

FOSUN PHARMA



2017年度企業社會責任報告 2017 Corporate Social Responsibility Report

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

Greetings from Management



"Pursuit of sustainable development of talents and products" is Fosun Pharma's philosophy of social responsibilities.

Innovation is the most important obligation in the sustainable development of pharmaceutical companies. The development of medical science and technology has entered in an era of more accurate and systematic diagnosis and treatment of critical diseases that have been difficult to cure, such as cancer. We will gather more resources to the innovative research and development of accurate diagnosis and treatment on these critical diseases, so as to solve the problems brought by these critical diseases faster, better, and more affordable. The core values of Fosun Pharma in the future are basically the same.

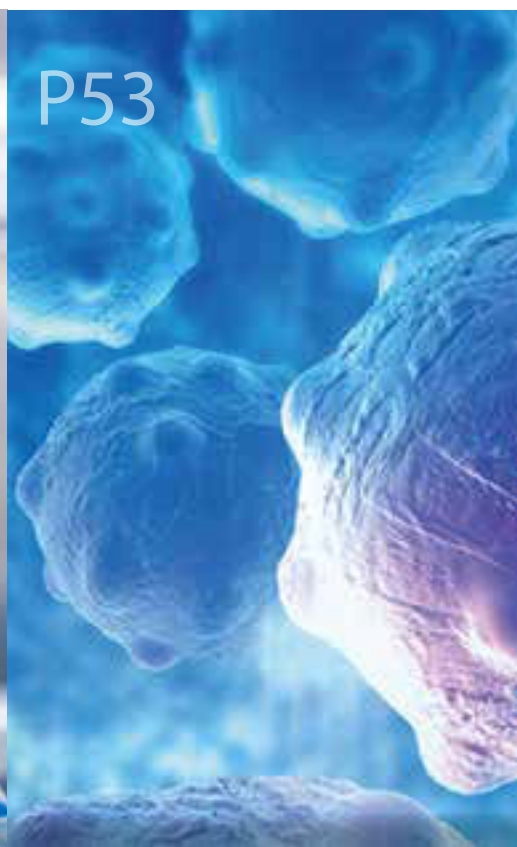
—Chen Qiyu, Co-president of Fosun International,
Chairman of Fosun Pharma

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

—Yao Fang, Co-Chairman of Fosun Pharma

Fosun Pharma is pursuing global leadership. In 2017, we proposed to implement the 4IN strategy, namely Innovation, Internationalization, Integration and Intelligentization, which shows our ambitions on one hand, on the other hand, it also reflects the improvement of our awareness of social responsibility. To operate an enterprise must have a sense of social responsibility, benefit the people, serve the people and create value for the society; as entrepreneurs, we must have the determination to be No.1, and let China's products, brands, models, values and culture go onto the world stage.

—Wu Yifang, President and Chief Executive
Officer of Fosun Pharma



About the Report

This is a corporate social responsibility (CSR) report published by Shanghai Fosun Pharmaceutical (Group) Co., Ltd for the tenth consecutive year.

Dear stakeholders, we hereby present the 2017 CSR report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd to the public. This report aims to truthfully present the CSR development and practice of the Group and reveal to our shareholders, employees, government agencies, customers and consumers, partners, public and other stakeholders of the Group's CSR information.

Basis of Preparation: This report is prepared by Fosun Pharma in accordance with the Guidelines on Preparation of National Standards for Social Responsibility Report in China GB36000 and the core program of the Sustainability Reporting Guidelines G4 released by the Global Reporting Initiative ("GRI"), which is also in compliance with requirements set out in the ESG Reporting Guide under Listing Rules issued by the Stock Exchange, and with reference to the Implementing Guidelines on Social Responsibility of Chinese Pharmaceutical Enterprises jointly initiated and compiled under the guidance of the most influential associations in the eight industries such as China Pharmaceutical Enterprise Management Association and China Pharmaceutical Industry Association.

Time Range: 1 January 2017 to 31 December 2017

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

Scope of Report: The scope of disclosure of this report is consistent with that of the 2017 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. For the scope of major subsidiaries disclosed, please refer to the List of Major Subsidiaries Disclosed in the Report set out at the end of this report.

The insert published in this report showed the innovative products and quality services of Fosun Pharma in innovative drugs, biological generic drugs, cellular immunotherapy, medical devices and medical services.

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Publication of the report: This report is published at the same time with 2017 Annual Report of Fosun Pharma. The financial information contained in this report is consistent with that presented in the 2017 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. published in respect of the A Shares. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified. The financial data disclosed in this report are prepared in accordance with the Accounting Standards for Business Enterprises – Basis Principles issued by the Ministry of Finance of the People's Republic of China.

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

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

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

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

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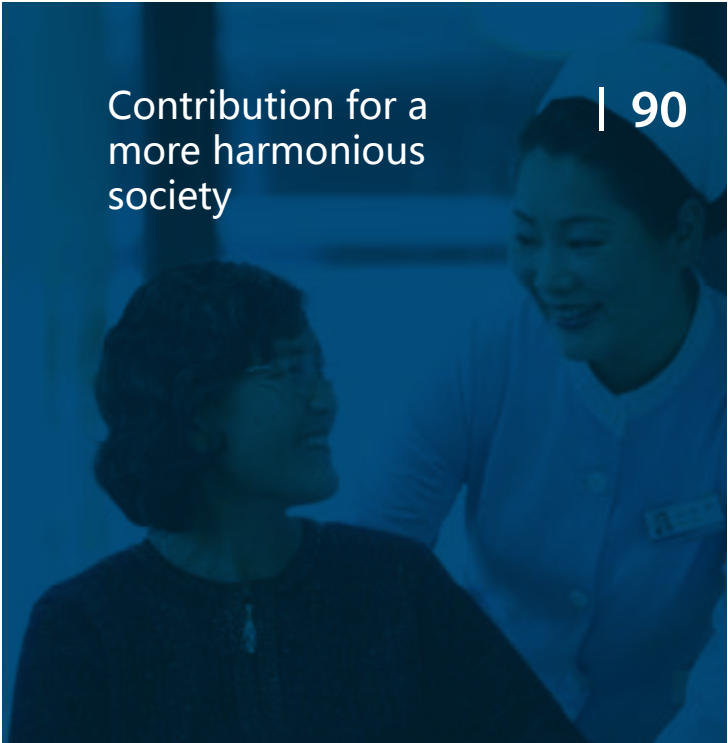
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Highlights of 2017

Acquisition of Breas, the respiratory medical devices company in Sweden

In late March, Fosun Pharma acquired Breas, a leading brand of respiratory medical devices in Europe. As Fosun Pharma has always been committed to providing innovative solutions to patients with respiratory diseases via our business platforms and professional channels, upon the completion of the transaction, Fosun Pharma will build up a strategic platform covering from early diagnosis of lung cancer and asthma to equipment and device products designed for common respiratory diseases in the field of respiratory medicine business, further enriching the product line of respiratory medical business.



Listing of Sisram Med on the main board of the Stock Exchange of Hong Kong

On 19 September, Sisram Med (Stock Code: 01696.HK), a globally leading provider of energy-based medical beauty devices, listed on the main board of the Stock Exchange of Hong Kong and became the first Israel company being listed in Hong Kong. Sisram Med is also the largest provider of energy-based medical beauty devices in China.



Setting up a technology innovation incubation platform, Fosun Lead

On 7 July, Fosun Pharma established a technology innovation incubation platform in partnership with Professor Xu Tian from Yale University. The technology innovation incubation platform was wholly funded by Fosun Pharma and engaged Professor Xu Tian as the chairman of the academic committee. The platform aimed at interfacing to the international advanced innovative technologies with the use of the "deep incubation" model, realizing the transformation of global innovative advanced technology by focusing on transformation of international advanced technology innovation, so as to establish a long-term mechanism for transformation of scientific and technological innovation, and facilitate the connection between Fosun Pharma and advanced international scientific innovation technologies and projects. In December 2017, Fosun Lead, the operating entity for technology innovation incubation platform of Fosun Pharma, was officially incorporated in Shanghai.

Completion of the acquisition of 74% equity interest in Gland Pharma

On 3 October, upon the completion of acquisition of Gland Pharma, Fosun Pharma holds 74% equity interest in Fosun Pharma. Gland Pharma is mainly engaged in injectable drug manufacturing business. It is the first injectable drug manufacturer in India which has been approved by FDA and has obtained GMP Certification in various markets in the world and its revenue is mainly derived from U.S. and Europe. Currently, Gland Pharma provides all global major pharmaceutical companies with the manufacturing services in relation to injectable generic drugs primarily through joint development of products and introduction of licenses. The completion of the acquisition will help promote the industrial upgrading for the pharmaceutical manufacturing business, accelerate the internationalization process and increase its market share in the injection industry for Fosun Pharma Group.

Acquisition of Tridem Pharma, a French pharmaceutical distribution company

In October 2017, Fosun Pharma announced that its subsidiary Fosun Pharmaceutical AG planned to acquire 100% of the equity interest in Tridem Pharma. The acquisition is beneficial to Fosun Pharma in continuously expanding its market share in Europe and Africa, enhancing the competitiveness in the African market, promoting the in-depth cooperation with pharmaceutical companies in Europe and the United States and expanding the coverage of marketing pharmaceutical products of Fosun Pharma in the international markets. Tridem Pharma is the third largest pharmaceutical distribution company in the French-speaking region of West Africa. It is mainly engaged in the export and distribution of pharmaceutical products for French-speaking countries in Africa and French overseas territories. It has more than 200 wholesalers and a sales team of about 600 professional salespersons, and its sales network covers the French-speaking area of 21 countries and regions (including African countries and regions).



Outstanding results achieved in monoclonal antibody R&D by Shanghai Henlius

In November, the rituximab injection (used for non-Hodgkin's lymphoma treatment) developed by Shanghai Henlius, Fosun Pharma's biopharmaceutical platform, was accepted by State Food and Drug Administration for review of drug registration. As of the end of 2017, 6 monoclonal antibodies, 11 indications were approved for clinical trial in mainland China, and 3 products of which entered clinical trial phase 3, another 3 innovative monoclonal antibodies were approved for clinical trial in the United States and Taiwan.

Setting up Suzhou innovation R&D Center

On 14 November, Fosun Pharma set up the Suzhou innovation R&D center in Suzhou, and Fosun Hong Chong, Wanxun Pharma and CMIC Pharmaceuticals invested by Fosun Pharma Group have settled in the innovation R&D center. At the same time, Fosun Pharma signed a Strategic Cooperation Agreement with the Management Committee of Suzhou Industrial Park. This strategic cooperation is expected to enhance the development of Fosun Pharma's innovation R&D platform in the eastern coastal area and to further strengthen its ability of original innovation and transformation of R&D results by integrating its existing industrial resources with the industrial development environment of Suzhou Industrial Park.



Fosun Kite Initiates the manufacturing of FDA-approved CAR-T Product Yescarta in China

On 5 December, Fosun Kite, a joint venture of Fosun Pharma, held a launching ceremony for its cell therapy base in Zhangjiang, Shanghai. In December 2017, adhered to the national GMP standard and based on the design philosophy of U.S. Kite Pharma's manufacturing process, Fosun Kite built an advanced ultra-clean cell-preparation laboratory. Currently, Fosun Kite is fully promoting technology transfer, preparation and validation for U.S. Kite Pharma's first product approved by the FDA, KTE-C19 (trade name: Yescarta), for the purpose of bringing the world's leading lymphoma treatment for patients in China as soon as possible.

Rewards and Recognitions

Feb

Ranked 1st in the Evaluation of Disclosure of Information on Environmental Responsibilities among Listed Companies in China (the China Association of Environmental Journalists)

Top 500 Chinese Brands in 2016 Asiabrand (asiabrand.com)

Fosun Pharma's green supply chain project was awarded the "Star of the Green Chain" (China-ASEAN Environmental Cooperation Center, Shanghai Environmental Protection Bureau, etc.)

Apr

Top 50 Listed Private Companies with Best Brand Value in China (Chinese Enterprise Research Center of Tsinghua University)

Jul

Top 100 Companies in China Pharmaceutical Industry (CFDA Southern Medicine Economic Research Institute, Medicine Economic News)

"Enterprise with Most Growth Potential" among Top 100 International Companies in Pharmaceutical Industry (China Chamber of Commerce for Import and Export of Medicines and Health Products)

Aug

Top 50 of the Best Listed Companies in Asia (bi-weekly Forbes)

Top 100 The Most Valuable Listed Companies on the Main Board in the Selection of Listed Companies in the PRC by Value (Securities Times, CHNFUND)



Sep



2017 Model of Sustainable Action, 2017 Award for Influence of Sustainable Action (Information Office of Shanghai Municipality, Shanghai Municipal Commission of Commerce and Shanghai Environmental Protection Bureau)

Top 500 Asian Brands and Top 10 Influential Brands in China (asiabrand.com, China-Asia Economic Development Association of Ministry of Foreign Affairs)

Top 100 Pharmaceutical Industry Enterprises of China in 2016 (China Pharmaceutical Industry Information Center)



Oct



"Top 50 New Pretty" voted by Goldman Sachs (Goldman Sachs Group)

Nov



Chen Qiyu, Chairman of Fosun Pharma, was awarded the Industrial Leader of Chinese Listed Companies (Finance)

Excellence Case of Precision Poverty Alleviation of Chinese Listed Companies (Finance)

Top Ten Pharmaceutical Industry Enterprise Group of China (China Pharmaceutical Industry Association)



Dec



Outstanding Enterprises Award (The Listed Companies Association of Shanghai, etc.)

SynTaoGF-Caixin ESG 50 Index (Caixin Media)

Mission

We are committed to rebuilding the R&D, manufacturing, operation, distribution and service systems of the healthcare industry through innovation and integration, so as to provide more efficient, much better and more convenient products and services.

Values



Care For Life



Continuous Innovation



Pursuit of Excellence



Sustainable Partnership





Profile of Fosun Pharma

Established in 1994, Fosun Pharma (stock code: 600196.SH, 02196.HK) is a leading healthcare group in the PRC. Adhering to the mission of improving human health, Fosun Pharma's business covers all key sectors of healthcare industry chain, including pharmaceutical manufacturing and R&D, healthcare services, medical devices and medical diagnosis, as well as pharmaceutical distribution and retail.

Fosun Pharma always regards innovation as the driving force for its business growth, continuously optimized its pharmaceutical R&D system that integrates imitation and innovation and has established international R&D team in China, the United States, India and etc., forming a globally interactive R&D system.

Fosun Pharma owns a national recognized enterprise technology center and establishes efficient innovative chemical drugs platform, biologics platform, high-value generic drugs platform and cell-therapy platform. At present, Fosun Pharma's products maintained the leading position in various therapeutic areas of each market segment, including blood system, central nervous system, metabolism and the digestive system, anti-infection, cardiovascular system and anti-tumor therapeutic.

Looking forward, Fosun Pharma will adhere to the brand philosophy of "Innovation for Good Health". Focusing on the unmet needs in the medical field, we will stick to the development model of "organic growth with external expansion and integrated development" under the guidance of "4IN" strategy (Innovation, Internationalization, Integration, Intelligentization), striving to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market.



ADHERENCE FOR MORE COMPLIANT MANAGEMENT

As the ever-expanding in scale and the gradual acceleration in internationalization process, sustainable development strategy is included in the corporate strategy system for Fosun Pharma Group. The Group strives for sustainable development through optimized management, strengthened internal control and proactive communications with stakeholders so as to integrate CSR strategy into each segment including R&D, manufacturing, marketing and healthcare services.

Sustainable Development Strategy

The sustainable development strategy of Fosun Pharma is inseparable with the overall strategy of the Company. According to the Company's strategic plan, the Company formulates the short-term goal, medium-term goal and vision of the sustainable development strategy, and formulates the sustainable development strategy steps and measures each year to continuously improve sustainable development management.

Strategic Goals of Fosun Pharma:



Short-term Goal (2015-2020)

To become a leading international innovative company in China



Medium-term Goal (2020-2030)

To become a pharmaceutical company with global competitiveness in China



Vision

To become a leading company in the mainstream global healthcare markets

Sustainable Development Strategy



Short-term Goal (2015-2020)

Further promote sustainable development strategy with Fosun Pharma Group's overall strategy, gradually keep up with international norms and turn ourselves into the most socially responsible enterprise in China's pharmaceutical and healthcare industry with sustainable development



Medium-term Goal (2020-2030)

To be a part of the global sustainable development system, and become a Chinese pharmaceutical health company with international social responsibility awareness and reputation.



Vision

Become one of the most respected corporate citizens in the pharmaceutical and healthcare sector and a Chinese pharmaceutical health company with global social responsibility influence.

Strategic Steps and Measures of Sustainable Development Strategy

Strategic Steps

2017

- Promoted further implementation of the quality and EHS policies of the subsidiaries
- Continuously promoted the construction of supplier management system, and further promoted the green supply chain projects of Fosun Pharma Group
- Continuously propelled the construction of a CSR system, to established systems including data collection in the Internet environment
- Integrated with the community charity system of Fosun Group, to established systems including data collection in the Internet environment the community charity system of Fosun Pharma
- Explore the CSR management system of healthcare service

Plans for 2018

- We will promote the full implementation of EHS management system among subsidiaries
- We will continuously improve the quality management level of subsidiaries of the Group, and promote breakthroughs in major international projects relying on the FOPEX system
- We will continue to improve the procurement management system, deepen centralized procurement projects, and cooperate with subsidiaries to further enhance the environmental compliance of the supply chain and improve the environmental impact of the supply chain
- We will further cooperate with Fosun Group's charity system to enhance the Group's charity brand
- We will establish a CSR system for healthcare service and improve management according to Fosun Pharma's CSR strategy

Strategic Measures

2017

- Further promoted and implemented the quality and EHS policies in all segments of the Company under the guidance of EHS Management Office of the Company
- Further extended the comprehensive ability and level of procurement management, promoted the implementation and promotion of green supply chain relevant systems in subsidiaries
- Established an online CSR data collection system, optimizing the process of data collection
- Collaborated and integrated with Fosun Foundation to promote charity projects and help business development
- Set up CSR leading group and task force for healthcare services

Plans for 2018

- We will continue to promote the orderly implementation of the EHS management system among subsidiaries by focusing on the internal audit of the EHS system. Through the introduction of the hospital EHS management system and the PSM system, to achieve an iterative upgrade of the EHS management system in the applicable subsidiaries.
- We will increase annual auditing efforts and coverage on the quality system, increase the frequency of inspections, and give strong support to major international projects
- We will promote the procurement management system and informatization construction, expand the categories of centralized procurement projects, promote the EHS on-site audit of subsidiaries' based on the category, and regularly track and supervise the improvement of suppliers
- We will collaborate with Fosun Group to establish an efficient charity system and create influential charity projects
- We will collaborate with healthcare service subsidiaries to publish CSR White Paper on healthcare service of Fosun Pharma

CSR Management

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

CSR Philosophy

The philosophy of sustainable development of Fosun Pharma Group is represented by its pursuit of the sustainable development of talents and products. With a mindset of gratitude, Fosun Pharma Group has been endeavoring to meet the expectations of society, the government, our employees, shareholders and other stakeholders throughout the business development.

CSR Task Force

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

The CSR task force of Fosun Pharma is responsible for the promotion of CSR sustainable development. The Company has published a CSR report every year since 2008. The Brand and Public Relations Department is responsible for leading and coordination as well as compiling the report. In 2017, the task force appointed 36 members in charge of various key functions including EHS, HR, quality and centralized purchasing, to instruct and implement the CSR affairs of Fosun Pharma Group, and further carry out CSR work via the enhancement of indicators of assessment. Meetings are convened regularly every year to implement specific CSR work.

CSR Regular Training

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

In December 2017, at the start-up meeting of Fosun Pharma 2017 corporate social responsibility (CSR) report, Fosun Pharma invited the experts of SynTao on social responsibility to conduct the trainings of The Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange for members of the Fosun Pharma CSR report task force and to provide special guidance for the preparation of the 2017 annual ESG report of Sisram Med under Fosun Pharma.

Independent Authentication from the Third Party

To better showcase our CSR practices and development to the public, an independent third party assurance agency without any interest conflicts is entrusted by Fosun Pharma for the independent authentication service, which indicates the openness, transparency and dependability of the report.



Start-up Meeting of Fosun Pharma 2017 Corporate Social Responsibility Report

CSR Management Process



Materiality Analysis

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

In 2017, Fosun Pharma conducted detailed research on the hot topics, national policies and industry trends during the year, compared and studied the topics and materiality matrix in the sustainability reports (CSR reports) of other companies in the same industry based on the Company's actual development status, assessed the materiality of various topics in six aspects (strategic management, economy, product and service quality, EHS, employees and society) from two dimensions ("materiality to the Company" and "materiality to the stakeholders"), identified and selected the materiality issues of importance to both the Company and the stakeholders, and determined the following materiality matrix.

Materiality topic of CSR work of Fosun Pharma in 2017 were product quality, healthcare service quality, resources conservation and recycling, staff occupational health and safety management, remuneration and welfare as well as career development of employees.

Identification of issues

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

Formation of issue bank

Interview and exchange

Consulting and communicating with stakeholders, and distributing survey questionnaires to analyse the topics

Assessment and analysis of issues

Screening and assessment

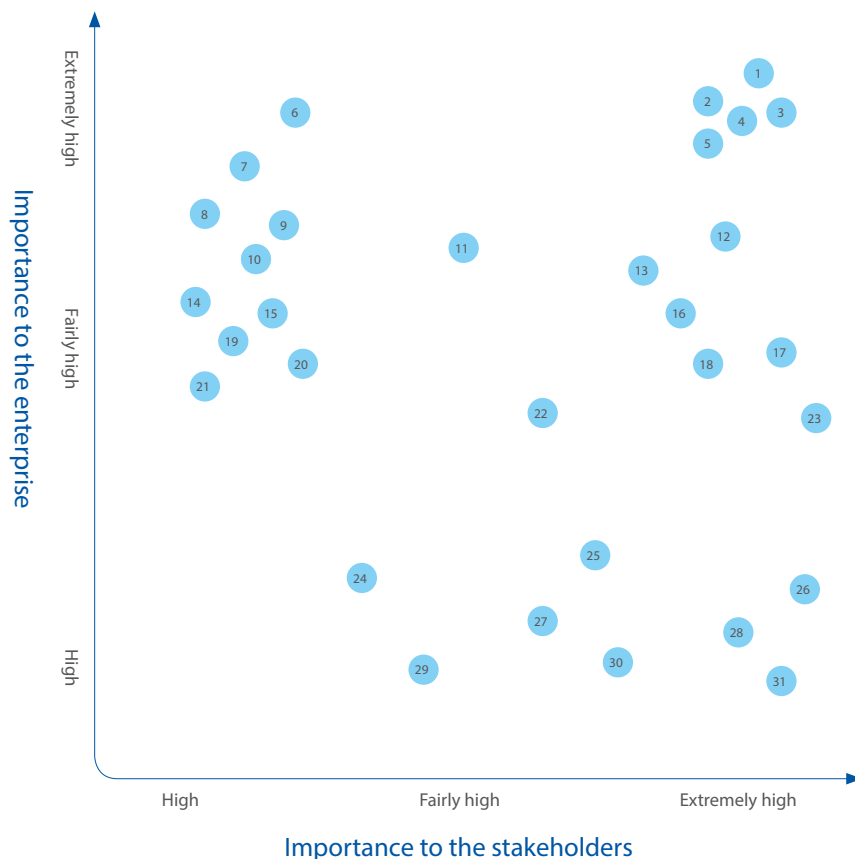
Examining the influence of issues in an objective manner, considering the opinions of stakeholders and screening important issues from the optional issues

Screening of materiality issues

Approval and confirmation

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

Responding to materiality issues



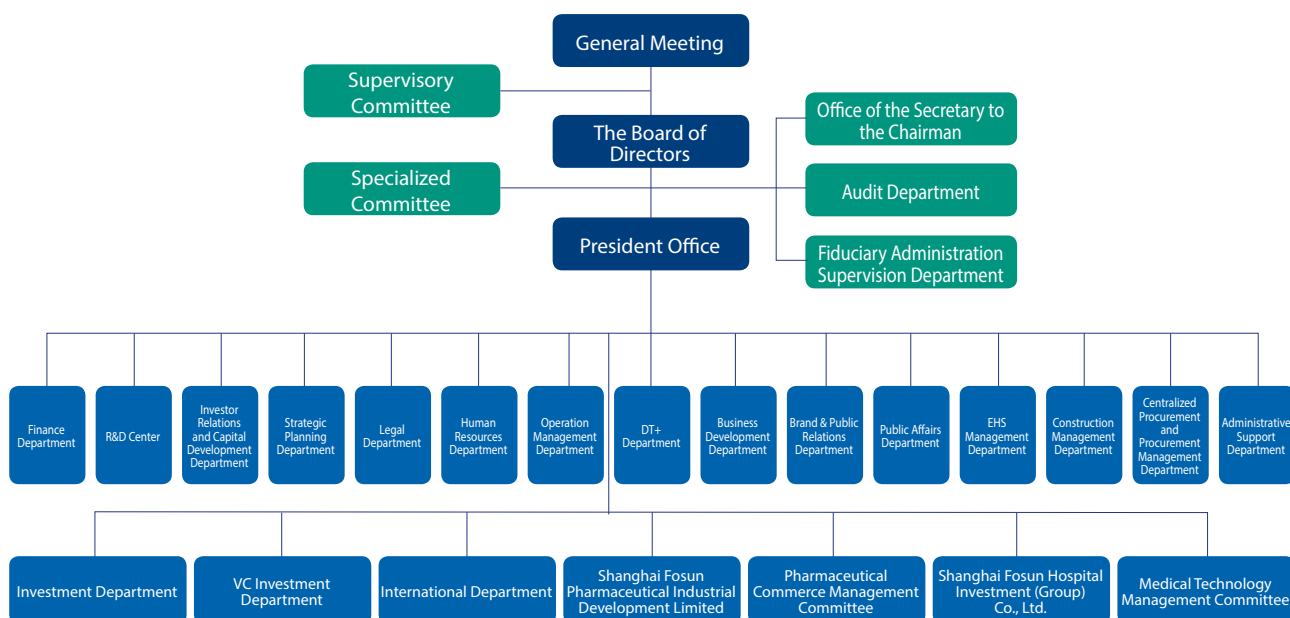
- | | | | |
|--|---|---|--|
| 1 Product quality | 9 Anti-corruption supervision | 17 Customer satisfaction | 25 Compliance management of suppliers |
| 2 Resource conservation and recycling | 10 Integrity management | 18 Career development of employees | 26 Customer privacy |
| 3 Occupational health of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

Structure Optimization

Fosun Pharma Group embarks on transformation in response to market changes, implements innovative strategies and improves organizational structure in a timely manner. In order to further strengthen the connection and integration of resources, the Company cancelled the "Pharmaceutical Industry Management Committee" and the "Medical Service Management Committee" in 2017, the businesses of which have been undertaken by Shanghai Fosun Pharmaceutical Industrial Development Limited and Shanghai Fosun Hospital Investment (Group) Co., Ltd. respectively; The merged division by the Medical diagnosis Division and the Medical Devices Division, together with the newly established Medical Technology Management Committee, are responsible for operations in the field of medical diagnostics and medical devices. In addition, Fosun Pharma established subsidiaries in Europe and the United States to perfect the internationalization organization structure.

The Company has also built a corporate governance structure comprising Shareholders' Meeting, Board of Directors and its Standing Committees, Board of Supervisors and management.

To enhance the efficiency and expertise in decision making and to effectively prevent risks to Group development brought about by erroneous decisions and judgments made by a few individuals, Fosun Pharma promotes and strengthens the creation and effective operations of inter-departmental working committees. At the management level, the Company has set up a number of working committees composed of senior managerial officers, heads of functional departments and other specialists. The working committees are collectively an inter-department decision making and coordination organization that aims to enhance expertise in decision making and increase the efficiency of decision making and execution.



Regulation of Corporate Governance

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

- 1 As to controlling shareholders and listed company: The controlling shareholders of the Company have not acted in a way that exceeds the limit of their authority to, directly or indirectly, intervene in the decision-making processes or production and operational activities of the Company, or have performed any acts that damage the interests of the Company and other shareholders. The controlling shareholders are independent from the Company in respect of employees, assets, finance, organizations and businesses. The Boards of Directors and Supervisors and other internal authorities of the Company operate independently.
- 2 As to directors and the Board of Directors: The Company selects and appoints directors in strict compliance with the procedures stipulated in the Articles of Association, and the number of members and composition of the Board of Directors are in conformity with the applicable laws, regulations, and the Articles of Association. The Articles of Association clearly defines the rules of procedures for Board meetings. The Company has formulated the Board Diversity Policy. As of 31 December 2017, the Board had eleven directors (including one female director), four of which were independent non-executive directors who are respectively professionals in accounting, law and strategic fields, which comply with the provisions of the Code of Corporate Governance for Listed Companies and development needs of the Company. The Board has established four standing committees, namely, Strategic Committee, Audit Committee, Nomination Committee, and Compensation and Appraisal Committee. The Company has also set the scope of authority and implementation rules for respective standing committees.
- 3 As to supervisors and the Board of Supervisors: The Company selects and appoints supervisors in strict compliance with the procedures stipulated in the Articles of Association, and the number of members and composition of the Board of Supervisors are in conformity with the applicable laws, regulations and the Articles of Association. Supervisors of the Company act independently and effectively exercise their supervision and examination rights over the directors and senior management of the Company. The Board of Supervisors conducts meetings regularly and convenes extraordinary meetings in a timely manner whenever necessary. The Articles of Association has stipulated the rules of procedures for the meetings of the Board of Supervisors.
- 4 As to performance assessment and incentive mechanisms: The Company has actively formulated performance assessment standards and procedures for its senior management personnel, and amended and refined the standards and procedures according to the actual conditions in a timely manner. As of the end of the reporting period, the two tranches of restricted A Shares under the two Incentive Schemes implemented by the Company has been unlocked, as the conditions for unlocking the aforementioned restricted A Shares have been satisfied. Meanwhile, in order to promote long-term and stable development of the Group, the incentive mechanisms for senior management personnel and key personnel has been further improved.
- 5 As to stakeholders: The Company fully respects the legal rights of shareholders, employees, clients and consumers, suppliers, communities and other stakeholders, and actively works with them and ensures adequate communication in multi-channels to jointly push forward the sustained and sound development of the Company.
- 6 As to information disclosure: The Company fully fulfilled its information disclosure obligation in strict compliance with applicable laws and regulations as well as the requirements stipulated in the Administration Measures for Information Disclosure issued by CSRC, the Guidelines for Management System of Information Disclosure of the Listed Companies issued by SSE, the Guidelines for Suspension and Exemption on the Disclosure of the Listed Companies issued by SSE, the Articles of Association, the Regulation on Information Disclosure issued by the Company and the Regulation on Suspension and Exemption on the Disclosure of the Companies. Meanwhile, the Company has drafted the Management System for External Information Reporting and Use, Management System for the Insiders of Inside Information, and Accountability System for Material Errors in Annual Report Information Disclosure, and has fully implemented those systems to ensure the disclosure of information is timely, fair, true, accurate and complete. In addition to information subject to statutory disclosure requirements, the Company has periodically published its Self-Assessment Report on Internal Controls and Corporate Social Responsibility Report to the public and retained professional institutions to provide the Company with examination/audit opinions to illustrate fully the transparent and standardized operations of the Group. The Company values communication and interaction with its investors and formulated related systems, such as the Management Measures for Investor Relations so as to ensure that investors can acquire public information of the Company fairly and timely.

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

Consolidation of Internal Control Practices



Internal Control Practices

- The Company continuously implemented the management of centralized procurement process and appraisal work of post-purchase and effectively realized the goals of cost reduction and efficiency improvement
- In terms of centralized procurement and strategic procurement, we gradually refined the procurement expert database and its operation mechanism to ensure the enforceability of the centralized procurement project in later phase. We also regularly followed the procurement execution of the centralized procurement and strategic agreements to provide further basis for the management to optimize the procurement strategy
- In terms of control over project budget and construction process, we continued to promote system construction and system management
- The Company strengthened the management of infrastructure projects in the medical services sector
- The Company developed a complete internal control system and prepared regulatory documents to enhance internal communication



Internal Monitoring

- Effective combination of financial audit and audit on internal control was carried out to ensure the audit was conducted in a more intensified and deeper manner
- We continued to strengthen the special audit covering a number of material business areas
- The Company strengthened the comprehensive procurement business and audit on special centralized procurement projects of its holding subsidiaries/entities



Assessment

- No material and significant defect has been found in the current year
- External independent auditor has completed the audit on internal control and issued an unqualified opinion on internal control

Continuous improvement of internal control system

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

Continuous Implementation of internal control

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

By integrating its management system and making full use of a variety of resources, the Company aimed to enhance its resource integration across various sectors and businesses. The Group continued to perform management on the centralized procurement process and post-procurement assessment to effectively reduce costs and enhance efficiency. In the aspect of supplier management, the Company completed the annual assessment on major suppliers. Suppliers in the scope of effective cooperation have been evaluated, and the evaluation results were shared within the Group, for the purpose of enhancing the Group's capability of selecting suppliers in the procurement of common materials and reducing the risk of enforceability in later phase. At the same time, the focus on risk control in connection with suppliers was shifted forward, and the credit information system was introduced during the bidding phase to help the Company identify the potential risks in advance in the bidding stage.

In the aspect of centralized procurement and strategic procurement, through advancing the combination of centralized procurement projects with strategic agreements, the Group maximized the effect of the platform so as to achieve synergies in both cost reduction and efficiency enhancement and strengthened cooperation with leading enterprises in the industry. During the progressing of the centralized procurement project, the Group gradually refined its procurement expert database comprising professionals of the Group, and fully mobilized the motivation of the professionals in each business segment. During the specific execution of the centralized procurement projects, the experts included in the database were deployed for participation in the whole process. Actual circumstances of each holding subsidiary/entity was fully taken into account to ensure the enforceability of the project. In each quarter, information of every procurement will be collected for a comprehensive statistics and analysis on cost reduction via tracking the implementation of the centralized procurement and the strategic agreements, with a view to providing further basis for the management to optimize the procurement strategy.

In respect of project budget control and construction control, the Group issued the Operation Rules for File Management of Construction Projects on Site of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. on the basis of the Regulations on Archives Management of Infrastructure Projects of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. to provide guidance to file management of construction projects on site and regulate the files management of construction projects of the enterprise. In this way, the files of the Company are expected to be stored and utilized in a complete, systematic and effective manner, making use of the infrastructure files in corporate operation and management and avoiding various risks arising from operation. The Group continued to strengthen the tendering management of infrastructure projects through performing engineering design, cost consulting and bidding agency, supervision on construction and establishment of wire and cable strategic database. We also accelerated the process of procurement and tender management while reducing the construction cost by invitation tendering. In respect of bidding related to major infrastructure projects, the centralized procurement and procurement management department and the infrastructure management department are jointly responsible for the implementation of the entire bidding process to ensure compliance of the entire bidding process. For the cost audit on the project implementation process, the infrastructure management department conducted back-to-back audits based on the cost audit of the third-party consulting company to ensure the reasonableness of expenses; the Group continued to promote the standardization of process management. For the open tendering and invitation tendering, the bidding should be carried out in the procurement and bidding and tendering platform of Fosun to ensure that suppliers are selected on the premise of fairness, openness and justice. In the meantime, the Company's expert opinions were also consolidated in the process, and the risk control over the terms of design and general contracts, effectively preventing the risk of contractual terms in infrastructure projects.

In 2017, the Group implemented the division of responsibilities for ABC role management of infrastructure projects and the AB role management of costs and cost management in Shanghai Fosun Pharmaceutical (Group) Co., Ltd., clarifying the division of responsibilities among the responsible persons of various infrastructure projects and promoted the infrastructure projects through teamwork. In order to cope with the rapid development of medical service business and strengthen the management of infrastructural projects in the medical service sector, the Management Structure and the Measures for Management of Personnel Workflow of Infrastructure Projects of Shanghai Fosun Hospital Investment (Group) Co., Ltd. were promulgated to clarify the composition of the project management structure and its division of functions and roles, enhance the comprehensive ability of management personnel of infrastructure projects. In the same period, in order to strengthen anti-corruption practice in government infrastructure projects and regulate the duty performance of project management personnel, the Group promulgated the "Regulations on Integrity Management of Construction Projects of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Trial)" to effectively prevent and control the risks of fraud and corruption of infrastructure projects and ensure compliance and development of infrastructure projects in an orderly manner.

The Group refined and unified the authorization system of its subordinate controlling subsidiaries/entities under the medical service business segment to further promote the application of the OA office platform of such subsidiaries/entities. Process optimization shall be continued to be implemented on an on-going basis for each holding subsidiary/execution on the OA office platform.

In terms of internal information communication, the Company formulated a relatively complete system of internal control, prepared certain regulatory documents and created conditions to ensure the smooth circulation of information and communication, so that the Company can collect internal information in a timely manner. For instance, the Company has assigned directors, chief financial officers and so on to affiliated enterprises respectively to participate in the major business decisions and monitoring on the operation of the enterprise and strengthen the communication and contact between the upper and the lower levels; the Company also established regular and irregular business and management reporting system, special report system, business meeting system or special meeting system, system of president office meeting, in an effort to ensure that employees in relevant positions keep informed of all aspects of the Company's information and the Company run in a normal and effective manner.

Continuous implementation of monitoring and self-assessment of internal control

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

The Group's internal supervision and inspection focused on special audits combining financial audit and audit on internal control. Better audit results have been achieved, as the Group paid particular attention to discover deeper management and control issues while continuing to conduct special audit on business processes.

Financial audit and audit on internal control have been combined effectively to conduct the audit in a more intensified and deeper manner. The Group further strengthened the combination of financial audit and audit on internal control. While focusing on the effectiveness of design of key control points of business processes, the Group identified the defects of internal control of its financial statements and the potential issues in the business process on the basis of data, and put forward suggestions to improve the business process.

We continued to strengthen the special audits which cover a number of important business areas, such as engineering, sales and R&D. Special audits were also carried out targeting business processes with relatively high risks according to the principle of risk orientation. The Company performed precaution measures beforehand as problems arising from the bidding and tendering section and the implementation of examination and approval could be identified in a timely manner through the audits of the construction in progress of new construction projects. Audits on effectiveness of sales expenses were enhanced via audits on the sales process, to ensure the authenticity and reasonableness of sales expenses; Special audits on R&D projects stressed on the link between expenses and progress of R&D projects, management of clinical research of R&D projects, entering and settlement of outsourcing contracts, etc., so as to control cost of R&D projects effectively. The Company continued to strengthen assessment and audits on persons leaving their posts of the controlling subsidiaries/entities to evaluate the business performance of the senior management during their term and clarify their responsibilities.

Special audits were enhanced on procurement business and centralized procurement of the subsidiaries/entities. Apart from audits on the bidding and tendering management and cost control, the Group also conducted audits on the effectiveness of established centralized procurement projects, with a view to promoting and implementing of the centralized procurement projects in controlling subsidiaries/entities, and identifying and eradicating risks of fraud during the procurement process in such subsidiaries/entities.

