organized colorful activities to relief working pressure of the employees, including birthday party, tour, shooting, badminton club, ping-pong club, National Day & Middle Autumn Carnival, Art Troupe, Expo Visit, volunteer and Family Day. Diagnosis BU has established Engineer Club to become a communication platform among the engineers.

Employee Birthday Party of Fosun Pharma

Fosun Pharma pursues thanksgiving culture. The Employee Birthday Party has become a traditional activity of employee care in the headquarters of the Group. With the promotion of Corporate Culture Working Committee of Fosun Pharma, its Employee Birthday Party has introduced as series of topic activities to let the employees have a happy birthday after the intense work in August, 2010.

Expo Series Activities

During the Expo, Fosun Pharma has held a series of Expo activities concerning enterprise culture.

Expo Children Painting Competition for Environmental Protection: on the activity of Children Painting Competition of "World Expo-Green Home in

My Heart", the children of the employees have created the works by taking "Environmental Protection" as the topic

Enterprise Day Activity of Fosun Pharma: Invite senior employees over 10 years, annual excellent employees and the award-winning children on Expo Environmental Protection Environmental Painting to visit Expo Private Enterprises Pavilion:

Image Ambassador of Expo Private Enterprises Pavilion: select Enterprise Image Ambassador from the member enterprise to serve the World Expo.

Volunteer Team of Fosun Pharma: positively take part in reception work in enterprise activity day of Private Enterprise Pavilion of Fosun Pharma.

Family Day of Fosun Pharma: let the employees and their family visit the company and feel enterprise culture.

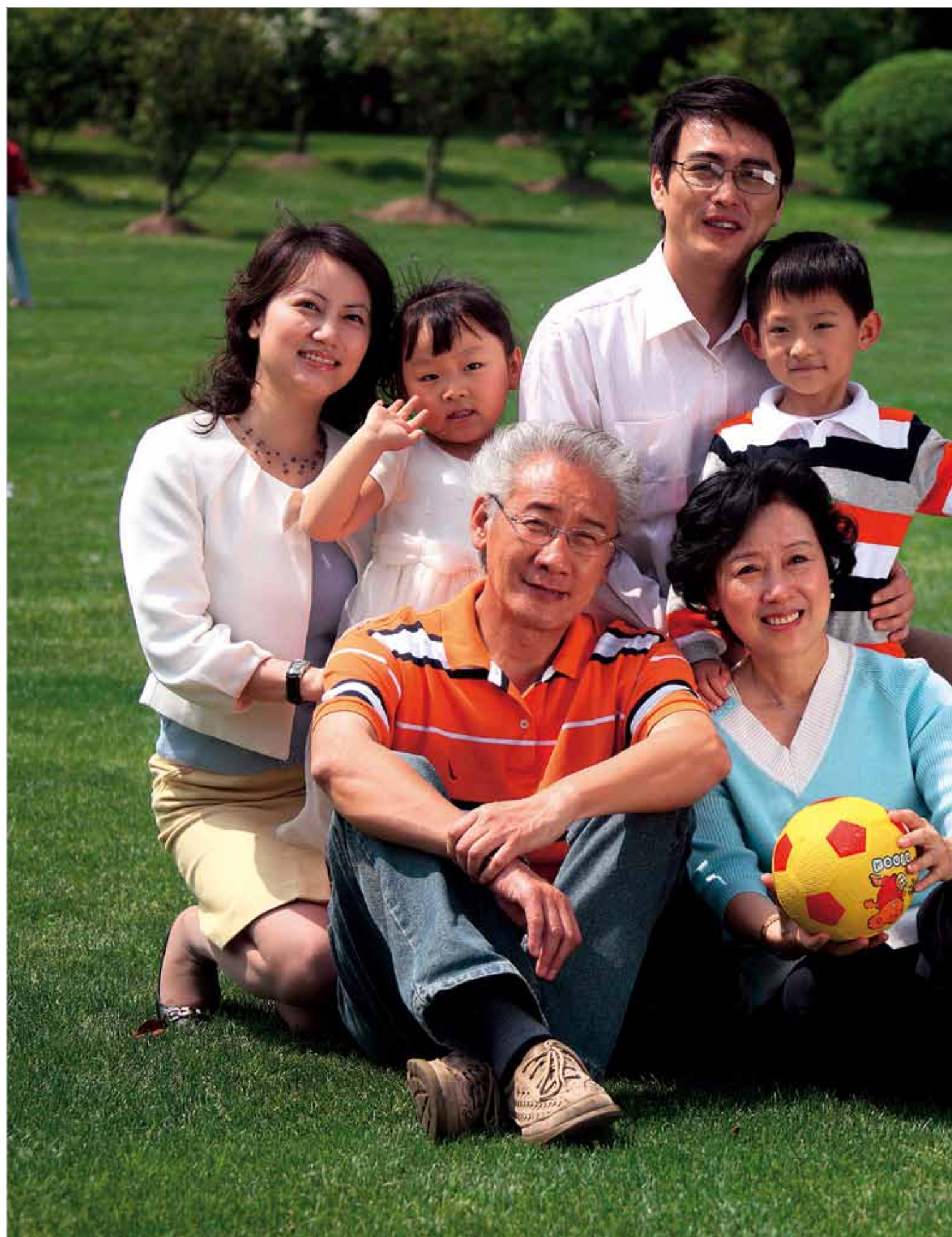
Shooting Competition □ Collect shooting works in the headquarters and the member enterprises, and then appraise and elect excellent works.

Art Troupe of Fosun Pharma

Assemble a hundred of the members from the headquarters and the member enterprises, since its establishment, it has held important parties of the Group and shown professional level of the members, especially for Guilin Pharma Art Troupe, it has not only shown their talents through wonderful performance, but integrated the development and brilliance of Guilin Pharma into whole stage.

Club

Fosun Pharma has set up the clubs of the bands, shooting, badminton and ping-pong to enrich the life of the employees and enhance the cohesiveness.





Society

We have constantly fulfilled the commitment made as a corporate citizen to sincerely serve the society. Since the establishment, Fosun Pharma has not only created social wealth, but helped the people by "Render Helpful Service to Others" while donating and relieving, we have also undertaken the responsibilities as corporate citizen through offering the job, supporting education cause and assisting in anti-malaria in Africa.

Corporate Citizen Commitment

Anti-Corruption Management

Fosun Pharma has formulated "Provisional Regulations on Forbidding Commercial Bribery of Shanghai Fosun Pharmaceutical (Group) Co., Ltd." according to relevant stipulations of the state and actual conditions of the company, and it is to implement it in the headquarters of Group and all member enterprises.

In addition, the company has established Letters & Calls and Complaints System, set up Letters & Calls Mailbox and hotline (General Manager Telephone), encouraged mutual supervision among the employees and treated the complainants or informers with confidentiality. If the employees violate this regulation, it is to terminate labor contract with them and transfer this case to judicial authority for handling.

The company has enhanced anti-corruption management through the work of Party discipline. our Discipline Inspection Commission ("has implemented the publicity and education activities for construction of a clean government and provided the channel of opinion feedback through the work of handling letters and visits from the people. In order to avoid the corruption from arising, the Discipline Inspection Commission has restricted the Party Members and Cadres by actual action, opposed extravagance and waste and further enhanced the cod of honest and industrious conduct to the cadres in different situations by the ways of education and warning. Meanwhile, it has improved the Right to know and Participation Right and closed party group relation so as to contain the occurrence of the corruption.

Fosun Pharma has advocated and promoted the construction of 1+N Administrative System Platform to basically prevent the flaw in daily purchase activities to realize Sunshine Purchase and Transparent Business.

Public Welfare System

The Public Welfare Plan of "Future Star"

As a fine example of successful pioneering work of the undergraduates, Fosun Pharma has been dedicated to the support of education cause. To be an important part of strategic development, the company has launched the Public Welfare Plan of "Future Star", the title of which comes from "Star" of "Future Star", to help more excellent talents march towards the success to become Future Shining Star.

This plan is initiated by RMB 2 million and the funds have been devoted into 2 cooperation projects in early stage, including the construction of "Fu Ling Future Star Primary School" and scholarships for three medical and pharmaceutical universities as Shenyang Pharmaceutical University, Huazhong University of Science and Technology and West China Center of Medical Sciences of Sichuan University, so as to create better studying environment, encourage the students to have studying passion and promote educational development of China's pharmaceutical industry to cultivate and dig the talents for this industry.

On October 22nd, 2010, the Foundation Laying Ceremony for the "Fu Ling Future Star Primary School" jointly constructed by Fosun Pharma, Henan Lingrui Pharmaceutical Co., Ltd, and Henan XinXian Government has been hold in XinXian, Henan. Fosun Pharma has jointly finished and supervised appropriation and use of donated funds through cooperating with China Guangcai Programme Foundation and Henan Lingrui Old Revolutionary Area Poverty Alleviation Foundation. When the school enters into service, Fosun Pharma has continued to support the work of running this school,

assisted in XinXian Government and educational department through manpower and material resources of the enterprise's volunteer team, and held the concept of scientific way of running school to spread the seed of hope for the future.

Since 2006, Fosun Pharma has set up "Scholarship and Research Grants of Fosun Pharma of Life Science School of Fudan University" to support its teaching and studying, scientific research and talent team construction. The scholarship of RMB 1 million will be used to reward excellent students from poor families and young teachers who have the achievements on scientific research and innovation so as to help them make greater achievements on their research road. The rewarded students also have the opportunity to go on a field trip in Fosun Pharma and get preference to be employed; and the rewarded teachers are called as "Fosun Pharma Distinguished Professor of Life Science". In 2010, 14 excellent students from Fudan University have been awarded "Fosun Pharma Scholarship" and more then 30 teachers have gotten it.

By the end of 2010, 30 excellent students from Shenyang Pharmaceutical University, Huazhong University of Science and Technology and West China Center of Medical Sciences of Sichuan University have been awarded "Fosun Pharma Scholarship" so as to cultivate and dig the talents for this industry and promote educational development of China's pharmaceutical industry.

Fosun Pharma has also supported the exploration of scientific research through industrial association. In 2010, it has supported Shanghai Heredity Society to hold "Shanghai Heredity Future Star Youth Forum". Through this forum, 10 excellent young geneticists have been selected to present their ideas, and 3 Excellent Report Awards, 5 Excellent Report and more than 10 Display Board Award have been elected, these awarded reports have respectively study and discuss the issues on platinum-based chemotherapy drugs genetic research for Advanced Non-Small-Cell Lung Cancer (ANSCLC) in Chinese Patients.

Community Service

Fosun Pharma has always returned the society by the grateful heart and actively undertaken the responsibilities as a corporate citizen. The company sincerely serves the community, and its manufacturers and commercial retail enterprises have provided the convenience to community residents through the services as health & disease lecturer, outdated drugs recovery, clearance of drug box and medical instrument repair and maintenance.