As for the internal control assessment, the Company continuously enhanced the quality of internal control self-assessment work by persistently facilitating subsidiaries to commence their own self-assessment of internal control. In 2017, the Company further extended the scope of assessment by coaching and helping 20 subsidiaries to commence their own self-assessment of internal control, and the number of last year was 18, which improved the efficiency and effectiveness of internal control assessment of the Group.

Assessment of internal control and external supervision

In the year of 2017, the Group continued to implement the internal control management requirements, kept internal control construction systematic and standardized, strengthened the supervision and inspection and controlled and prevented the related risks. The Group has maintained effective internal control in all material respects in accordance with the internal control standard system and related regulations. There is no material weakness or significant deficiency in this year. The external independent auditing organization has completed the internal control audit and issued the unqualified audit report.

Corporate Citizen Commitment

Improve anti-corruption institution and system

In accordance with the requirements of the "Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Anti-corruption Supervision and Management System", Fosun Pharma adheres to the work policy of "combining punishment and prevention, focusing on prevention" and continuously improves anti-corruption and compliance control system integrating prevention, supervision, and punishment so as to realize the anti-corruption target of laying emphasis on prevention, enhancing supervision, and improve governance.

In 2017, Fosun Pharma further improved anti-corruption institution and system, successively formulated and issued the "Anti-Corruption Regulations", "Agreement on Anti-Commercial Bribery", "Regulations on Clean Governance of Construction Projects", "Management Regulations on Reporting", and "Management Regulations on Protection of and Rewards for Informers and Witnesses", revised "Honest Practice and Management Requirements for Employees", and established the basic framework of the Group's anti-corruption institution. Meanwhile, it formulated "Management Regulations on Protection of and Rewards for Informers and Witnesses" and rewarded the informers of relevant clues.

Anti-corruption promotion and training

Fosun Pharma has always been implementing the establishment of honest culture as its strategic effort. To protect normalized and orderly management in the company, and boost awareness and spontaneous compliance with local laws and regulations and the various requirements and systems of the company, honest fulfillment of duties, and honest practice, in accordance with the spirit of "Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Anti-corruption Supervision and Management System" implemented by Fosun Pharma and as required by "Honest Practice and Management Requirements for Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.", as one of the important initiatives in combating corruption and upholding integrity, new hires of Fosun Pharma headquarter must sign the "Letter of Undertaking for Honest Employee Practice of Shanghai Fosun Pharmaceutical (Group) Co., Ltd." upon employment. Basically, the letter of undertaking covers all of the employees with a signing rate of 100%. The letter of undertaking stipulated that employees of Fosun Pharma may not take advantage of their duties and work to seek illegitimate interest and undermine corporate interest.

Meanwhile, to reinforce the enhance the awareness of anticorruption and honesty promotion, the Fiduciary Administration Supervision Department of the Company conducted anti-corruption and honesty practice promotion and education and induction training on honest culture construction for its new hires in Shanghai six times in 2017. The Company required new hires to comply with national laws and rules and its regulations, with an aim to achieve integrity and compliance regarding their respective duties.

The website of the Discipline Inspection Commission and Fiduciary Administration Supervision Department on Fosun Pharma's OA System will periodically update anti-corruption news, cases, laws, and regulations for active promotion of and education on anti-corruption laws. In 2017, the Fiduciary Administration Supervision Department published over 60 anti-corruption articles in total. The articles mainly focused on anti-corruption news in pharmaceutical and medical industry, interpreted domestic and international anti-corruption laws and regulations, and targeted risk points in combination with specific cases, which can help educate and prevent the staff from anti-corruption.



20 subsidiaries

were facilitated to commence their own self-assessment

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material weakness or significant deficiency

Meanwhile, Fosun Pharma carried out monthly anti-corruption and honesty promotion activities in the Headquarters and subsidiaries through posters, brochures, etc. It also initiated reporting through the official website of Fosun Pharma.

Strengthen supervision and improve governance

The supervision on bidding projects is also routine work of the Fiduciary Administration Supervision Department. In 2017, the the Fiduciary Administration Supervision Department of the Company participated in the supervision on more than 60 projects, discovered and held down some nonconforming acts, and eliminated certain potential risks. Meanwhile, to enhance professional qualification, it took an active part in the training on bidding laws. With complaint and report as a breakthrough, the department has laid stress on the investigation of relevant cases. In 2017, it accepted and investigated 11 cases, which helped promptly suspend some construction project with huge risks, avoid significant losses, and hold relevant personnel liable.

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

In the days to come, the Fiduciary Administration Supervision Department will further improve the Company's anti-corruption and compliance system, continue to strengthen routine supervision and special inspection and to learn from the anti-corruption practice by some transnational enterprises, enhance the research on the FCPA and the UKBA, in an desire to meet the strategic requirements of the Group's globalization and to provide strong compliance support for the Group's rapid, healthy, and sustainable development.

PURE AND CLEAN, INSIDE OUT

Not only can we provide clean products and services but also provide products and services in a clean way



Stakeholders

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

Stakeholder Engagement

Fosun Pharma has established an effective communication mechanism and platform for stakeholders, such as its shareholders, partners, employees, clients and consumers as well as the public, which helped stakeholders to gain insight into CSR practices of the Group. Through effective engagement, Fosun Pharma actively and promptly responded to the concerns of all stakeholders, thus continuously improving the internal management of the Group.

Shareholders (Investors)

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

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

In 2017, the Investor Relations and Capital Development Department participated in the summit of investor exchanges organized by domestic and foreign brokerage houses around the world and arranged for more than 20 visits by large institutional investor groups from domestic and overseas brokerage houses to the headquarters of or companied controlled by Fosun Pharma or in which Fosun Pharma held interests. Subsequent to the release of the annual report and the interim report, the management of Fosun Pharma and the IR team went to more than 10 city roadshows both at home and abroad and conducted in-depth exchange with investors on the development and strategic planning of the Company.

Fosun Pharma was awarded the "2017 Golden H-shares – the Most Valuable Pharmaceutical Company" award.

In 2017, Fosun Pharma held 30 Board meetings, 6 supervisors' meetings and 1 general meeting.

Clients and consumers

The pharmaceutical manufacturing member companies of Fosun Pharma Group actively carried out various customer training sessions, national and regional academic seminars throughout the year, which laid the foundation for the safety and reasonable use of products.

Doctor-patient relationship

The healthcare service subsidiaries of Fosun Pharma Group continuously improve the quality of healthcare services, and strive to make every patient feel warm, comfortable and safe. In the meantime, following the management requirements of "modernization, standardization and refinement", and by focusing on three prioritized initiatives, namely "construction of healthcare quality system, construction of quality management system and attainment of achieving healthcare quality target", the Group continues to improve healthcare quality and effectively ensures the safety of healthcare services."

Customer satisfaction survey

Each healthcare service subsidiary of Fosun Pharma Group recorded a customer satisfaction rating of over 94% in 2017. The medical diagnostic subsidiary conducted more than 100 customer satisfaction surveys with distributors and hospital customers in 2017.

Customer service and complaint

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

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

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

Suppliers

In order to further regulate the procurement activities of its subsidiaries, Fosun Pharma Group established and issued the "Rules on the Procurement and Tender of Infrastructure Projects of Shanghai Fosun Hospital Investment (Group) Co., Ltd." and the "Rules on the Management of Contracts of Infrastructure Projects of Shanghai Fosun Hospital Investment (Group) Co., Ltd.". Such initiatives further promoted the improvement of standards and procedures for the procurement activities within the Group's business segments.

Fosun Pharma and its subsidiaries had all established well-rounded supplier management system, selected their suppliers through fair price competition or bid invitation and site inspection, and had established the annual supplier quality review system to ensure the quality and safety of drug and other healthcare related products at the source; Audit was conducted on the pharmaceuticals, medical devices, medical diagnostics sector suppliers of Fosun Pharma Group so as to ensure the safety of products and services from the source.

Peer interactions

Fosun Pharma communicated with peers through corporate cultural exchange, visits and benchmarking analysis. In 2017, a team of more than 20 people from Fosun Pharma and its related member companies visited GE, communicating and exchanging ideas with GE's Director of Fine Manager of China Region on areas such as fine management. In October, taking advantage of the opportunity of Shanghai Caohejing International Scientific and Technological Innovation Carnival, Fosun Pharma held the 2nd "Star Innovation Carnival- 2017 Fosun Pharma Innovation and Entrepreneurship Competition". Through the arrangement of roadshows for innovative projects and PK sessions, Fosun Pharma intended to support the realization of science and technology innovation projects in frontier areas and to create the new ecology of science and technology innovation.



Fosun Pharma held

30 Board meetings,

6 Board of Supervisors' meetings

and

1 general meeting



Average customers satisfaction rating
of healthcare service subsidiaries of
Fosun Pharma
over **94%**

Subsidiaries and Partners

Fosun Pharma and its subsidiaries carried out in-depth corporate culture integration. In 2017, by convening departmental meetings, organizing annual awards selection and carrying out various training sessions, the communication and culture exchange among the subsidiaries of Fosun Pharma were strengthened.

Fosun Pharma actively carried out Party committee activities with its partners or subsidiaries. In July, the Party committee of Fosun Pharma carried out exchange, visit and learning activity at the Party construction center of the Hong Mei Street community with other five Party co-construction units and promoted the normalization of “two areas for learning and one area for practice”. More than 20 representatives participated in the exchange activity, who came from Fosun Pharma Party committee, Sinopharm Party committee, Putuo District Party committee, Yuyuan Mall Party committee and the Party committee of School of Life Sciences of Fudan University.

Community services/charitable activities

In 2017, Fosun Pharma completed more than 45 charity donations, including medical aid, educational support and poverty alleviation.

In 2017, the Group actively engaged in community service in various forms such as free health counselling activities and health talks, free measurement of blood pressure and blood sugar, charity clinics and other activities to serve the community residents. Our healthcare service member companies enthusiastically participated in public services, and organized more than 183 sessions of volunteer team activities, 108 public health talks and health counseling to help the elderly and the disabled, delivering medicine to countryside areas and other charity activities.

Information disclosure and media communication

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

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

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

In 2017, the Company disclosed its progress, convened press conferences, held a Fosun technological innovation media salon activities through daily media interviews and receptions and timely press releases, and promoted its communication with the media by ways like media interviews on interim results and communication activities to establish and maintain a good relationship between the two sides, making the disclosure of the Company's information more true and transparent.

Fosun Pharma has established cooperative relationships with financial and public relations companies in Hong Kong to build up contacts and continuous communications with Hong Kong and overseas media through their professional services.

According to third-party public opinion monitoring statistics, in 2017, Fosun Pharma published over 116,000 articles at home and overseas including the announcement of Fosun Pharma's interim results, the establishment of Fosun Pharma's innovation incubation platform, the industrialization process in China of Yescarta of Fosun's CAR-T product, the startup of its R&D headquarters base in Zhangjiang Innovation Centre and the sales breakthrough of 100 million doses of China's first new drug artesunate for injection, which received widespread attention from media.

Relationship with the government

Visit of government

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

For the purpose of promoting the innovative business, quality management and MAH pilot scheme, relevant government officials from the Shanghai Food and Drug Administration, the Municipal Science and Technology Commission, the Municipal Commission of Economy and Informatization, Municipal Development and Reform Commission, City Health Planning Commission, the Municipal Commission of Commerce and other government agencies visited the project base of Company to conduct survey and research. In addition, a number of initiatives of the Group, such as registration of new drugs, consistency evaluation and production of small-group drugs which are in short supply in the market, also received government support.

Policy consultation and giving advice

Pharmaceutical subsidiaries of the Group were organized to participate in the preparation of “Guidelines for Techniques of Drug Manufacturing and Liquid Preparation” led by food and drug administration authorities of the state, and to provide suggestions and advices on a number of national policies and regulations on drug administration, such as national “Drug Administration Law”, “Regulation on Registration and Administration of Drugs”, “Regulation on Registration and Administration of Pharmaceutical Sales Representatives”. members also took part in the on-site discussion on “Guiding Principle for Review on Registered Technologies for Storage Bag for Blood and Blood Elements – Non-clinical Appraisal” and provided rational advices.

The following proposals were delivered to the National CPPCC and Shanghai CPPCC at the NPC and CPPCC meetings and through relevant industry associations: “Proposal for Encouraging Bio-tech and Pharmaceutical Enterprises to Build the Sci&Tech Complex Centering on ‘Health’”, “Proposal for the Creation of ‘Building an Sci&Tech Center of Model Enterprise in Scientific and Innovation Center with International Influence’”, “Proposal for the Developing Distinctive Policies for Healthcare Institutions with ‘Healthcare and Nursing’ Functions”, “Proposal for the Pilot Scheme for Long-term Nursing Insurance from High Starting Point and Under High Standards”, “Proposal for the Development of Medical and Healthcare Industries in Shanghai Free Trade Zone”, “Proposal for the Reduction of Corporate VAT Rate”, and “Proposal for Eliminating, Deferring or Reducing Fees and Charges for the Registration of In Vitro Diagnosis Products”.

Government projects

Commissioned by the Ministry of Commerce, the Company hosted the “Seminar on Pharmaceutical Quality in Developing Countries 2017”, which attracted more than 30 government officials and experts involved in the areas of health and drug regulation from a number of developing countries, such as the Czech Republic, Zambia, Tanzania, Cambodia, Panama and Seychelles;



Average customers satisfaction rating of healthcare service member enterprises of Fosun Pharma
over 94%



Completed over **45** charitable donations



The healthcare service subsidiaries held above **183** talks on public health and health consultancies, **108** social welfare activities including public health talks and health consultations, helping old disabled people and sending medicine to the countryside

The Company provided support for the 2017 new media appraisal event organized by Shanghai Municipal Health and Family Planning Commission and hosted by Shanghai Hospital Association. The purpose of the event, which received active participation and overwhelming response, was to promote the new image of hospitals and medical practitioners through new media;

Long March Medical was accredited by Shanghai Food and Drug Administration as a training base for medical device inspectors, providing exchange and training venues for domestic experts in the fields of drugs and medical devices and further enhancing the Company's image in the industry as a quality-focused player;

The Company was supported by the Shanghai Municipal Commission of Economy and Information Technology in respect of introduction and absorption projects; Zhaohui Pharma obtained the support of the Shanghai Strategic Emerging Industry Conformity Assessment Project. Huaiyin Medical received personnel policy support of Jiangsu Province "Double Plan" talent introduction and the provincial "Vice President of Science and Technology (Enterprise Innovation Post)" project;

Qilu Laboratory assisted Qilu Hospital of Shandong University in holding "Workshop on New Progress in Pathology of Lymphatic Hematopoietic Systematics", a national continuing medical education program, thus continuing to strengthen the presence of Qilu Laboratory in Shandong Province. Experts from Zhongwu Hospital participated in the expert seminar on healthcare reform and the seminar on healthcare policies organized by Tsinghua University, and continued to offer reasonable advices on participation of social enterprises in public hospital;

Led by Yao Pharma, the production base of Hongqi Pharma, Zhaohui Pharma and Dongting Pharma, which were supported by the Ministry of Industry and Information Technology, is established to support the centralized production of small-group drugs to support production and supply of small-group drugs which are in short-supply in the country.

Diagnosis subsidiaries of the Group participated in the preparation of and organized research and survey in respect of the annual report of the in vitro diagnosis industry in the PRC. Initially released in 2015, the report has been issued for two consecutive years, and has become an important source of reference which provides insight into the PRC and international IVD industry.

Employees

Protection of employees' rights and interest and caring for employees

The labor union of Fosun Pharma and all its subsidiaries held staff representatives' meetings on schedule and proactively safeguard the rights of their employees through various systems. At the same time, they continued to strengthen organizational construction and innovation and serve our staff with enthusiasm to support the development of our business.

In 2017, the labor union of Fosun Pharma and all its member companies organized more than 500 cultural and sports activities. The labor union of the headquarter of Fosun Pharma paid a total of 39 visits to staff in maternity, sickness and for condolence purpose, and coordinated more than 132 hospital visits for patients and their relatives. The employee care center provided free medical consulting services for staff in need; commonly used drugs were offered in the business center in our headquarter for staff to use; relevant facilities and books were added in the nursing rooms, which created an safe, healthy, comfortable and intimate environment for young mothers; organizes medical examination for all staff every year; retired staff of the Company were also arranged to participate in "Inpatient Supplementary Medical Mutual Protection Plan for Shanghai Retired Workers", and so on.

The labor unions of different companies carried out diversified activities which were in line with the characteristics of each company. For example, the labor unions of Wanbang Biopharma paid more than 40 visits to sick inpatient employees; sent gifts to employees and retired employees during major holidays; provided medical check-up for all staff each year. The labor union of Yao Pharma cared for retired employees and offered subsidies to employees in difficulties. During the year, a total of more than 2,550 individuals were provided with medical subsidies and distress subsidies. The labor union of Guilin Pharma organized female workers to participate in photography, hand-weaving, painting, embroidery and other artworks contests, and offered consolation money and gifts to female staff on the Women's Day. The labor union of Dongting Pharmaceutical organized 630 employees to participate in the 6th Changde City Federation of Labor Unions medical mutual aid activities; established of documentation for the information on families of employees in distress, and gave them some help.

The member companies actively carried out art troupe activities and communicated with each other. In 2017, they invited corporate art troupes such as Hongqi Pharmaceutical, Yao Pharam and Fosun Kate to perform in Shanghai headquarters. This played a good role in the integration of corporate culture. All subsidiaries embark on performing art activities and engage in arts and cultural exchange with each other. The trade union invited the arts group of Aohong Pharma, Yao Pharma and Fosun Kaite to give a performance to achieve cultural integration within the Group in 2017. In 2017, the labor union of Fosun Pharma and its subsidiaries received more than 30 honors, for example the labor union of Fosun Pharma was honored with "Shanghai Role-model Family of Workers" by the Shanghai Federation of Trade Unions, the Finance Department of Fosun Pharma was honored with "National Women Duty Post" by the All-China Women's Federation and has won the title of "Shanghai Civilized Unit" for seven consecutive sessions; Wanbang Biopharma won the 2017 Jiangsu Provincial Federation of Trade Unions and Staff Excellent Bookstore Award, Yao Pharma obtained the title of Chongqing Annual Outstanding Group of Union Work, the artesunate group of Guilin Pharma won the title of "Pioneer Worker" from Guangxi Zhuang Autonomous Region, and so on.

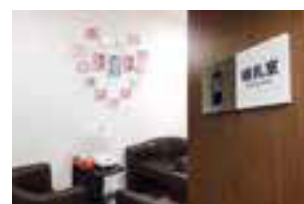
Solicitation of employees' opinion and suggestion on rationalization

Fosun Pharma and its subsidiaries encouraged their employees to report relevant issues to the management and individual department. Initiatives were also taken through activities for raising suggestion on rationalization to guide employees to care about the enterprise and its development, as well as to take the initiative and give advices. These measures were designed to enhance the awareness of responsibility of our employees, and to demonstrate their cohesiveness and creativity.

For example, "Golden Ideas" award was held annually and quarterly by the Labor Union of Diagnosis to encourage employees to give rationalization advices; raised 111 suggestions on rationalization from the employees; carried out five projects of technical challenge taking and technical innovation and obtained 3 national invention patents; it also conducted 3 projects for technical development and development of new products. Such initiatives for bringing out rationalization advices not only promoted the cross-department coordination and collaboration, but also found solutions for relevant problems, and therefore, enhanced the level of management of the Group, while creating an innovative culture across the Company. The creative advices and achievements delivered by our member companies had won many external awards and recognitions. For example, "Building a Malaria-free World", the brand short movie for the injection product artesunate of the "first new drug" developed by Fosun Pharma, won the "Golden Award for Excellent Innovative Achievement by Staff in Shanghai Park" granted by Shanghai Federation of Trade Unions and Shanghai Municipal Trade Union Association. "Improvement on Method of Operation of Bar Code Labelling" developed by Long March Medical won the "2016 Shanghai Innovation Award for Advanced Method of Operation Developed by Staff". "Optimization of Techniques for Rubber Stopper in Preparation Workshops" developed by Chemo Biopharm won the "2016 Innovation Award for Staff Rationalization Advice Project".

Safety management

The member companies of the Group to which the labor unions were attached maintained good general security situation. The labor unions assumed the responsibility of maintaining the safe production of member companies and protecting the safety of employees' lives and property. They also organized EHS management monthly activities to enhance the safety awareness of employees.



Nursing rooms for female employees



The labor union of Fosun Pharma and its subsidiaries organized over **500** recreational and sports activities



>**30** union honors

Stakeholder Communication & Feedback

The definition of stakeholder in the 2017 CSR report follows the definition of the one of 2016. In 2017, the Group consulted and held stakeholder interviews and communications for over 200 times, and particularly had CSR communications and interviews with stakeholders including Suzhou Capsule, GoldenBee, E Pharmaceuticals Manager, and Daomo. The Company made amendments to the report's disclosed contents according to the opinions of relevant institution. For example, the Fosun Pharma excellent operation FOPEX and the establishment of hospital EHS management system were added, and the CSR management description was improved.

In 2017, as one of the initiating companies, Fosun Pharma completed the project "Guidelines for Practicing Social Responsibility of Chinese Pharmaceutical Enterprises", which was carried out by eight major associations, namely, China Pharmaceutical Enterprise Management Association, China Pharmaceutical Industry Association, China Association of Pharmaceutical Commerce, China Association of Traditional Chinese Medicine, China Non-Prescription Drug Association, China Chamber of Commerce for Import and Export of Medicines & Health Products, China Association For Medical Devices Industry and China Association of Enterprises with Foreign Investment R&D-based Pharmaceutical Association Committee, and released the "Guidelines for Practicing Social Responsibility of Chinese Pharmaceutical Enterprises". The project has established a scientific and generally accepted social responsibility indicator system for the pharmaceutical industry, which promoted the positive environment for the fulfillment of social responsibilities across the industry.



CSR Guidelines for Pharmaceutical Enterprises in China

List of associations/social institutions Fosun Pharma Group involved

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

Customer Satisfaction Survey for some members of Fosun Pharmaceutical Group

Subsidiaries	Scope	Major means of customer services	No. of staff engaging in customer services	Work hours in the customer service system for the full year (hours)	No. of surveys conducted on customer satisfaction	Total number of customers served	Results of customer satisfaction survey
Dongting Pharmaceutical	Commercial and retail customers, doctors or clinical customers, patients	Exhibition, survey, customer service hotline, WeChat platform, telephone calls, visits	130	4943	3	6800	Sample telephone interview showed high customer satisfaction
Erye Pharma	Commercial and retail customers, doctors or clinical customers, patients	Telephone calls, return visits	25	2064	2	140	Based on telephone calls and visits, customers were satisfied with the quality of products offered by Erye Pharma and its services and thought that they were delivered in an efficient manner. The overall feedback was satisfactory.
Yao Pharma	Commercial and retail customers, doctors or clinical customers, patients	Telephone calls, visits, research	147	>200000	3	6070	The overall feedback was satisfactory and the level of satisfaction was high.
Long March Medical	Commercial and retail customers, clinical customers	Free 800 telephone guidance service, professional technician field service, training, etc.	47	>50000	More than 50 times	>4000	Based on customer visits, customers were satisfied with the products and services offered by Long March Medical, while no customer comments and suggestions situation
Yaneng Bio	doctors or clinical customers	Telephone communication services, on-site service engineer, resident services, medical laboratory services	73	206736	2	>15000	By visiting 124 clients on site and returning visit of 146 customers, customer service of Yaneng Bio improved to an overall satisfaction of 99.24%; Yaneng Bio and product satisfaction reached 96.61%.
Zhongshengzhongjie	Commercial and retail customers	Telephone interviews and guidance service, professional technician field service and training	3	1900	2	53	Based on the telephone interviews with 132 customers, customers were satisfied with the products and services offered by Zhongshengzhongjie, and 80 of them provided advice on the improvement of products, while the advice of 30 out of these customers were beneficial to the upgrading of the products of the Company.



The global sales volume of Artesun® for injection of innovative drugs with completely independent intellectual property rights of Fosun Pharma has exceeded 100 million, helped to recover more than 20 million critical malaria patients worldwide. Most of them are African children under 5 years old.

ENHANCEMENT FOR MORE EFFICIENT OPERATION

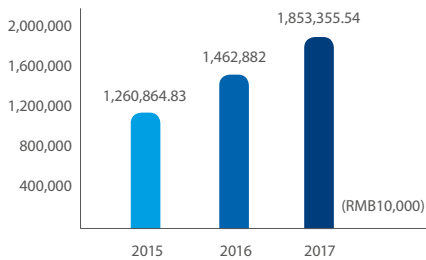
Focusing on the 4IN strategies, Fosun Pharma Group continued to increase its investment in research and development, improve and innovate its research and development system, integrate effective resources, and achieved outstanding results in the pharmaceutical manufacturing, medical services, medical equipment, medical diagnostics, pharmaceutical distribution and retail and other areas.



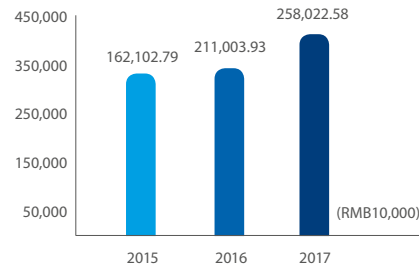


Key financial Indicators of Fosun Pharma Group

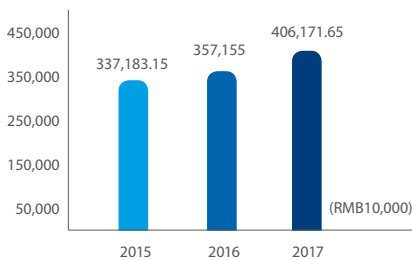
Revenue



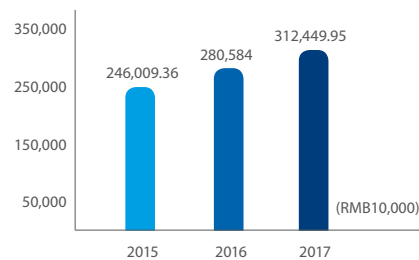
Cash flow from operations



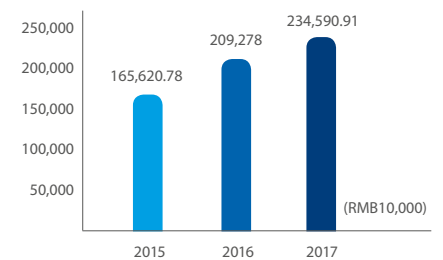
Total profit



Net profits attributed to shareholders of the listed company

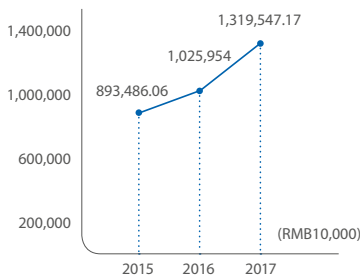


Net profits of non-recurring profit or loss attributed to shareholders of the listed company

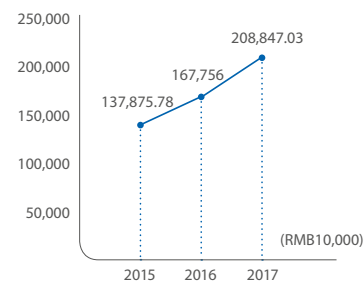


Revenue from business segments

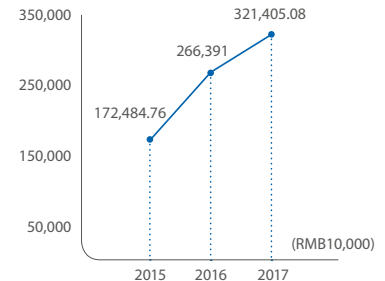
Revenue from pharmaceutical manufacturing and research and development business segment



Revenue from healthcare services segment

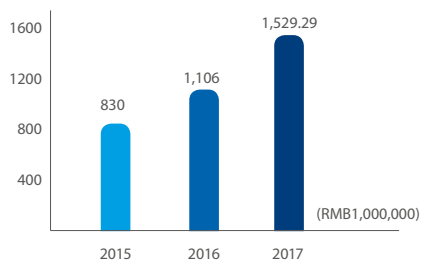


Revenue from medical devices and medical diagnosis manufacturing segment

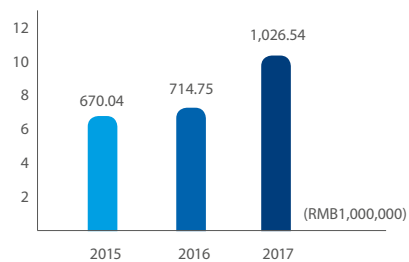


Investment in research and development

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



Research and development expense of Fosun Pharma Group



Operating Results

In 2017, Fosun Pharma Group continued to promote human health for the mission, upheld the “continuous innovation, fun in health” as its business philosophy, focused on the core business of pharmaceuticals, medicine and health, adhered to product innovation and management improvement, internationalization development and actively promoted endogenous growth, epitaxial expansion, integrated development, and sustained the balanced growth of its principal operations.

In 2017, the Group realized revenue of RMB18,533.5554 million, representing an increase of 26.69% as compared with that of 2016; the Group realized revenue of RMB13,195.4717 million in pharmaceutical manufacturing and R&D segment, representing an increase of 28.62% as compared with that of 2016. The Group realized cash flow from operations of RMB258,022.58 million, total profits of RMB4,061.7165 million, net profits attributed to shareholders of the listed company of RMB3,124.4995 million and net profits of nonrecurring profit or loss attributed to shareholders of the listed company of RMB2,345.9091 million, representing an increase of 22.28%, 13.72%, 11.36% and 12.10% respectively as compared with that of 2016.



Revenue of

RMB18,533.5554 million

A year-on-year increase of

26.69 %

Product Innovation

Innovation in R&D System and innovation mechanism

Fosun Pharma always see independent innovation essential to its corporate development. In 2017, Fosun Pharma continuously optimized its pharmaceutical R&D system that integrates imitation and innovation, and has established efficient international R&D teams in China, the United States and India to form a global interactive R&D system.

The Group owns national-level enterprise technical centers, created an efficient chemical innovation drug platform, a biological drug platform, a high-value generic drug platform, and cells immune platform.

While continuing to enhance its own innovative R&D capability, the Group has adopted diversified cooperation approaches, such as formation of joint ventures, establishment of a technology innovation incubation platform, and exploration of partnership innovation, research and development, and adopted the models of technology introduction, patent licensing, “deep incubation” and value management to connect the global advanced innovation technologies, promote the global development of cutting-edge products, realize the transformation of global innovation and cutting-edge technologies, promote the Group's connection with leading international technology innovation technologies and projects, so as to further enhance the Group's innovative capabilities and facilitate the internationalization process.

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

R&D Investment

In 2017, the Group continued to increase its investment in R&D of monoclonal antibody biology innovative drugs, biological generic drugs, and small molecule innovative drugs to promote the consistency evaluation.

The R&D investment (including capitalized investment expense) of Fosun Pharma Group in 2017 was RMB1,529 million, with a year-on-year increase of over 38.26%, of which the R&D expenses were RMB1,027 million with a year-on-year increase of 43.62% for actual R&D expenses. In particular, the R&D investment in pharmaceutical manufacturing segment amounted to RMB1,275 million, with an increase of 32.39% as compared with that of 2016.

After Fosun Pharma announced the Restricted Share Incentive Scheme, the Group's percentage of R&D expenses were included in its major appraisal in the long term. In 2017, Fosun Pharma Group's R&D expenditure on pharmaceutical manufacturing segment amounted to RMB799 million, accounting for 6.1% of the sales revenue of the pharmaceutical business.

R&D Progress

As of the end of 2017, the Group had 171 pipeline drugs, generic drugs, generic biopharmaceutical drugs and consistency evaluation projects, including 10 small molecular innovative drugs, 8 biological innovative drugs, 14 generic biopharmaceutical drugs, and 98 generic drugs of international standards, 39 consistency evaluation projects and 2 traditional Chinese medicines. It is expected that these pipeline products will lay a good foundation for the continued development of the Group's subsequent operating results.

During the reporting period, the Group further accelerated the pace of development of monoclonal antibodies. 6 monoclonal antibodies, 11 indications of the Group were approved for clinical treatment in mainland China, and 3 products of which entered clinical trial phase 3, another 3 innovative monoclonal antibodies were approved for clinical treatment in the United States and Taiwan. In addition, the rituximab injection (used for non-Hodgkin's lymphoma treatment) applied for launch of new drug in 2017, and is expected to achieve the zero breakthrough of the domestic monoclonal antibody generic biopharmaceutical drugs.

Patents and results

In 2017, the pharmaceutical manufacturing and R&D businesses of the Group submitted 84 patents applications, including 13 American patents applications, 2 European patents applications, 1 Japanese patent application and 10 PCT applications and obtained 25 authorised patents (all of which are invention patents).



R&D investment (including capitalized expenditure) was

RMB1,529 million

A year-on-year increase of

38.26%























R&D expense was

RMB1,027 million

A year-on-year increase of

43.62%

Core drugs lead the market segments

Metabolism and digestive system	Cardiovascular	Central nervous system	Blood circulation system	Anti-infection	Anti-tumor
     	   	 	 	     	 

Pharmaceutical manufacturing

In 2017, the pharmaceutical manufacturing and R&D segment of Fosun Pharma Group saw rapid growth, which achieved business revenue of RMB13,195.4717 million, representing an increase of 28.62% as compared with 2016; and total segment revenue of RMB2,243.2328 million, representing an increase of 16.05% as compared with 2016.

Pharmaceutical is the core of Fosun Pharma's business development. At present, Fosun Pharma gains leading position in their respective market segments in therapeutic areas including anti-tumor, cardiovascular system, central nervous system, blood system, metabolism and digestive system and anti-infection, and maintains faster growth in sale of major core products. In particular, in 2017, major products in therapeutic areas of blood system, central nervous system, metabolism and the digestive system and anti-infection diseases recorded a year-on-year growth of 64.16%, 43.66%, 26.73% and 22.0%, respectively.

In 2017, other than the newly acquired Gland Pharma, Fosun Pharma had 21 formulation items or series with sales over RMB100 million. Of which, five products or series including deproteinised calf blood injection (Ao De Jin), reduced glutathione series (Atomolan), alprostadil dried emulsion for injection (You Di Er), Cefmetazole and Yanhuning for injection (Sha Duo Li Ka) with sales over RMB500 million.

In 2017, the Group successively completed the acquisition of equity interests in Gland Pharma and Tridem Pharma and continued to promote the industrial upgrading of the pharmaceutical manufacturing business of the Group, the establishment of international pharmaceutical marketing platform, and accelerated the internationalization process of the Group. By leveraging on the Gland Pharma's own R&D capabilities, internationalization drug registration and declaration capabilities, the unique generic drugs policy advantages and costs advantages in Indian market, the Group will continue to promote the industrial upgrading of the pharmaceutical manufacturing business and increase Fosun Pharma's market share in the international generic pharmaceutical market. In addition, combined with the mature sales network and upstream and downstream customer resources of Tridem Pharma in French-speaking countries and regions in Africa, the Group will further improve the construction of its African pharmaceutical international marketing platform and become the front runner in the distribution of pharmaceutical and health products in the region. It also promotes an in-depth cooperation with European and American drug companies to further promote the development of internationalization.



Pharmaceutical manufacturing and R&D segment realized business revenue of

RMB13,195.4717 million

A year-on-year increase of

28.62%

Healthcare Services

As at the end of 2017, Chancheng Hospital, Hengsheng Hospital, Zhongwu Hospital, Wenzhou Geriatric Hospital, Guangji Hospital, Jimin Hospital and Zhuhai Yannian invested and controlled by the Group had total number of approved beds was 3,818.

In 2017, the healthcare services business of the Group realized total revenue of RMB2,088.4703 million, representing an increase of 24.49% as compared to 2016.

In 2017, the Group continued to consolidate the formed strategic layout of combining high-end medical services at developed coastal cities, specialists and general hospitals at second-and third-tier cities, formed a healthy regional industrial chain, sought cooperation with large state-owned enterprises, public hospitals and university-affiliated hospitals, accelerated the strategies of internet healthcare development and constantly improved its business scale and profitability. In addition, the Group further promoted the renovation and extension project of Zhongwu Hospital and Huaihai medical group project, Wenzhou Geriatric Hospital was under good operation; Chancheng Hospital won the title of national first five-star non-public medical institution in 2017, and become the first three large-scale general hospitals that passed the sixth edition of the JCI standard in 2018, ranking the first in the national "2017 non-public hospital competitiveness ranking".

The completion of the acquisition of Hengsheng Hospital and Zhuhai Yannian Holdings will play an important role in the extension of healthcare services in South China, which will further expand the business distribution in coastal developed cities and regions and create regional medical centers and healthy industrial chain. At the same time, through actively exploring and participating in new forms of Internet healthcare, a seamless integration of online and offline services was achieved and a closed circuit of O2O was formed so as to explore the innovation of medical services operation and model. In addition, the Group also signed a series of framework agreements with local governments, universities and hospitals to further reserve and integrate resources from all parties to achieve complementary advantages and win-win development.

In 2017, the Group actively supported and facilitated the development and deployment of hospital and clinic network under "United Family Hospital", a leading premium healthcare services brand under Chindex. In 2017, the United Family Hospital maintained its brand awareness and prominent positions in high-end healthcare segment in major cities such as Beijing, Shanghai and Tianjin. Qingdao United Family Hospital had commenced operation. The construction of Guangzhou United Family Hospital and Shanghai Pudong United Family Hospital was at full steam.

Medical Devices and Medical diagnosis

In 2017, the Group continued to promote the development of its medical devices and medical diagnosis businesses. The medical devices and medical diagnosis businesses reported revenue of RMB3,214.0508 million, up by 20.65% from 2016.

In 2017, HPV reagents, medical cosmetic equipment and dental digital product lines maintained rapid growth; the volume of surgery of Da Vinci surgical robotic system continued to grow at a rapid rate, with the volume of surgery exceeded 28,000 in Mainland China and Hong Kong, representing a year-on-year increase of approximately 46%.

The medical device and medical diagnostics segments of the Group has a total of six production or agency product series with over 100 million, namely Da Vinci surgical robotic system equipment and consumables, Soprano series of medical cosmetic equipment, Harmony series, Accent series, HPV diagnostic reagents and T-SPOT kit of tuberculosis diagnostic products.

In September 2017, Sisram Med was listed on the main board of the Stock Exchange and became the first Israeli company to be listed on the main board of the Stock Exchange. During the reporting period, while continuing to accelerate the exploration of the global market and focusing on emerging markets, Sisram Med further strengthened the development of new products, especially medical treatment devices, with expansion of its product line to clinical treatment. In 2017, Sisram Med ical had a total of 2 products that have obtained certification of EU CE and 3 products which have obtained certification of US FDA.