Its retail pharmacies have regularly provided free blood pressure measurement for the hypertensive, free blood sugar measurement for the diabetics and the do's and don'ts on food consultancy, and offered door-to-door services for special groups as the old.

The retail pharmacies have formulated relevant member system, and the members can enjoy the discount, point for gift, free measurement on blood pressure, weight and waistline, medicine boiling for customer and medicine order by phone, 24h Service, message tip for promotion, health file, computer record of drug use and disease tracking management, health lecture.

Golden Elephant Pharmacy under Fosun Pharma has set up Chinese Medical Clinic in its stores to provide the service by Chinese medical experts every day, and arranged the experts in Internal Medicine, Surgery, Dermatology, Gynaecology and Paediatrics to treat different diseases and take medical service items as manipulation, massage, acupuncture & moxibustion and scraping as the assistance. One-stop service has been provided by diagnosis and treatment, dispensed prescription and free medicine boiling to offer the convenience for treatment and recovery of the patients and save the time and money of the patients to implement



Launching Future Star Public Welfare Plan

whole-process services for the health of the community residents.

Golden Elephant Pharmacy has 13 Medical Insurance Fixed-Point Pharmacies and For Me Pharmacy has had 27 Medical Insurance Fixed-Point Pharmacies, both Pharmacies have seriously followed the regulations of Medical Insurance Fixed-Point Pharmacy to provide the training of medical insurance policies to the employees and implement them.

For Me Pharmacy has implemented non-drug pilot project and take three categories as key points, that is, Dental Assisting, Instrument for Family Measurement and Nourishing & Beautifying, to provide much more convenience on non-drug selection for community residents

In order to provide higher-quality, more effective and more convenient service for the customers, the retail pharmacies of Fosun Pharma have formulated Customer Satisfaction Survey to enhanced customer satisfaction.

The manufacturers of Fosun Pharma have served the community residents according to advantages of their products. Wanbang Biopharma has established Diabetes Mellitus Service Center to implement free check for community residents and free consultation to the patients. This center has carried out "Education Class" for consecutive 9 years and invited the experts to act as club member to introduce health knowledge. In addition, "Wanbang Health" has been issued every quarter to popularized health knowledge.

In addition, Fosun Pharma has advocated the employees to donate the blood free of charge and the employees have begun to respond in abundance to dedicate their love to the society. In August, 2010, the headquarters of Fosun Pharma Group has 22 employees to participate in blood donation.

Donation

Donation is a kind of ways for Fosun Pharma to directly show its business responsibility and love to the society. Fosun Pharma and its member enterprises have positively implemented the activities of public welfare and dedicated their love to the places where are in most need in the society. Fosun Pharma Group has donated RMB 26,300,000 to the society. In September, Golden Elephant Website has collected all funds and its own donation of Love Foundation for Poverty Alleviation to donate the drug box, drinking water plant, stationery and the articles for daily use that are worthing over RMB 10,000 for the teachers and students of Beijing Xinxin Migrate Worker Primary School. Love Foundation for Poverty Alleviation of Golden Elephant Website was jointly established by Golden Elephant Website and China Foundation for Poverty Alleviation in 2008, and the consumers will donate RMB 0.1 to Love Foundation when making a deal in Golden Elephant Website.

By the end of December, 2010, Fosun Pharma has donated RMB 100,000 as special funds for CVD(cardiovascular disease) of "New-Heart Shanghainese", this foundation is one of Charity Placement Programs of "2011 Love under the Blue Sky" held by Pudong New District Chapter of Shanghai Charity Foundation for a purpose of focusing on social vulnerable groups for "Disease-Caused Poverty" and "Poverty-Caused Disease" in Shanghai, For Me Pharmacy will participated in the program and plan to provide medical aid, and cure and prevent CVD(cardiovascular disease) for 3000 Migrant Workers and their family members in Shanghai, partial families with financial difficulties in Chongming County and Shanghai Young Intellectuals.



Malaria Control Seminar



Fosun Pharma Vitality · Growth Summer Camp

Anti-Malaria Project in Africa

Assistance Action to Artesunate in Africa

In 2010, Fosun Pharma has undertaken 11 anti-malaria drug projects in Africa to provide the anti-malaria drugs available for 1,700,000 persons with the amount of RMB 17,000,000 to Mozambique, Equatorial Guinea, Sudan, Central Africa, Chad, Congo, Mali, Liberia, Ghana, Mauritania and Gabon. In April, 2010, it has visited Central Africa, Chad, Benin, Gabon and Liberia along with the Ministry of Commerce to provide anti-malaria drugs and rapid malaria diagnosis reagent for 2000 persons in business office of Chinese Embassy in those five countries.

Support to Roll Back Malaria Project:

In 2010, Fosun Pharma has sponsored US\$ 20,000 for "World Malaria Day" held by Sudan Government to publicize the knowledge of malaria control. In 2010, 5,023,000 persons have suffered the malaria in Sudan, with the death toll up to 32,000.

Fosun Pharma has provided the Artesunate Injections for 2000 patients to Infectious Diseases Institute in Uganda for clinical test so as to help its government control the malaria. In 2010, 10,627,000 persons have suffered the malaria in Uganda, with the death toll up to 43,000.

Fosun Pharma has freely supported Pro. Nicholas J White, as a globally recognized Chief Expert in malaria study field, to be in charge of AQUAMAT project (Africa Quinine Artesunate Malaria Trial) and offered 6,900 Artesunate Injections free of charge to Tanzania, Kenya, Rwanda, Uganda, Mozambique, Congo, Gambia and Nigeria to help them establish the database of "Local Clinical Data in Africa, Especially for Children's Data" on the efficacy study of the anti-malaria drugs, and the company has proactively taken part in high quality clinical test arising from the changes of medical practices stated in "The Lancet" and dedicated to the mission of world health to ensure wide coverage of study analysis in different regions around the World.

Academic Exchange on Sino-Africa Health Cooperation

Fosun Pharma has engaged in the development of China's medical

health cause and actively supported the Government of China to provide foreign aid for a long time. "Malaria Control Seminar" organized by Fosun Pharma has become a highly well-known brand seminar in Africa and Southeast Asia, where the counties have many people suffered the malaria.

Since 2006, Fosun Pharma has consecutively organized the training on foreign aid to anti-malaria for 6 times held by the Ministry of Commerce, so it has accumulated plentiful training experience on foreign aid and cultivated a high quality implementation team, who has deeply known foreign aid training and are proficient in foreign languages, and has been highly appraised by the governments of the recipient countries.

In May, 2010, it has communicated and exchanged with 29 officials on malaria control, who are from the medical systems of 16 countries suffered the malaria. It also has consecutively organized "Malaria Control Seminar for the Officials" for 6 times and cultivated 202 talents on anti-malaria for 56 development countries. Each training class has been seriously completed with high quality according to the requirements and as well as highly recognized by the participators from all countries and the Ministry of Commerce.

In September, 2010, it has firstly held "Drug Quality Training for Development Countries" by cooperating with the Ministry of Commerce and State Food and Drug Administration (SFDA). 29 officials from public health system and drug supervision system in 12 Asian and African countries have promoted the cooperation on food supervision through the training and propagation and then jointly promoted their level and technical methods on drug quality testing and management field.

Summer Camp Training Program

In August, 2010, we have invited 40 college students from Fudan University, Shanghai Jiaotong University, CPU (China Pharmaceutical University) and NJU (Nanjing University) to participate in "Vitality-Growth Summer Camp" held by Fosun Pharma. In 5-day activities, the leaders of Fosun Pharma have communicated with the students for its enterprise culture, and interacted with them for future development of pharmaceutical industry and future employment of the undergraduates to help the college students make better career development planning and make the preparation for leaving the colleges.

Yao Pharma under Fosun Pharma has invited 43 Masters and Ph.D from 13 famous colleges cross the countries to participate in Masters and Ph.D Summer Camp of " Flying Eagle and Wild Goose" to deeply participate in front-line fieldwork, share growth experience and explore personal development to help them formulate career development planning.

World Expo

Shanghai Fosun Group has built 2010 Shanghai Expo Private Enterprises Pavilion, uniting 15 excellent private enterprises in China to show their unlimited vitality and potential power to the public at home and abroad. As a member enterprise of Fosun Group, Fosun Pharma has fully taken part in the preparation, construction, reception and propagation of Private Enterprises Pavilion and shown sustained development concept of the pharmaceutical enterprises to the society through the platform of "Private Enterprises Pavilion".

Medical Service Point established by Fosun Pharma has become a major attraction in the services of World Expo. The Expo Site has 5 medical points to offer the services to ensure each visitor to better visit World Expo. These medical points are mainly hosted by Organizing Committee of Private Enterprises Pavilion and co-hosted with Fro Me Pharmacy, "United Family Hospitals & Clinics" in Shanghai and Di'an Medical Lab Center. The United Family Hospitals & Clinics has had several experienced full-time medical staff in World Expo to provide 24-Hour medical assurance to the visitors around the world. Di'an Medical Lab Center has provided corresponding lab services and Fro Me Pharmacy has offered medical instruments and drugs necessary for medical service

points so as to ensure enough drugs put into place.

During the period of World Expo, medical service points have provided some commonly used drugs as summer relief drug and external use drug, and the disposal for surgical minor trauma as packing wound and simple treatment for the emergency diseases that are commonly seen. As for the patients with serious injury, the medical service points have contacted fixed-point hospital in or out of the Expo Site while implementing emergency treatment, and then timely sent them to hospital to accept the treatment so as to ensure their life safety.

As a "Medical Health Service Provider of Shanghai World Expo Private Enterprises Pavilion", Fro Me Pharmacy under Fosun Pharma has positively taken part in World Expo. On June 15th, 2010, it has distributed 30,000 World Expo Dragon Boat Festival Health Gift Packs to the tourists free of charge and initiated the activity of "Visit World Expo with For Me, Smell Fragrant Rice Dumpling, Taste the Culture and Live Dragon Boat Festival". During the period of the activity, it has not only propagated healthcare knowledge and advocated a healthy lifestyle, but distributed perfume satchel and healthcare manual and prayed for the tourists.

Fosun Pharma has held the activity of "Fosun Pharma Activity Week" in Private Enterprises Pavilion in the Expo Site. It has put local elites in pharmaceutical industry together to held an investment and financing forum with the topic of "Competitiveness and Integration" through the cooperation with China Pharmaceutical Enterprise Management Association and the Magazine of "Medical Manager". In addition, it has held a launching ceremony for the Public Welfare Plan of "Future Star" in Fosun Pharma "Medical Day" to show its determination to serve the society and sustained development.