Through the acquisition of 30% equity interests in CML, the Group wholly-owned CML, it will use CML as a platform to further accelerate the coordinated development of the medical device business in R&D, manufacturing, sales, product service, investment, merger and acquisition; Intuitive Surgical-Fosun, the joint venture established by the Company and Intuitive Surgical, the owner of the technology and products of Da Vinci surgical robotic system, has completed industrial and commercial registration, accelerated the development and popularization of high-end medical technology in China. In addition, it completed the investments in 80% equity interests in Breas, the respirator company in Swedish, which further enriched the product line of the respiratory medical business.

Pharmaceutical Distribution and Retail

During the reporting period, Sinopharm, an investee of the Group, continued to accelerate the industry consolidation, expanded the pharmaceutical distribution network and maintained rapid growth of business. In 2017, Sinopharm recorded a revenue of RMB277.717 billion, net profit of RMB7.868 billion, net profit attributable of RMB5.283 billion, up by 7.48%, 14.17% and 13.68%, respectively from 2016. As at the end of reporting period, the distribution network of Sinopharm covered 31 provinces, autonomous regions and municipals in China. The number of its direct customers reached 15,032(only referring to hospitals with ranking, including 2,301 of the tier-three hospitals, which are the largest and most highly-ranked hospitals), 128,326 small-scale end-customers (including basic medical institutions, etc.), and 87,246 retail pharmacies. During the reporting period, Sinopharm's revenue from pharmaceutical distribution business increased by 7.26% as compared to the corresponding period of 2016 to RMB264.352 billion. Meanwhile, the pharmaceutical retail business of Sinopharm also maintained growth with revenue of RMB12.392 billion realized during the Reporting Period, representing an increase of 21.04% as compared to the corresponding period of 2016, while its pharmaceutical retail network further expanded, as of the end of reporting period, the stores covered 19 provinces and cities across the country, owned 3,834 retail pharmacies (only referring to those owned by GuoDa Drug Store), 2,801 of which were direct-sale stores and 1,033 were franchised stores..



Healthcare services businesses realized revenue of

RMB2,088.4703 million

A year-on-year increase of

24.49%



Medical devices and medical diagnosis businesses reported revenue of

RMB3,214.0508 million

A year-on-year increase of

20.65%



Sinopharm recorded a revenue of

RMB277.717 billion

Improved Operation through Internal Integration

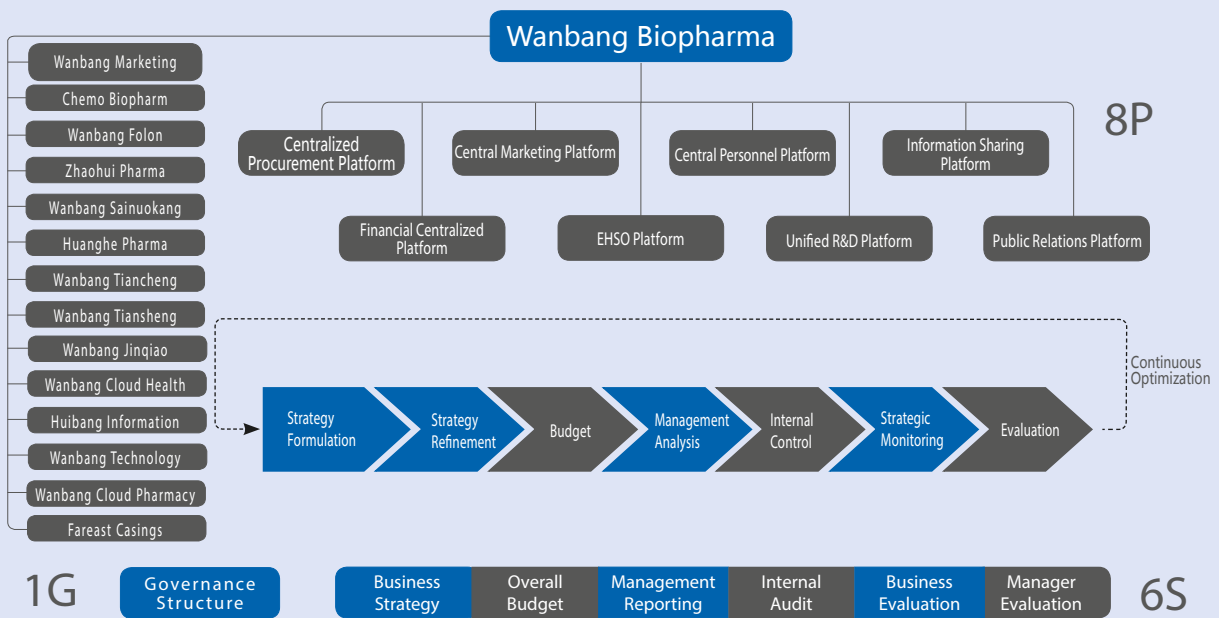
The Group continued to increase its investment in internal integration, further strengthened the internal communication of the Group and proactively improved operational efficiency. Through internal equity integration and inter-segment cooperation of products and services, the Group enhanced the coordination within and between the segments, further integrated resources, achieved internal accommodation within the Group and promoted business development. Through cooperation and interconnecting with Sinopharm, the Group fully leveraged the distribution network and logistics distribution advantages of Sinopharm to promote the expansion of the Group's pharmaceutical sales channels. Through regional financial sharing centers, it achieved the integration in accounting, statement preparation, taxation management, financial analysis and internal control construction of regional subsidiaries.

With the unified management of the Group, each subsidiary further integrated the resources and conducted centralized management of its controlled enterprises to realize internal communication and promote the business development.



Case: Group-oriented management model of Wanbang Biopharma- "GPS system"

Wanbang Biopharma, the subsidiary of Fosun Pharma, owns 14 subsidiaries. In order to improve the management of subsidiaries, Wanbang Biopharma comprehensively managed all subsidiaries through "GPS system" (1G, 8P, 6S), a group-oriented management model, thereby gradually realizing business synergy, resource sharing, risk control, promoting the integration of corporate culture, and supporting the overall development of the Group.



Return to Shareholders

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

Till the end of 2017, the shareholders' equity of the Company had increased 4934.59% from 1998 when it was first listed, and the Company had paid dividends for 18 years consecutively since listing.



18 years of continuous dividend
since listing

Tax Compliance

The Group is proud of its tax records. In 2017, the Group paid RMB2.053 billion in taxes to the government. The Group's growing tax payments also reflect its improving operational efficiency brought about by continuous efforts to optimize management.



Tax payment of
RMB2,053 million

Salary and Benefit System

The Group appeals to its employees by offering them career development opportunities. The Company conducts market survey on the level of remuneration every year and gradually perfects its salary and benefit system, which are adjusted in a timely manner based on individual employee's position and duties, and business performance. All workers of the Group receive salary higher than the local minimum wage. In 2017, the Group's cash payment to employees and on behalf of employees totaled over RMB2.872 billion, an increase of 30.78% from 2016.

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

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



>RMB2,872 million
payment to and for employees of the
Fosun Pharma Group
A year-on-year increase of
30.78%

Labor costs of Fosun Pharma Group

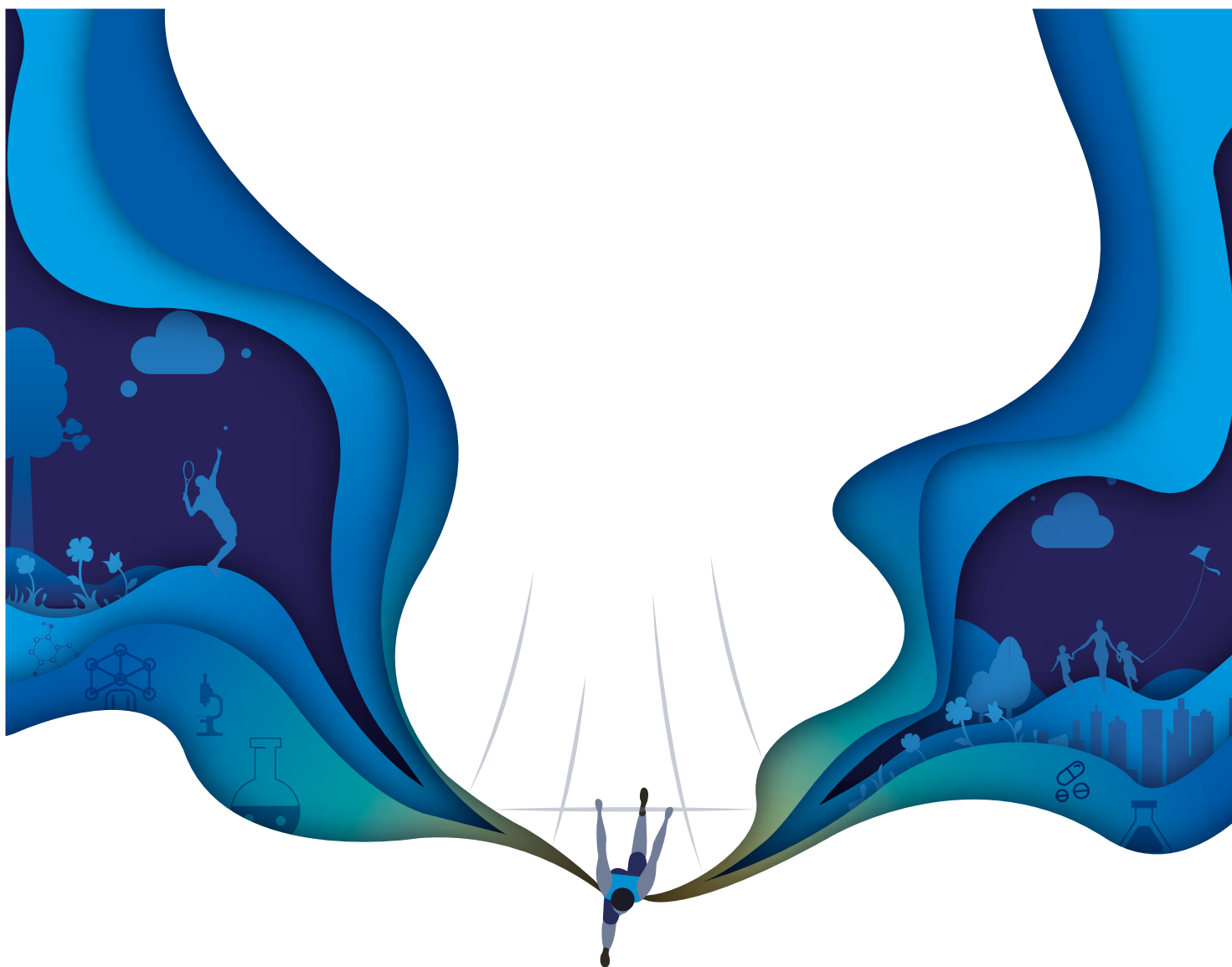
(RMB10,000)

Year	Wages, bonus, subsidy and allowance	Social insurance	Housing provident fund	Trade union funds and employee education funds	Employee welfare fees	Other expenses*	Total
2016	180,612	26,615	7,673	2,001	7,614	841	225,356
2017	234,775	31,338	9,137	2,160	8,739	247	286,396

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



The first monoclonal antibody biological generic drugs HLX01 (for the treatment of non-hodgkin lymphoma) of Shanghai Henlius, the biological drugs platform of Fosun Pharma is expected to become a pioneer in the domestic monoclonal antibody biological generic drugs, providing patients with products of high quality and reasonable price.



HIGH QUALITY FOR MORE CUSTOMERS' CONFIDENCE

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



Promote the lean management



Fosun Pharma Operation Excellence (FOPEX) was officially launched, **12** subsidiaries implemented the introduction of the lean six sigma, **162** lean six sigma projects were accumulatively approved, covering improvement areas in quality, cost, efficiency, delivery time and inventory, and the estimated revenue was over **RMB40 million**.



Improve the quality system

Items	2016	2017
Official inspection	58	97
Number of sampling of domestic official inspections	358	403

100%

passing domestic official inspections

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



Promote the Quality System Certification



The Group has numerous APIs certified by cGMP from FDA of USA, the EU, Ministry of Health of Japan, Health Bureau of German and other national health authorities.

Guilin Pharma has **1** production line of oral solid dosage and **3** production lines of bulk drugs, **5** APIs, all of which passed the WHO-PQ certification. Yao Pharma has **1** production line of oral solid dosage, which passed the certification test of Health department of Canada and FDA of USA, with numerous preparations achieving international sales.



Pay attention to quality training

In 2017, Fosun Pharma Group continued to attach importance to the enhancement of management system level, allowed its employees to accept the latest concept of quality, consolidated the standard operation procedures and paid special attention to the quality training.

>35 hours/person

In 2017, the annual quality training hours per capital of pharmaceutical manufacturing member companies was over 35 hours/person



Improve customer service

>94%

Patient satisfaction survey results among healthcare service member companies



Improve healthcare services
exemplary hospital

Chancheng Hospital

was awarded five-star hospital certification



Providing Quality Products

Providing more efficient and better quality and more convenient products and services is the cornerstone of sustainable development of "Fosun Pharma" brand. Since April 2016, Fosun Pharma officially initiated the launch of brand by "Xing Rong Action". Through systematic brand management system, a series of management indicators such as strict quality control and EHS management system, it unified and improved the brand image of the Group, the business segments, subsidiaries and various products, and substantially raised its product quality and service standard. In 2017, Fosun Pharma has continuously promoted its brands.

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

In August 2017, Fosun Pharma Group initiated the pilot work for drug marketing approval holders (MAH) in accordance with the Notice of the CFDA on Relevant Issues about Promoting Pilot Work for the System of Drug Marketing Approval Holders. Through investigation and study of laws and regulations and establishment of full-lifecycle quality management system, Fosun Pharma succeeded in acquiring the approval document of supplementary application for Meloxicam Tablets and formally became the first pilot enterprise that obtains MAH approval document in Shanghai.

The Medical Technology Committee of Fosun Pharma Group is responsible for the management of the company's two business segments, i.e. medical devices and IVD reagents, which respectively engage in production and sales of the two types of medical devices. Medical devices subsidiaries are mainly engaged in sales of medical device consumables and distribution of high-end medical devices, R&D, production, sales and marketing of transfusion equipment and surgical supplies as well as sales and distribution of high-end imported medical devices. IVD reagents subsidiaries are all manufacturing enterprises, some with qualifications for operating medical devices, mainly engaging in the development, production, and sales of IVD reagents and diagnostic instruments such as biochemical diagnostic reagents, biochemical fast detection reagents, nucleic acid or nucleic acid chip detection reagents, microbial diagnostic reagents, ELA reagents, and biochemical analyzers.



First

Shanghai pilot company that has obtained approval for MAH

Lean Management

Fosun Pharma adheres to quality first, establishes a production management and service system that meets international standards, continuously improves manufacturing processes, optimizes service experience and provides high-quality products and services.

In order to continuously improve the Group's operational management efficiency and quality, in 2017, Fosun Pharma established the Lean Six Sigma Management Committee (LSSC) and promoted working group to advance lean management and ensure the continued execution and implementation of the Group's lean six sigma management from the organization structure, optimized the processes of headquarters and subsidiaries to achieve continuous improvement.

In June 2017, Fosun Pharma Operation Excellence (FOPEX) was officially launched. FOPEX is an innovative management model that aims to eliminate fluctuations, reduce waste, and pursue higher quality, shorter cycle times, and lower costs. As a continuous improvement plan, FOPEX adopts lean six sigma as its core management philosophy and management tools, emphasizes lean production and lean management, and committed to developing more lean management talents and continuously improving operational efficiency in future, thereby improving the enterprise's products and services, eventually achieving the goals of operation excellence.

In 2017, Fosun Pharma continued to promote FOPEX among subsidiaries. As of the end of 2017, a total of 12 subsidiaries implemented the introduction of the lean six sigma and promotion of lean six sigma project approvals, of which 162 were accumulatively approved, covering improvement areas in quality, cost, efficiency, delivery time and inventory, and the estimated revenue was over RMB40 million. The talent development is the key to the introduction of lean six sigma. In 2017, Fosun Pharma continued to carry out green belt training among its subsidiaries with more than 200 trainees. It conducted systematic training and discussion on value stream, eight wastes, and six sigma foundation and other modules.



Case: Secondary development management project after launching of Wanbang Jinqiao's API

Through the establishment of systematic improvement model of lean six sigma, the project used the product launch as a starting point for secondary development and management, and improved the space for improvement from multiple dimensions such as process optimization, quality improvement, safety and environmental protection, cost reduction and efficiency increasing, through compliance change and control to enhance the products' strength.

Main Incomes of Projects

Quality	Continuous improvement in quality of glimepiride and pitavastatin; extending useful life of febuxostat from 18 months to 36 months
Cost	The product yield was significantly increased as compared with that of beginning. In 2017, the cost saved more than RMB4.5 million due to the increase in yield; the solvent recovery saved by nearly RMB2 million/year
Efficiency	To reduce dry and continuous feeding, reduce central control, increase batch volume, increase fines, and further meet customer needs
Intellectual Property	To apply and authorize 1 invention patent; submit public opinions to avoid intellectual property infringement risk of new products
Process Change and Quality Standard Improvement	To optimize process routes of three products to make the process and cost have greater competitive advantages; participate in the promotion of quality improvement in pitavastatin calcium; improve the analysis of febuxostat



Construction of quality systems

In 2014, in order to standardize and improve the quality management system of a pharmaceutical enterprise, the Group formulated the Quality Manual (for Manufacturing of Pharmaceutical Products) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and set the guideline of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence". In 2015, in order to continuously facilitate the improvement in the quality management level of members, the Group formulated and issued ten guidance documents complementary to the quality manual, namely the "Plants", "People", "Documentation", "Materials", "Quality Management", "Facilities and Equipment", "Laboratory Quality Control", "Packaging", "Verification and Validation", "Production Management", so as to provide technical guidance for enhancing quality of subsidiaries. In 2017, according to the requirements of the latest regulations and development needs of the Group, it initiated the preparation of the guidance document, "Data Integrity".

In 2017, the Group continued to focus on the construction of quality systems to be introduced to individual pharmaceutical subsidiaries in order to comply with the latest GMP requirements and relevant national regulations. Based on the operational platform of the Group, we facilitated the establishment of quality system of the subsidiaries complying with the latest GMP requirements through GMP pretesting, quality audit, operation survey, special inspection and special survey of regulations, and continuously improved the compliance standard.

In 2017, the Operational Management Department of the Group focused on the assessment of quality system of the subsidiaries. In order to facilitate the assessment, we formulated the Operational Procedures on Quality Audit of Industrial Companies of Fosun Pharma with 13 appendices to form a comprehensive assessment system. In 2017, the excellence rate was ___ percent in the quality assessment. Through the implementation of quantitative assessment on quality system of subsidiaries, GMP precheck, and special inspection, we can identify the deficiencies in corporate quality management, issue objective inspection reports based on the findings and require the subsidiaries in question to make rectification and provide feedback by way of CAPA within one month. The Operational Management Department will conduct recurring follow-up or on-site review in order to continuously promote the ongoing improvement of corporate systems.

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

In 2017, the Group's pharmaceutical subsidiaries at home and abroad were inspected by authorities for 97 times in total. All of them successfully passed the audits or inspections, proving that their corporate quality systems were in compliance with 2010 GMP and relevant international GMP regulatory requirements. Throughout the year, pharmaceutical subsidiaries were sampled 403 times by the government in China and no nonconformity reports were reported. In 2017, none of the products of subsidiaries were disqualified by the government.

The subsidiaries under the Medical Technology Committee of the Group have continuously enhanced internal management, established corresponding quality management systems in accordance with regulatory requirements such as the Regulations on Supervision and Administration of Medical Devices and the Specification for Quality Control of Medical Devices so as to standardize their production behaviors, formed complete document systems and product records, and guaranteed product safety and validity. The subsidiaries also established quality management departments and formulated relevant systems or regulations to ensure the fulfillment of quality responsibilities, which contributed stable, sustainable, and effective operation of their quality management systems. In addition, they set quality policies and goals, conducted self or internal check to discover and promptly correct problems, and stepped up preventive measures, which upgraded the compliance and effectiveness of their quality management systems to a higher level.

The medical technology members have obtained quality system certification such as ISO 13485 and CE certification for products in 2017 or earlier years and maintained their products in strict accordance with requirements of such systems. With focus on the safe and effective requirements of products, medical diagnosis members have verified the main performances, production environment, facilities & equipment, main raw and auxiliary materials, purchase, technology, inspection, and quality control methods of the products and are able to provide the relevant verification data. As for self-developed, self-designed, and self-made products, they can provide product development and verification records.



100% pass

403 times of official sampling and 97 times of domestic official inspections or supplier audit accepted

Inspection on Pharmaceutical Subsidiaries of the Group by Domestic and Foreign Authorities

Subsidiaries	Inspection by Domestic and Foreign Authorities	Results of Inspection	Sampling by Domestic Authorities	Results of Sample Tests
Hongqi Pharma	3	Pass	15	Pass
Aohong Pharma	3	Pass	13	Pass
Aleph	5	Pass	19	Pass
Wanbang Folon	3	Pass	19	Pass
Huanghe Pharma	5	Pass	13	Pass
Wanbang Biopharma	9	Pass	24	Pass
Wanbang Tiancheng	4	Pass	4	Pass
Zhaohui Pharma	6	Pass	147	Pass
Chemo Biopharm	4	Pass	7	Pass
Wanbang Jinqiao	5	Pass	0	N/A
Wanbang Sainuokang	2	Pass	0	N/A
Shine Star	1	Pass	0	N/A
Dongting Pharma	4	Pass	1	Pass
Erye Pharma	3	Pass	39	Pass
Guilin Pharma	4	Pass	37	Pass
Yao Pharma	4	Pass	64	Pass
Carelife Pharma	3	Pass	1	Pass
Hexin Pharma	0	N/A	0	N/A
Chongqing Pharmaceutical Research Institute	4	Pass	0	N/A
Shanghai Henlius	4	Pass	0	N/A
Gland Pharma	21	Pass	0	N/A
Total	97	Pass	403	Pass

Medicinal product safety mechanism

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

The Group cares about medication safety for patients and values the strict monitoring and reporting of adverse drug reactions as well. In 2017, the Group continued to strictly implement the "Adverse Drug Reaction Reporting and Monitoring Management System" and asked each of its pharmaceutical subsidiaries to report adverse drug reactions as soon as they become aware of the adverse drug reactions. Pharmaceutical subsidiaries implement "zero-reporting" management for adverse reactions according to the requirements of the adverse reaction monitoring procedures of the Group. That is, pharmaceutical subsidiaries shall submit the adverse reaction information sheet to the Group in the beginning of every month even if there is no adverse reaction. For new or serious adverse reactions, reporting must be completed within prescribed period, pharmaceutical subsidiaries are required to report to the management department of the Group within prescribed period to ensure that all information of adverse drug reactions are collected and handled in a timely manner. The Group also conducts intensive monitoring on key products and requires the pharmaceutical subsidiaries to take proactive measures to minimize the incidence rate of adverse reactions.



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

reported **100%** of the information in a timely manner

There were **0** adverse reactions events caused by drugs with defects

In 2017, pharmaceutical subsidiaries of Fosun Pharma Group have, in accordance with the requirements of the Provisions for Adverse Drug Reaction Reporting and Monitoring, collected adverse drug reactions information and have reported all the information in a timely manner. There were no adverse reactions events caused by drugs with quality defects in 2017. A total of 49 adverse drug reactions events collected voluntarily by the Group have been truthfully declared to the online adverse reaction database of the state and then properly handled.

Pharmaceutical subsidiaries attached great importance to the monitoring and management of adverse reactions and actively arranged relevant training sessions related to adverse reactions and implemented effective risk control measures.

Certification of quality systems

In 2017, all pharmaceutical subsidiaries of the Group meet the new GMP requirements of the PRC. While the production line meets the requirements of the new domestic GMP standard, the Group actively promotes the internationalization of pharmaceutical companies and encourages enterprises to participate in the implementation of international cGMP and other quality system certifications such as the United States, European Union, and WHO. As of the end of 2017, The Group has more than ten APIs certified by cGMP from FDA of USA, the EU, Ministry of Health of Japan, Health Bureau of German and other national health authorities. Guilin Pharma has 1 production line of oral solid dosage and 3 production lines of bulk drugs, 5 APIs, all of which passed the WHO-PQ certification. Yao Pharma has 1 production line of oral solid dosage, which passed the certification test of Health department of Canada and FDA of USA, with numerous preparations achieving international sales.

Handling of Users' Complaints

The pharmaceutical subsidiaries of the Group highly value the reasonable needs of users and continuously enhance handling of users' complaints. There are dedicated personnel for this regard who record complaints to every detail and give satisfactory reply to complainants with thorough explanation after investigation, analysis and responding actions. They also record the batch number of the products in question. The handling of complaints is led by the quality control department and supported by relevant functional departments. Complaints are replied to and properly resolved within prescribed period and remedial and preventive measures will be implemented to ensure high satisfaction of users. In 2017, the pharmaceutical subsidiaries of the Group at home and abroad received a total of 49 complaints related to product quality, and all of which were replied to and handled with the active effort of subsidiaries.

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

The subsidiaries under the Medical Technology Committee of Fosun Pharma Group value product quality and handling of product complaint. Full-time product managers or marketing personnel are responsible for recording, assessment, investigation and handling of the complaints related to product quality. All relevant complaint records and investigation information will be promptly summarized and registered, reported to the quality authorised person/quality responsible person of relevant company after examination and approval, and then processed in a timely manner. As for the complaints about product quality defects, the records have covered all the content and particulars of relevant complaints, which will be fully investigated and processed. Most user complaints are about non-quality defects. Full-time processing staff for product complaints will obtain the information about the complaints by end users about product problems via telephone or on-site service and adopt multiple on-site or otherwise ways to timely hand the complaints after determining the reason for the complaints through preliminary assessment. 100% of the complaints from customers have been replied to.

Product recall

Each pharmaceutical subsidiary under the Group conducts drug recall drills regularly in accordance with state laws and regulations and relevant management systems to ensure that drugs can be quickly recalled in case of quality concern and to protect consumers' interests. In 2017, the domestic pharmaceutical subsidiaries of the Group conducted a total of 10 drug recall drills.

In 2017, there was no product recall event occurring in the domestic pharmaceutical subsidiaries of Fosun Pharma Group.

Medical technology subsidiaries have established a recall management system for medical devices to ensure responsive and effective measures can be adopted in accordance with the established system and procedures to recall the products in question in case of any serious adverse event or potential serious adverse event, in an effort to protect the interests and health requirements of end customers.

In 2017, there was no serious adverse event or product recall event occurring in the medical technology subsidiaries of Fosun Pharma Group.



100% response

49 cases of complaints related to quality were received, 100% of which were replied and handled

Handling of Users' Complaints by Medical Device and Medical Diagnosis Subsidiaries of the Group in 2017

Name of subsidiary	Total number of complaints received	Number of complaints handled or responded to	Response rate of complaints
Shanghai Transfusion	12	12	100%
Suzhou Laishi	1	1	100%
Huaiyin Medical	8	8	100%
Foshion Medical System	0	0	N/A
Long March Medical	261	261	100%
Yaneng Bio	71	71	100%
Changxing Medical	5	5	100%
Zhongsheng Zhongjie	2	2	100%

Note: Customer complaints include customer's consultations on products.

Marketing compliance

In 2017, subsidiaries of Fosun Pharma Group strictly complied with national laws and regulations related to products and services labeling and there was no non-compliance related to products and services information and labeling.

Subsidiaries of Fosun Pharma Group value customer services. Yao Pharma conducted customer satisfaction surveys among distributors, clinical users and patients in 2017. The survey involved a total of over 6,070 commercial retail users, clinical users, and patients. Questions raised by customers were answered in a timely manner, and the products and services were well received by the customers.

During the market promotion in 2017, no subsidiaries of Fosun Pharma Group were reported and investigated by the regulatory authorities for illegal advertising or promotion. In market promotion, the subsidiaries strictly implemented the measures on compliant operation for marketing and sales team to ensure that the respective company entered into compliant operation agreements with its business units, and the sales department, sales staff and distributors implemented an accountability system for compliant operation. Relevant administrative measures such as "letter of undertaking for operating with integrity" and "agreement of undertaking for two-invoices system" were formulated to prohibit the sales of controversial products, and national laws and regulations were strictly abided by.

In 2017, subsidiaries of Fosun Pharma Group strictly protected customers' privacy and received no complaints about infringement upon customers' privacy and loss of customer data, or complaints from supervision authorities, or the complaints from external individuals or organizations that had been certified by certain agency. In 2017, no certified events of information disclosure or customer data theft/loss occurred in such enterprises. In addition, no product recall events took place.

Meanwhile, there were no violations and non-compliance with marketing and promotion requirements found with the subsidiaries of Fosun Pharma Group in 2017. Approval procedures for marketing plans and relevant contracts were formulated. All responsible departments coordinated with each other in order to achieve prevention in advance, process monitoring and post audits and ensure operational compliance with requirements of national laws and regulations.

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

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

Medical diagnosis subsidiaries of Fosun Pharma Group conducted over 50 customer satisfaction surveys among distributors and hospitals in 2017. Questions raised by customers were answered in a timely manner, and the products and services were well received by the customers. Medical device subsidiaries continued to carry out customer satisfaction surveys, with customer satisfaction results exceeding 96%.

Medical diagnosis subsidiaries of the Group set up a national service hotline for 24-hour toll-free telephone support. Customer services provided in 2017 totaled over 250,000 hours with a headcount of more than 19,000 people, among which over 12,000 people were provided with on-site services.

Marketing Compliance Flowchart of Medical Diagnosis Subsidiaries



Quality Safety Training

In order to continuously enhance the standards for quality management systems, facilitate the employees to absorb the latest quality ideas, and consolidate standard operating procedures, pharmaceutical subsidiaries under the Group highly value the training related to quality. Key production quality managers are offered professional forums, trainings and education opportunities on specific topics such as risk management, the production, change of techniques, verification and change management of sterile preparations on the one hand, and all staff within these enterprises participate in management training on the 2010 GMP and training of standard operation procedure on the other.

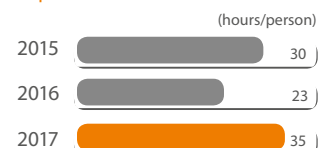
Throughout 2017, the Group focused on quality safety training. According to the statistics, each person in pharmaceutical subsidiaries received more than 35 hours of quality training on average every year

In 2017, multiple official regulations on medical devices were issued. Therefore, the Group organized and urged the medical technology subsidiaries to launch training for the whole staff or key personnel in respect of the requirements provided by the regulations, including new regulations promotion combining internal and external training, to further enhance the awareness of conforming operation.

Medical technology subsidiaries of Fosun Pharma Group have established their own production management and quality management mechanisms and specified quality management responsibilities of related departments and staff. Staff engaged in production operation and testing completed pre-service professional training and the training on relevant regulations, passed corresponding assessment at due time. Specialized examiners are equipped with professional background knowledge and related practical experience to fulfill their responsibilities at work.



Quality training hours per capita of pharmaceutical subsidiaries



Quality Training of the Major Pharmaceutical Subsidiaries of the Pharma Group in 2017

Item	Yao Pharma	Guilin Pharma	Wanbang Biopharma	Aohong Pharma	Erye Pharma	Dongting Pharma
Average training time (hours/person)	56.90	46.77	37.40	17.67	27.15	32.11

Notes:

1. Data of Wanbang Biopharma include data of all subsidiaries under Wanbang Biopharma.

2. Data of Yao Pharma include data of all subsidiaries under Yao Pharma.

Quality Training of the Medical Device Subsidiaries of Fosun Pharma Group in 2017

Name of Subsidiary	External Training			Internal Training		
	Total Hours	Number of the Staff in Production Quality System	Hours/person	Total Hours	Number of the Staff in Production Quality System	Hours/person
Shanghai Transfusion	494	22	22	2660	260	10
Suzhou Laishi	574	174	3.3	1682	174	9.7
Huaiyin Medical	112	6	18.6	1372	150	9.14
Foshion Medical System	172	14	12.3	132	20	6.6
Long March Medical	2640	108	24	2773	108	26
Yaneng Bio	415	160	2.59	3572	160	22.32
Changxing Medical	520h	13	40	3821	479	7.98
Zhongsheng Zhongjie	293	13	22	50	16	3

Notes: The personnel of production quality system include personnel for production, quality, engineering and equipment, purchase and warehousing, personnel providing direct production and operation service, etc.

Supplier Management

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

In 2017, in order to further regulate the procurement of its subsidiaries, Fosun Pharma formulated and issued the Management Rules of Shanghai Fosun Hospital Investment (Group) Co. Ltd. on the Procurement and Tender for Construction Projects and the Management Rules of Shanghai Fosun Hospital Investment (Group) Co. Ltd. on Construction Project Contracts, so as to further improve the standards and operating procedures for the procurement of the procurement business of the Group.

In 2017, the Group continued to encourage its holding enterprises to apply the one-chain platform for procurement and tender. Currently, the Group has implemented comprehensive management on key control points such as basic principle of supplier selection, scope of tender, procurement method, announcement, supplier entry, evaluation and calibration. The open and transparent tenders and consistent procurement channels help to reduce procurement costs effectively. Meanwhile, it also enhances the capability of Fosun Pharma to coordinate, support and regulate the procurement and tender of the holding subsidiaries. The Group reviews and assesses the procurement and tender completed on a timely basis based on pre-set key management assessment indicators, continues to further optimize the comprehensive management of procurement and tender, and enhances the integrated capability and standard of procurement management. In 2017, Fosun Pharma and its holding subsidiaries made 558 procurement projects via Fosun's procurement and tender platform, of which, 447 were open tenders and 111 were invitations for tender. The tenders covered production supplies, infrastructure and non-production items. In 2017, Fosun Pharma has completed the corporate credit checking in the process of prequalification and checked the credit of 336 tenderers in the whole year to further strengthen the risk capability of risk control.

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

In 2017, Fosun Pharma coordinated with various segments of holding subsidiaries to commence performance evaluation of major suppliers for 2016 based on uniform supplier assessment indicators (except connected/related transaction). The evaluation results of suppliers' performance were disclosed via Fosun's one-chain platform to help subsidiaries understand the supplier services in Fosun Pharma and increase the ability of controlling supply quality.

In 2017, Fosun Pharma further promoted centralized procurement projects across business segments and intra-segment. In 2017, 21 centralized procurement projects were launched which covered production materials and equipment (industrial design, analytical instruments, epibole materials), medical services (medical equipment, information systems, pharmaceuticals) and infrastructure (medical industry design, wire and cable) and non-production materials and services. While ensuring supply quality and lowering costs, it enhanced the cooperation with domestic and foreign leading enterprises. It also used its endeavors to guarantee the consistence of upstream & downstream enterprises of the same supply chain in environmental protection, social responsibility, and management philosophy.

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

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

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

Medical technology subsidiaries have established supplier quality annual review system and supplier archive, conducted annual review on the supply and quality. For suppliers failing to meet the quality requirements, the one ballot veto rule is adopted. Through the review, the subsidiaries communicate and exchange with and provide feedback to suppliers, in order to urge suppliers to make necessary quality improvement, which is necessary for them to be incorporated into the list of qualified suppliers.



In 2017, through Fosun's procurement and tender platform, Fosun Pharma and its holding subsidiaries had

558 procurement projects

447 open tenders

111 invitations for tender

Supplier Management of Major Pharmaceutical Subsidiaries of Fosun Pharma Group in 2017

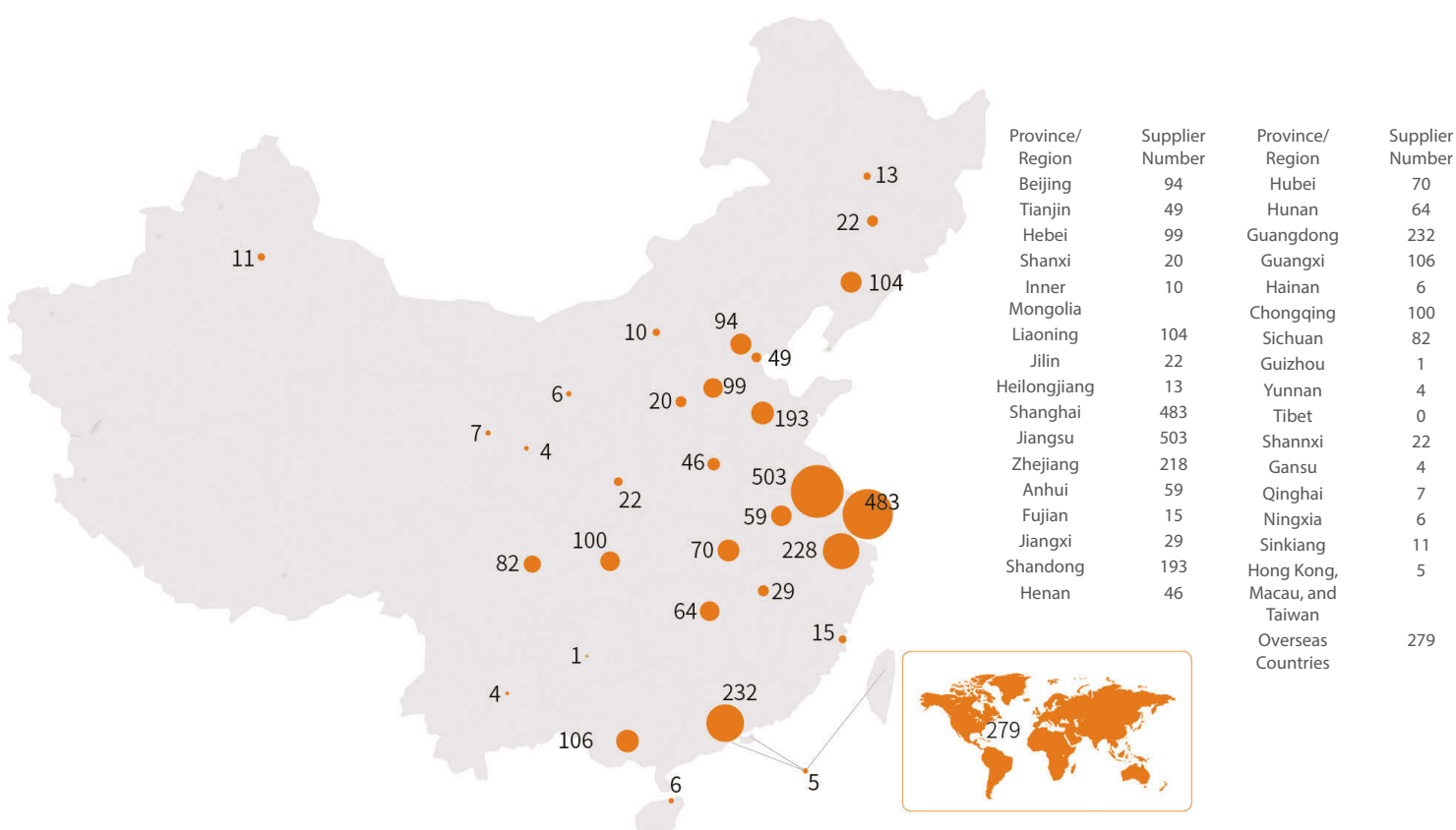
Subsidiary	Guilin Pharma	Wanbang Biopharma	Aohong Pharma	Erye Pharma	Yao Pharma
Number of suppliers involved in business for the year	317	655	60	256	394
Number of suppliers under annual review	301	533	60	161	133
Number of suppliers under review/ Number of suppliers involved in business for the year	95.0%	81.4%	100%	62.9%	33.7%
Audit method for suppliers	Field audit and desk audit	Field audit and desk audit	Field audit and desk audit	Field audit and desk audit	Field audit and desk audit

Notes:

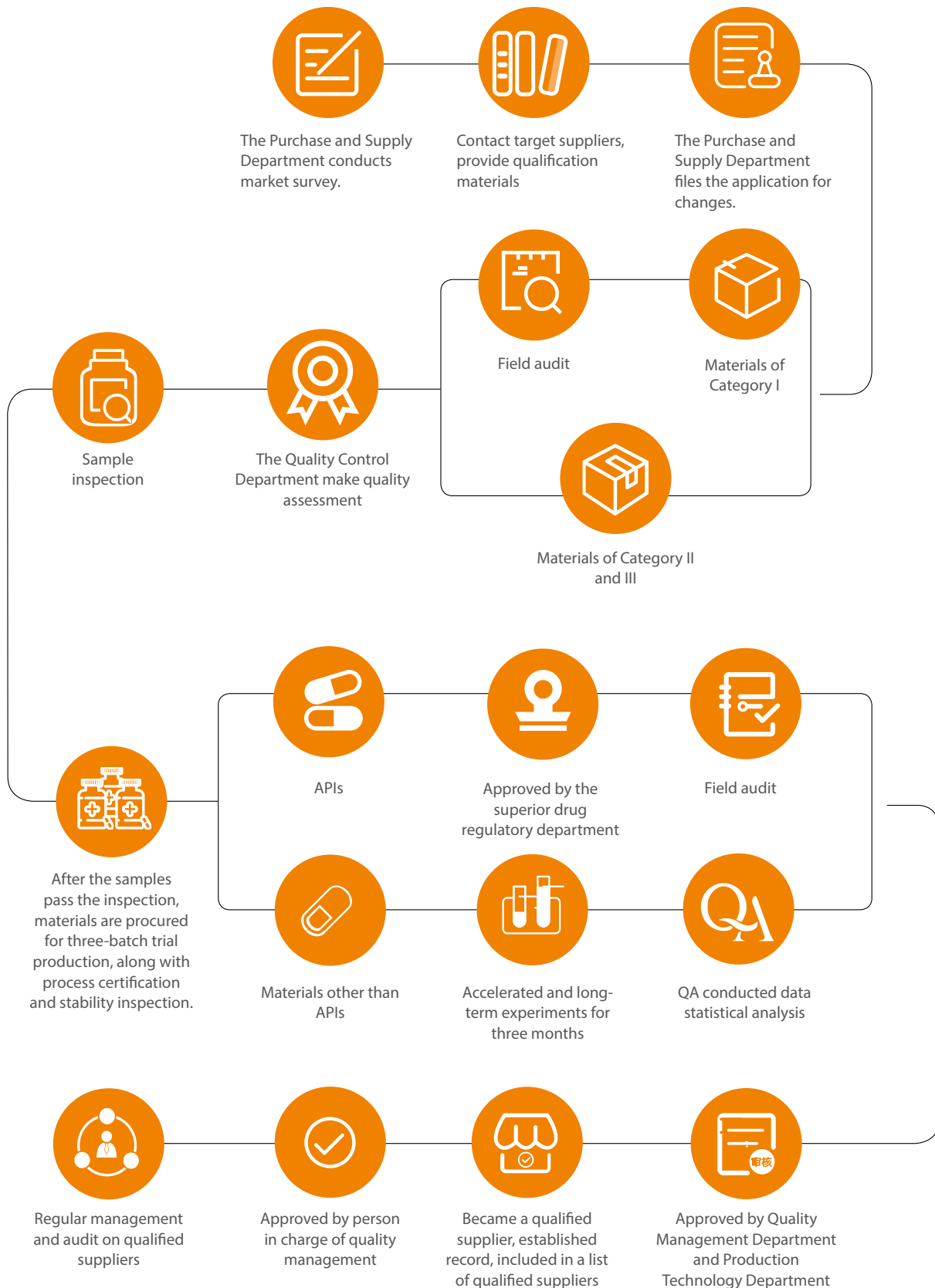
Data of Wanbang biopharma include data of all subsidiaries under Wanbang Pharma.

Data of Yao Pharma include data of all subsidiaries under Chongqing Yao Pharma.

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



Annex: Supplier Management Procedure of Erye Pharma



Care for Life and Focus on the Quality of Medical Services

The Group continuously promotes the integration of endogenous power and global advanced technology by the use of global excellent resources, and is committed to building a domestically and globally leading health management platform. It will build the medical services subsidiaries into one-stop health management platform featuring "advanced technology, sophisticated equipment, good quality, scientific management, professional service, and beautiful environment" and constantly improve medical service quality in an effort to make each patient feel warmth, comfort, and security.

Medical quality system and measures

Medical quality and patient safety is the permanent theme for the survival and development of a hospital. The Group will, in accordance with "modernized, standardized, normalized, and refined" management requirements, focus on the three tasks of "constructing medical quality system, quality management system, and up-to-standard medical quality" so as to realize continuous improvement of medical quality and effective guarantee of medical safety. The Group has conscientiously implemented the Administrative Measures for Medical Quality of the National Health and Family Planning Commission of the People's Republic of China, established the Medical Quality Management Committee, Hospital Infection Management Committee, and Nursing Management Committee at the level of the group, and enhanced the guidance on the medical quality management by medical services subsidiaries. The subsidiaries have conscientiously undertaken the medical quality management responsibilities as medical institutions, established hospital quality and safety committees with the first person liable as directors and departmental quality and safety committees with the first person liable as clinical heads of medical technology departments, and built a three-level medical quality management system integrating hospitals and quality management functional departments.

The subsidiaries have vigorously strengthened the education and training on medical quality and safety management, carried out activities for continuous quality improvement, periodically analyzed medical quality and safety trends, put forward the countermeasures and continuous improvement programs for medical quality and safety problems, formed a standardized medical system based on "national & industrial standards, diagnosis and treatment regulations and guidelines, and operation norms for technical management", a key system with focus on "18 core medical safety systems", a quality control index system oriented in "quality control indexes for medical quality, specialty quality, disease quality, and technology quality", as well as an early-warning and monitoring system oriented in "prevention and disposal of medical safety (adverse) events and medical disputes".

Meanwhile, the subsidiaries have incorporated medical quality management into performance assessment system as a vital part and core index to guarantee the continuous and efficient improvement of medical quality. Throughout 2017, the subsidiaries accumulatively organized 39,567 personnel to participate in 1,158-hour internal professional training for 285 times, designated 715 personnel for external professional training, developed 157 new business items and technologies, and incorporated 17 medical staff into the key professionals training programs of the state and relevant provinces or cities.

With the focus on JCI construction, Chancheng Hospital has established 17 management committees of various types and 76 hospital-level quality control indexes, urged its whole staff to implement specific work of medical quality management in accordance with the Plan on Promoting Hospital Quality and Patient Safety (Culture). In addition, it continued to improve medical service, optimized the procedures for services such as emergency treatment, pharmacy, and newborn visit, launched WeChat service platform, queueing service system, self-service printing system, etc. to facilitate appointment register, queueing & treatment, charge & payment, self-service settlement, payment for parking service, report enquiry, reminder for medicine taking, treatment feedbacks, etc. In 2017, the hospital ranked No. 2 in the list of top 100 competitive non-public hospitals in China. It also passed the rating certification of Chinese competitive hospitals and was identified as "five-star" hospital. 4 medical staff of the hospital received honorary titles such as "Chancheng Master Craftsman", "The Best Doctor", and "The Best Nurse".

With the focus on building a grade-A hospital of second class, Guangji Hospital strengthened the management of perioperative period, intensive care medicine, antibacterial agents, clinical pathway, single disease quality, etc., gradually upgrading inner construction. In addition, it launched information management platforms such as mobile nursing platform, increased investment in service facilities for the public, and added bedside inspection equipment to continuously improve service quality. Thanks to its strengthened use and management of health insurance fund, the hospital ranked the first place in the special inspection of Yueyang City.

Zhongwu Hospital took serious measures to construct departmental evaluation system for medical quality targets and enhanced quality management of the weak links in key departments, hospital infection control, rational drug use, etc. Its cardiology department and orthopedics department were appraised as key departments in Suqian City, and obstetrics and gynecology department and gastroenterology department were appraised as key specialty construction units. The hospital ranked the second place in the special inspection on hospital infection of Suqian City.

Jimin Cancer Hospital has taken an active part in formulation of the Evaluation Standards for the Non-Public Cancer Hospitals in Anhui Province, passed a variety of inspection on medical quality by the municipal quality control center, and focused on strengthening the improvement of hospital infection control and nursing quality. In addition, it was again awarded with the honorary title, "National Honest Private Hospital". It is also the president of Anhui Hospital Management Committee - Private Hospital Management Branch.

Wenzhou Geriatrics Hospital has enhanced information construction and provided convenient conditions for medical treatment of patients. It has also launched online appointment register, which accounts for 80% of the whole register and realized payment and settlement of medical expenses by Alipay and WeChat.

Shenzhen Hengsheng Hospital has strictly implemented core medical system and laid stress on strengthening the quality control of major links and quality inspection on medical documents. It was awarded with a winning prize during the Competition on Clinical Knowledge about Medical Nursing within Shenzhen City and appraised as advanced unit for health news promotion and advanced unit for health statistics by the government of Shenzhen and the National Health and Family Planning Commission of the People's Republic of China. In addition, 2 staff have been respectively awarded with Shenzhen Advanced Individual in Pre-Hospital Care and Advanced Individual in Health Statistics.

Jinan Qilu Medical Laboratory has maintained strict inspection on lab quality and passed the ISO15189 recheck on medical lab quality and management ability, national recheck on high-tech enterprises, quality inspection by the state and Shandong Center for Clinical Laboratories, and inspection on pathogenic microorganism biosafety, winning honorary titles such as Jinan Enterprise Technology Center and Shandong Advanced Unit in Clinical Lab Quality Control.



The medical service subsidiaries carried out business training

285 times, in which

29567 people

participated



Chancheng Hospital was awarded

"five-star hospital"

certification

Doctor-patient relationship

The medical services subsidiaries of the Group highly value doctor-patient relationship and all established a special department for the establishment and management of health professional ethos. They have adopted multiple forms such as satisfaction survey, third-party survey, email of the hospital director, online petition, reception day for hospital leaders, etc. to unblock the channels for patients to demand for rights and interests, established first diagnosis responsibility system, first inquiry responsibility system, first appeal responsibility system, etc., and strived for interactive and friendly doctor-patient relationship. Throughout 2017, it received a total of 185 commendatory letters, silk banners, and plaques from patients and their families. According to patient satisfaction surveys (including bedside questionnaire, out-patient random sampling survey, discharged patient telephone follow-up and feedback from the mailbox of the president, etc.), the average satisfaction level is 94%.

Medical complaint and medical dispute

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

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

Customer Satisfaction Survey of Medical Services Subsidiaries of Fosun Pharma Group

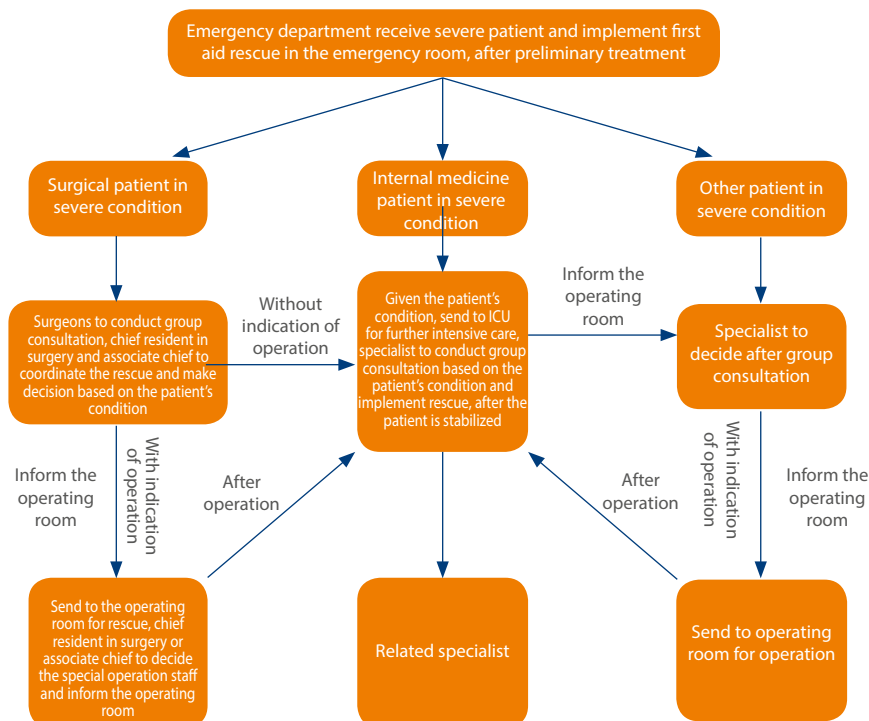
Subsidiary	Jimin Cancer Hospital	Guangji Hospital	Zhongwu Hospital	Chancheng Hospital	Wenzhou Geriatrics Hospital	Shenzhen Hengsheng Hospital	Jinan Qilu Medical Laboratory	Xinao Clinic
Satisfaction level of patients	95.6%	97%	89.4%	95%	93.53%	93%	98.5%	90%

Medical disputes of medical services subsidiaries of Fosun Pharma in the past two years

Year	Subsidiary	Guangji Hospital	Zhongwu Hospital	Shenzhen Hengsheng Hospital	Chancheng Hospital	Jimin Cancer Hospital	Wenzhou Geriatrics Hospital	Jinan Qilu Medical Laboratory	Xinao Clinic
2016		9	3	—	5	0	0	—	—
2017		11	3	2	0	0	0	0	0

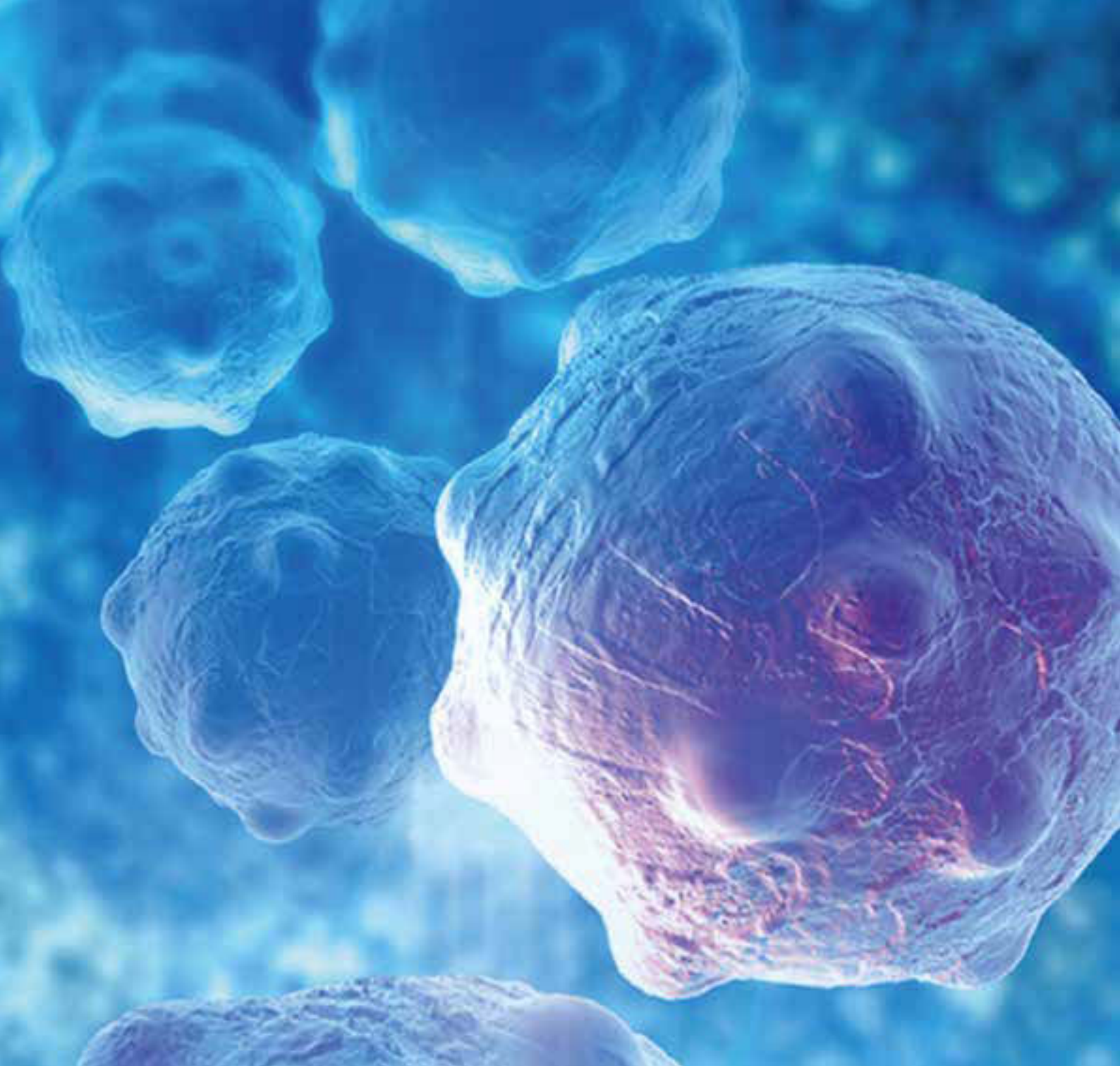
Note: The medical disputes referred here is defined as a medical dispute involving judicial intervention.

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



Average customer satisfaction rate of medical services

subsidiaries **>94%**



Fosun Pharma and Fosun Kite, a joint venture of Kite Pharma, are promoting the technology transfer and preparation verification of KTE-C19, the first product of Kite approved by the FDA, and are committed to bringing the leading global treatment approach for domestic lymphoma patients as soon as possible.

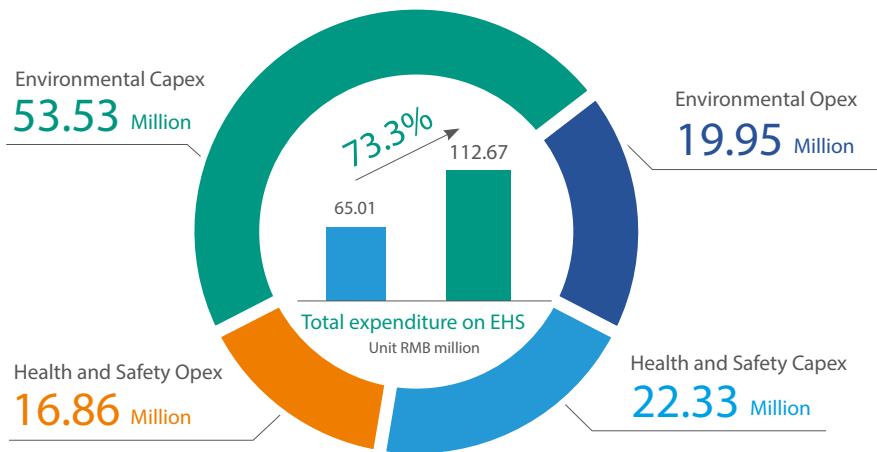


IMPROVEMENT FOR BETTER ENVIRONMENT

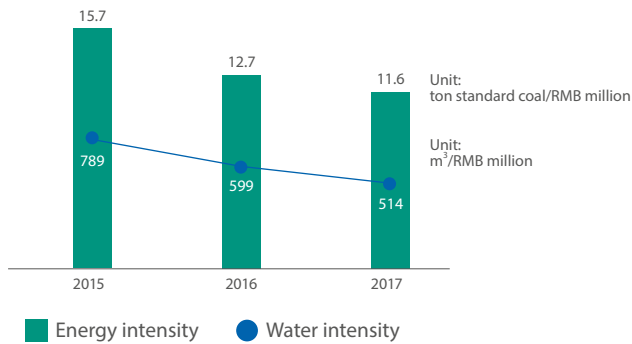
Fosun Pharma Group implements the strategies for sustainable developments of both environment and society, by preventing contaminants and pollutions, saving energies, protecting ecological civilization, and building environment-friendly communities. Fosun Pharma Group motivates employees to participate in EHS activities to increase EHS awareness.



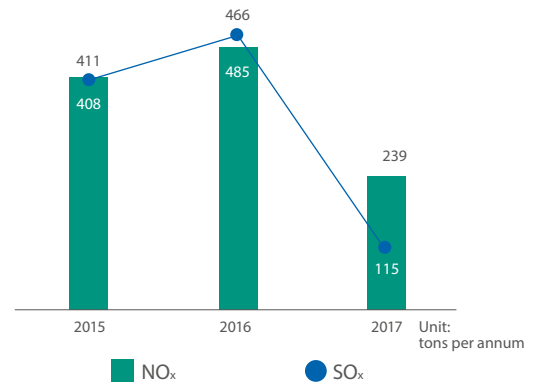
EHS Investment Increased



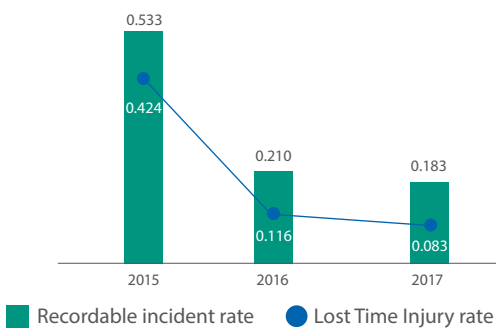
Resource Efficiency Optimized



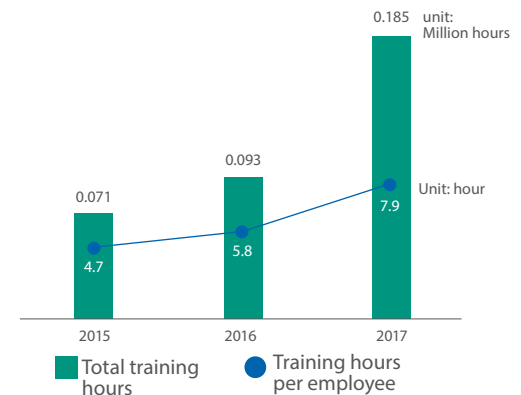
Environment Pollution Reduced



Safety Performance Promoted



EHS Management System Maintained





Ignorance of safety is a crime to the employees. Ignorance of environmental protection is a crime to the community.

----Guo Guangchang, Chairman of the board, Fosun International;
Board member, Fosun Pharma



Energy and resource utilization /
consumption during the reporting
period

Environmental Protection

A series of environmental laws and regulations are revised or issued in 2017, such as Environmental Protection Tax Law of the People's Republic of China, Regulation on Environment Protection for Projects, Provisional Rules on Management of Pollutants Discharge Permit etc. Following by the enforcement of these laws and regulations, the state environment protection department has enhanced supervisions and increased inspections to ensure the "Ten rules on air protection", "Ten rules on water protection", and "Ten rules on soil protection" are implemented strictly and effectively in all places.

"Committing to environmental and social sustainable development, preventing pollution from occurring, actively promoting energy conservation and emission reduction, securing biodiversity and building an environmental-friendly community" is the environmental protection policy of Fosun Pharma Group. Based on the bottom line of compliant operation, the Group takes all necessary measures to protect the environment and prevent the pollution. With the principles of industrial chain and life cycle management, from the start of new projects, internal operations, and pollutant discharge, the Group strictly enforced environmental requirements.

The Group comprehensively carries out the environmental impact assessment to all construction, alteration and expansion projects and implements the system of simultaneous design, construction and acceptance of environmental protection facilities. All new-built and existing facilities strictly follows the requirement of emission application and registration according to < Provisional Rules on Management of Pollutants Discharge Permit>, and ensure the discharge concentration and total amount meeting the requirement of the permit. Fosun Pharma continuously increased investment on environment protection to prevent major pollution event or major EHS non-compliance.

In order to achieve the environmental protection objectives, the Group encourages its subsidiaries to adopt various new products and new technologies which are environmental friendly, voluntarily carry out environmental improvement projects, actively reduce the consumption of power, energy and other resources and increase the recycling rate of resources through promoting lean tools, EHS system and clean production measures such as process optimization and source control so as to minimize the impact of operation on the environment. In addition, the Group has also begun to promote environmental emergency response work, standardize emergent environmental incident response, and improve the environmental emergency response system so as to prevent problems.

Water

9,515,697 m³ / year

Water intensity

514 m³ / RMB million

Total Energy (Electricity + other types)

214,866,184 kg standard coal/year

Total Energy Intensity

11.6 ton standard coal / RMB million

Electricity

513,272,112 kWh/year

Eq. standard coal

63,132,470 kg/year

Other types energy eq. standard coal

151,733,714 kg/year

Energy Consumption

The energy that are directly or indirectly related to the production and operation activities of the Group are mainly electricity, and various forms of energy such as natural gas, outsourcing steam, raw coal, diesel oil and gasoline. The Group upholds the principle of ECO development and takes measures to reduce energy consumption in production and operations. It also promotes the energy management and energy saving improvement in manufacturing and office operations.

In 2017, due to the expansion of the Group's new subsidiaries and Shine Star's expansion, total energy consumption increase amounted to 29,175 tons of standard coal, increasing by 15.7% as compared with that of 2016. The Group continued to promote lean management and energy saving, so total energy intensity was 11.6 ton of standard coal/RMB million in 2017, decreasing by 8.6% as compared with 2016.



Total Energy Intensity

↓ 8.6%

as compared with 2016

Energy Consumption within Fosun Pharma Group

Year	Electricity (kWh/year)	Electricity equivalent to standard coal (kg/year)	Energy consumption other than electricity (equivalent to standard coal) (kg/year)	Total energy consumption (equivalent to standard coal) (kg/year)	Total Energy intensity (ton standard coal/RMB million)
2014	421,765,752	51,835,011	122,713,255	174,548,266	17.2
2015	424,467,622	52,209,518	121,204,106	173,413,623	15.7
2016	478,175,186	58,815,548	126,874,724	185,690,272	12.7
2017	513,272,112	63,132,470	151,733,714	214,866,184	11.6

Energy consumption by segment within Fosun Pharma Group in 2017

Segment	Electricity (kWh/year)	Electricity (equivalent to standard coal) (kg/year)	Energy consumption other than electricity (equivalent to standard coal) (kg/year)	Total energy consumption (equivalent to standard coal) (kg/year)
Pharmaceutical manufacturing and research and development	476,162,697	58,568,012	149,183,670	207,751,681
Healthcare services	23,581,933	2,900,578	1,532,787	4,433,365
Medical devices and medical diagnosis	13,527,483	1,663,880	1,017,258	2,681,138
Total	513,272,112	63,132,470	151,733,714	214,866,184

Note: For Major Subsidiaries' energy consumption and energy classification of Fosun Pharma Group in 2017, please refer to Appendix Tables 1 and 2 at the end of this section.



Energy saving and GHG reduction

In 2017, Fosun Pharma Group launched lean projects. The subsidiaries used various lean tools in energy management and promoted energy saving and carbon reduction. According to statistics of energy saving data of subsidiaries, the Group has accumulated a total energy savings of 7.8 million kilowatt-hours of electricity, 16,000 tons of steam, 385,000 m³ of natural gas or so, and estimated energy savings of more than RMB 10 million. Energy-saving projects include HECC heat pipe energy saving improvement of Guilin Pharma and Erye Pharma., Yao Pharma's condensate recycle facility.

Energy Savings in total

Electricity **7.8** million kWh

Steam **16,000** Tons

Natural Gas **385,000** m³

Energy Saving of Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Energy saving measures			Energy Saved
	Application of new technologies and equipment	Optimization of production process and layout	Energy management	
Zhaohui Pharma	Three-dimensional heat pipe and dehumidification heat pipe (DHP)	None	None	Electricity: 80,000 kWh
Wanbang Folon	None	Replacement of LED lighting in pre processing workshop	Paste signs for reminding to save electricity	Electricity: 4,000 kWh
Wanbang Sainuokang	None	Optimization of operating procedures, control of starting time of cooling water circulating pump	None	Electricity: 16,000 kWh
Huanghe Pharma	Increase of medium in air conditioning unit	None	Limiting the usage time of heating sheet	Steam: 2,000 tons
Yao Pharma	Increase of spray drying equipment by condensate recycle facility	None	None	Natural gas: 362,000 m ³ Steam: 500 tons
Guilin Pharma	Usage of energy-saving lamp; HECC heat pipe energy saving improvement	None	None	Electricity: 2,546,000 kWh Steam: 11,000 tons
Erye Pharma	HECC heat pipe energy saving improvement	None	None	Electricity: 243,000 kWh Steam: 2,000 tons
Dongting Pharma	Install the inverter and upgrade the transformer	None	None	Electricity: 150,000 kWh
Hongqi Pharma	Reduce the amount of fresh air, thereby reducing the cooling capacity	None	None	Electricity: 177,000 kWh
Shine Star	Increase of equipment for recycling energy; Usage of efficient energy-saving pump	None	None	Electricity: 3,890,000 kWh
Guangji Hospital	None	None	Establishment of energy conservation and pollutants reduction team to strengthen energy	Electricity: 166,000 kWh
Zhongwu Hospital	LED lighting	None	None	Electricity: 81,000 kWh
Jimin Cancer Hospital	Usage of solar energy	None	None	Natural gas: 24,000 m ³
Jiangsu Changxing	None	None	Energy consumption system in office	Electricity: 42,000 kWh
Huaiyin Medical	None	None	Energy consumption system in office	Electricity: 36,000 kWh
Shanghai Transfusion	Application of variable frequency controller	None	None	Electricity: 360,000 kWh
Total				Electricity: 7,792,000 kWh Steam: 16,000 ton Natural gas: 385,000 m ³

Note: Deferred reductions of energy saving projects before the reporting period are not included



Case: HECC project for energy saving

After Erye Pharma implemented the HECC heat pipe energy saving project for the first time, Fosun Pharma continued to promote this technology among more than a dozen subsidiaries. In 2017, Erye Pharma and Guilin Pharma saved 2.8 million kWh of electricity, 13,000 tons of steam, and more than RMB4 million in energy consumption through the HECC project,



Guilin Pharma HECC Pipe Energy Saving Equipment



Case: Healthcare service Segment water saving case

The facilities of the existing site of Jimin Cancer Hospital have a history of more than ten years. The water supply network of the entire hospital area has experienced problems of oldness and leakage. In order to reduce the unnecessary water leakage, the team of Jimin Cancer Hospital conducted a leak detection work in the water supply network of the entire hospital in 2017 and replaced all leak or damaged pipe. The amount of water saving by the detection work can not be accurately estimated.



Leakage detection work of Jimin Cancer hospital

Resources consumption

(1) Water consumption

In 2017, the total water consumption of Fosun Pharma Group amounted to 9,515,697 m³, which represented an increase of 746,321 m³ in total water consumption in 2016, representing a year-on-year increase of 8.5%, which was mainly due to the expansion of the Group's new subsidiaries and Shine star's expansion.

The Group's water consumption was mainly used for production manufacturing, operational services, water consumption at offices, and it is used in small amounts for environmental protection and/or fire emergency. The Group values the impact of water consumption on the environment, in addition to actively promote application of water-saving devices (such as sensor faucets, energy-saving nozzles, etc.) among enterprises, it also adopts new water-saving technologies (such as collection of concentrate water, recycling of condensate water collected, recycling of intermediate water, etc.) to reduce consumption and utilization of water, and continue to reduce costs and improve efficiency via water conservation.

In 2017, the total water saving of the Group exceeded 1.8 million m³. Through internal water saving improvement and optimization of administrative measures, in 2017, the Group's water intensity was 514 m³/RMB million, a decrease of 14.3% compared with 2016.



Total water saving

>1.8 million m³

Water intensity

↓ 14.3%

as compared with 2016

Water Consumption within Fosun Pharma Group

		2014	2015	2016	2017
Water consumption	(m ³ /year)	8,377,364	8,716,937	8,769,376	9,515,697
Water intensity	(m ³ /RMB million)	823	789	599	514

Water consumption by segment within Fosun Pharma Group in 2017

Segment	Pharmaceutical manufacturing and research and development	Healthcare services	Medical devices and medical diagnosis	Total
Water consumption (m ³ /year)	8,373,132	968,592	173,973	9,515,697

Note: For water consumption of Major Subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 1 at the end of this section.

Water Saving in Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Water-saving measures		Water saving volume (m ³)
	Water saving engineering measures	Administration management measures	
Wanbang Biopharma	Partial recycling salt water for regenerate softener	1. Manual control of supplementing water for water cooler units 2. Management system optimization control	52,880
Wanbang Sainuokang	Adopting cooling tower to cooling the cooling water for further use	None	2,500
Huanghe Pharma	Intermediate water pool (recycling treated waste water) recycling cooling water from horizontal packaging machine	None	2,300
Wanbang Tiancheng	Supplying water by plant water pool and cooling water pool	None	2,100
Yao Pharma	Recycling intermediate water; production wastewater recycling system; condensate recycle facility	Promoting water conservation	63,771
Guilin Pharma	1. Recycling steam condensate water to boiler room for use 2. Recycling post-purification concentrate water for further use	None	59,080
Erye Pharma	Draining post-purification concentrate water to the firefighting pool	1. Water-saving index monthly assessment system 2. Enhance leakage detecting frequency	6,000
Dongting Pharma	1. Using air conditioning chilled water as cooling water for equipment 2. Recycling liquid ring vacuum pump water	Preparation of safety production responsibility assessment system	13,500
Aleph	Changing cooling water in flu workshop to recycled water	None	7,900
Shine Star	1. Recycling process condensate; 2. Using recycling water in full; 3. Increasing cycle times and reducing emissions	None	1,670,000
Zhongwu Hospital	Recycling treated waste water in bathroom	None	300
Jiangsu Changxing	Collection of post-purification concentrate water	None	600
Shenzhen Yaneng	Collection of post-purification secondary concentrate water	None	900
Shanghai Transfusion	Adopting water-saving sensor faucets; using push-style flush toilet	None	40
Total			1,881,871

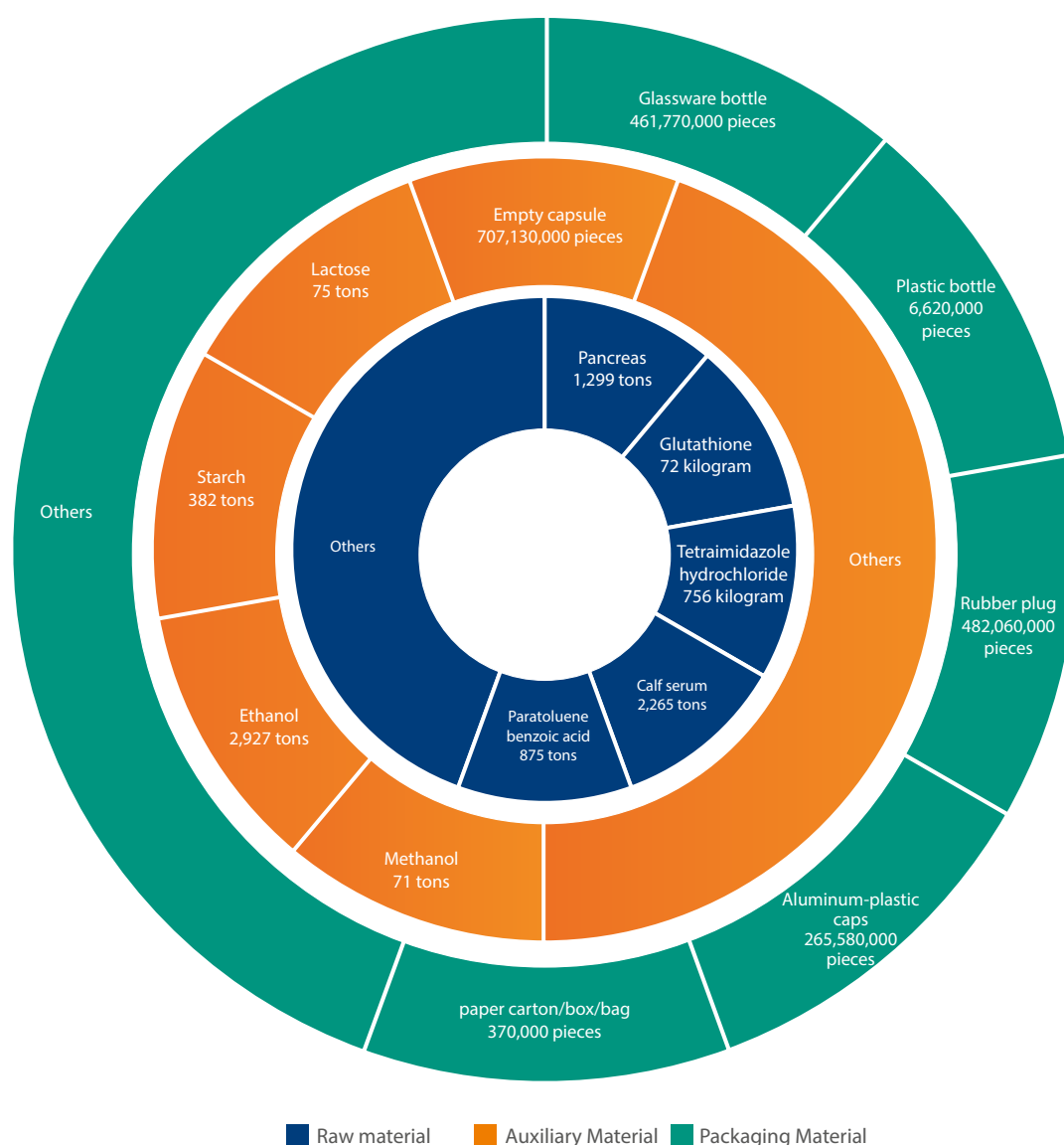
(2) Materials Consumption

In addition to the water resources consumption, the Group's business, used a variety of materials resources, which could be basically divided into three categories including raw materials, auxiliary materials and packaging materials during pharmaceutical manufacturing and research and development, healthcare services, and medical devices and medical diagnostics. Adhering to the principle of "source control, optimizing layout, reducing environmental consumption and pollutant discharge," all subsidiaries have strengthened the control over the materials consumption, and actively tried to recycle the materials in order to achieve the sustainable use of environmental resources.