Flag-raising ceremony of Fosun Pharma's Day



For Me Pharmacy delivers gifts to visitors



Free blood pressure test for visitors



Hu Weining (Parents: Guan Xiaohui from Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)

Standing on China Pavilion and overlook the whole view, small fish are swimming freely in the river and kids are playing on the bank of the river. Haibao smiling and wave hand to us.

Award & Acceptance

- 2010.6 Fosun Pharma won The Best Enterprise's Public Welfare Image Award.
- 2010.7.26 Fosun Pharma won 2010 "Shanghai Innovative Enterprise" award.
- 2010.7.27 Fosun Pharma again was selected as the "China Second Annual Top 20 Most Competitive Listed Pharmaceutical Enterprises" and "2010 Top 10 Listed Pharmaceutical Enterprises with Most Investment Value"
- 2010.8.17 Fosun Pharma selected as "Top 10 Social Contribution Private Listed Enterprises".
- 2010.9.16 Wang Qunbin, President & Director of Fosun Pharma, tops the 2010 public image satisfaction poll of Chinese pharmaceutical entrepreneur.
- 2010.9.16 Fosun Pharma's 2009 Corporate Social Responsibility Report won "The Best Corporate Social Responsibility Report in Pharmaceutical and biological products Industry", and ranked third with score 76.14.
- 2010.9.20 Fosun Pharma was successfully selected as the first low-carbon index sample share in domestic.
- 2010.9.21 Fosun Pharma was awarded "2010 Top 20 Best Board of Directors of Listed Companies on China Main Board" and "2010 Top 50 Best Board of Directors of Listed Companies on China Main Board".
- 2010.10.24 Fosun Pharma won the "Yearly Ten Environmental Climate industry innovation & Promotion Award for China Enterprises"
- 2010.10 Chen Qiyu, Chairman of Fosun Pharma, was elected as "2010 Leader of China Yangtze River Delta Junior Chamber"
- 2010.12.13 Fosun Pharma won "2010 Outstanding Unit on National Corporate Culture Construction"
- 2010.12.20 Chen Qiyu, Chairman & Vice-President of Fosun Pharma, on the list and won "The First Yangze River Delta Pharmaceutical Enterprises Outstanding Entrepreneur Award".
- 2010.12.23 Chen Qiyu, Chairman & Vice-President of Fosun Pharma, won "The Brilliant Entrepreneur Award" of "APEC Corporate Spirit Award"
- 2010 Fosun Pharma was awarded The Outstanding Board of Directors.
- 2010 The project of Micro-organisms Detection of Fosun Pharma was awarded "State high-tech industrialization model project".
- 2010 Fosun Pharma won the First Prize of 2010 Shanghai Enterprise Managerial Modernization & Innovation Achievement.

Performance Indicators

Main Accounting Data & Financial Indicators of 2010 Annual Report

Projects	2010	2009	2008
Net Asset Value Per Share belongs to Shareholders of Listed Companies (RMB / Share)	4.42	0.21	3.24
Basic Earnings Per Share (RMB / Share)	0.46	1.35	0.37
Earnings Per Share after Extraordinary Gains and Losses (RMB / Share)	0.2	0.20	0.18
Weighted Average ROE on Net Assets after Extraordinary Gains and Losses (%)	4.99	7.18	8.28

Unit: RMB 10.0 Thousand

Project	2010	2009	2008
Investment Income	118,179	321,914	847,054
Income from Non-operating Activities	6,948	6,115	3,823
Expense from Non-operating Activities	798	852	1,011
Income Tax	20,161	70,040	7,474
Net Profit belongs to Parent Company Shareholders	86,365	249,820	690,857

Compare of Economic Indicators

Unit: RMB 10.0 Thousand

Items	2010	2009	2008
Revenue	455,542	387,226	377,323
Profit	114,045	321,203	80,756
Add: income from non-operating activities	6,948	6,115	3,823
Less: expense from non-operating activities	798	852	1,011
Include: Loss on disposal of non-current assets	24	336	1,011
Total Profit	120,195	326,467	83,568
Less: Income Tax	20,161	70,040	7,474
Net Profit	100,034	256,427	76,093
Net Profit belongs to Parent Company Shareholders	86,365	249,820	69,086
Minority Shareholder's Net Income	13,669	6,607	7,007

Social Indicators

Employees Number

Unit: Person

Year	Total Number of Employees	Gender	
		Male	Female
2010	11484	5975	5509
2009	9611	5088	4523
2008	8580	4617	3963

Training Hours

Unit: Hour

Year	Total Training Hours	Average Training Hours Per Person
2010	784892	68.35
2009	413818	43.06
2008	354569	41.33

2008-2010 Total Amount of Employee Benefits

Unit: RMB 10 Thousand

Year	2008	2009	2010
Amount of Employee Benefits	37,286	45,255	57,564

R&D Targets

Unit: Item

Year	2008	2009	2010
Undergoing R&D Project	128	101	111
Received New Drug Clinical Trial Approvals	10	4	4
Received New Drug Certificate / Production Approvals	19	6	12
Projects on Clinical Trial phase	11	14	5