In 2017, the Group's API companies fully initiated the organic solvents recycling (such as ethanol and toluene), repurified the organic solvents by distillation, and after reaching the GMP process requirements, they are re-used as raw materials. In the material packaging section, subsidiaries arrange personnel to collect recyclable materials, including paper packaging materials, metal devices, air-cushion films, etc., for reuse or recycle. For those that cannot be used for internal recycling, they are sold to the resource recycle companies, and accomplished materials recycling by social resources.

Some subsidiaries initiated the material turnover containers optimization and improvement in the material packaging session, encouraged the use of reusable material turnover containers instead of one-time material containers, and cooperated with upstream customers or downstream suppliers to reduce the material turnover box loss in material transportation.

Sketch map of raw materials, auxiliary ingredient and packaging materials for Fosun Pharma subsidiaries



Note: For raw materials, auxiliary ingredient and packaging materials of some subsidiaries of Fosun Pharma Group in 2017 please refer to Appendix Tables 3 at the end of this section.

Pollutants Generation and Discharge Control

The main sources of environmental pollution generated by the Group's production, operation and services are be grouped in three main categories, which are wastewater (industrial wastewater, hospital wastewater, domestic wastewater, and the main pollution factors are COD, NH₃-N, SS, mineral oil and E. coli, etc.) and air emissions (process exhaust gas, boiler flue gas and fugitive emission sources, and the main pollution factors are: SO₂, NO_x, VOCs, particulate matter, etc.) and solid waste (general industrial waste, domestic waste, and various types of hazardous waste generated during production) .

During the reporting period of 2017, the Group actively implemented the relevant requirements of the "Provisional Regulations on the Management of Emission Permits" newly promulgated by the State, and comprehensively inventory the waste water, atmospheric pollutants and solid waste generated in the manufacturing and office in subsidiaries.

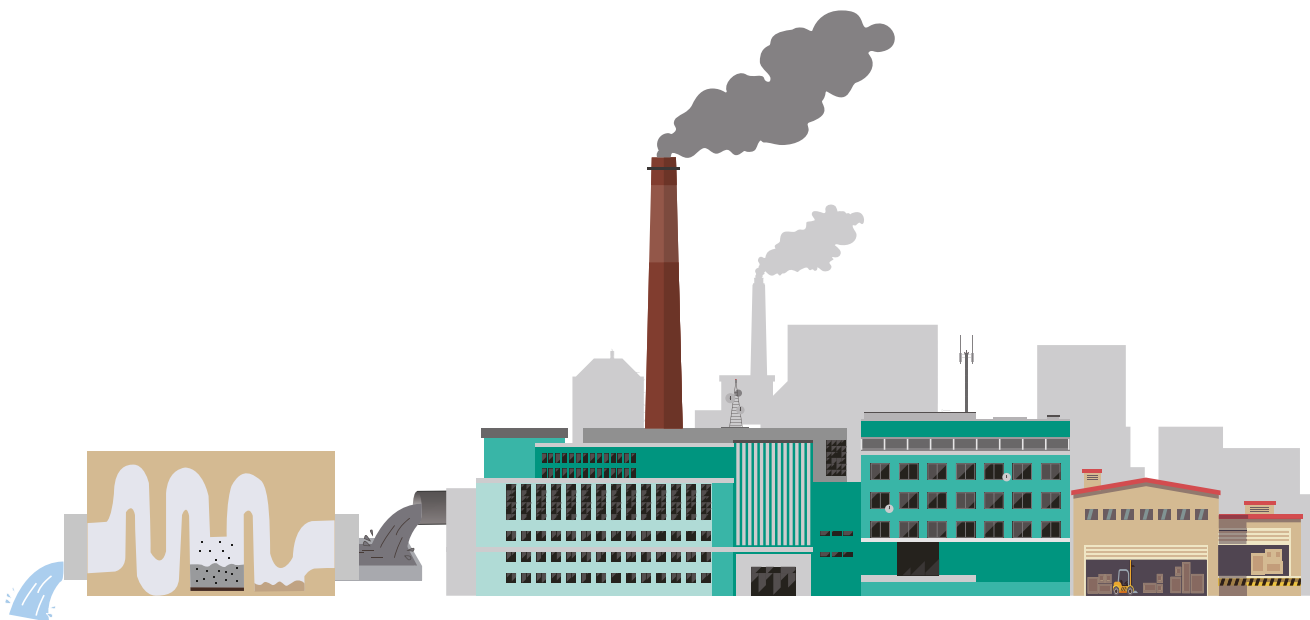
According to the local environmental protection department's implementation details, the group requested the subsidiaries to complete the renewal of the new pollution discharge permits, and ensure that all subsidiaries discharge pollutants compliant. The subsidiaries formulated their own environmental emergency plans, allocated various types of emergency facilities and equipment, and provided personnel with the necessary special skills training to ensure timely response in case of emergency, curb the environmental impact caused by abnormal emissions, reduce the environmental pollution caused by emergencies, and to minimize of the company's environmental impact.

In 2017, the nitrogen oxides and sulfur oxides in air pollutants showed a significant downward trend, benefited from the coal boiler to gas boiler conversion project of Guilin Pharma and Dongting Pharma,

In 2017, Fosun Pharma disclosed the solid waste intensity and the hazardous wastes intensity for the first time, which were 4.801 ton/RMB million and 0.129 ton/RMB million, respectively

Environmental Pollutants by Fosun Pharma Group

Year	Total wastewater (m ³ /year)	COD (tons/year)	NH ₃ -N (tons/year)	Nitrogen oxides (tons/year)	Sulfur oxides (tons/year)	Particles (tons/year)	Total Solid Waste (tons/year)	Solid Intensity (tons/RMB million)	Hazardous Waste Intensity (tons/RMB million)
2014	5,677,448	440	60.94	90	318	130	50,258	-	-
2015	6,285,061	488	56.00	411	408	110	65,597	-	-
2016	6,785,400	490	60.55	466	485	19	80,848	-	-
2017	7,315,890	841	486	239	115	41	88,967	4.801	0.129



(1) Wastewater Management

In 2017, Fosun Pharma Group's annual COD emissions totaled 841 tons, and NH₃-N produced 486 tons in total, which were 351 tons and 425 tons more than the 2016 emissions. Among the subsidiaries, the most significant increase was Shine Star, and its COD and ammonia nitrogen emissions increased by 623 tons and 428 tons, due to the Shine Star's production expansion and the relaxation of its wastewater discharge limit.

In 2017, the Group strengthens the control of wastewater discharge of its subsidiaries, and invested to build or renovate wastewater treatment facilities. In 2017, six subsidiaries, namely Aohong Pharma, Wanbang Folon, Wanbang Tiansheng, FareEast Casings, Yao Pharma and Hongqi Pharma, successively built or renovated wastewater treatment facilities.

In 2017, the wastewater of all subsidiaries of the Fosun Pharma Group achieved discharge compliant, and the method and destination of wastewater discharge were all in accordance with the laws and regulations of the country/region where the subsidiaries were located.

Water pollutants by segment within Fosun Pharma Group in 2017

Segment	Wastewater (m ³)	COD (tons)	NH ₃ -N (tons)
Pharmaceutical manufacturing and research and development	6,304,066	802	475
Healthcare services	864,025	34	10
Medical devices and medical diagnosis	147,799	5	1
Total	7,315,890	841	486

Note: For water pollutants of major subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 4 at the end of this section.



Case: Built/Upgrade of wastewater treatment facilities

Case One

In plant relocation project, Aohong Pharma invested more than RMB4 million to build a new wastewater treatment plant on the new site. The process mainly uses pretreatment (grid, hydrolytic acidification) + biochemical treatment (A/O method) + advanced treatment (dosing and flocculation) to ensure that the prior process wastewater and domestic wastewater are effectively treated before it is discharged to the designated municipal pipe network



Case Two

Wanbang Folon invested more RMB800,000 to upgrade the waste water treatment plant. The upgrade increased catalytic oxidation pretreatment system to ensure that the back-end wastewater treatment effect can be achieved stably. On-line monitoring equipment at the waste pool of the wastewater station was installed to monitor water discharge and various water quality indicators. The current effluent COD can be stably controlled below the permitted limit of 25%



Case Three

Fareast Casings renovated the rain water and wastewater network in the plant, and wastewater collection and treatment system. Negative pressure salt crystallization equipment and reverse osmosis system were introduced to remove salt from the water to ensure effective operation of the biochemical system. In addition, it replaced all the biological fillers in biochemical treatment units, which effectively improved the efficiency of wastewater treatment and reduced pollutant emissions.



(2) Air emission

In 2017, the total emission of nitrogen oxides per year from Fosun Pharma Group was 238.69 tons, and the annual total emission of sulfur oxides was 114.98 tons, which was a drop of 227.31 tons (48.8% decreasing) and 370.02 tons (76.3% decreasing) from the 2016 emissions, respectively.

During the reporting period of 2017, the Group continued to strictly implement national and/or local regulations and requirements concerning air emissions, strengthen the establishment of system elements related to air emission among subsidiaries, and establish and strengthen the operation and maintenance system of air pollution control facilities to ensure the pollution treatment equipment effective and reliable operation. In addition, Guilin Pharma and Dongting Pharma completed the coal boiler to gas boiler conversion project, which reduced approximately 11,500 tons of coal in total, and contributed to emission reduction on nitrogen oxides, sulfur oxides and particles of the Group.

In 2017, the state increased its efforts on control of volatile organic compounds (VOCs) in pharmaceutical industry, and environmental protection authorities in Shanghai, Jiangsu, and other cities proposed emission reduction requirements for VOCs. After the completion of installation of VOCs collection and emission reduction treatment facilities in Zhaohui Pharma of Shanghai, the Group continued to increase its efforts on VOCs emission reduction and treatment in domestic subsidiaries in Jiangsu, Chongqing, Hubei, and other regions. Subsidiaries in the regions, such as, Erye Pharma, Carelife Pharma and Shine Star have newly built VOCs collection and emission reduction treatment facilities, the main process including activated carbon adsorption and photocatalytic oxidation. The total investment is approximately RMB20 million.

In response to the government's requirements for VOCs control and to strengthen the Group's pollution prevention, the Group issued the document of "Investigation on VOCs of Fosun Pharma Subsidiaries" in the Group during the 2017 reporting year. The investigation covers the VOCs emission sources and amount. The total VOCs emissions were approximately 950 tons according to the investigation. The subsequent emission reduction plan was prepared for the main VOCs emission subsidiaries found in the inspection.



Emission of nitrogen oxides compared with 2016

↓ 48.8%

Emission of sulphur oxides compared with 2016

↓ 76.3%

Air Emission of some subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Nitrogen oxides emission (tons)	Sulfur oxides emission (tons)	Total particles emission (tons)	Types and methods of emission source
Zhaohui Pharma	0.00	0.00	0.01	Dust collectors, activated carbon adsorption
Wanbang Folon	7.00	1.27	0.77	Fuel boiler gas emission
Wanbang Tiancheng	0.68	0.20	0.00	
Yao Pharma	3.34	0.16	0.18	Activated carbon adsorption, direct emission at high altitude and dust removal with cloth bags
Guilin Pharma	21.47	11.35	5.25	Dual-alkali wet dedusting and desulphurization tower and dedusting cloth bag facility
Aohong Pharma	0.85	0.14	0.09	Fuel boiler gas emission
Erye Pharma	2.57	0.66	0.11	Emission from 35-meter exhaust cylinder is absorbed via lye spray and combustion control method
Dongting Pharma	6.44	0.82	0.37	Fuel boiler gas emission at a height of 20 meters
Hongqi Pharma	2.63	1.32	0.38	Fuel boiler gas emission at a height of 15 meters
Shine Star	191.30	97.73	32.97	Desulfurization inside the circulating fluidized bed boiler+ wet ammonia desulfurization; photocatalysis
Gland Pharma	0.80	1.29	0.57	Discharge after internal treatment
Chongqing Research Institute	0.00	0.01	0.01	Fuel boiler gas emission
Chancheng Hospital	1.10	0.03	0.07	Installation of filter for kitchen exhaust duct; using natural gas for boiler
Shanghai Transfusion	0.51	0.00	0.03	Diesel exhaust gas boiler, high-altitude emissions

Note: The data in this disclosure does not include the amount of air pollutants due to fugitive emission in the subsidiaries.



Case: VOCs treatment facilities of Zhaohui Pharma

In 2017, Zhaohui Pharma invested more than RMB6 million to build three new VOCs collection and treatment facilities for API workshops, preparation workshops and QA experiments, with the advanced process of VOCs treatment in the pharmaceutical industry (activated carbon adsorption + steam desorption and regeneration). Two sets of VOCs treatment installations are with the process of activated carbon adsorption + steam desorption and regeneration except for a disposable activated carbon cartridge was used for the laboratory VOCs. With regeneration process, the amount of waste active carbon cartridge was also reduced when the requirements for VOCs treatment are met.



(3) Waste Management

In 2017, Fosun Pharma Group's total solid waste amounted to 88,967.33 tons, of which 88.9% were boiler waste residue and fly ash after combustion of raw coal. These waste were all recovered by the building materials manufacturing company for brick making and recycling.

In 2017, the total amount of solid waste increased by 8,119 tons (a 10% increase), with an increase of 11,300 tons for Shine Star; and the coal boiler to gas boiler conversion project of Guilin Pharma and Dongting Pharma reduced the raw coal consumption by 11,500 tons, correspondingly reducing around 6,000 tons of boiler waste residue and fly ash.

In 2017, the domestic waste generated by the subsidiaries of the Group is disposed of by local sanitation. The non-hazardous wastes of industrial wastes is disposed by the local sanitation department or recycled. Hazardous wastes are disposed by qualified and authorized companies in compliance with statutory requirements.

Solid wastes disposal by segment within Fosun Pharma Group in 2017

Segment	Total solid waste (tons) including	Domestic waste (tons)	Industrial waste (nonhazardous waste) (tons)	Hazardous waste (tons)	Treatment for hazardous waste			
					Recycle/Reused (tons)	Incineration(tons)	Landfilled (tons)	Other (including storage) (tons)
Pharmaceutical manufacturing and research and development	86,513.2	3,135.1	81,527.2	1,850.8	0.0	1,171.3	1.2	678.3
Healthcare services	2,104.5	1,425.5	138.7	540.3	0.0	231.8	0.0	308.5
Medical devices and medical diagnosis	349.7	133.6	210.3	5.7	0.0	0.0	0.0	5.7
Total	88,967.3	4,694.2	81,876.2	2,396.9	0.0	1,403.1	1.2	992.6

Note: For solid waste disposal of major subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 5 at the end of this section.

Investment on Environment

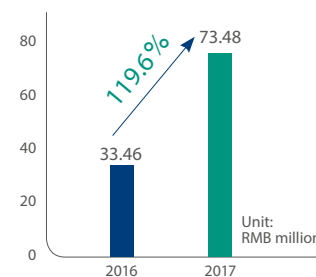
In 2017, in order to protect the environment and reduce the environmental impacts of the operation of Fosun Pharma, the Group continuously directed more capital investment into the environmental protection projects with a total investment amount of RMB73.48 million, among which, RMB53.53 million was invested in environmental protection facilities, RMB19.95 million was invested in the operation and maintenance, including expenses for pollutant treatment, energy saving and emission reduction and operation maintenance.

The investment in environmental protection facilities was mainly concentrated on sewage and atmospheric emission control facilities including new construction and upgrading costs of pollution control facilities. The operating costs of environmental protection facilities were mainly used to ensure that all types of existing environmental protection facilities were required for normal and effective operation as well as various types of testing and evaluation costs involved in the environmental management system.

In 2017, the VOCs treatment facilities were newly established by Zhaohui Pharma, Erye Pharma, Carelife Pharma and Shine Star, with total investment approximately RMB20 million in VOCs emission reduction projects. In 2017, the subsidiaries also renovated and upgraded the wastewater treatment facilities, including Wanbang Tiansheng, Aohong Pharma and Carelife Pharma, all of which invested nearly RMB20 million.

In this report, the principles concerning the allocation of environmental protection costs and input of environmental protection facilities refer to the cost of new construction and upgrading of pollution control facilities, including but not limited to wastewater and air emission related treatment facilities. The operating costs of environmental protection facilities include the costs needed to ensure the normal and effective operation of existing types of environmental protection facilities, as well as the types of costs involved in the operation of environmental management systems, such as environmental testing and evaluation costs, waste disposal costs, and personnel training.

Investment on Environmental Protection



Environmental investment by segment within Fosun Pharma Group in 2017

Segment	Capital Expenditure of environmental facilities		Operation Expenditure of environmental facilities	
	Amount (RMB million)	Description	Amount (RMB million)	Description
Pharmaceutical manufacturing and research and development	53.27	VOCs treatment project Waste water treatment station project; Photocatalytic facility	16.85	Expense for operation of waste water station; Expense for operation of VOCs facility; Expenses of hazardous waste disposal
Healthcare services	0.13	Transformation of waste water facility	2.93	Expense for operation of waste water station
Medical devices and medical diagnosis	0.13	Transformation of facility	0.17	Facility operation
Total	53.53	-	19.95	-

Note: The description doesn't include all projects. For details of investment on environment of some subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 6 at the end of this section.

Green Supply Chain

For pharmaceutical companies, supply chain management is an important part of the quality management system. The choice of suppliers directly affects the stability and safety of the product quality, and also has far-reaching impact on the society. Therefore, the implementation of green supply chain management is an effective way to implement both sustainable development with “environmental awareness” and “economic development”.

Since the launch of Shanghai Green Supply Chain Project by China-ASEAN Environmental Cooperation Center and Shanghai Environmental Protection Bureau in 2016, Fosun Pharma has actively participated and jointly launched the green supply chain construction project called “Green Fosun” together with its subsidiaries and suppliers. Fosun Pharma’s green supply chain project aims to guide the subsidiaries to raise environmental standards and drive suppliers to strengthen self-control and self-regulation on environmental protection in the industry. By in line with international standards, the project is also dedicated to promote the supply chain ecology healthier and more sustainable in the industry.

Since its launch, the project committee has been set up to develop project strategies, annual targets, initiatives and make series of assessments to ensure the smooth progress of the project. The “Green Supply Chain” project was jointly recognized by Shanghai Environmental Protection Bureau etc. in February 2017. Fosun Pharma stood out from more than 100 large domestic and foreign enterprise groups and became one of the four “Stars of Shanghai Green Supply Chain” in the city.

At present, the green supply chain project is an EHS extended audit of suppliers to the downstream suppliers of Fosun Pharma’s supply chain, including but not limited to EHS document verification and on-site EHS audit. In 2017, Fosun Pharma continued to further promote the “Green Supply Chain” project and conducted EHS on-site audits of Suzhou Capsule Co., Ltd., Anhui Shanhe Pharmaceutical Excipient Co., Ltd. and Shanghai Dongfenglong Technology Co., Ltd. During the audits, Fosun Pharma introduced the background and related promotion plans of green supply chain project. Regarding their own EHS management work, Suzhou Capsule, Sanhe Pharmaceuticals, and Dong Fulon elaborated on compliance, organizational structure, cost input, goal planning, energy saving and emission reduction, awareness training, and continuous improvement. At the same time, the two parties conducted in-depth discussions on specific technical details, conducted on-site inspections of environmental protection facilities and water treatment systems, and Fosun Pharma proposed improvement suggestions to suppliers on the basis of some problems found on the site. In addition, the two teams also expanded communication on social responsibility, purchasing alliance and other aspects, hoping to strengthen cooperation among enterprises in all aspects and form a green alliance to promote the sustainable development of the entire industry.

In future, Fosun Pharma will continue to promote the “Green Supply Chain” project. As a leading company in the industry, Fosun Pharma will interact and collaborate with its subsidiaries based on the “Green Supply Chain” project to improve the supply chain environment management, reduce the impact of corporate operation activities on the environment, and effectively lower the burden on the nature and environment. Fosun Pharma will also actively collaborate with the enterprises in upstream and downstream of the supply chain to jointly promote the energy saving and emission reduction and resource recycling, facilitate the implementation of green and environmental protection measures, and strive to create a more harmonious industry ecosystem.



Fosun Pharma “Green Supply Chain” project team inspecting Sanhe Pharmaceutical’s Wastewater treatment plant

Alleviation and adaptation to the climate change

Emission of greenhouse gases

Following the first disclosure of the Group's carbon emissions data in 2016, the Group continued to increase its pilot projects in carbon emission management and gradually promoted the coverage and intensity of carbon emissions.

In 2017, by taking the physical boundaries of subsidiaries' production, operation and office as the boundaries of responsibility, and the direct sources of emissions (such as natural gas, liquefied gas, city gas, raw coal, diesel, gasoline, and biofuel oil) and indirect emissions sources (such as electricity and steam consumption) within the boundaries were calculated by internal statistics, and the Group emits a total of 820,000 tons of greenhouse gases (CO₂)* in direct and indirect ways within its business operations in the PRC. Sisram Med, the Group's overseas member subsidiary, disclosed in its 2017 ESG report that the greenhouse gases (CO₂) emission is 1,410.2 tons.

In 2017, the Group gradually reduced and minimized its greenhouse gas emissions within its controllable range, and realized energy saving and emission reduction through technological transformation and continued to reduce the total energy intensity for four consecutive years. The four companies whose energy conservation projects have achieved a significant reduction in carbon emissions are Guilin Pharma, Shine Star, Yao Pharma and Erye Pharma, with a carbon reduction of approximately 7,200 tons.

In the third quarter of 2017, the Group is actively engaging with external carbon service organizations. Currently, Guilin Pharma has been selected to conduct a pilot project. It is planned to complete full carbon disclosure and verification in 2018.

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

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

For the mergers and acquisitions in 2017, Fosun Pharma Group requested to perform EHS due diligence on all acquired companies (manufacturing companies), in order to identify the potential environmental risks of the acquired companies. The due diligence included the assessment of soil and underground water risks. If the acquired companies have high potential risks in the aspects of bio diversities, soil and underground water protection, or are classified as conditional acquisitions, or have been rejected for the acquisitions, Fosun Pharma Group will not sacrifice the environment in exchange for economic benefits. We strive to engage in practical actions to dedicate our contributions to the well-being of the society.

*Note: This data does not include greenhouse gas emissions from biological and chemical sources within the boundaries of responsibility (i.e. within the physical boundaries of production, operations and office), nor does it include greenhouse gas emissions from overseas companies.

Environment protection equipment of some subsidiaries



Occupational health and safety

Fosun Pharma Group implements the national policy of "Safety First, Prevention Dominant" and commits itself to caring employees and valuing their health and safety, taking active measures to reduce the employees' exposure to occupational hazards and providing a healthy and safe working environment for the employees.

In 2017, the group continued focusing on health and safety management system, assigned accountability of EHS management to the top management team of the subsidiaries, and strengthened the mechanism of EHS management committee. With all these measures, the group ensured the requirements of EHS management system were implemented and a robust basis was established in all subsidiaries.

The group continued expanding the mobile application platform and EHS supporting and collaboration. In 2017, the Group developed "EHS Hazard Tracking and Rectification System" for the subsidiaries to report major EHS event. The group also expanded the scope of this mobile system and encouraged employees at all levels of the company to report EHS concerns timely. The system is also a supervision tool to monitor the closure of the findings.

In order to ensure the safety and health of employees in the production and operation, the Group continued to invest in health and safety improvement. In 2017, the total investment was RMB39.19 million, which includes protection devices and machine guarding to prevent injury from equipment, equipment and signs to prevent trip and fall, ventilation system upgrade to reduce the dust exposure and PPE optimization.

In 2017, no major safety incident or major fire incident is reported. By 31 December 2017, the group reached 1068 days without fatality or paralysis or amputation incident. In 2017, there is only one major injury incident case, the rate of which decreased 87.4%. The overall safety performance keeps stable.



Zero paralysis or amputation incident

1,068 days

Major injury incident rate

↓ 87.4%

compared with 2016

Loss time injury rate

↓ 28.2%

compared with 2016

Health and Safety Performance of Fosun Pharma Group

Year	Total number of employees	Serious incident rate	Major injury rate	Minor injury rate	Loss time injury rate	Recordable incident rate	Occupational hazard exposure rate	H&S investment (RMB million)
2014	15,757	0	0.006	0.46	no statistics	no statistics	14.88%	20.60
2015	15,187	0.006	0.026	0.392	0.424	0.533	12.57%	45.05
2016	16,235	0	0.044	0.072	0.116	0.210	14.89%	31.55
2017	23,534	0	0.006	0.077	0.083	0.183	12.42%	39.19

Notes: 1. «GB6441-86 The classification for casualty and injury accidents of enterprise staff and workers» and OSHA standard are applied for the classification of incidents. The data includes OSHA Lost time injury and recordable incident (an incident that requires prescription in hospital or more serious)

2. Incident rate = number of incidents / Total working hours * 200,000 hours

Fosun Pharma Group's management on Occupational Health and Safety



Establishing leadership

- EHS management committee
- Three layers of EHS network
- EHS full time/part time personnel
- Owner of EHS MS element



Risk Management

- Hazard identification and risk assessment
- Major risk identification and control
- Action development and implementation



Management of System Elements

- Contractor management
- Process safety management
- Machine guarding
- LOTO
- Emergency preparedness and response
- 5S and visualization
- High risk operation management
- Others



EHS performance assessment

- Random inspection
- Hazard identification
- "Red & Yellow" card mechanism
- Audit
- EHS accountability system
- Corrective action closure rate
- EHS training hours

Safety Management

In 2017, the group experienced rapid growth, with new projects and/or expansion among many subsidiaries. The group emphasized the "inherent safer design" for all projects and expansion, and required the involvement of EHS department in each stage of the project, from feasibility to final approval. Many subsidiaries carried out risk assessment of new production line from multiple aspects including machine guarding, electrical safety and occupational hazards. A list of actions was developed based on the assessment. In the meantime, safety interlock, infrared sensor and alarms, and both-hand-button etc. were gradually introduced to meet the requirement of inherent safer design

Pharmaceutical industry, especially API manufacturing site, deals with a large amount of flammable materials. Firefighting is always a paramount part of safety management in the Group. Fosun Pharma continues enhancing the Process Safety Management (PSM). By adopting developed international model and taking into account national regulatory requirements, Fosun Pharma has developed its own Process Safety Management system which is tailored for API subsidiaries. Two PSM training courses & seminars had been held for 17 subsidiaries to introduce the system and transfer basic knowledge in Xuzhou and Chongqing. 74 attendees from EHS, production, R&D and maintenance took part in the activities. With the PSM implementation and specific PSM tools, no fire and explosion incident was reported in 2017.

In 2017, the rate of 20 million working hours are 0.006 (1 case, decreased 87.4%) for major injury, 0.077 (14 cases, increased 6.9%) for minor injury, 0.083 (15 cases, decreased 28.2%) for loss time injury (excluding offsite), and 0.183 (33 cases, decreased 12.8%) for recordable incident. Most cases are trips and falls, hands cut due to broken glass instruments, eyes or skin irritation due to chemical exposure, and collision injury of maintenance personnel due to limited working space etc. In 2017, six offsite incidents were reported, most of which were traffic incidents during trip between home and site.

Safety performance by segment within Fosun Pharma Group in 2017

Segment	Total number of employees	Total working hours (hours)	National indicators for incident							International indicators for incident				
			Number of Catastrophic incident	Number of Serious incident	Number of major injury case	Number of minor injury case	Number of total incident and injury case	Injury rate	Fatality rate	Number of Lost Time Injury (LTI) case	Number of Recordable Incident (RI)	LTI rate	RI rate	Days for LTI
Pharmaceutical manufacturing and research and development	16,245	22,016,999	0	0	1	11	12	0.109	0.000	12	25	0.109	0.227	353
Healthcare services	4,711	8,638,367	0	0	0	2	2	0.046	0.000	2	6	0.046	0.139	87
Medical devices and medical diagnosis	2,578	5,384,828	0	0	0	1	1	0.037	0.000	1	2	0.037	0.074	11

Note . Incident rate = number of incidents / Total working hours * 200,000 hours



Case: Process Safety Management (PSM) in Guilin Pharma

Guilin Pharma formed a PSM team to focus on the process with high hazard. The team carried out HAZOP / PHA to identify hazard, assess the risk and develop actions to control the risk. 348 hazards have been identified in the project.



An example of the hazard and control measures: It was identified there would be a vessel overpressure hazard due to operation error. An action of lock open the vent valve was developed to control the risk.



Case: Hazard Vulnerability Analysis and Emergency Response

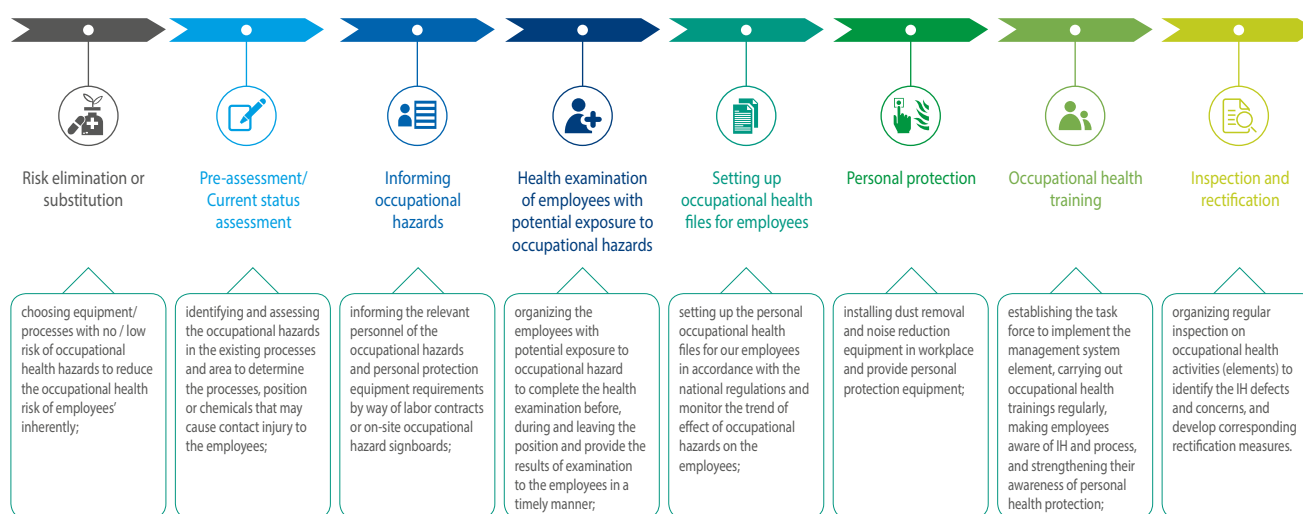
Chancheng hospital applied Hazard Vulnerability Analysis (HVA) to identify the hazards and vulnerability in preparing for JCI certification. The study identified multiple high risk events, including loss of water, loss of power, loss of compressed gas (oxygen etc.), fire, infant theft, communal violence, people trapped in faulty elevator, and release of hazardous material etc. Emergency response plans were also developed for those high risk events. To ensure the accuracy, effectiveness and efficiency of the emergency response plans, drills have been carried out for different events, in total 50 times. The patients were also involved in the drill.

Occupation Health

Fosun Pharma group always pay attention to the occupation health. The group follows the hierarchy of risk control, selecting equipment/processes with no/low risk of occupational health hazards for new project, optimizing the existing workplace with engineering measures such as dust collection, isolation and noise reduction to protect the employee, and at same time, improve PPE usage and management.

The subsidiaries have developed and implemented occupational health and safety management system. The subsidiaries also hold occupational health training for the employees regularly to improve the employee's awareness of occupational health, enhance the employee's willingness to protect themselves. The subsidiaries organized the employees with potential exposure to occupational hazard to complete the occupational health examination before, during and leaving the position and provided the results of examination to the employees in a timely manner. The subsidiaries applied multiple means to inform the relevant personnel of the occupational hazards and personal protection equipment requirements. The personal occupational health files for the employees were set up in accordance with the national regulations and monitor the trend of occupational hazards effect on the employees.

In 2017, 2,838 employees who exposed directly or indirectly to occupational hazards (such as chemical, dust, noise, high temperature, ionizing radiation, infection, bio-hazard, blood infection etc.) were provided with occupational health examination with 100% coverage.



Occupational health performance by segment within Fosun Pharma Group in 2017

Segment	Number of employee exposed to occupational hazards	Percentage of the employees exposed to occupational hazard over the total employees	Number of employee required for occupational health examination	Completion rate of occupational health examination	Number of occupational disease case	Major occupational hazards
Pharmaceutical manufacturing and research and development	2,514	15.48%	2,429	100%	1	Chemical, dust, noise, high temperature, ionizing radiation
Healthcare services	326	6.92%	326	100%	0	ionizing radiation, infection, bio-hazard, blood infection
Medical devices and medical diagnosis	83	3.22%	83	100%	0	Chemical, dust, noise, high temperature, ionizing radiation, infection, bio-hazard, blood infection
Total	2,923	12.42%	2,838	100%	1	-

Note: 1. For Occupational health performance of some subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 8 at the end of this section.

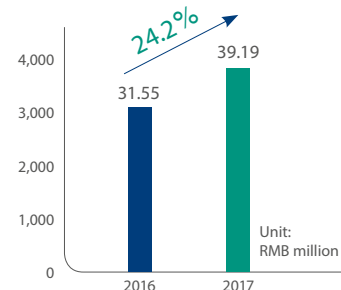
2. The occupational disease case was 1 minor chronic benzene poisoning in Dongting Pharma, which was identified in the health examination.

3. Employee required for occupational health examination (in 2017) is less than the employee exposed to occupational hazards is due to that the occupational health examination interval for some occupational hazard is more than 1 year.

Investment on Safety

To ensure the employee's occupational health and safety during work, the group has been continuing to invest on improvement of health and safety with RMB39.19 million in 2017, including capital expenditure of RMB22.33 million and operation expenditure of RMB16.86 million.

Investment on Occupational Health and Safety



The investment on Safety by segment within Fosun Pharma Group in 2017

Segment	Capital Expenditure on Safety		Operation Expenditure on Safety	
	Amount (RMB million)	Description	Amount (RMB million)	Description
Pharmaceutical manufacturing and research and development	15.83	Sound and light alarm Gas detector Firefighting and emergency response equipment Occupational health equipment	13.60	PPE Occupational health examination Maintenance cost on firefighting equipment
Healthcare services	4.76	Firefighting equipment upgrades and replacement	3.02	PPE Occupational health examination Maintenance cost on firefighting equipment
Medical devices and medical diagnosis	1.74	Firefighting partitions replacement Firefighting equipment upgrades and replacement Occupational health equipment	0.24	PPE Occupational health examination Maintenance cost on firefighting equipment
Total	22.33	-	16.86	-

Note: For investment on safety of some subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 9 at the end of this section.



EHS management and culture

After issuing the EHS policy in 2016, Fosun Pharma continued to promote the implementation of the EHS accountability system within the Group, detailed the performance indicators for senior management team, defined the EHS management requirements, and strengthened the EHS management committee and EHS element responsibility system. The group requires the management team of subsidiaries must pay attention to the EHS at the same time as the production, which reflects the determination and courage of the Fosun Pharma Group to effectively promote EHS and improve EHS management from top to bottom.

In 2017, Fosun Pharma actively carried out various activities to promote the EHS management system and culture, while actively innovating, pursuing leanness, and gradually internationalizing. From May to July, Fosun Pharma carried out the EHS Month activities with the theme of "engagement of everyone in green living and safety behavior" within the group, and strengthened the EHS for all culture. In terms of innovation and leanness, Fosun Pharma has designed and developed hospital-based EHS management system HOPES based on the characteristics of the hospital, and has tailored the PSM management system for API manufacturing site with international advanced experience.

Fosun Pharma adhered to the system as the starting point, actively promoted the implantation and landing of Fosun Hitech Group's EHS management system in the subsidiaries, and demarcated 3 points as qualified lines; at the same time, it continued to expand the coverage of the Group's EHS system audit and maintained five subsidiaries to achieve higher scores or sprints every year to review and improve the EHS management. For newly acquired companies, a strategic plan for the landing and audit of the EHS system will be developed to ensure that the qualifying line is reached within three years after the merger and acquisition. At the same time, subsidiaries voluntarily promote and conduct external third-party certifications/assessments. Fosun Pharma also actively supports the subsidiaries in completing the training and certification of ISO14001 and safety standardization assessment, and provides training on EHS management systems and specific elements with the new requirements.

During the reporting period, the Group continued to increase EHS training of various topics within the group, from EHS special training at the group level such as PSM, EDD training for investment teams, to statutory training courses for subsidiaries (safety management training, special equipment operations training, etc.), EHS basic knowledge training and special skills training.



Fosun Pharma Group EHS Policy

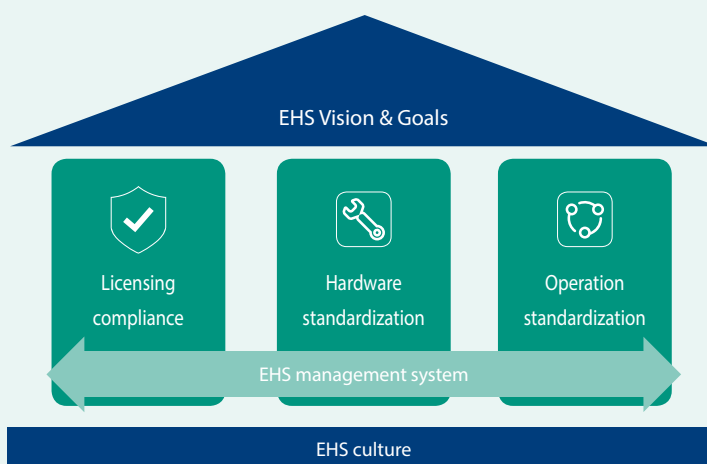
Fosun Pharma Group EHS Management System Certification and Training

Year	EHS MS Certification			EHS Training		
	ISO140001 (Number of subsidiaries)	OHSAS18001 (Number of subsidiaries)	Safety Standardization (Number of subsidiaries)	Total Training Time (hour)	Training time per person (hour)	Number of times per person
2015	9	9	13	71,474	4.71	1.7
2016	10	9	21	93,431	5.75	2.1
2017	12	11	22	185,067	7.86	1.8



Case: New Hospital HOPES Management System Framework

In 2017, the HOPES system was developed according to the characteristics of the hospital, with focus on the sustainable development of the hospital's EHS as a vision. It was designed with the characteristics of the hospital and adjusted from the EHS management model of the traditional manufacturing industry. The new management system is with hospital's specialty, focusing on "environment /health and safety/firefighting/ security/system" five dimensions + "compliance / hardware / control" three dimensions to form a dual-level scoring mechanism to assist the EHS of Fosun Pharma member hospitals towards specialization, science, and refinement.



EHS Culture Establishment

Since the core requirements of "transparency, integration, and refinement" have been put forward at the 2016 Mid-year Strategy Meeting and the Corporate EHS Function Annual Conference, "transparency and integration" have become the EHS cultural goal advocated and sustained by the Group.