GRI Index

Index according to GRI		Page number
Strategy and Analysis		
1.1	Statement from the ECO	3
1.2	Description of key impacts, risks, and opportunities.	14-23
Organizational Profile		
2.1	Name of the organization.	cover、 10-11
2.2	Primary brands, products, and/or services.	11、 31-33
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	10-11、 31-33
2.4	Location of organization's headquarters.	cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	10-11、 16-17
2.6	Nature of ownership and legal form.	18-23
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	16-17、 30-34
2.8	Scale of the reporting organization.	16-17、 30-34
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	18-23
2.10	Awards received in the reporting period.	6、 67
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	2
3.2	Date of most recent previous report (if any).	2
3.3	Reporting cycle (annual, biennial, etc.)	2
3.4	Contact point for questions regarding the report or its contents.	2、 81
3.5	Process for defining report content.	2
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	2
3.7	State any specific limitations on the scope or boundary of the report.	2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	2
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	69

Index according to GRI		Page number
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	2、 69
3.12	Table identifying the location of the Standard Disclosures in the report.	70-75
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	76-80
Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	18-23
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	18-23
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	18-23
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	18-26
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	56-59
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	18-26
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	14-26
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	14-26
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	10-11、 14-26
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	18-26
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	18-23
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	14-26、 40、 46-50
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	26、 50
4.14	List of stakeholder groups engaged by the organization.	23-26
4.15	Basis for identification and selection of stakeholders with whom to engage.	23-26
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	23-26
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	23-26、 80-81

Index according to GRI		Page number
Economy		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	30-35、 68-69
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	46-50
EC3	Coverage of the organization's defined benefit plan obligations.	35、 55、 58
EC4	Significant financial assistance received from government.	31
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	35、 55、 69
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	40-44
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	54-59
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	62-65
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	30-35
Environment		
EN1	Materials used by weight or volume.	46-47
EN2	Percentage of materials used that are recycled input materials.	48
EN3	Direct energy consumption by primary energy source.	46-48
EN4	Indirect energy consumption by primary source.	46-48
EN5	Energy saved due to conservation and efficiency improvements.	46-49
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	46-51
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	46-47
EN8	Total water withdrawal by source.	46-48
EN9	Water sources significantly affected by withdrawal of water.	46-48
EN10	Percentage and total volume of water recycled and reused.	46-48
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	not applicable
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	not applicable
EN13	Habitats protected or restored.	not applicable

Index according to GRI		Page number
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	48
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	not applicable
EN16	Total direct and indirect greenhouse gas emissions by weight.	46-48
EN17	Other relevant indirect greenhouse gas emissions by weight.	46-48
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	46-48
EN19	Emissions of ozone-depleting substances by weight.	no statistics this time
EN20	NOx, SOx, and other significant air emissions by type and weight.	46-48
EN21	Total water discharge by quality and destination.	46-48
EN22	Total weight of waste by type and disposal method.	48
EN23	Total number and volume of significant spills.	no such cases
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	not applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	not applicable
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	46-50
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	48
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	46
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	46-50
EN30	Total environmental protection expenditures and investments by type.	46
Labor		
LA1	Total workforce by employment type, employment contract, and region.	54
LA2	Total number and rate of employee turnover by age group, gender, and region.	54、 58
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	19

Index according to GRI		Page number
LA4	Percentage of employees covered by collective bargaining agreements.	54-59
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	54-59
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	49、54-59
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	49
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	62
LA9	Health and safety topics covered in formal agreements with trade unions. Health and safety topics covered in formal agreements with trade unions.	49
LA10	Average hours of training per year per employee by employee category.	56
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	54-59
LA12	Percentage of employees receiving regular performance and career development reviews.	55
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	54-55
LA14	Ratio of basic salary of men to women by employee category.	54-59

Human Rights

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	23-26
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	22-23
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	54-59
HR4	Total number of incidents of discrimination and actions taken.	55
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	24、58
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	49、54-59
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	49
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	49、56
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	no such cases

Index according to GRI		Page number
Society		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	23-26、 62-65
SO2	Percentage and total number of business units analyzed for risks related to corruption.	62
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	62
SO4	Actions taken in response to incidents of corruption.	20、 62
SO5	Public policy positions and participation in public policy development and lobbying.	24-26、 62-65
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	63
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	20、 62
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	46
Products and Services		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	38-43
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	no such cases
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	30-34、 38-43
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	no such cases
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	23、 38、 40
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	38-43、 62
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	no such cases
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	23
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	no such cases

* Fosun Pharma declares the application of GRI (G3) Level C+ in the 2010 CSR Report

ASSURANCE STATEMENT



ASSURANCE STATEMENT

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. SHANGHAI BRANCH'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2010

NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (thereafter as "FOSUNPHARMA") to conduct an independent assurance of the 2010 Corporate and Social Responsibility Report (2010 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and data in accompanying tables, contained in the Chinese version of the 2010 CSR Report. Data and information for companies other than the two companies including FOSUNPHARMA's Headquarters and Wanbang Biopharmaceuticals in Jiangsu Province were not included in this assurance process.

The information in the 2010 CSR Report of FOSUNPHARMA and its presentation are the responsibility of the directors and the management of FOSUNPHARMA. SGS has not been involved in the preparation of any of the material included in the 2010 CSR Report.

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

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

- evaluation of content veracity; and
- evaluation of the report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2006).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at FOSUNPHARMA's Headquarters and Wanbang Biopharmaceuticals; documentation and record review and assurance with external bodies and/or stakeholders where relevant.

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing 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; environmental, social and sustainability report assurance. SGS affirm our independence from FOSUNPHARMA, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with SAI Registered SA8000 Lead Auditor, ISO14001 Lead Auditor, OHSAS 18001 Lead Auditor, GRI-nominated Trainer in Sustainability Reporting, Sustainability Assurance Practitioner and Senior Pharmacist.

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the information and data contained within 2010 CSR Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA's sustainability activities in 2010. Only information relating to the indicators shown in the GRI content index has been assured this time.

This is the second year of FOSUNPHARMA's CSR Report to be assured by an independent assurance team and FOSUNPHARMA has taken a bold step by offering the respect to evaluation against GRI G3 Guidelines. This shows a deserved confidence in their reporting process.

FOSUNPHARMA has declared a GRI Application Level of C+ in the 2010 CSR Report. In our opinion, FOSUNPHARMA has chosen an appropriate level of assurance for this stage in their reporting.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (2006) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Stakeholder Inclusiveness

FOSUNPHARMA has a commitment to stakeholder inclusiveness and engagement. Meanwhile, the Company has a structured and systematic management approach to ensure the inclusion of stakeholder concerns, demands and expectations at a corporate level. Whilst, promotion of the response from the supply chain on vision and strategy continues to be a challenge. SGS recommends that FOSUNPHARMA discloses the information on the breadth and depth of supplier management and reinforce the influence through supplier chain with respect to awareness of as well as approach to corporate social responsibility.

Materiality

FOSUNPHARMA's management has taken for the most part taken into account the principle of materiality into consideration when making bold decisions regarding sustainability strategies. In the next report, SGS would like to see the material issues regarding the awareness of the environmental, health and safety risks evaluation will be strengthened in all manufacturing enterprises and continuously implemented across all subsidiaries.

Completeness

FOSUNPHARMA has made a good progress that involving Wanbang Biopharmaceuticals into the assurance scope this year. SGS recommends that FOSUNPHARMA formalizes and documents the mechanism of sustainable data and information collection for all subsidiaries. This will help streamline reporting process and ensure consistency and completeness of reporting data.

Signed:

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



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Third Party Evaluation

Evaluation of 2010 CSR (Corporate Social Responsibility) Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

Since 2008, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. have compiled and released CSR report annually, I had commented 2008 and 2009 CSR reports. All in all, each year the CSR report of Fosun Pharma Group has new progress and improvement, compare with the CSR report two years ago, I believe the 2010 CSR Reports has distinctive features as follows:

1. Fosun Pharma has much deeper understandings on CSR. The company follows the principle of "Innovation for good health" and strives for offering cheap products and first class service to realize more citizens entitle the equal chance to have health. Meanwhile, Fosun Pharma has cultivated oneself and continuous improved on many aspects such as team construction, product R&D, management optimization, innovation, internationalization, corporate culture, etc.; meanwhile, Fosun Pharma has kept strengthen competitiveness and actively endeavor to realize its vision and targets which is to be the first class enterprise in global mainstream pharmaceutical market.

2. The content of Fosun Pharma's CSR has been kept rich and innovative. The company continuous promotes the long-term mechanism for corporate social responsibility; meanwhile, it steadily drives the sustainable development strategy to each business sector to make new progress on corporate governance, economy, environmental protection, quality safety, employee and society. Moreover, Fosun Pharma's economic benefit has substantial increase and its corporate governance improved step by step; the company highlights on aspects of dialog with interested parties, quality safety and environmental protection undertakings, employee developments; furthermore, the company actively participates in public welfare undertakings, which particularly had lunched Fosun Pharma "Future Star" public welfare plan, and contributes its forces to society by supporting education, assisting scientific research, servicing community.

3. The targets and strategy of Fosun Pharma are more prominent. Centering with the opportunity of high speed development and integration and according to its concrete production and operation, the company established recent objectives, mid-term objectives and long-term objectives; meanwhile the company had formulated effective strategy steps and measures, by adopting the strategy development pattern of endogenous growth, extensive expansion and integrated development to focus on pharmaceutical business, medical commerce, medical service and continuous enhance corporate's operation ability; by investing, managing and integrating the excellent industrial enterprises to keep improve the company's innovation ability and internationalization level, and strive to be leader company on innovative health product and service.

4. More highlighted company's quality and safety. Fosun Pharma take quality safety as the unchanged target engraved in the rock; the company had further strengthened system construction and safety protection, meanwhile, it had further improved technology and perfected production technology procedure. From new drug R&D, raw materials procurement, drug manufacturing to drug retail, company has established strict quality safety regulation mechanism to ensure drugs and the whole procedures of medical product including R&D, production, sales and product recall are safe, so as to offer much safer, cheap drugs and service.

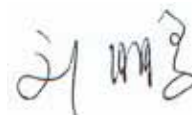
5. More highlighted company's environment and health. Fosun Pharma takes environment and health as the mission; it focus on the harmonious development with nature and trying to transfer to green development to realize the sustainable development between company and environment; the company has promoted EHS system construction in pharmaceutical industry which provided system protection for environment, occupational health and quality safety. The company has initiated clean production scheme, meanwhile, increased the environmental investment on manpower, material resources and financial resources to provocatively proceed the public welfare undertakings for social environmental protection, raised up the environmental protection initiation to help interested parties pay attention to environmental protection issues and take social responsibility to promotes the social sustainable development.

By and large, the 2010 CSR of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. is an excellent report, which with rich information, overall content, focal points, and strong feature of innovation, and it thoroughly reflects Fosun Pharma's unique corporate social responsibility concept, practice, and performance and demonstrate an outstanding enterprise image with innovative ability, development activity and sustainable development to the reader. For Fosun Pharma, the company may consider to perfect the future corporate social responsibility work and the report from aspects as follows:

1. Further strengthen the blending of the corporate social responsibility work with every detailed sector of company's management and operation, and by fulfilling responsibility to enhance corporate management ability and competitiveness.