In respect of cultural integration, the Group encourages employees to actively participate in health and safety activities, encourages the development of employee self-governance activities with various forms and rich content, and fully protects employees' rights and interests in terms of health and safety. The group also encourages subsidiaries to establish and maintain horizontal communication channels, promotes active exchanges between business units and subsidiaries. The group applies the "going out, inviting in" communication model to enhance internal integration, subsidiaries synergy, and segment synergy to achieve progress in EHS management.

In 2017, Fosun Pharma carried out EHS management month campaign with the theme of "everyone engagement in green living and safety behavior" on a group-wide basis, to strengthen the EHS culture of participation of all staff and to promote green living, energy saving and emission reduction. People were encouraged to attach importance to and participate in safety behavior. The results of entire month for management campaign were on a road show in the form of posters in the group and subsidiaries

EHS Management System Enhancement

Fosun Pharma Group has always attached great importance to the Environmental Health and Safety (EHS) management system. The Group believes that protecting the environment, ensuring the physical and mental health of employees and personal safety are the social responsibilities of every corporate citizen.



Innovation and Iterative Upgrade

After the Group's member hospitals introduced the manufacturing industry EHS management system in 2014 and practices it for many years, the hospital's EHS system (HOPES) was developed based on hospital's operation and EHS risk characteristics with reference of the experience. The system not only borrows management requirement from the manufacturing industry's EHS system, but also adds specific hospital's EHS risk, firefighting and security requirement. This is the first attempt to establish an independent EHS management system for the healthcare industry.



Lean and Intensive Development

The Group continues to promote the EHS management system, improve the system coverage, and refine the depth and delicacy of the system management elements of each subsidiary.

The Group also introduces the international advanced process safety management system (PSM), to improve the risk assessment and control for the API sites of pharmaceutical manufacturing segment and to prevent the occurrence of catastrophic events.

In the international mergers and acquisitions, the Group actively strengthened the EHS control of the newly acquired company Gland Pharma. The post-investment integration team established a communication and reporting channel for EHS information, introduced the Fosun Group EHS system, and gradually completed the post-investment EHS management plan.



Audit and Certification

Fosun Pharma continues to promote the implantation and landing of EHS management systems in member companies: In 2017, five subsidiaries passed the Fosun Hitech Group EHS system audit, which covered R&D subsidiaries for the first time, achieving the full coverage of the entire business segments. So far, 20 subsidiaries have passed the Fosun Hitech Group audit.

In addition, the subsidiaries voluntarily took further steps to carry out third party certification/assessment. By the end of 2017, totally 12 subsidiaries of the Group received third party certifications of ISO14001 and/or OSHAS18001, and 22 subsidiaries passed the third party assessment on safety standardization of the PRC, representing an increase of 2 and 1 subsidiaries, respectively, as compared with last year.



Case: Establish of EHS culture - EHS management month campaign

From May to the end of July 2017, EHS management month campaign of Fosun Pharma were consisted of three parts, the EHS logo selection of the Group, the EHS knowledge competition and the EHS voluntary activities of subsidiaries. Each part was enthusiastically received and actively participated by the employees of the Group and subsidiaries. A total of 31 works from 26 employees in 10 subsidiaries were solicited in terms of EHS logo. 2,880 employees participated in the EHS online knowledge competition, and nearly 40 subsidiaries organized various EHS campaign such as potential hazard screening, fire drills and emergency evacuation.



Fosun Pharma EHS logo



Certifications on EHS Management Systems and Safety Standardization of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Safety Standardization	Management System	
Wanbang Biopharma	Class III Safety Standardization	ISO14001	OHSAS18001
Wanbang Jinqiao	Class III Safety Standardization	ISO14001	OHSAS18001
Zhaohui Pharma	Class II Safety Standardization	ISO14001	OHSAS18001
Chemo Biopharm	Class II Safety Standardization	ISO14001	OHSAS18001
Wanbang Folon	Class III Safety Standardization	ISO14001	OHSAS18001
Yao Pharma	Class II Safety Standardization	ISO14001	OHSAS18001
Guilin Pharma	Class III Safety Standardization	ISO14001	OHSAS18001
Erye Pharma	Class II Safety Standardization	ISO14001	OHSAS18001
Hongqi Pharma	Class II Safety Standardization	ISO14001	OHSAS18001
Shine Star	Class III Safety Standardization	ISO14001	OHSAS18001
Gland Pharma	N/A	ISO14001	OHSAS18001
Jimin Cancer Hospital	Class III Safety Standardization	ISO14001	(None)
Huanghe Pharma	Class II Safety Standardization	(None)	(None)
Carelife Pharma	Class II Safety Standardization	(None)	(None)
Long March Medical	Class II Safety Standardization	(None)	(None)
Fosun Biolog	Class II Safety Standardization	(None)	(None)
Wanbang Tiansheng	Class III Safety Standardization	(None)	(None)
Dongting Pharma	Class III Safety Standardization	(None)	(None)
Aleph	Class III Safety Standardization	(None)	(None)
Ruizhe Pharma	Class III Safety Standardization	(None)	(None)
Wenzhou Geriatrics Hospital	Class III Safety Standardization	(None)	(None)
Huaiyin Medical	Class III Safety Standardization	(None)	(None)
Shanghai Transfusion	Class III Safety Standardization	(None)	(None)

EHS compliance

In 2017, the state continued to strengthen the management and control of environmental health and safety. A series laws and regulations were published intensively. State level supervision teams were distributed to each province for inspection. Minor penalties by local authority become normality. All of above have brought difficulties and challenges to the EHS management of enterprises. Fosun Pharma Group continuously strengthened and optimized its internal EHS management according to its own situation and actively carried out EHS management daily work. With regard to the EHS problems that arise in daily management, the group holds the attitude of "not avoiding, not evading, not ignoring, and not letting", and coordinates resources in a timely manner to complete internal rectification.

In 2017, the Group was not subject to any official punishment of major environmental health and safety (including firefighting) and did not cause any major environmental, health and safety impacts.

Building EHS team and capability

In 2017, the Group continued to strengthen and improve the EHS team and its capability, from three layers, i.e. the subsidiary EHS Management Committee, the EHS Element Team and the Emergency Response Team (ERT). As of the end of the reporting period, except for the newly acquired companies, all manufacturing subsidiaries (including hospitals) have established the EHS management committee and the EHS Element team. At the same time, during the development of team capability, the group focused on initiating and strengthening the Emergency Response Team (ERT). Some subsidiaries (such as Erye Pharmaceutical, Ruizhe Pharmaceutical, Chancheng Hospital, etc.) are already equipped with company mini firefighting station, and formed a part-time internal firefighting team.

The Group develops its EHS professional's capabilities in various ways, including internal professional training seminars, special training materials for self-study, EHS management subject sharing, sand table drill, and practical drills and other training forms and approaches. In 2017 a total of 185,067 hours of traceable EHS training was organized, with a total of 43,393 person-times, including 1.8 training sessions per person and 7.9 hours training time per person (an increase of 36.8% compared to 2016).

The Group also delivered EHS related knowledge and management requirements to EHS team members through internal material sharing and WeChat group discussion and interaction. Forms of diversity, flexibility, randomness and interaction are the objectives of the Group's EHS capacity building.



7.9 Hours
training time per person

↑ 36.8%
compared to 2016

EHS training by segment within Fosun Pharma Group in 2017

Segment	Total number of employee-times	Total hours	Hours per employee	Times per employee
Pharmaceutical manufacturing and research and development	29,745	147,516	9.1	1.8
Healthcare services	9,320	23,618	5.0	2.0
Medical devices and medical diagnosis	4,328	13,933	5.4	1.7
Total	43,393	185,067	7.9	1.8

Note: For EHS training of some subsidiaries of Fosun Pharma Group in 2017, please refer to Appendix Tables 10 at the end of this section.

Employees' engagement in health & safety activities of some subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Management organization	Management status
Wanbang Biopharma	EHS committee, 8 special committees	EHS committee, fire emergency evacuation drills, EHS management month campaign
Wanbang Jinqiao	EHS committee	Fire emergency evacuation drills, EHS management month campaign, regular EHS committee meetings
Zhaohui Pharma	Safety production committee	Regular EHS committee meetings, Emergency Response drill, EHS inspection and EHS training
Chemo Biopharm	Chemo EHS management	Regular EHS committee meetings, EHS inspection, EHS promotion
Wanbang Folon	EHS committee	There are 7 special management teams under the committee, The teams had meetings regularly, discussed the operation of system and requirements of employees, and strived to improve and enhance EHS management.
Wanbang Sainuokang	Safety production committee	EHS inspection, EHS management month campaign
Huanghe Pharma	EHS committee	Identification of environmental hazards, PSM, emergency drills, etc.
Wanbang Tiancheng	Safety leading group	The head of safety leading group is general manager
Wanbang Tiansheng	EHS management	Conducted regular meetings for safety production, decision-making for major safety issues, approved costs invested, etc.
Fareast Casings	EHS committee	Organized the preparation of enterprise's safety production policies, objectives and annual safety work plan, and supervised the implementation of each department.
Yao Pharma	EHS committee, safety committee and other 6 sub-committee	<ol style="list-style-type: none"> 1. Held EHS meetings, developed EHS targets and indicators; 2. Organized and conducted system certification, internal audit; 3. Organized safety month campaign, campaign on environmental day and various special trainings; 4. Conducted emergency drills on safety and occupational health, emergency drills on environmental emergency events; 5. Implemented checks and inspections at all levels.

Employees' engagement in health & safety activities of some subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Management organization	Management status
Carelife Pharma	Safety production leading group	Held safety production committee meetings quarterly
Guilin Pharma	EHS committee	Conducted safety checks regularly, safety production month campaign, regular meetings for safety production.
Aohong Pharma	Safety production committee	Organized safety production month campaign, essay competition on safety, training of safety hazards inspection, major inspection and rectification of hazards.
Aohong Pharma	Hazardous chemical management committee	Organized training of hazardous chemical management, MSDS card making and training, developing and inspection routine patrol rules in hazardous chemical areas.
Erye Pharma	EHS management	Held EHS committee meetings quarterly, established and improved EHS management systems, conducted fire drills and drills on emergency response plan
Dongting Pharma	EHS management	Organized and held safety production award ceremony, safety month campaign in June, extensive EHS training, emergency drill on liquid chlorine release, fire evacuation drills
Hongqi Pharma	EHS committee	Regular EHS meetings, drills of using firefighting equipment, drills on emergency plan of special equipment (i.e. boilers, elevators), evacuation drills, training on environment and occupational health and safety, solicited articles for monthly EHS journal on safety
Aleph	Safety production and management committee	Organized firefighting training, fire evacuation drills, safety training, watching warning propaganda film, organized to participate in government training, safety inspection, safety meetings, etc.
Shine Star	Occupational health and safety committee	EHS inspection and correction, internal audit, EHS accountability system
Gland Pharma	Safety Production Committee	Shared incidents in a regular basis, updated employee with latest EHS regulation
Shanghai Henlius	EHS safety team	Held regular meetings, organized training
SunTech Pharma	EHS management	EHS inspection and correction, EHS promotion and training
Chancheng Hospital	Facility and safety management committee	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Ruizhe Pharma	Ruizhe Pharma EHS management	Organized various training, emergency drills and various inspection, etc.
Chongqing Research Institute	EHS committee	Regular EHS meeting, EHS inspection
Guangji Hospital	Guangji Hospital EHS committee	Regular EHS meeting, EHS inspection
Zhongwu Hospital	EHS committee	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Jimin Cancer Hospital	Occupational health and safety management committee	Regular EHS meeting, EHS inspection
Wenzhou Geriatrics Hospital	Biosafety management committee Medical wastes management group	Regular EHS meeting, EHS inspection
Qilu Clinical Laboratory	Biosafety committee	Carried out daily biosafety activities
Jiangsu Changxing	EHS management working group	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Long March Medical	EHS management	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Fosun Biolog	EHS management	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Yaneng Bio	EHS management department	Regular EHS meeting, EHS inspection, EHS promotion and training
Foshion Dental	EHS group	Regular EHS meeting, EHS inspection, EHS promotion and training, emergency response drill
Huaiyin Medical	EHS committee	Formed a three-tier management network, EHS accountability system
Chindex	EHS committee	EHS orientation training
Shanghai Transfusion	Safety committee	Regular EHS meeting, EHS inspection, EHS promotion and training



Case: Establishment of EHS team Capability – the Corporate EHS annual conference

Fosun Pharma enhances cohesion and enhances the professional skills of EHS staff in subsidiaries through the Corporate EHS annual conference. 2017 Corporate EHS annual conference with the theme of “Integration, Deep Plowing, Leading” was held in Fosun Pharma headquarter in Shanghai. The conference consisted of deep discussion on various subjects, external experts sharing of best practice, which helped the subsidiaries to broaden the vision of EHS management, established a communication platform for everyone and laid the foundation for future teamwork. At the same time, all subsidiaries organized their own annual EHS meetings to review the EHS work and plan the work for the next year according to the requirements of Fosun Pharma Group.



Fosun Pharma EHS Annual Conference



Case: Establishment of EHS team Capability – Emergency Response Team

The subsidiaries have continuously strengthened their emergency response capabilities by establishing appropriate organization and equipping with emergency facilities. In terms of organizational and team, Erye Pharma set up a volunteer fire brigade, Guilin Pharma allocated full-time certified personnel for fire monitoring, and Chancheng Hospital established a two level (hospital and department) and three point (on-site commander, support commander, and chief commander of the hospital). Chancheng Hospital and other subsidiaries set up their own fire emergency response teams with multiple levels and multiple dimensions, which include, but are not limited to, emergency general/special command, on-site search/rescue on-site first aid/support, external support/coordination, etc. In terms of emergency equipment and hardware configuration, a number of subsidiaries have established mini firefighting stations, equipped with chemical protective clothing (with communication equipment inside), ordinary chemical protective clothing, gas masks, firefighting suits, high-temperature firefighting suits, and Self-Contained Breath Respirators and other emergency equipment to ensure that in the event of a fire or chemical spill, emergency team members can perform their with appropriate protection. The subsidiaries have also increased or upgraded the emergency lighting, safety exits, fire sprinkler , automatic alarm and other facilities and equipments. For example, Chancheng Hospital has invested more than RMB3 million on its fire emergency facilities in 2017.



Mini Firefighting Station
in Erye Pharma



Emergency Response Drill for
Chemical Release in Dongting Pharma



Doctors and Patients Evacuation drill on
Fire Emergency in Chancheng Hospital

Disclosure description: 1. The report discloses the health, safety and environmental protection quality, which is part of the working environment quality and has important effect on the Group. They include the related important performance indicators. For some key indicators which have general effect on the Group, the report has also made voluntary disclosure to some extent. 2. Eight new subsidiaries, namely Fareast Casings, Gland Pharma, Yuntao Optoelectronic, Breas SWE, Breas UK, Hengsheng Hospital, Qilu Clinical Laboratory, Fudi Medical were included in the major subsidiaries disclosed. 3. The calculation method of total number of employees in EHS section is different from the calculation method of total number of employees in Employees section in this report. The statistical scope of number of employees for EHS section is the number of employees does not include employees of sales subsidiaries and platform subsidiaries. 4. The data for Gland Pharm, Hengsheng Hospital, Yuntao Optoelectronic are respectively for period from November to December 2017, December 2017 and November to December 2017 due to the different consolidation time.

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



禅者修心 | 医者救人

Chan(Zen) cultivate the mind. Yi(Medicine) save lives.

Chancheng Hospital is the flagship hospital of Fosun Pharma, which is committed to building a closed-loop service chain for medical, health, rehabilitation, pension and health insurance, providing high-quality medical services and health care for the public. In 2017, Chancheng Hospital was awarded the first "five-star" general hospital in China (non-public). In addition, it ranked second in the competitiveness of non-public hospitals in China, and second for people's satisfactions in the large general hospitals in Guangdong Province.

Appendix

Table1 Energy and Water Consumption of Major Subsidiaries of Fosun Pharma Group in 2017

Table 2 Energy Consumption Classification of Major Subsidiaries of Fosun Pharma Group in 2017

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017

Table 4 Wastewater Discharge of Major Subsidiaries of Fosun Pharma Group in 2017

Table 5 Solid Waste Disposal of Major Subsidiaries of Fosun Pharma Group in 2017

Table 6 Investment on Environment of Some Subsidiaries of Fosun Pharma Group in 2017

Table 7 Safety Performance of Major Subsidiaries of Fosun Pharma Group in 2017

Table 8 Occupational Health Performance of Some Subsidiaries of Fosun Pharma Group in 2017

Table 9 Investment on Safety of Some Subsidiaries of Fosun Pharma Group in 2017

Table 10 EHS Training for Some Subsidiaries of Fosun Pharma Group in 2017

For details of the appendices, see the electronic version of 2017 corporate social responsibility (CSR) report of Fosun Pharma

Download URL: <http://www.fosunpharma.com/about/CSR.aspx>

Table 1 Energy and Water Consumption of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Water (m ³)	Electricity (kWh)	Electricity (equivalent to standard coal) (kg)	Total energy other than electricity (equivalent to standard coal) (kg)
Wanbang Biopharma	175,850	11,156,970	1,372,307	2,397,157
Wanbang Jinqiao	124,621	7,654,080	941,452	2,820,280
Zhaohui Pharma	106,230	7,389,700	908,933	1,295,002
Chemo Biopharm	59,563	6,751,800	830,471	981,200
Wanbang Folon	69,350	1,716,165	211,088	613,653
Wanbang Sainuokang	17,710	395,170	48,606	100,447
Huanghe Pharma	40,306	2,595,570	319,255	426,641
Wanbang Tiancheng	13,965	574,492	70,663	235,414
Wanbang Tiansheng	130,984	810,856	99,735	1,273,465
Fareast Casings	5,663	419,106	51,550	13,074
Yao Pharma	343,539	31,054,808	3,819,741	4,058,129
Carelife Pharma	130,883	6,368,600	783,338	1,055,622
Guilin Pharma	746,479	30,260,698	3,722,066	10,233,594
Aohong Pharma	123,228	6,068,506	746,426	2,568,288
Erye Pharma	337,946	20,170,110	2,480,924	3,293,721
Dongting Pharma	425,483	10,159,722	1,249,646	5,610,824
Hongqi Pharma	53,832	1,866,130	229,534	79,211
Aleph	73,342	6,276,607	772,023	1,441,693
Shine Star	5,254,363	307,280,000	37,795,440	108,515,870
Gland Pharma	38,782	5,572,487	685,416	740,645
Shanghai Henlius	50,528	6,188,306	761,162	1,103,771
SunTech Pharma	4,621	782,770	96,281	5,333
Chongqing Research Institute	12,393	1,215,833	149,547	53,692
Ruizhe Pharma	31,302	3,214,211	395,348	266,941
Fuchuang Pharma	2,169	220,000	27,060	-
Guangji Hospital	231,200	2,560,190	314,903	215,140
Zhongwu Hospital	121,865	4,473,402	550,228	67,315
Chancheng Hospital	382,733	12,463,520	1,533,013	1,118,859
Jimin Cancer Hospital	72,423	1,748,000	215,004	111,453
Wenzhou Geriatrics Hospital	140,990	1,971,000	242,433	20,019
Qilu Clinical Laboratory	2,341	29,821	3,668	-
Hengsheng Hospital	17,040	336,000	41,328	-
Changxing Medical	2,282	268,987	33,085	21
Long March Medical	11,280	2,047,956	251,899	16,327

Table 1 Energy and Water Consumption of Major Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Water (m ³)	Electricity (kWh)	Electricity (equivalent to standard coal) (kg)	Total energy other than electricity (equivalent to standard coal) (kg)
Fosun Biolog	1,253	341,426	41,995	-
Zhongsheng zhongjie	1,527	183,247	22,539	-
Yaneng Bio	7,816	875,921	107,738	6,319
Yuntao Optoelectronic	30	1,960	241	-
Foshion Medical System	619	272,857	33,561	7,298
Huaiyin Medical	45,923	2,187,980	269,122	56,927
Chindex (Beijing)	300	41,048	5,049	-
Chindex Shanghai	180	20,129	2,476	4,260
Shanghai Transfusion	44,127	3,512,925	432,090	363,840
Laishi Transfusion	51,468	2,276,278	279,982	317,849
Alma	6,574	1,159,420	142,609	243,801
Chindex Tianjin	144	12,000	1,476	-
Fudi Medical	59	8,687	1,069	-
Breas (SWE)	329	285,627	35,132	-
Breas (UK)	62	31,035	3,817	616

Note: Methodology and constants of GBT2589 -2008 < General Rules for Calculation of Overall Energy Consumption> are applied to convert the energy to standard coal.

Table 2 Energy Consumption Classification of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Electricity (kWh)	Natural gas (m ³)	Liquefied gas (Kg)	City gas (m ³)	Steam (Kg)	Raw Coal (Kg)	Diesel (L)	Gasoline (L)	Fuel oil (t)
Wanbang Biopharma	11,156,970	–	26,255	–	26,812,000	–	–	49,655	–
Wanbang Jinqiao	7,654,080	–	6,390	–	32,758,000	–	–	–	–
Zhaohui Pharma	7,389,700	6,484	–	–	14,889,000	–	–	8,940	–
Chemo Biopharm	6,751,800	–	–	–	11,264,000	–	3,832	9,919	–
Wanbang Folon	1,716,165	427,780	1,968	–	–	–	8,235	29,475	–
Wanbang Sainuokang	395,170	–	–	–	1,035,000	–	–	11,000	–
Huanghe Pharma	2,595,570	–	2,570	–	4,681,100	–	100	19,450	–
Wanbang Tiancheng	574,492	–	–	–	2,620,990	–	–	10,014	–
Wanbang Tiansheng	810,856	821,026	–	–	–	–	129,019	23,086	–
Fareast Casings	419,106	–	–	–	–	–	–	500	8,780
Yao Pharma	31,054,808	3,016,630	–	–	–	–	23,460	16,442	–
Carelife Pharma	6,368,600	10,760	–	–	12,142,150	–	–	–	–
Guilin Pharma	30,260,698	2,192,499	–	–	43,652,000	4,960,000	11,293	16,291	–
Aohong Pharma	6,068,506	–	8,780	4,819,221	–	–	43,346	20,683	–
Erye Pharma	20,170,110	–	1,226	–	38,307,000	–	5,269	–	–
Dongting Pharma	10,159,722	4,218,665	–	–	–	–	–	–	–
Hongqi Pharma	1,866,130	–	5,400	–	–	–	37,821	21,526	749
Aleph	6,276,607	18,379	3,600	–	16,193,660	–	–	21,000	–
Shine Star	307,280,000	–	–	–	–	151,919,180	–	–	–
Gland Pharma	5,572,487	–	75	–	3,189,466	–	87,878	–	252,043
Shanghai Henlius	6,188,306	–	–	–	–	–	907,200	–	–
SunTech Pharma	782,770	–	–	–	–	–	–	5,020	–
Chongqing Research Institute	1,215,833	32,214	–	–	–	–	–	10,211	–
Ruizhe Pharma	3,214,211	–	–	–	3,087,380	–	702	1,236	–
Fuchuang Pharma	220,000	–	–	–	–	–	–	–	–
Guangji Hospital	2,560,190	157,890	–	–	–	–	4,230	–	–
Zhongwu Hospital	4,473,402	–	–	–	–	–	18,089	7,957	25,797
Chancheng Hospital	12,463,520	520,171	–	–	4,450,000	–	9,915	31,380	–
Jimin Cancer Hospital	1,748,000	67,553	–	–	–	–	3,560	16,262	–
Wenzhou Geriatrics Hospital	1,971,000	–	–	–	–	–	14,795	1,900	–
Qilu Clinical Laboratory	29,821	–	–	–	–	–	–	–	–
Hengsheng Hospital	336,000	–	–	–	–	–	–	–	–
Changxing Medical	268,987	–	–	–	–	–	–	20	–
Long March Medical	2,047,956	–	–	–	–	–	–	15,369	–

Table 2 Energy Consumption Classification of Major Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Electricity (kWh)	Natural gas (m ³)	Liquefied gas (Kg)	City gas (m ³)	Steam (Kg)	Raw Coal (Kg)	Diesel (L)	Gasoline (L)	Fuel oil (t)
Fosun Biolog	341,426	-	-	-	-	-	-	-	-
Zhongsheng zhongjie	183,247	-	-	-	-	-	-	-	-
Yaneng Bio	875,921	-	-	-	-	-	-	5,948	-
Yuntao Optoelectronic	1,960	-	-	-	-	-	-	-	-
Foshion Medical System	272,857	-	-	-	-	-	2,675	3,806	-
Huaiyin Medical	2,187,980	-	-	-	-	-	26,866	22,817	-
Chindex (Beijing)	41,048	-	-	-	-	-	-	-	-
Chindex Shanghai	20,129	-	-	-	-	-	-	4,010	-
Shanghai Transfusion	3,512,925	-	-	-	-	-	293,700	6,120	-
Laishi Transfusion	2,276,278	238,984	-	-	-	-	-	-	-
Alma	1,159,420	-	-	-	-	-	102,790	111,770	-
Chindex Tianjin	12,000	-	-	-	-	-	-	-	-
Fudi Medical	8,687	-	-	-	-	-	-	-	-
Breas(SWE)	285,627	-	-	-	-	-	-	-	-
Breas(UK)	31,035	463	-	-	-	-	-	-	-

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Wanbang Biopharma	1. Raw Materials	Meglumine	1,500.0	1,110.0		
		Glimepiride	675.0	675.0		
		Telmisartan	3,900.0	3,771.0		
		Pioglitazone hydrochloride	600.0	602.0		
		Febuxostat	1,883.0	1,841.0		
	2. Auxiliary	Pregelatinized Starch (tons)	20.0	13.9		
		Lactose (tons)	18.2	17.1		
		Microcrystalline Cellulose	7,000.0	6,661.0		
		Povidone K30	3,950.0	3,780.0		
		Sorbitol	17,825.0	13,206.0		
Wanbang Jinqiao	1. Raw Materials	Pancreas (tons)	1,343.7	1,299.1		
		Febuxostat aldehyde ester	2,882.0	2,762.0		
		Pitavazone	546.0	476.0		
		Pitavastatin isopropyl tert-Butyl Ester	15.0	15.0		
	2. Auxiliary	Ethanol (tons)	413.4	422.5		
		Phosphoric acid (tons)	172.9	164.0		
		Methanol (tons)	69.0	68.3		
	3. Packaging	Cardboard drum (piece)	300.0	243.0		
		Label (piece)	2,000.0	807.0		
		Lamination packing bags (piece)	2,000.0	728.0		
Zhaohui Pharma	1. Raw Materials	Lidocaine hydrochloride	3,118.0	2,666.0		
		Rutin	2,000.0	1,739.0		
		Glacial acetic acid	8,000.0	7,080.0		
	2. Auxiliary	Sodium hydroxide (ton)	250.4	110.5		
		Corn starch (tons)	33.0	33.9		
		Lactose	21,744.0	21,677.0		
Chemo Biopharm	1. Raw Materials	EPO stoste (L)	555.8	485.0		
		Mannitol	1,000.0	1,099.0		
		Sodium chloride	8,000.0	8,000.0		
		DMEM/F12 Growth medium (L)	335,900.0	363,300.0		
	3. Packaging	Pemetrexed small box (piece)	81,020.0	77,778.0		
		Penicillin bottle (10,000 bottles)	1,492.0	1,565.0		
		Freeze-dried butyl rubber stopper (10,000 pieces)	1,229.0	1,588.0		
Wanbang Folon	1. Raw Materials	Aloe	45,710.0	45,087.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Wanbang Folon	1. Raw Materials	Amber	58,700.0	44,850.0		
		Mastic	14,450.0	12,297.0		
		Myrrh	11,761.0	7,616.0		
	2. Auxiliary	Magnesium stearate	800.0	800.0		
		Dextrin	30,150.0	25,397.0		
		Steviosin	90.0	70.0		
		Empty capsule (10,000 pieces)	39,571.4	39,809.3		
	3. Packaging	PVC	85,949.0	68,721.0		
		Aluminum foil	16,422.0	13,417.0		
		Small box (10,000 pieces)	1,616.5	1,670.7		
		Instruction (10,000 sheets)	1,926.5	1,731.7		
Wanbang Sainuokang	1. Raw Materials	Hydrogen peroxide (bottle)	2,800.0	2,000.0		
	2. Auxiliary	Sodium carbonate (bottles)	1,620.0	1,620.0		
		Calcium chloride (bottle)	1,740.0	1,720.0		
		Ethanol (ton)	13.0	20.0		
Huanghe Pharma	1. Raw Materials	Dioscorea zingiberensis	53,563.0	47,600.0		
		Piperazine Phosphate	19,000.0	17,680.0		
		Astragalus membranaceus 60/bag	9,500.0	7,774.0		
	2. Auxiliary	Ethanol (ton)	66.0	58.5		
		Corn starch (ton)	16.9	17.4		
		Green and white empty capsule (10,000 pieces)	6,424.0	7,379.0		
	3. Packaging	PVC sheet (colored)	78,225.0	72,901.0		
		BOPP packaging film	7,031.0	6,413.0		
		Metronidazole and Fenbufen Capsules aluminum foil	1,964.0	1,901.0		
		Metronidazole and Fenbufen (new) box (10,000 pieces)	601.0	603.0		
Wanbang Tiancheng	1. Raw Materials	Scutellaria baicalensis	2,700.0	2,673.0		
		Bitter almond	8,136.0	8,055.0		
		Immature Orange Fruit	5,768.0	5,710.0		
		Motherwort (cutting of raw material)	3,742.0	3,705.0		
		Fructus cannabidis	14,100.0	13,959.0		
	2. Auxiliary	Ethanol (ton)	9.0	9.0		
		Empty capsule (10,000 pieces)	1,468.0	1,453.3		
		Glycerin	5,900.0	5,841.0		
	3. Packaging	PVC sheet	1,806.0	1,787.0		
		Jiu Wei Qin Xiang Gargle label (piece)	364,280.0	360,637.0		
		Instruction (10,000 sheets)	78.9	78.0		
		PVC sheet	1,008.0	997.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Wanbang Tiansheng	1. Raw Materials	Porcine intestine (10,000 pieces)	506.0	506.0		
	2. Auxiliary	Casing processing salt (ton)	1,915.0	1,925.0		
Fareast Casings	1. Raw Materials	Semi-finished products (10,000 pieces)	78.0	78.0		
	2. Auxiliary	Casing processing salt (ton)	600.0	600.0		
Yao Pharma	1. Raw Materials	Glutathione	75.0	72.0		
		Yanhuning	5.0	5.0		
	2. Auxiliary	Microcrystalline Cellulose	13.0	12.0		
	3. Packaging	Low borosilicate stopper glass bottle (10,000 pieces)	20,410.2	19,710.8		
		Hologenated butyl rubber stopper (10,000 pieces)	19,070.9	19,853.6		
		Aluminum-Plastic Cap	18,316.2	19,422.1		
		High-density polyethylene bottle (10,000 pieces)	652.1	662.5		
	Carelife Pharma	1. Raw Materials	Lincomycin hydrochloride (ton)	172.0	169.0	
N, N- dimethyl formamide (ton)			240.0	229.0		
Bis trichloromethyl carbonate (ton)			310.0	297.0		
Triethyl orthoformate (ton)			41.0	35.0		
Phosphorus oxychloride (ton)			21.0	20.0		
2. Auxiliary		Sodium hydroxide (ton)	694.0	667.0		
		Acetone (ton)	1,704.0	1,609.0	1,287.0	80.0%
		Chloroform (ton)	564.0	536.0	482.0	89.9%
		Ethanol (ton)	1,768.0	880.0	660.0	75.0%
		Methylene chloride (ton)	432.0	429.0		
3. Packaging		Polythene plastic bag (10,000 pieces)	9,544.0	9,049.0		
		Paper drum (piece)	6,431.0	6,431.0		
		Paper box (piece)	1,383.0	1,383.0		
		Kraft paper sacks (piece)	6,220.0	6,240.0		
		Aluminum can (piece)	145.0	134.0		
Guilin Pharma	1. Raw Materials	Sodium hydroxide (ton)	4,000.0	3,541.0		
		Hydrochloric acid (ton)	2,360.0	2,304.0		
		Tetramisole hydrochloride (ton)	704.0	756.0		
		Sulfuric acid (ton)	600.0	511.0		
	2. Auxiliary	Corn starch (ton)	215.0	230.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Guilin Pharma	2. Auxiliary	Dextrin	44.0	39.0		
		Sucrose (ton)	220.0	200.0		
		Empty capsule (10,000 pieces)	15,400.0	13,230.0		
		Microcrystalline Cellulose PH102	27.0	27.0		
	3. Packaging	Ampoule (10,000 pieces)	10,032.0	10,660.0		
		Tube-type bottle (10,000 pieces)	3,517.0	3,314.0		
		Rubber plug (10,000 pieces)	4,352.0	4,449.0		
		Aluminum-Plastic Cap (10,000 pieces)	3,726.0	4,005.0		
		Plastic bottle (10,000 sets)	1,151.0	1,154.0		
Aohong Pharma	1. Raw Materials	Bovine serum (L)	2,504,660.0	2,264,731.4		
		Snake venom	25.1	26.5		
	2. Auxiliary	Ethanol (ton)	1,529.8	1,532.3		
		Succinylated gelatin (L)	725.0	757.5		
		Sodium chloride	800.0	476.0		
	3. Packaging	Ampoule (10,000 pieces)	6,967.7	7,236.9		
		Penicillin bottle (10,000 pieces)	2,996.0	2,867.0		
		Aluminum-Plastic Cap (10,000 pieces)	2,447.5	3,130.8		
		Rubber plug (10,000 pieces)	3,182.7	2,993.6		
Erye Pharma	1. Raw Materials	Penicillin API	175,000.0	210,306.0		
		Cephameycins API	52,800.0	59,437.0		
	2. Auxiliary	Mannitol	4,575.0	3,224.0		
		Capsule (10,000 pieces)	9,833.8	8,841.7		
	3. Packaging	Penicillin bottle (10,000 pieces)	20,506.5	18,752.6		
		Stopper (10,000 pieces)	20,629.5	18,879.4		
Dongting Pharma	1. Raw Materials	Methyl benzoate	141,200.0	874,803.0		
		Phosphorus oxychloride	89,488.0	85,148.0		
		Liquid ammonia	35,680.0	35,680.0		
		Liquid chlorine	51,000.0	54,000.0		
		Chlorobenzene	55,600.0	41,240.0		
	2. Auxiliary	Lactose	37,365.0	36,661.0		
		Sucrose	12,009.0	11,132.0		
		Corn starch	32,372.0	47,980.0		
		Low-substituted hydroxypropyl cellulose	4,048.0	3,353.0		
		Sodium starch glycolate	16,011.0	14,890.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Dongting Pharma	3. Packaging	Paper drum piece	35,732.0	33,806.0	1,093.0	3.2%
		Kraft paper sacks (pieces)	3,035.0	3,079.0		
		Plastic bags (piece)	639,077.0	582,487.0		
Hongqi Pharma	1. Raw Materials	Rifampicin	88,885.0	91,647.0		
		Ethambutol hydrochloride	99,665.0	99,925.0		
		Pyrazinamide	101,015.0	104,227.0		
		Isoniazide	45,300.0	42,804.0		
	2. Auxiliary	Starch	16,975.0	13,857.0		
		Low-substituted hydroxypropyl cellulose	14,080.0	13,835.0		
		Magnesium stearate	3,975.0	3,974.0		
		Microcrystalline Cellulose	8,805.0	9,058.0		
		Pregelatinized starch	11,200.0	9,750.0		
		Polysorbate 80	2,840.0	2,259.0		
	3. Packaging	PVC	57,220.0	55,902.0		
		Aluminum foil	7,185.0	6,707.0		
		Paper box (10,000 sets)	15.9	15.3		
Aleph	1. Raw Materials	VP-SFM Growth medium (buckets)	533.0	641.0		
		Fetal bovine serum (bottle)	1,654.0	1,038.0		
		Dicarbonate (bags)	587.0	545.0		
		Human serum albumin (bottle)	1,620.0	1,103.0		
	2. Auxiliary	Disodium hydrogen phosphate	1,050.0	477.0		
		B-propiolactone (bottle)	26.0	16.0		
		Flake carrier (box)	39.0	23.0		
	3. Packaging	Weigao syringes sets (10,000 pieces)	54.0	93.9		
		Butyl rubber stopper (10,000 pieces)	388.8	314.6	28.4	9.0%
Shine Star	1. Raw Materials	Sodium hydroxide (ton)	20,633.3	20,578.8		
		Hair (tons)	68,278.8	68,278.8		
		Hydrochloric acid (ton)	200,251.9	200,505.5		
		Alcohol (tons)	238.8	236.6		
Shanghai Henlius	1. Raw Materials	HM004 Growth medium	350.0	350.0		
		CDM4PERMab Growth medium	45.0	45.0		
		Galactose	50.0	50.0		
		2-Deoxidation-2-Fluorine-D-Galactose (g)	90.0	90.0		
		Sheff-CHO PF ACF	140.0	140.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Shanghai Henlius	2. Auxiliary	Sodium hydroxide	1,350.0	1,350.0		
		Sodium chloride	1,500.0	1,500.0		
		Sodium citrate	475.0	475.0		
		Glycine	65.0	65.0		
		Disodium hydrogen phosphate dihydrate	35.0	35.0		
	3. Packaging	Rubber stopper (10,000 pieces)	127.4	127.4		
		Injection bottle (10,000 pieces)	10.1	10.1		
		Injection bottle (10,000 pieces)	5.4	5.4		
SunTech Pharma	1. Raw Materials	PA824	9.0	9.0		
		Tenofovir Disoproxil Fumarate	6.0	6.0		
		Bicalutamide	11.0	11.0		
		Roxithromycin	53.0	53.0		
		Febuxostat	9.0	9.0		
	2. Auxiliary	Methanol	1,370.0	1,150.0		
		Ethanol	1,560.0	1,480.0		
		Isopropyl acetate	800.0	785.0		
		Isopropyl alcohol	600.0	560.0		
		Methylene chloride	600.0	495.0		
	3. Packaging	Ampoule (2ml) (piece)	5,096.0	5,096.0		
		Low-density polyethylene bags (piece)	900.0	500.0		
		High-density polyethylene bottle (pieces)	2,000.0	1,800.0		
		Medicinal composite membrane (m)	100.0	76.0		
Chongqing Research Institute	1. Raw Materials	Ethanol	3,360.0	3,360.0		
		Methylene chloride	2,625.0	2,625.0		
		Methanol	1,472.0	1,472.0		
		Ethyl acetate	900.0	900.0		
		Acetonitrile (bottle)	848.0	848.0		
Ruizhe Pharma	1. Raw Materials	Dehydroepiandrosterone	1,250.0	1,200.0		
		D compound of Pemetrexed	350.0	345.0		
		V compound of Rocuronium	3,200.0	3,100.0		
		Sucrose	1,200.0	1,200.0		
		Piperazine butanol	2,500.0	2,400.0		
Fuchuang Pharma	3. Packaging	Centrifuge tube (pack)	15.0	15.0		
		Sample bottle (box)	6.0	6.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Guangji Hospital	2. Auxiliary	Syringe (10,000 pieces)	27.2	26.7		
	3. Packaging	Medical plastic bag (10,000 pieces)	26.0	26.0		
Zhongwu Hospital	2. Auxiliary	Liquid oxygen	162,000.0	162,000.0		
		40L oxygen bottle (bottle)	1,334.0	1,332.0		
	3. Packaging	Plastic bag (10,000 pieces)	38.3	27.3		
Chancheng Hospital	2. Auxiliary	Liquid nitrogen	1,300.0	1,300.0		
		Carbon dioxide (25L) (bottle)	112.0	112.0		
		High purity acetylene gas (40L) (bottle)	13.0	13.0		
		Liquid nitrogen	3,750.0	3,750.0		
		Medical oxygen (40/10L) (bottle)	589.0	589.0		
Jimin Cancer Hospital	2. Auxiliary	Tissues (boxe)	480.0	400.0		
		Film gloves (10,000 pairs)	6.7	4.5		
Wenzhou Geriatrics Hospital	3. Packaging	Biodegradable bags (10,000 pieces)	135.1	129.0		
Qilu Clinical Laboratory	2. Auxiliary	Check report (10,000 sheets)	37.5	37.5		
		TCT liquid-based cell preservation solution+ cytobrush (piece)	71,000.0	69,750.0		
		TCT liquid-based cell smear device+ straw (piece)	54,000.0	53,600.0		
		Specimen receiving bag (piece)	60,000.0	35,550.0		
Hengsheng Hospital	2. Auxiliary	Syringe (10,000 pieces)	18.0	18.0		
		Infusion apparatus (10,000 pieces)	1.8	1.8		
	3. Packaging	Medicine bag (10,000 bags)	4.2	4.2		
		CT bag (film bag) (piece)	2,500.0	2,500.0		
Changxing Medical	1. Raw Materials	Sodium hydroxide	230.0	213.0		
		Growth medium	40,000.0	31,527.0		
		Tromethamine	30.0	27.0		
	3. Packaging	Sealing label (piece)	20,000.0	15,798.0		
		Plastic bottle (piece)	20,000.0	16,862.0		
Long March Medical	3. Packaging	Paper boxes (piece)	43,920.0	37,332.0		
Fosun Biolog	3. Packaging	Exterior and interior packing	1,200.0	1,224.0		
Zhongsheng zhongjie	1. Raw Materials	Ink (can)	266.0	102.0		
		Blood separation membrane (feet)	585.0	248.0		
		Circuit board (piece)	37,965.0	27,709.0		
	2. Auxiliary	Chip Resistor (10,000 pieces)	225.0	68.0		
		Chip capacitors (0,000)	280.0	98.0		
		PET plates sheet	85,000.0	54,893.0		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Zhongsheng zhongjie	2. Auxiliary	Veil sheet	124,000.0	9,760.0		
	3. Packaging	Drum label (10,000 pieces)	35.5	19.7		
		Sealing label (10,000 pieces)	57.0	19.7		
		Instruction (10,000 sheets)	28.6	15.6		
		Test strip bottle cover (10,000 pieces)	26.5	20.0		
		Test strip bottle (10,000 sets)	21.7	16.3		
Yaneng Bio	1. Raw Materials	Nylon membrane (roll)	5,618.0	5,618.0		
		Nucleic acids; primer and probe (10,000)	720.0	720.0		
		Trisodium citrate	4,750.0	4,750.0		
		NaCl	4,150.0	4,150.0		
	3. Packaging	PCR tube (box)	13,193.0	13,193.0		
		Public label (10,000 sheets)	314.4	314.4		
Yuntao Optoelectronic	3. Packaging	Packing box (10,000 pieces)	60.6	60.6		
	3. Packaging	Paper box (piece)	2,000.0	1,500.0		
Foshion Medical System	3. Packaging	Box (10,000 pieces)	8.8	8.8		
		Calcium-plastic box (piece)	6,975.0	6,975.0		
		Paper box (piece)	8,072.0	8,072.0		
		Check card Internet card (10,000 pieces)	55.0	55.0		
Huaiyin Medical	1. Raw Materials	Surgical grooving insert blank (10,000 pieces)	9,300.0	7,750.0		
		Stainless steel wire (tons)	1.5	1.3		
		Suture needle (10,000 pieces)	1,330.0	1,280.0		
		Suture (10,000 pieces)	6,890.0	5,800.0		
	3. Packaging	Blade aluminum foil (ton)	48.0	45.0		
		Suture needle and thread aluminum foil bag (10,000 pieces)	5,860.0	5,750.0		
		Suture needle and thread dialysis paper bag (10,000 pieces)	5,860.0	5,750.0		
		Medium packing box (10,000 boxes)	616.0	610.0		
Chindex (Beijing)	3. Packaging	Bubble film	72.0	70.0	20.0	28.6%
		Stretch film	3.0	3.0		
		Duct tape	30.0	30.0		
Chindex Shanghai	3. Packaging	Stretch film	50.0	50.0		
Shanghai Transfusion	1. Raw Materials	Pellets	665,865.0	583,269.0		
	2. Auxiliary	Activated carbon	235.0	204.0		
	3. Packaging	Paper box (10,000 pieces)	13.1	13.0	5.0	38.3%
Alma	3. Packaging	packaging material (ton)	-	236.4		

Table 3 Purchase, Utilization and Recycle of Materials by Major Subsidiaries of Fosun Pharma Group in 2017 (All units are Kilograms in the table except labeled) (Continued)

Subsidiary	Type	Material + Unit	Total purchased quantity	Utilized Quantity	Recycled Quantity	Recycled rate
Alma	3. Packaging	cartons (ton)	-	224.0		
		plastics (ton)	-	12.4		
Chindex Tianjin	3. Packaging	Stretch film	25.0	13.0		
		Bubble film	25.0	13.0	2.0	15.4%
		Duct tape	15.0	2.0		
		Paper box	35.0	25.0	13.0	52.0%
Fudi Medical	3. Packaging	Container (piece)	65.0	65.0	65.0	100%
		Ziplock bag (bag)	10.0	7.0		

Note: All units are Kilograms in the table except labeled.

Table 4 Wastewater Discharge of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Wastewater (m ³)	COD (ton)	NH ₃ -N (ton)	If pretreated in the plant (yes/no)	If discharged below limit (yes/no)	If collected by Municipal Sewage (yes/no)	Destination
Wanbang Biopharma	138,335.0	4.0	0.3	Yes	Yes	Yes	Piped discharge into municipal waste water
Wanbang Jinqiao	82,059.6	4.9	0.3	Yes	Yes	Yes	Piped discharge into municipal waste water
Zhaohui Pharma	27,965.0	1.0	0.0	Yes	Yes	Yes	Shidongkou Waste Water Treatment Plant
Chemo Biopharm	53,607.0	10.5	0.7	Yes	Yes	Yes	—
Wanbang Folon	17,520.0	1.2	0.0	Yes	Yes	Yes	Jieda Waste Water Treatment Plant
Wanbang Sainuokang	15,760.0	-	-	No	Yes	Yes	Waste water Treatment Plant
Huanghe Pharma	23,188.0	2.1	0.0	Yes	Yes	Yes	Development zone sewage pipes
Wanbang Tiancheng	12,565.4	2.6	0.0	Yes	Yes	Yes	Qianjiang Waste water Treatment Company
Wanbang Tiansheng	104,787.3	30.4	2.9	Yes	Yes	Yes	Puhebei Waste Water Treatment Plant in Shenyang
Fareast Casings	4,530.0	0.9	0.1	Yes	Yes	Yes	Qingyuan Waste Water Treatment Plant in Shunping County
Yao Pharma	94,101.0	8.5	0.9	Yes	Yes	Yes	Tangjiatuo waste water treatment plant, Shuitu park waste water treatment plant, municipal pipe network
Carelife Pharma	118,844.0	17.8	3.8	Yes	Yes	Yes	Sino French Water
Guilin Pharma	597,183.0	25.7	0.0	Yes	Yes	Yes	Qilidian waste water purification plant
Aohong Pharma	72,632.0	14.5	0.7	Yes	Yes	Yes	Piped discharge into municipal waste water
Erye Pharma	235,171.0	20.9	0.4	Yes	Yes	Yes	Dongqiao waste water treatment plant in Xiangcheng district, Suzhou
Dongting Pharma	340,386.4	3.8	0.3	Yes	Yes	Yes	Industrial waste water treatment plant
Hongqi Pharma	42,796.0	1.5	0.1	Yes	Yes	Yes	Piped discharge into Taoxian waste water treatment plant
Aleph	62,340.7	4.0	0.2	Yes	Yes	Yes	Municipal waste water treatment plant
Shine Star	4,203,491.0	634.7	463.2	Yes	Yes	Yes	Industrial park waste water treatment plant
Gland Pharma	4,304.0	7.7	0.2	Yes	Yes	N/A	Waste Water Treatment Plant
Shanghai Henlius	25,264.0	1.1	0.4	Yes	Yes	Yes	The Clone park
SunTech Pharma	4,621.0	1.0	0.0	No	Yes	Yes	Piped discharge into Bailonggang waste water treatment plant
Chongqing Research Institute	8,427.2	0.9	0.0	Yes	Yes	Yes	Piped discharge into municipal sewage system before into the Yangtze River
Ruizhe Pharma	12,700.0	1.9	0.1	Yes	Yes	Yes	Industrial park waste water treatment plant
Fuchuang Pharma	1,487.2	0.1	0.0	Yes	Yes	Yes	Share a system with Chongqing Research Institute.

Table 4 Wastewater Discharge of Major Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Wastewater (m ³)	COD (ton)	NH ₃ -N (ton)	If pretreated in the plant (yes/no)	If discharged below limit (yes/no)	If collected by Municipal Sewage (yes/no)	Destination
Guangji Hospital	231,200.0	12.9	1.2	Yes	Yes	Yes	Piped discharge into municipal sewage system before into Dongting Lake
Zhongwu Hospital	109,684.0	6.4	0.6	Yes	Yes	Yes	Piped discharge into municipal waste water
Chancheng Hospital	311,733.0	7.5	2.5	Yes	Yes	Yes	Piped discharge into municipal waste water treatment plant
Jimin Cancer Hospital	57,938.4	0.8	5.4	Yes	Yes	Yes	Waste Water Treatment Plant
Wenzhou Geriatrics Hospital	138,900.0	6.0	0.5	Yes	Yes	Yes	Municipal Sewage
Qilu Clinical Laboratory	1,860.0	0.0	0.0	Yes	Yes	Yes	Waste water treatment station of Shandong Provincial Third Hospital
Hengsheng Hospital	12,710.0	0.0	0.0	Yes	Yes	Yes	Piped discharge into Shenzhen municipal waste water treatment plant
Changxing Medical	1,825.6	0.1	0.0	No	Yes	Yes	Piped discharge into Kai Fa Xinquan Water Taizhou Co., Ltd.
Long March Medical	11,135.7	1.4	0.18	Yes	Yes	Yes	Piped discharge into municipal waste water system
Fosun Biolog	1,237.3	0.2	0.02	Yes	Yes	Yes	Share a system with Long March Medical.
Zhongsheng Zhongjie	1,526.8	-	-	No	Yes	Yes	Municipal sewage
Yaneng Bio	7,703.0	-	-	No	Yes	Yes	Discharged to industrial park waste water treatment plant
Yuntao Optoelectronic	24.0	-	-	Yes	Yes	Yes	Piped
Foshion Medical System	557.1	-	-	No	Yes	Yes	Municipal sewage
Huaiyin Medical	36,700.0	3.3	0.2	Yes	Yes	Yes	Discharged into the park waste water pipe
Chindex (Beijing)	270.0	-	-	Yes	Yes	Yes	-
Chindex Shanghai	162.0	-	-	No	Yes	Yes	-
Shanghai Transfusion	39,714.3	0.0	0.5	No	Yes	Yes	Discharged into municipal waste water pipe
Laishi Transfusion	41,174.0	-	-	No	Yes	Yes	Discharged into municipal waste water pipe
Alma	5,259.2	-	-	N/A	N/A	N/A	N/A
Chindex Tianjin	144.0	-	-	No	Yes	Yes	Discharged into the industrial park waste water pipe
Fudi Medical	53.1	-	-	No	Yes	Yes	Discharged into the industrial park waste water pipe
Breas (SWE)	263.2	-	-	N/A	N/A	N/A	N/A
Breas (UK)	49.6	-	-	N/A	N/A	N/A	N/A

Table 5 Solid Waste Disposal of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Total solid waste (ton), including	Domestic waste (ton)	Industrial waste (non-hazardous waste) (ton)	Hazardous waste (ton)	Treatment for hazardous waste			
					Recycle/ Reused(ton)	Incineration (ton)	Landfilled (ton)	Other (ton)
Wanbang Biopharma	201.5	140.0	1.0	60.5	0.0	25.5	0.0	35.0
Wanbang Jinqiao	864.6	17.0	693.0	154.6	0.0	72.9	0.0	81.7
Zhaohui Pharma	70.4	33.0	24.0	13.4	0.0	13.4	0.0	0.0
Chemo Biopharm	24.2	18.9	1.0	4.3	0.0	4.3	0.0	0.0
Wanbang Folon	173.8	46.0	127.4	0.5	0.0	0.0	0.0	0.5
Wanbang Sainuokang	3.2	3.0	0.0	0.2	0.0	0.2	0.0	0.0
Huanghe Pharma	232.2	63.0	150.0	19.2	0.0	15.2	0.0	4.0
Wanbang Tiancheng	67.3	1.5	65.0	0.8	0.0	0.8	0.0	0.0
Wanbang Tiansheng	51.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0
Fareast Casings	276.5	276.5	0.0	0.0	0.0	0.0	0.0	0.0
Yao Pharma	456.5	375.0	56.8	24.7	0.0	0.0	0.0	24.7
Carelife Pharma	1,443.1	800.0	120.0	523.1	0.0	523.1	0.0	0.0
Guilin Pharma	2,989.8	644.0	2,141.3	204.5	0.0	204.5	0.0	0.0
Aohong Pharma	155.5	36.0	113.0	6.5	0.0	6.5	0.0	0.0
Erye Pharma	352.5	91.3	178.0	83.3	0.0	82.1	1.2	0.0
Dongting Pharma	272.5	100.0	20.0	152.5	0.0	151.3	0.0	1.2
Hongqi Pharma	72.2	46.1	14.4	11.7	0.0	0.0	0.0	11.7
Aleph	54.8	26.0	15.0	13.8	0.0	13.8	0.0	0.0
Shine Star	78,480.4	310.0	77,720.0	450.4	0.0	0.0	0.0	450.4
Gland Pharma	66.2	0.0	61.4	4.8	0.0	0.0	0.0	4.8
Shanghai Henlius	47.4	17.5	15.0	14.9	0.0	12.9	0.0	2.0
SunTech Pharma	20.7	10.5	0.0	10.2	0.0	10.2	0.0	0.0
Chongqing Research Institute	56.8	20.0	2.0	34.8	0.0	34.8	0.0	0.0
Ruizhe Pharma	78.4	7.2	8.9	62.2	0.0	0.0	0.0	62.
Fuchuang Pharma	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Guangji Hospital	503.4	440.0	12.0	51.4	0.0	0.0	0.0	51.4
Zhongwu Hospital	300.7	182.0	0.0	118.7	0.0	0.0	0.0	118.7
Chancheng Hospital	800.6	568.8	0.0	231.8	0.0	231.8	0.0	0.0
Jimin Cancer Hospital	21.2	10.6	10.6	0.0	0.0	0.0	0.0	0.0
Wenzhou Geriatrics Hospital	200.0	78.0	0.0	122.0	0.0	0.0	0.0	122.0
Qilu Clinical Laboratory	42.6	36.0	6.0	0.6	0.0	0.0	0.0	0.6
Hengsheng Hospital	236.0	110.1	110.1	15.8	0.0	0.0	0.0	15.8
Changxing Medical	1.4	0.8	0.5	0.1	0.0	0.0	0.0	0.1

Table 5 Solid Waste Disposal of Major Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Total solid waste (ton), including	Domestic waste (ton)	Industrial waste (non-hazardous waste) (ton)	Hazardous waste (ton)	Treatment for hazardous waste			
					Recycle/ Reused(ton)	Incineration (ton)	Landfilled (ton)	Other (ton)
Yaneng Bio	28.4	10.0	13.0	5.4	0.0	0.0	0.0	5.4
Foshion Medical System	1.6	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Huaiyin Medical	180.0	40.0	140.0	0.0	0.0	0.0	0.0	0.0
Chindex (Beijing)	16.0	16.0	0.0	0.0	0.0	0.0	0.0	0.0
Chindex Shanghai	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Shanghai Transfusion	80.0	62.0	18.0	0.0	0.0	0.0	0.0	0.0
Laishi Transfusion	36.0	0.0	36.0	0.0	0.0	0.0	0.0	0.0
Alma	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chindex Tianjin	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Fudi Medical	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Breas(SWE)	1.5	0.5	0.8	0.3	0.0	0.0	0.0	0.3
Breas(UK)	4.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0

Table 6 Investment on Environment of Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Capital Expenditure on Environmental Facilities		Operation Expenditure on Environmental Facilities	
	Description	Amount (RMB million)	Description	Amount (RMB million)
Wanbang Biopharma	Three simultaneity of project environmental protection and renovation of hazardous waste warehouse	0.05	Disposal of hazardous waste, waste water online monitoring, environmental monitoring, environmental system certification, consultation fee	0.098
Wanbang Jinqiao	Renovation of hazardous waste warehouse and purification device of fume in canteen	0.127	Expenses of operation of waste water plant, Disposal of hazardous waste, environmental monitoring, environmental system certification, consultation fee	1.1
Zhaohui Pharma	VOCs treatment facilities and equipment	6.33	Environmental monitoring and waste water treatment	0.614
Chemo Biopharm	Purchase of pumps and motor in waste water treatment station	0.01	Environmental facilities maintenance, disposal of waste, waste water pipe network, waste water reagent, environmental testing	0.282
Wanbang Folon	Waste water treatment station and VOCs facilities	0.885	Environmental pollution liability insurance, solid waste disposal, discharge fees, soil test fee, filing of environmental emergency plan, monitoring costs, waste water treatment station operation fee	0.28
Huanghe Pharma	Environmental facilities	0.07	Testing, waste water treatment, dangerous waste disposal	0.141
Wanbang Tiansheng	Waste water treatment station and odor treatment device	9.8	Environmental facilities maintenance/ agentia/environmental testing fee	0.25
Fareast Casings	Renovation of waste water system, division of rainwater and waste water and air source system	0.7	Discharge fees, electricity charge, agentia fee	0.3
Yao Pharma	Investments in waste water treatment	0.651	Hazardous waste disposal expenses, environmental monitoring	0.28
Carelife Pharma	Rectification of waste water aerator, rectification of tail gas system, tail gas pre-treatment device investment, online DO instrument	4.37	Hazardous waste and waste water treatment fee, discharge fee, environmental monitoring, maintenance of waste water treatment station and hazardous waste station	2.772
Guilin Pharma	Exhaust gas collection and treatment facility renovation	2.1	Waste water treatment station operation, hazardous waste disposal, environmental monitoring, 14001 system certification and consultation fee, etc.	3.25
Aohong Pharma	Construction project of waste water treatment station in bio-industrial park, VOC project of extraction workshop, VOC project of quality inspection building	9.854	None	0.0
Erye Pharma	VOCS treatment project, construction of environmental emergency pool, maintenance of catch basin, infrastructure of VOCS project	2.517	Waste water station operation, waste water treatment, hazardous waste disposal, environmental monitoring, clean production, environmental protection consulting service	2.083
Dongting Pharma	COD fast detector, data acquisition meter, flow meter, environmental labeling, labels and packing bags of hazardous waste, etc.	0.3	Clean production, environmental protection completion acceptance, environmental monitoring, fee of using discharge right, hazardous waste disposal fee, environmental protection training fee, waste water station operation fee	1.0
Hongqi Pharma	Upgrade of waste water station, dust-free feeding station project	1.568	Waste water treatment facility operation, environment management system certification, hazardous waste disposal	0.154
Aleph	Environmental assessment for boiler room	0.023	Environmental testing fee, hazardous waste disposal fee, waste water station operation	0.173
Shine Star	Environmental assessment fee Online equipment Photocatalytic equipment	10.49	Online service charge waste water treatment service charge hazardous waste disposal environmental insurance	0.577
Gland pharma	None	0.0	Environmental protection facility operation fee, waste water treatment service charge, hazardous waste disposal fee	2.0
Shanghai Henlius	None	0.0	Hazardous waste disposal, annual reviews on the three wastes, operations of waste water treatment system, pest control and operation	0.35
SunTech Pharma	Laboratory exhaust fan, activated carbon adsorption device, laboratory fume hood	2.18	Environmental protection acceptance consultation, purchase of chemical adsorption cotton	0.204
Chongqing Research Institute	None (production stopped. Site to be relocated)	0	Environmental testing, hazardous waste disposal, discharge fee	0.15

Table 6 Investment on Environment of Some Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Capital Expenditure on Environmental Facilities		Operation Expenditure on Environmental Facilities	
	Description	Amount (RMB million)	Description	Amount (RMB million)
Ruizhe Pharma	Rectification of tail gas treatment system, rectification of waste water station, Rectification of hazardous waste warehouse and three simultaneity	0.25	Waste water treatment fee, hazardous waste disposal, environmental protection facility operation	0.735
Fuchuang Pharma	None	0.0	Treatment of waste water from the hospital	0.053
Guangji Hospital	Cleaning equipment	0.1	Salaries of cleaning staff and salaries of temporary worker	0.62
Zhongwu Hospital	None	0.0	Expenses for hydrochloric acid used by water treatment station and testing fee	0.01
Chancheng Hospital	Waste water treatment and rectification	0.026	Waste water treatment, medical waste disposal	1.56
Wenzhou Geriatrics Hospital	None	0.0	Medical waste disposal fee	0.16
Qilu Clinical Laboratory	None	0	Medical waste disposal fee	0.576
Changxing Medical	Environmental protection rectification	0.008	Environmental monitoring	0.009
Yaneng Bio	Inspection station renovation, increase of leak-proof slot	0.0291	None	0.0
Huaiyin Medical	Waste water treatment facilities	0.035	discharge fees, water treatment worker training, solid waste collection fee	0.085
Chindex (Beijing)	Purchase of air purifier and filters	0.0061	None	0.0
Shanghai Transfusion	Upgrade of hardware	0.05	Environmental protection facility operation and testing fee	0.05
Chindex Tianjin	None	0	Handling the Radiation Safety Permit	0.03

Table 7 Safety Performance of Major Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Total number of employees	Total working hours (hour)	National indicators for incident							International indicators for incident				
			Number of Catastrophic incident	Number of Serious incident	Number of major injury case	Number of minor injury case	Number of total incident and injury case	Injury rate (per 200,000 working hours)	Fatality rate (per 200,000 working hours)	Number of Lost Time Injury (LTI) case	Number of Recordable Incident (RI)	LTI rate	RI rate	Days for LTI
Wanbang Biopharma	818	1,485,888	0	0	0	4	4	0.54	0.00	4	10	0.54	1.35	51
Wanbang Jinqiao	219	256,981	0	0	0	1	1	0.78	0.00	1	2	0.78	1.56	47
Zhaohui Pharma	301	595,260	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Chemo Biopharm	171	383,876	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Wanbang Folon	236	407,272	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Wanbang Sainuokang	104	208,780	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Huanghe Pharma	264	543,973	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Wanbang Tiancheng	79	170,135	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Wanbang Tiansheng	150	374,400	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Fareast Casings	100	211,200	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Yao Pharma	1,183	2,252,368	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Carelife Pharma	299	756,018	0	0	0	2	2	0.53	0.00	2	2	0.53	0.53	36
Guilin Pharma	1,214	1,932,731	0	0	1	2	3	0.31	0.00	3	5	0.31	0.52	176
Aohong Pharma	651	1,236,102	0	0	0	0	0	0.00	0.00	0	1	0.00	0.16	0
Erye Pharma	869	1,941,840	0	0	0	1	1	0.10	0.00	1	1	0.10	0.10	38
Dongting Pharma	995	2,077,560	0	0	0	1	1	0.10	0.00	1	2	0.10	0.19	5
Hongqi Pharma	433	866,460	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Aleph	359	800,370	0	0	0	0	0	0.00	0.00	0	2	0.00	0.50	0
Shine Star	1,900	1,452,000	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Gland Pharma	4,940	2,276,152	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Shanghai Henlius	456	840,000	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
SunTech Pharma	131	140,853	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Chongqing Research Institute	180	381,600	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Ruizhe Pharma	160	349,446	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Fuchuang Pharma	33	75,735	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Guangji Hospital	541	1,137,580	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Zhongwu Hospital	657	1,371,259	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Chancheng Hospital	1,882	4,319,892	0	0	0	2	2	0.09	0.00	2	6	0.09	0.28	87
Jimin Cancer Hospital	317	730,368	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Wenzhou Geriatrics Hospital	324	645,408	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Qilu Clinical Laboratory	131	262,060	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Hengsheng Hospital	859	171,800	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Changxing Medical	28	49,867	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Long March Medical	351	735,400	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Fosun Biolog	18	30,550	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0

Table 7 Safety Performance of Major Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Total number of employees	Total working hours (hour)	National indicators for incident							International indicators for incident				
			Number of Catastrophic incident	Number of Serious incident	Number of major injury case	Number of minor injury case	Number of total incident and injury case	Injury rate (per 200,000 working hours)	Fatality rate (per 200,000 working hours)	Number of Lost Time Injury (LTI) case	Number of Recordable Incident (RI)	LTI rate	RI rate	Days for LTI
Zhongsheng Zhongjie	57	100,932	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Yaneng Bio	386	774,434	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Yuntao Optoelectronic	17	5,848	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Foshion Medical System	96	190,464	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Huaiyin Medical	520	1,206,400	0	0	0	0	0	0.00	0.00	0	1	0.00	0.17	0
Chindex (Beijing)	50	81,676	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Chindex Shanghai	24	77,420	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Shanghai Transfusion	263	773,023	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Laishi Transfusion	184	552,400	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Alma	388	463,822	0	0	0	1	1	0.43	0.00	1	1	0.43	0.43	11
Chindex Tianjin	105	180,332	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Fudi Medical	4	7,760	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Breas (SWE)	64	112,640	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0
Breas (UK)	23	41,860	0	0	0	0	0	0.00	0.00	0	0	0.00	0.00	0

Note: Incident rate = Number of incident * 200,000/total working hours

Table 8 Occupational Health Performance of Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Number of employee exposed to occupational hazards	Percentage of the employees exposed to occupational hazard over the total employees	Number of employee required for occupational health examination	Completion rate of occupational health examination	Number of occupational disease case	Major occupational hazards
Wanbang Biopharma	238	29.1%	238	100%	0	Noise, Dust, Chemicals(Methanol, Acetonitrile, Hydrochloric acid, Dichloromethane etc.)
Wanbang Jinqiao	186	84.9%	186	100%	0	Noise, Dust, Chemicals(Methanol, Acetone, Acetonitrile, Tetrahydrofuran, Ethyl ether etc)
Zhaohui Pharma	10	3.3%	10	100%	0	Noise, Dust
Chemo Biopharm	18	10.5%	18	100%	0	Dust, Hydrogen sulfide, Ammonia, Sodium Hydroxide
Wanbang Folon	33	14.0%	33	100%	0	Dust, Noise, High temperature, Chemicals
Wanbang Sainuokang	12	11.5%	12	100%	0	Noise, Sulfuric acid
Huanghe Pharma	106	40.2%	106	100%	0	Dust, Noise, High temperature, hazardous chemicals etc.
Wanbang Tiancheng	0	0.0%	0	-	0	None
Wanbang Tiansheng	0	0.0%	0	-	0	Noise
Fareast Casings	0	0.0%	0	-	0	None
Yao Pharma	64	5.4%	25	100%	0	Noise
Carelife Pharma	218	72.9%	210	100%	0	Dichloromethane, Chloroform, Ethanol, Acetone, Hydrochloric acid, Sust, Acetic acid, Dimethylformamide, Bis trichloromethyl carbonate, Phosphorus oxychloride, Sodium hydroxide, Noise, etc.
Guilin Pharma	314	25.9%	314	100%	0	Dust, Noise, Acid mist, Methanol, Toluene etc.
Aohong Pharma	9	1.4%	9	100%	0	Carbon monoxide, Noise, High temperature
Erye Pharma	80	9.2%	80	100%	0	Welding dust, Butanol, Butyl acetate, Dichloromethane, Toluene, Dichloromethane, Ethyl acetate, Butanol, Methanol, Acetone, Acetic anhydride
Dongting Pharma	188	18.9%	188	100%	1	Toluene, Noise, Dust etc.
Hongqi Pharma	86	19.9%	77	100%	0	Noise, Dust
Aleph	6	1.7%	6	100%	0	Welding dust, Electrical radiation
Shine Star	550	28.9%	550	100%	0	Dust, Noise, Acid, Base, Ammonia etc
Gland Pharma	N/A	N/A	N/A	N/A	N/A	N/A
Shanghai Henlius	0	0.0%	0	-	0	None
SunTech Pharma	115	87.8%	115	100%	0	Ethyl acetate, Acetic acid, Hydrochloric acid, Sodium hydroxide, Toluene, Acetone, Tetrahydrofuran, Dichloromethane, Dimethylformamide), Isopropanol, Heptane, Dust, Noise, Methanol, Acetonitrile
Chongqing Research Institute	123	68.3%	123	100%	0	Toluene, Anhydrid (Acetic acid, Hydrochloric acid), Methanol, Acetonitrile, Dimethylformamide, N-Hexane
Ruizhe Pharma	138	86.3%	96	100%	0	Noise, Methanol, Ethanol, Ethyl acetate, Dichloromethane, Acetone
Fuchuang Pharma	20	60.6%	33	165%	0	Exhaust gas
Guangji Hospital	17	3.1%	17	100%	0	Radiation
Zhongwu Hospital	40	6.1%	40	100%	0	Radiation
Chancheng Hospital	62	3.3%	62	100%	0	Ionizing radiation
Jimin Cancer Hospital	15	4.7%	15	100%	0	Radiation

Table 8 Occupational Health Performance of Some Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Number of employee exposed to occupational hazards	Percentage of the employees exposed to occupational hazard over the total employees	Number of employee required for occupational health examination	Completion rate of occupational health examination	Number of occupational disease case	Major occupational hazards
Wenzhou Geriatrics Hospital	89	27.5%	89	100%	0	Infection, Radiation, Hazardous vapor
Qilu Clinical Laboratory	85	64.9%	85	100%	0	Bio Hazard
Hengsheng Hospital	18	2.1%	18	100%	0	Radiation
Changxing Medical	2	7.1%	2	100%	0	Dust
Long March Medical	9	2.6%	9	100%	0	Hydrochloric acid, Sodium carbonate, Lead smoke, Copper smoke, Tin Oxide
Fosun Biolog	1	5.6%	1	100%	0	Hydrogen chloride
Zhongsheng Zhongjie	4	7.0%	4	100%	0	Blood infection, Blade, Benzene
Yaneng Bio	19	4.9%	19	100%	0	Acid, Base , Ethanol, benzene. N-hexane, formaldehyde, xylene, lead and other inorganic compounds, Trichloroethylene
Yuntao Optoelectronic	6	35.3%	6	100%	0	Dust
Foshion Medical System	4	4.2%	4	100%	0	Noise, Dust
Huaiyin Medical	10	1.9%	10	100%	0	Dust , Manganese , Electromagnetic radiation
Chindex (Beijing)	0	0.0%	0	-	0	None
Chindex Shanghai	2	8.3%	2	100%	0	Radiation
Shanghai Transfusion	26	9.9%	26	100%	0	Noise, High temperature
Laishi Transfusion	0	0.0%	0	-	0	0
Alma	N/A	N/A	N/A	N/A	N/A	N/A
Chindex Tianjin	0	0.0%	0	-	0	None
Fudi Medical	0	0.0%	0	-	0	None
Breas (SWE)	N/A	N/A	N/A	N/A	N/A	N/A
Breas (UK)	N/A	N/A	N/A	N/A	N/A	N/A

Note: 1. Abnormality in occupational health examination refers to suspected or confirmed occupational disease, excluding occupational taboos

2. Fuchuang Pharma expanded the coverage of occupational health examination to employees who are not exposed to occupation hazards/

3. Employee required for occupational health examination (in 2017) less than the employee exposed to occupational hazards is due to that the occupational health examination interval for some occupational hazard is more than 1 year.

Table 9 Investment on Safety of Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Capital Expenditure on Safety		Operation Expenditure on Safety	
	Description	Amount (RMB million)	Description	Amount (RMB million)
Wanbang Biopharma	Emergency response equipment, safety assessment, safety protection equipment, firefighting equipment	0.103	Firefighting inspection, lightning inspection, equipment maintenance, firefighting equipment maintenance, special equipment inspection, etc.	0.089
Wanbang Jinqiao	Emergency response equipment, project safety assessment, Relocation of flammable gas detectors server, firefighting equipment, dangerous goods warehouse renovation	0.014	Firefighting inspection, lightning inspection, equipment maintenance, firefighting equipment maintenance, special equipment inspection, etc.	0.06
Zhaohui Pharma	Safety expenses	0.739	Safety, firefighting, etc.	0.513
Chemo Biopharm	Sound-light alarm in refrigeration warehouse, fire extinguishers, gas detectors	0.022	Firefighting management training, special operations practitioners training, annual inspection for safety accessory, annual inspection for special equipment, safety signs, special equipment system maintenance, PPE procurement, occupational health hazards inspection, 18000 system certification	0.204
Wanbang Folon	Increase of lightning protection facilities, replacement of escape sign luminaire, piping insulation, personal protection equipment, regulating of plant roads, safety labels, fire extinguishers, emergency response equipment, gas detector, noise meter etc.	0.186	Firefighting training, firefighting equipment maintenance and inspection, firefighting center operation, system review, preparation of emergency response plan, special equipment, relief valve inspection, occupational health inspection, lightning protection facility inspection, occupational health examination	0.47
Wanbang Sainuokang	Ladder protective cover, dry powder fire extinguisher, eye washer firefighting system lightning rod surge protective devices	0.253	None	0.0
Huanghe Pharma	Firefighting equipment, emergency response equipment, rectification, etc.	0.063	Training, facilities maintenance, occupational health examination, etc.	0.129
Wanbang Tiancheng	Refilling fire extinguisher	0.003	Safety signs and surveillance	0.012
Wanbang Tiansheng	Replacement of equipment with potential safety hazard, investment in safety protection measure	0.1	Firefighting facilities/inspection/training	0.15
Fareast Casings	Maintenance of power facilities	0.2	Equipment maintenance, personal protection	0.15
Yao Pharma	Firefighting safety, firefighting equipment, etc.	4.31	Employment injury insurance, training expense, safety facility operation, personal protection equipment, etc.	2.48
Carelife Pharma	Three simultaneity of projects, rectification of safety facilities, replacement of firefighting equipment	0.283	Including training expense, employee health examination, PPE, safety facilities operation and maintenance cost, firefighting system maintenance cost, special equipment and measuring instrument inspection fees, safety assessment	1.6
Guilin Pharma	Upgrading and renovation of API plants, chemical warehouses, ethanol warehouses	0.22	Procurement of spare parts for safety equipment operation, operators' labor costs, maintenance expenses of safety equipment operation, maintenance expenses of firefighting equipment/facilities, inspection expenses, consulting fee	2.43
Aohong Pharma	Firefighting facilities for project in biological industry park	3.5	None	0.0
Erye Pharma	Replacement of firefighting equipment, increase of flood-prevention materials, upgrade of security facilities, renovation of firefighting facility in plant	0.775	Firefighting equipment maintenance, flammable gas detector and alarm system inspection, occupational health examination, PPE	0.894
Dongting Pharma	Equipment of chlorine arrester, firefighting booster pump and other firefighting equipment, investments in safety posts and signs, switchboards, video devices, safety, firefighting for conversion and expansion project, occupational health	2.6	Safety award conference fee, firefighting equipment maintenance, firefighting evaluation, electricity safety inspection, lightning inspection, current status assessment of occupational disease, safety liability insurance, safety training, elevator and boiler inspection and maintenance	0.6
Hongqi Pharma	Upgrading and renovation of firefighting for phase III, pre-evaluation on project safety, pre-evaluation on occupational hazard, etc.	0.567	PPE, firefighting equipment maintenance, safety facility maintenance, making safety warning posts, etc.	0.18
Aleph	Safety evaluation on boiler room, standardized review	0.076	Firefighting equipment maintenance, firefighting inspection, renovation of -firefighting, safety training, annual inspection of fire extinguisher	0.11
Shine Star	Safety evaluation, occupational safety training, firefighting equipment, safety and health consultation, DCS system testing, replacement of synthesis ammonia equipment	1.135	Maintenance and prevention of corrosion for security equipment, special operation examination, safety liability insurance	2.612
Gland pharma	None	0.0	Safety operation expenses	0.195
Shanghai Henlius	PPE, safety promotion	0.15	Maintenance of various safety facilities and training of safety facilities operation	0.05
SunTech Pharma	Occupational physical examination	0.048	Procurement of fire extinguisher, gas mask	0.071
Chongqing Research Institute	Survey, firefighting equipment, security service charge, rectification of potential hazards for institute, etc.	0.309	Training and consultation, inspection expense, physical examination, heatstroke prevention	0.072

Table 9 Investment on Safety of Some Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Capital Expenditure on Safety		Operation Expenditure on Safety	
	Description	Amount (RMB million)	Description	Amount (RMB million)
Ruizhe Pharma	Rectification of firefighting control room, replacement of firefighting facility, three simultaneity, preparation of emergency material	0.17	Employees' training, provision of PPE, rectification of potential safety hazard, maintenance of firefighting facility, occupational health examination, occupational disease contamination factor inspection, maintenance of safety facility	0.5
Fuchuang Pharma	Replacement of firefighting equipment by institution	0.0004	Security service charge by institution	0.032
Guangji Hospital	Replacement of fire extinguishers	0.03	Firefighting equipment and installations, security installations	0.04
Zhongwu Hospital	Replacement and replenishment of powder for firefighting equipment	0.001	Maintenance of firefighting facilities	0.039
Chancheng Hospital	Fire and safety	4.27	Maintenance of fire and safety operation	2.8
Jimin Cancer Hospital	Contracting with fire protection company	0.036	Detection and repairing of firefighting equipment and accessories	0.023
Wenzhou Geriatrics Hospital	Firefighting installation project for new outpatient building	0.414	Firefighting facility inspection, procurement of firefighting equipment	0.024
Qilu Clinical Laboratory	Fire emergency light (newly increased)	0.012	Occupational health examination	0.055
Hengsheng Hospital	None	0.0	Medical wastes disposal fees	0.039
Changxing Medical	Safety protection equipment	0.27	Firefighting facility maintenance, inspection fees	0.060
Long March Medical	Physical examination, third-party inspection (occupational health, environment, three wastes, etc.), establishment of mini firefighting station, safety facility inspection, hazardous waste treatment, etc.	0.499	None	0.0
Fosun Biolog	Physical examination, occupational health inspection, occupational health evaluation	0.033	None	0.0
Yaneng Bio	Renovation of laboratory, replacement of color plate	0.614	None	0.0
Foshion Medical System	Occupational physical examination, replacement of firefighting equipment	0.003	None	0.0
Huaiyin Medical	Replacement of balcony windows in production building	0.2	Renewal of certificate training for safety officer	0.002
Huaiyin Medical	Firefighting equipment	0.02	Inspection of nitrogen station	0.05
Huaiyin Medical	Occupational health examination	0.005	Maintenance costs of firefighting facilities	0.02
Chindex (Beijing)	Procurement of fire extinguishers	0.003	Annual inspection of fire extinguishers	0.007
Shanghai Transfusion	Periodic replacement of firefighting equipment, procurement of emergency supplies, replacement of unsafe equipment	0.1	Maintenance costs of firefighting facilities, inspection charges, physical examination fee, etc.	0.1

Table 10 EHS Training for Some Subsidiaries of Fosun Pharma Group in 2017

Subsidiary	Mandatory Training				Basic Training		Special Training	
	Number of attendees required	Actual number of attendees	Completion rate	Total duration (h)	Number of attendees	Total duration (h)	Number of attendees	Total duration (h)
Wanbang Biopharma	213	219	100%	5,112	1,100	650	558	723
Wanbang Jinqiao	57	64	100%	1540	32	48	105	219
Zhaohui Pharma	153	153	100%	3,596	2,690	1,164	1,152	499
Chemo Biopharm	1	1	100%	1	287	430.5	576	864
Wanbang Folon	46	46	100%	452	388	790	374	521
Wanbang Sainuokang	3	3	100%	40	427	885.5	273	365.5
Huanghe Pharma	72	72	100%	360	505	505	484	484
Wanbang Tiancheng	41	41	100%	98	68	102	91	247
Wanbang Tiansheng	30	30	100%	720	10	10	10	10
Fareast Casings	50	50	100%	160	137	272	0	0
Yao Pharma	275	281	100%	6,744	740	1,605.5	349	525
Carelife Pharma	361	367	100%	8,128	377	508	46	81
Guilin Pharma	225	225	100%	6,064	1106	1675.5	84	114
Aohong Pharma	85	85	100%	2,040	610	4,880	240	443.5
Erye Pharma	243	243	100%	15,480	3,016	7,574	556	1,135
Dongting Pharma	77	77	100%	964	938	5,698	157	314
Hongqi Pharma	117	117	100%	929	2,340	2,836.71	327	333
Aleph	359	359	100%	11,224	359	3,252	359	7,904
Shine Star	318	318	100%	4,770	1,900	15,200	464	928
Shanghai Henlius	219	219	100%	1,900	647	647	210	210
SunTech Pharma	53	53	100%	1,280	470	940	556	1,114.5
Chongqing Research Institute	1	1	100%	24	125	1000	4	64
Ruizhe Pharma	173	173	100%	5,148	629	1210	672	1760
Guangji Hospital	42	42	100%	1,008	45	45	60	60
Zhongwu Hospital	26	26	100%	752	32	32	200	100
Chancheng Hospital	14	14	100%	748	1,820	3,640	5,462	9,172
Jimin Cancer Hospital	2	2	100%	112	123	246	0	0
Wenzhou Geriatrics Hospital	5	5	100%	840	324	1,296	10	10
Qilu Clinical Laboratory	5	5	100%	20	196	3,512	333	561
Hengsheng Hospital	19	19	100%	912	564	510	38	42
Changxing Medical	32	32	100%	192	112	448	28	168
Long March Medical	23	23	100%	216	998	2,545	33	66
Fosun Biolog	5	5	100%	120	103	204	5	10

Table 10 EHS Training for Some Subsidiaries of Fosun Pharma Group in 2017 (Continued)

Subsidiary	Mandatory Training				Basic Training		Special Training	
	Number of attendees required	Actual number of attendees	Completion rate	Total duration (h)	Number of attendees	Total duration (h)	Number of attendees	Total duration (h)
Zhongsheng Zhongjie	2	2	100%	16	7	1.5	4	24
Yaneng Bio	33	33	100%	169	30	50	4	128
Foshion Medical System	1	1	100%	73	120	120	0	0
Huaiyin Medical	30	30	100%	26	2,400	1,200	4	64
Chindex Shanghai	5	5	100%	40	0	0	0	0
Shanghai Transfusion	13	13	100%	204	24	720	28	648
Laishi Transfusion	27	27	100%	1,816	184	4,416	3	48
Alma	N/A	N/A	N/A	N/A	None	None	70	200

Disclosure description: 1. The report discloses the health, safety and environmental protection quality, which is part of the working environment quality and has important effect on the Group. They include the related important performance indicators. For some key indicators which have general effect on the Group, the report has also made voluntary disclosure to some extent. 2. Eight new subsidiaries, namely Fareast Casings, Gland Pharma, Yuntao Optoelectronic, Breas SWE, Breas UK, Hengsheng Hospital, Qilu Clinical Laboratory, Fudi Medical were included in the major subsidiaries disclosed. 3. The calculation method of total number of employees in EHS section is different from the calculation method of total number of employees in Employees section in this report. The statistical scope of number of employees for EHS section is the number of employees does not include employees of sales subsidiaries and platform subsidiaries. 4. The data for Gland Pharm, Hengsheng Hospital, Yuntao Optoelectronic are respectively for period of 2017 November and December, 2017 December and 2017 November and December due to the different consolidation time.