2. On the procedures of corporate manufacturing and operation, Fosun Pharma may deliver the responsibility concept to more partners and enterprises in the industry, so as to lead more enterprises implement the social responsibility.

Liu Peng
CHINA ENTERPRISE CONFEDERATION
CHINA ENTERPRISE DIRECTORS ASSOCIATION





Zhao Zeyuan (Parents: Yi Tao from Shanghai Fosun Pharmaceutical Science & Technology Development Co., Ltd)

All people shall protect the trees, because protecting the trees is to protect ourselves.

Feedback Form

Dear Reader,

Thanks for reading this report! The 2010 Fosun Pharma Corporate Social Responsibility Report has been released in the third year to the public.

Your comments and opinions are welcome and valued to help us improve the report and our CSR practice.

You may send your feedbacks to the following address:

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Feedback Form of 2010 CSR Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

Name: _____

Organization: _____

Position: _____

Tel: _____

E-mail: _____

1 ☐ If you receive the information you would like to know from this Report?

☐ Yes ☐ No

2 ☐ If you think this Report has overall presented the economic responsibility that Fosun Pharma is undertaking?

☐ Yes ☐ No

3 ☐ If you think this Report has overall presented the environmental responsibility that Fosun Pharma is undertaking?

☐ Yes ☐ No

4 ☐ If you think this Report has overall presented the social responsibility that Fosun Pharma is undertaking?

☐ Yes ☐ No

5 ☐ If you think this Report has overall presented the product responsibility that Fosun Pharma is undertaking?

☐ Yes ☐ No

Responses to The Third Party Evaluation on Fosun Pharma's 2009 CSR Report

On 20th May, 2010, the initiative and advisory Institute of China corporate responsibility, Running & Loving Consulting for Common Welfare (RLCCW), had officially released the evaluation report (extraction). (For complete version of the evaluation report and the secondary grade indexes please check the website www.rlccw.com.)

Evaluation Results:

Score: 76.14 (score in last year: 61.05), total score of evaluation system is 100.

The purpose of Fosun Pharma 2009 CSR Report is to centrally summarize Fosun Pharma's measures on corporate responsibility strategy and management, economic responsibility, environmental responsibility, quality responsibility, employee development, corporate culture and social welfare.

The responses to the pros and cons of Fosun Pharma 2010 CSR Report from Evaluation Report (extraction) of RLCCW Fosun Pharma 2009 CRS Report

	RLCCW Evaluation and comments on the 2009 Report	Responses from Fosun Pharma in the 2010 Report
Report Bright Points	Corporate Social Responsibility strategy, strategy management method and strategy achievement access are clearly disclosed; the construction and measures of social responsibility are clear, the responsibility management system is disclosed thoroughly; the situation and extent of company participated in dialog on relevant policies and regulation are effective disclosed; the obligation cases are richly presented; the performance of subsidiary companies is rendered.	Disclose the Corporate Social Responsibility strategy, management method and strategy achievement access more deeply, show the measure and result in 2010. More specific and detailed to present specific management steps by disclosing the scheme and measures of corporate governance, internal control management, and quality safety. Continuous to augment the presentation of duty performance of subordinate enterprises and add an on-site appraisal for a manufacturing enterprise.
Report Deficiencies	The environmental performance spread too thinly, the performance of environmental responsibility on enterprise level is not fully disclosed; the disturbances and difficulties the company are facing on promoting the sustainable development are not fully disclosed; the testimony of interested parties is not sufficient disclosed, lack of interested parties like support chain, environment, government.	Disclosure of additional information on total investment amount of environmental protection from 2008 to 2010; additional disclosure of EHS Management System and its execution; augment the description on managing and handling methods of experimental animals; augment the detailed and concreted measure and data on green office; augment the dialog and description of participation of interested parties.

Forward-Looking Statement

Information specified in this Corporate Social Responsibility Report may contain forward-looking statements. The forward-looking statement may typically include words such as believe, assume, estimate, or similar expressions. As a result, forward-looking statements are subject to various known or unknown risks, uncertainties or other factors that may cause our actual results, financial status, assets, developments or performances in future periods to be materially different from any future performance expressed or suggested herein.

Factors that may cause such differences include, among others:

- ☐ We are undergoing the business depression;
- ☐ New regulations or the revision of current regulations have our operation costs increased or have our profitability decreased;
- ☐ Raw materials price is climbing up, particularly under the circumstances that we cannot transfer this cost to customer.
- ☐ Decrease or forfeit on product patent protection;
- ☐ Debt troubles, particularly these troubles are caused by environmental regulations or concerned product liability litigation;
- ☐ Changes on international currency exchange rates and the overall economic environment;
- ☐ Other factors indicate in this Social Responsibility Report;
- ☐ Part of the graphics and texts mentioned in this report are sourced from data, we kindly ask concerned unknown author to contact with us for the remuneration.

Such factors include the information mentioned in open report which we submitted to Shanghai Stock Exchange and China Securities Regulatory Committee and its dispatched agencies. Considering these uncertainties, hereby, we kindly remind our readers shall not unduly rely on these forward-looking statements. And no obligation for us to update these forward-looking statements or have it suited for future happened events or developments.

Innovation for Good Health

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