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

CARE FOR MORE HAPPINESS OF EMPLOYEES

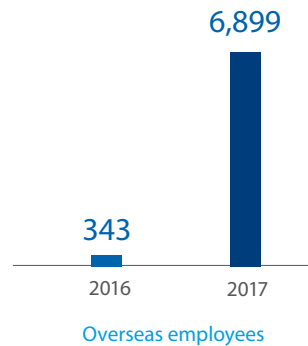
Fosun Pharma Group cares about the sustainable development of talent. Since its establishment, Fosun Pharma has been holding the talent perspective of “attracting people with development, mobilizing people with career, cultivating people with challenge, and recognizing people by their performance”. Right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



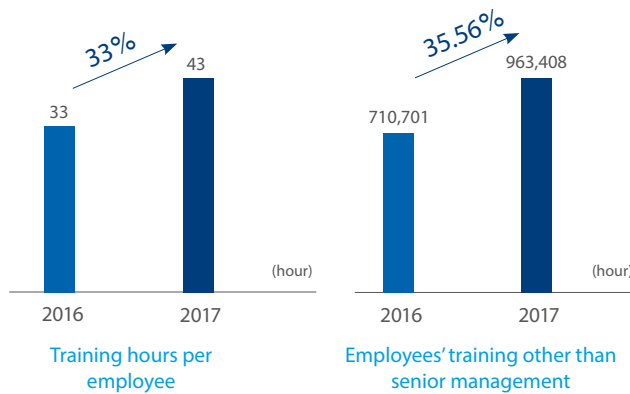


Young and internationalization talent

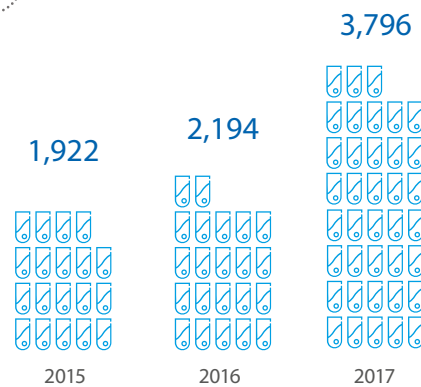
70.7%
employees under the age of 40.



Talent Development



Value R & D talents



The number of R&D staff (including QA and QC employees) has reached 3,796



Employee rights

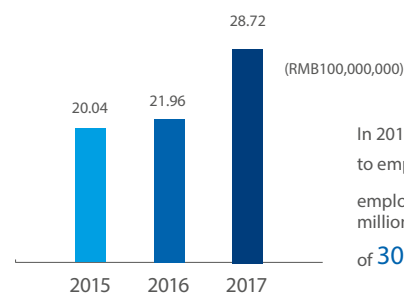


The Group advocated a fair competition, fighting against discrimination and respecting the freedom of religious, with disabled employees and employees of ethnic minority accounted for **0.26%** and **1.60%**



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

Cash payment to employees and on behalf of employees



In 2017, the Group's cash payment to employees and on behalf of employees totaled RMB**2,872** million, representing an increase of **30.78%** as compared to 2016

Sustainable Development of Talent

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

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

Talent Acquisition

The Group was further improved and extended in health industry. There had been sustainable growth in business, with the scale and platform expanding further. Internationalization allowed us to move out from China and tapped into the rest of the world, thereby attracting a growing number of local and overseas talents to join us. In 2017, the increase in staff of Fosun Pharma Group was mainly due to the addition of overseas enterprises joining us.

Optimized Structure

The Group had a total of 28,848 employees in all areas with presence combined as of 31 December 2017, representing an increase of 47.8% to 2016.

All employees of Fosun Pharma Group are widely distributed in Eastern, Southern, Central, Southwestern and Northeastern China. The Group has provided a lot of job opportunities. In 2017, the Group further expanded its presence overseas, resulting in a substantial increase in the number of overseas staff.

In 2017, more than 70.7% of the Group's employees were under 40 years old, and more and more young talents have become the backbone of the enterprises.

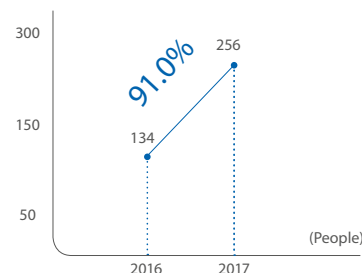
The Group continued to hire talents with advanced education in 2017. The number of staff with a master's degree or above increased rapidly. In particular, there were up to 256 employees holding a doctorate degree, an increase of 91.0% from the last year, and those holding a master's degree surged by 142.8% year-on-year to 2,479. The overall education level of staff further increased with employees holding a bachelor's degree or above accounting for 42.47% and those holding a college degree or above representing 66.47%.

Internal Referral

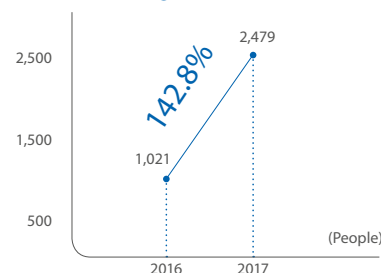
The Group actively encourages internal staff to recommend external personnel for enriching the reserve of human resources, which helped the Company to build a first-class team.

Our employees actively participate in talent acquisition plan. In 2017, 28% of the new employees joined the Company through internal referral channels, which helped the Company to find talents that fit its needs.

Number of employees with doctorate degree



Number of employees with master degree



Structure of Human Resources of Fosun Pharma Group

(People)

Year	Total	Gender	
		Male	Female
2013	16,791	8,246	8,545
2014	18,081	8,800	9,281
2015	17,842	8,653	9,189
2016	19,523	9,574	9,949
2017	28,848	16,084	12,764

Educational Background of Employees of Fosun Pharma Group

(People)

Year	Doctorate	Master	Bachelor	Diploma	Secondary and below
2013	80	637	3,794	4,368	7,912
2014	93	749	4,229	4,693	8,317
2015	105	889	4,453	4,643	7,752
2016	134	1,021	5,395	4,977	7,996
2017	256	2,479	9,518	6,922	9,673

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

(People)

Region	Number of employees in 2016	Number of employees in 2017
Eastern regions of China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	8,869	10,096
Southern regions of China (Guangdong, Guangxi, Hainan)	3,276	4,604
Central regions of China (Hubei, Hunan, Henan, Jiangxi)	3,442	3,543
Northern regions of China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	191	241
Northwest regions of China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	-	-
Southwest regions of China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	2,001	1,951
Northeast regions of China (Liaoning, Jilin, Heilongjiang)	1,387	1,500
Hong Kong, Macao and Taiwan	14	14
Overseas	343	6,899

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

(People)

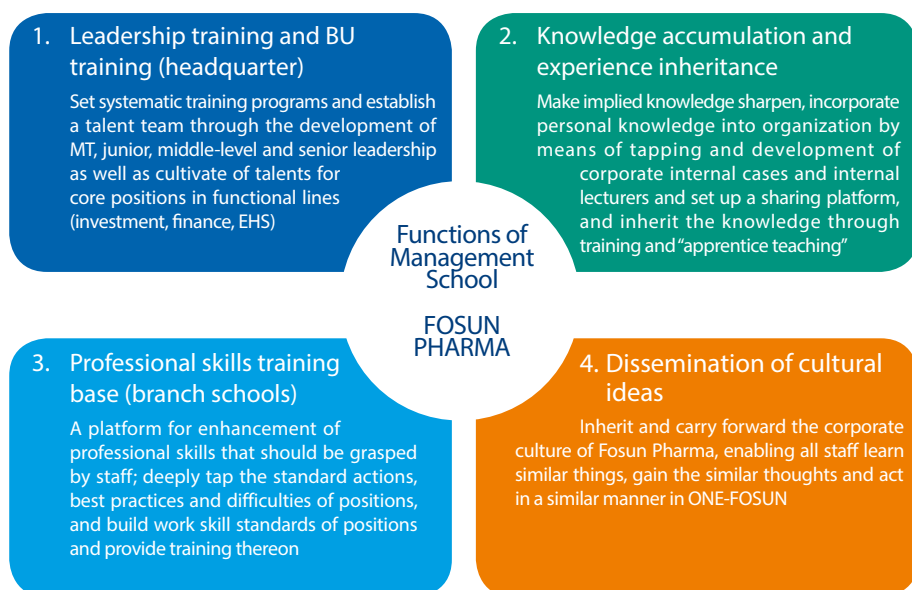
Item	Total number of employees	Male	Female	Disabled	Minority
Number of persons	28,848	16,084	12,764	75	461
Ratio to total	100.00%	55.75%	44.25%	0.26%	1.60%

Talent Education

The competition between enterprises is ultimately the competition of talent attraction and retention. Centering on the development strategy of the Group and upholding the people-oriented corporate culture, the Group unswervingly conducts talent education to guarantee the adequacy of talent team and the diversity of talent system while it regards talent education as the goal and direction of the Group.

Ever since the establishment of the learning & development center in 2009, Fosun Pharma Group starts to promote the conception of corporate university (training platform) proactively; in April 2017, Fosun Pharma officially announced the establishment of Fosun HealthCare Management Institute at the headquarter of Fosun Pharma. In the future, in order to boost the development of the company, the school will undertake training on staff's leadership, professional skills, dissemination of cultural ideas and other functions, allowing staff to study from work and develop from learning, to boost the development of the Company.

Functions of Fosun HealthCare Management Institute



Learning and Development

With the continuous development of business of the Company, the curriculum has become broader (different courses), lighter (short lessons), more flexible (interaction in mobile phone), so we can easily cover more targeted groups, and participants from different companies, positions and levels, in which our trainee will pro-actively enroll and participate in it.

In 2017, the training system of Fosun Pharma continued to root in its culture. We have four series of training courses/programs, namely "New Employee/Company Series", "Leadership Development Series", "Professional/Functional Series" and "Common Skill Series".

New Employee/ Company Series:	Fosun Pharma provides informative orientation to newly-joined employees and continued to care about their work and life within two months since Day 1, to help newcomers better integrate into Fosun Pharma's family. In 2017, we amended the "Two-week Orientation for Newcomers" and carried out the "Military Training Summer Camp".
Leadership Development Series:	we provide management and leadership program to those experienced and senior managers, which will accelerate the development of managers and leaders and reserve excellent talents for the Group. In 2017, we provided a series of "Trainings of Executive Committee" for the core management of the Company to supplement the top management of the Company with the up-to-date and "hottest" knowledge they want to learn and initiated the "Seminar on Leadership" for the management reserve team, so as to further improve the team building, enhance the leadership of reserve team and promote the management standard of the entire organization.
Professional/ Functional Series:	a combination of courses and programs were designed to meet the development needs of target groups in different functions, which helped to cultivate systematization and depth of those professionals. In 2017, professional trainings targeting key talents such as investment talents and presidents of hospitals were continually provided and well-received.
Common Skill Series:	The new staff genuinely cared about their self-improvement, so we organized a wide variety of common skill courses. The participants were mostly from affiliated companies, as more several courses were also conducted within enterprise.
Corporate Culture:	corporate culture was promoted through various activities, so that the corporate culture of "One-Fosun" was being felt everywhere. In 2017, a reading month was launched, birthday celebrations were held for staff and there was the club carnival, Fosun Envoy Program, the New Year sports meeting, retired workers gathering and many other activities.

Learning and Development System

New Employee/ Company Series

- New Manager Orientation
- New Employee Orientation
- Training Camp of Fresh Graduate
- Culture Inclusion of New Affiliates

Leadership Development Series

- Advanced Leadership Program
- MINI MBA Program
- Intermediate Leadership Program
- Fundamental Leadership Program
- Management Trainee Program

Professional/ Functional Series

- Investment Program
- CFO Program
- HRD Program
- Other business training

Common Skill Series

- Basic Knowledge
- Communication
- Management

Enterprise Culture of the Group

Major Training Indicators of Fosun Pharma Group

Training indicators		Unit	2013	2014	2015	2016	2017
Total Training Expenses		Amount (RMB10'000)	931	879	557	819	686*
Average Training Hours Per Person	All employees	hours/person	-	36	28	33	43
	Of which, male employees	hours/person	-	37	29	31	40
	Of which, female employees	hours/person	-	34	30	37	47
Training for Senior Management	Number of persons	Person	154	180	226	249	374
	Total training person time	Person time	5,844	20,815	6,627	6,348	7,831
Training for employees (including fresh graduates) other than senior management	Number of persons	Person	214,050	18,278	20,697	21,255	22,275
	Total training person time	Person time	543,758	652,405	577,366	710,701	963,408
Of which: Training for Fresh Graduates (including former employees)	Number of persons	Person	434	714	924	543	738
	Total training person time	Person time	44,080	44,681	53,994	65,639	53,229*

*Note 1: The year-on-year decrease in training expenses was attributable to some external training transferred to internal training as a result of increasingly mature basic training for subsidiaries of the Group.

*Note 2: The year-on-year decrease in total training hours of fresh graduates was attributable to the enhancement in education background, learning ability of fresh graduates as a result of increasing recruitment requirements on graduates by the Group.



Case: "Seminar on Leadership" of Fosun HealthCare Management Institute

The first Seminar on Leadership of Fosun HealthCare Management Institute enrolled 22 trainees, of which 24% were from the headquarter of Fosun Pharma, 47% from the industry segment, 5% from the hospital investment segment and 24% from the medical technology segment, with the average age of 34 years old and the ratio of male to female of 15:7. The seminar jointly given by internal and external lecturers lasted for 9 months and consisted of a total of 80 hours. OPQ, a scientific evaluation tool, was supplemented to the course to test trainees' style and professional specialties, which provides reference for their personal career development and enhances their autognosis.

The curriculum is rich in content which combines both internal and external sources. The external teaching covers management thinking, excellent team, authorized coaching, reform and innovation, internationalization, leadership, etc.; internal senior management shared Fosun's corporate culture, values, strategies, group management and control, etc.; we also invited the chairman of the board of supervisors and senior accountant of the Company to serve as the advisor of trainees to give professional answers to questions and as the defense tutor. Meanwhile, outward bound was organized to deepen the trust and emotion among trainees.

After learning for nearly one year, 20 trainees completed the seminar successfully and 9 trainees got promotion and development during the Seminar on Leadership. Fosun HealthCare Management Institute, as the Huangpu Military Academy for Fosun Pharma Group, will launch more systematic talent development programs to cultivate talents for corporate business development and build a platform for staff to achieve capability development.



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

In order to strengthen Fosun Hospital Investment's cultural value system, improve the professional management level of the Group and enhance its comprehensive operating capability, Fosun Pharma carried out the program of "The Convening of the First Seminar on Management of Contemporary Hospitals of Fosun Pharma for the Presidents" for 18 months from 2017 to 2018 focusing on the realization of the management talent strategy.

The program participants covered 10 Fosun Pharma's medical service member companies with a total of 32 people. More than 90% of the trainees were members of hospital team with an average age of 45 years and the youngest being 33 years old. The program course was divided into 10 sections, 20 courses and 120 hours of course. During the implementation of the program, Zen Medical obtained the JCI certification (the certificate was obtained in 2018), the Huaihai Medical Group General Hospital passed the top three assessments, the Guangji Hospital passed the dimethyl preliminary review, Zhongwu Hospital added two municipal key specialties and several trainees have been promoted and developed.

The completion of the training task for 2017 Seminar has accumulated rich experience for the implementation of training programs in 2018 and later and has also played a positive role in promoting the strategic goals of Fosun Hospital Investment.

Preparatory organization

A thorough investigation and analysis was carried out on the common and individual needs encountered by member hospitals in the operation process including constructions of system, mechanism, talent, discipline, culture and infrastructure etc. and course setting was based on this.

Faculty

Executives of Fosun Pharma Group as well as excellent scholars and outstanding practitioners of Shanghai Fudan Hospital Management Co. Ltd., Renmin University Hospital Management Research Center and other famous institutions.

Teaching style

Combination of theory and case analysis, interaction of study classes and benchmark hospital visits and adoption of an innovative approach in the form of helping and guiding such as "tutorial system" and "review system" promoting mutual learning.

Course evaluation

Course designed a strict form of assessment including stage assignments and closing arguments and full coverage of the participants' papers with internal and external tutors who separately commented and guided to ensure that the articles were academic and practical.



Case: Second Class "R&D Project Manager" of Wanbang University

In order to promote systematic summarization of outstanding experience of various operation lines and realize rapid share and transmission thereof, Wanbang University, on the basis of the first class, launched the second training course on R&D Project Manager for the core positions required for strategic development.

The second class of Wanbang Biopharma consists of 35 key R&D personnel from 10 affiliated enterprises. The students studied the typical work tasks for a R&D project manager in a systematic way. At the class, there were five independently developed curricula, i.e. R&D Mechanism of Wanbang, Resources Management of R&D Project Management, Communication and Coordination of R&D Project Management, Team Management of R&D Project Management, and Process Management of R&D Project Management; and four curricula shared by senior management, i.e. New R&D Situation, Strategic Management, A View of the Model and Logic of Product Appeal Building from the Perspective of Industrial Trend, and Overview of R&D of Innovative Drugs.

The teaching program consisting of four courses was implemented twice in 2017.





Case: Lean Service Training Program of Zhongwu Hospital

In order to improve the overall service quality and connotation of Zhongwu Hospital and enhance patients' satisfaction and loyalty, allowing services to drive the social and economic development of hospital, to form a hospital service culture system, Zhongwu Hospital entered into the Agreement on Tutoring Cooperation in the Lean Service Program of the Hospital with Chancheng to prepare and implement a targeted lean service training plan.

Lean Service Training Plan of Zhongwu Hospital

Training purpose	Training topic	Content
Seek for gap Reach a consensus	Survey and analysis on third party satisfaction	A 2-day survey on satisfaction was conducted for outpatients and inpatients with 450 questionnaires to objectively and scientifically understand patients' actual feedback on the services of hospital. The hospital prepared a report on survey and analysis of satisfaction and a targeted rectification plan.
	Seminar on service strategy for senior management	According to the satisfaction survey and hospital development plan, 32 intermediate and senior leaders engaged in workshop study for 2 days to discuss the hospital service development strategy and improve the service vision, service concept, service strategy, behavior standard, etc. of hospital.
Hospital-wide mobilization	Lean service training for all staff	All staff of the hospital consisting of 696 people including leaders and cleaning workers was mobilized to accept 2-day lean service training, allowing staff to understand the importance of lean service program as implemented by the hospital to reach a consensus on lean service.
	Training on leadership and coaching capacity for intermediate management	A training course was provided for 32 intermediate management personnel to improve their management capacity and coaching skills.
Selection and training of internal trainers, continuation of service training	Selection and training of internal trainers	40 internal trainers were selected to accept systematic training to grasp basic training skills, study service training courses in a systematic way and shoulder the management responsibilities for lean service training and service quality.
	Training on service guidance preparation	Training and coaching were provided on preparation of service guidance and internal trainers designed and compiled the Service Guidance of Suqian Zhongwu Hospital to pay attention to patients' experience in seeking for medical advices, normalize service standards and optimize the service process.
Sustainable promotion and innovative development	Continuous advancement, follow-up coaching	Humanistic medical training, RCA training, patient experience design and training in terms of 9 segments of innovative management of hospital (including human resources and performance management, nursing management, clinical pathway, etc.).
	Project report and summarization	A project summarization and report meeting was organized to sum up the phased achievements and assist the preparation and continuous improvement of the post-enhancement plan. A mechanism for mutual exchange for both parties was established.



Case: Talent Development Training by Chindex

In order to promote the fulfillment of corporate marketing and development strategies and set up an all-round multidimensional talent cultivation system, Chindex carried out training programs in many aspects in 2017.

Course	Purpose	Contents
Course for overseas certification examination for the clinical team of Da Vinci Surgical System	To guarantee that all overseas trainees will pass the overseas certification examination and get the certificate to provide better support for business development	Learning of theoretical knowledge, supplemented by systematic drills for the cases encountered in daily operations.
Training on sales skills	To further improve the sales capacity of sales team and the skills for communications with major customers, to achieve a win-win situation	The 2-day training in combination of theoretical knowledge, role play, practical operation in cases, etc. enables the sales team to rapidly master effective sales skills and learn to consider problems in a systematic and multi-dimensional manner to promote sales business.
New media operation of WeChat	To better enhance the operation capacity via WeChat and improve customer stickiness	The contents including WeChat topic selection, planning, brainstorming, and applied to the operation of official WeChat account of Chindex

Employee Development

Performance management

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

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

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

Employee Incentives

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

Long-term incentives

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

Employee Benefits

The Group promotes fair competition, disapproves of discrimination and respects freedom of religions belief. Its 2017 employee structure consisted of 44.25% female employees, 0.26% disabled employees, and 1.6% minorities.

The remuneration of all employees of the Group in all operating location is higher than local minimum wage and complies with local labor laws and regulations. The Group upholds fair principle and opposes discrimination. It implements the policy of same starting salary for employees with different gender. It also complies with minimum wage standard, and achieves same salary at same position. Regulated by the Company's employee handbook, working overtime shall be compensated after passing the application according to the law.

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

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

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

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

Party Committees and Labour Union

The Party Committees of Fosun Pharma Group and its subsidiaries (General Party Branch and Party Branch) gave full play to the political leading role of the Party organizations and did not forget to focus on Party building at the beginning and condense their efforts to promote development. The Party Committee of Fosun Pharma Group currently has 7 branches and 282 Party members, 75% of which are young people under the age of 35 and 61% have master's degree or above. These Party members have effectively demonstrated the advanced role of Party members in the Company's innovative R&D and key positions and have made extraordinary contributions to their ordinary jobs. In 2017, Wu Dazhi, member of the fourth branch, was awarded the honorary title of "Putuo Artisan".

100%

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

Staff change at the headquarter of Fosun Pharma

(People)

Staff change at the headquarter of Fosun Pharma	2013	2014	2015	2016	2017
Total number of person-in-charge and vice general managers throughout departments of the company	49	52	64	47	48
Of which, number of new hires	7	3	5	3	4
Of which, number of new promotions	9	5	4	11	5
Total number of supervisors and general managers in the company	159	193	233	283	316
Of which, number of new hires	37	32	54	101	116
Of which, number of new promotions	30	21	46	64	69

Staff outflow change at Fosun Pharma Group

Year	2013	2014	2015	2016	2017
Outflow rate	17.57%	17.05%	17.12%	17.89%	18.73%
Loss rate	14.76%	14.50%	13.24%	14.86%	15.44%

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

The Party Committee of Fosun Pharma Group gave full play to the role of Xinglong Library as the party construction position with "Six Points", actively promoted the party's relevant policies, spread the news about group party activities, integrated party construction position with the home of the staff, youth center, non-profit foundation practice base, center of corporate cultural activities, corporate library, etc., ensuring resource sharing and joint activities, enhancing the intuitive, educational, and instructive effects of party construction, and enriching the cultural connotation of such work. In addition, most party members and staff have broadened their knowledge under the influence by what one constantly sees and hears and understood, supported, supervised, participated in, and fitted in party construction, which helps lay a solid foundation for the work and upgrade its level.

The Party Committee of Fosun Pharma also energetically explored activities for association building and common construction. The co-construction units regularly launched "Two Studies, One Action", Business Development Based on Party Construction, Party Construction + Public Benefits, cultural and sports competitions, etc. In the process, they learnt from others' strong points to offset weaknesses, realized co-construction and sharing, and jointly advanced the healthy and orderly development of the "Two New" Organizations.

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

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

Democratic Management

In 2017, in face of the rapid and new development trends, the Fosun Pharma Labor Union further strengthened its own constructions and fully exercised the bridging and pivotal functions as Labor Union to comprehensively improve the overall level of its responsibilities that closely surround Fosun Pharma Group's "4IN" strategy together with the Group's working centers for production, operation, management, and service. With the creation of a role-model family of workers as the carrier, it closely focuses on employees' rights, corporate management, protection of labor safety, diversification of employees' sideline cultural life, promotion of corporate cultural constructions, and precise fulfillment of the various functions of the Labor Union.

The Party Committee and Labor Union of Fosun Pharma added the special party-masses column to the company's OA, promptly promoted the relevant guidelines and policies of the party and the state, spread the news about the party-masses work, provided guidelines on the work, and timely listened to the hearts of the staff, further facilitating the staff's engagement in enterprise democratic management.

(The content about the 2017 special party-masses column is to be inserted.)

Staff Labor Protection

The Fosun Pharma Labor Union and labor unions of all subsidiaries actively carried out firefighting drills, emergency drills, EHS knowledge publicity and other activities to enhance employees' safety awareness and safety precaution capacity and improve the emergency treatment and escaping ability of the employees.

For example, the Erye Pharmaceutical Labor Union conducted safety publicity and firefighting drills. At the activity of the month for EHS management themed "everyone makes contributions to green life, safety behavior starts from ourselves" as organized by Fosun Pharma, the Erye Pharmaceutical Labor Union proactively participated in the competition of creative design of EHS logo and safety knowledge and the popularization of safety knowledge and won the gold award of EHS logo design awarded by Fosun Pharma.

The Labor Union of Fosun Pharma organized the whole staff to get health examination and provided customized items for different age groups.

Employee Activities

Employee activities are important to the corporate cultural construction of Fosun Pharma. The Corporate Culture Working Committee of Fosun Pharma fully utilizes the resources of the organization, proactively organizes and coordinates among individual departments and individual subsidiary with the support from various aspects such as the labor union, administrative support department, human resources department and brand & public relations department and joins efforts in the organization of various events that help invigorate employees' cultural life and jointly promote corporate cultural construction.

Internal and external combination Creation of innovative culture

Innovation is the source power of corporate development. In 2017, Fosun Pharma internally and externally held the "Xingchuanghui 2017 Fosun Pharma Innovation and Entrepreneurship Competition" to continuously build the innovative cultural ecology of Fosun Pharma through internal and external combination in respect of multidimensional innovation including model innovation, management innovation, new products and new technologies.

Intensification of integration Enhancement of cultural fusion

In 2017, with the continuous development of Fosun Pharma Group, more and more enterprises joined Fosun Pharma. With an open mind, Fosun Pharma Group respects multicultural fusion and continuously achieves corporate cultural integration.

During the Thanksgiving Day, a series of thanksgiving activities for the staff of Fosun Pharma were fully carried out. The "Fosun Travel · Fosun Pharma and I" online activity allowed staff to express their gratitude for growth with Fosun Pharma and in offline activity, Fosun Pharma offered gratitude to staff to let them have the new brand experience of Fosun Pharma. The corporate cultural fusion was further enhanced in the atmosphere of thanksgiving. Meanwhile, the "Fosun Envoys" of overseas subsidiaries engaged a number of exchanges with Fosun Pharma, which further promoted the cultural integration of worldwide subsidiaries.

Continued care increases the happiness of staff

Fosun Pharma proactively organizes various activities for staff to enrich daily life. For example, at the Double Ninth Festival, the Fosun Pharma Labor Union, the Labor Union at the headquarters of Fosun Pharma Group, the Labor Union of Forte Group, etc. jointly conducted the "Return to Fosun" activity to show care for retired staff, allowing retired staff to share the development of the Company and feel the Company's gratitude and care for them. In addition, the Labor Union also organized activities on the Lantern Festival, Women's Day, Children's Day and other holidays, which were deeply favored by staff.

Xinglong Book Store, the library of Fosun Pharma, is the corporate culture construction base of Fosun Pharma with over 6,000 books. In 2017, the number of book borrowing by employees exceeded 700 person times. The launch of Fosun Pharma mobile library offers a wider platform for exchange and interaction for readers. Birthday party has been a traditional staff activity of Fosun Pharma held for years. In 2017, the birthday party organized by the Company attracted over 400 people. The monthly birthday party is held in a lively and vivid way, allowing those whose birthday is in the current month and who attend the birthday party to deeply feel the warmth of "home".

Fosun Pharma has 14 employees' clubs, which organized an aggregate of over 300 various club activities with attendees of over 11,000 person times throughout the year. At the end of 2017, Fosun Pharma Technology Innovation Center, after settling down in ZJ Innopark, jointly held the "Sci-Force Day" friendly basketball match with Zhangjiang Group to promote corporate cultural fusion. Wu Ziliang from Darts Club stood out of 600 competitors and won the first place at the "2017 Amateur League for Urban White-Collar Workers"; the team of Badminton Team participated in the 2017 third "Avantor" Cup - Li Ning Invitational Tournament of Badminton League for the Bio-pharmaceutical Industry in Eastern China and won the winning prize of Group A.

The labor unions of subsidiaries organized and carried out various activities such as swinging festival celebration and spare time cultural activities based on their respective corporate culture and local features to enrich employees' spare time spiritual and cultural life and inherit and transmit the positive corporate spirit, including long distance run on the New Year's Day, corporate Spring Festival Gala, riddle solving at the Lantern Festival, commendation meeting on the Women's Day, appraisal of technicians for front-line workers on the Labor Day, labor emulation, skills contest, themed family day on the Children's Day, red education at the Party's birthday on 1 July, common construction of the army and the masses on the Army Day, reading and essay contest, speech contest, singing contest, fun sports meeting, traditional sports meeting, activities of employees' club.



Fosun Pharma has

14 employee clubs and

organized a total of more than

300 club activities of

various types throughout

the year with more than

11,000 participants





As a globally leading provider of energy-based medical aesthetic treatment system, Sisram Med (stock code: 1696.HK) has independent innovative research and development and production capabilities, with 38 registered patents and 10 patent applications. Its product brands such as “Soprano”, “Harmony”, “Accent” and “FemiLift” under the “Alma” were widely recognized by medical beauty agencies and end users in the international market.



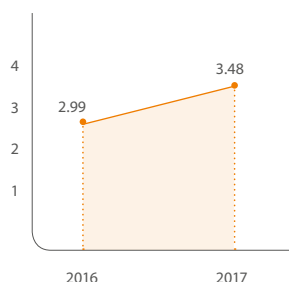
CONTRIBUTION FOR A MORE HARMONIOUS SOCIETY

Vivo and iSleep product lines, Nippy and Clearway brands, as well as and Z1 CPAP series of Breas, a leading ventilator company in Europe, provided quality products and services to customers in more than 40 countries around the world, and guaranteed high quality and high standards in product development, manufacturing, sales and marketing.



Social contribution value per share

Social contribution value (RMB/Share)
per share



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



Public welfare contributions

Total donations to the community of
RMB11.14 million

Currently, Fosun Pharma Group has formed a complete system of public welfare, the Future Star plans. The Group assumes its corporate social responsibility and contributed to the community by supporting education, poverty alleviation through healthcare, promoting innovation, donating the poor and disaster assistance.



Aid to Africa in the fight against malaria



100million

In 2017, cumulative sales of injectable artesunate exceeded 100 million, saving more than 20 million lives

>100

Since 2006, more than 100 foreign aid projects of MOC involving more than 30 countries have been undertaken

5

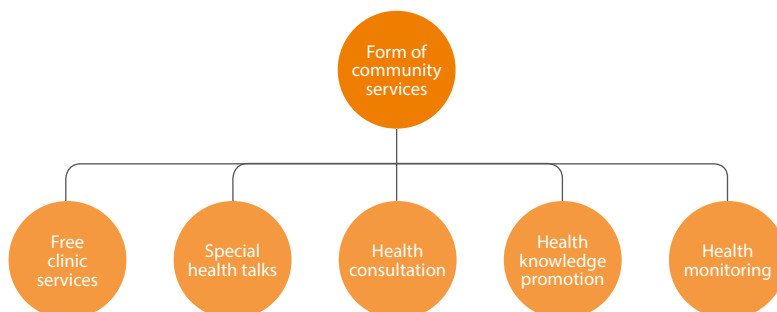
In 2017, it participated in five foreign aid materials projects of MOC, involving Chad, South Sudan, Tanzania, and Central Africa



Community service

183 times free clinic activities

108
Public welfare health talks and health consultation



Social Contribution Value per Share

In 2017, the social contribution value per share of Fosun Pharma Group was RMB3.48.

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

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

Community Charity

Fosun Pharma has been proactively participating in community charity events along with its subsidiaries to contribute to the society. In 2017, Fosun Pharma Group donated RMB11.14 million in total to the society.

The "FUTURE STAR" Community Charity System

Fosun Pharma Group has now formed a perfect community charity system, the "FUTURE STAR" community charity program. It is hoped to fulfill its corporate social responsibilities and return to society by supporting education, alleviating health poverty, promoting innovation, making donations to help the poor, and providing assistance in disasters, etc. In 2017, Fosun Pharma donated RMB7.00 million to Fosun Foundation to support "Tan Jiazhen Life Science Innovation Award – Industrialization", to carry out the "Double Thousand Actions" project to alleviate the poverty of those suffered from tuberculosis, to set up "Translational Medicine Incentive Plan" along with Shanghai Guangci Translational Medical Research Foundation, etc.

"Fosun Foundation" is a non-publicly raised fund. The foundation is meant to help disadvantaged people in society, aid in natural disasters, provide medical assistance, support the poor and the disabled, sponsor cultural and educational enterprises, and sponsor young people expecting to start a business for the sake of community charity.

In 2017, Fosun Pharma donated RMB7.00 million to Fosun Foundation to support for education, research and innovation, targeted poverty alleviation, caring for children, and doctor-patient education, especially with major public welfare projects related to oncology, chronic disease management, and anti-infection (anti-malarial, anti-tuberculosis). These public welfare projects are public welfare deployments based on the Company's business advantages, fully embodying the corporate social responsibility role.

Aid to Africa in the Fight against Malaria

The year of 2017 marked the sixth year of injectable artesunate being recommended by WHO as the first choice of severe malaria treatment. Injectable artesunate has become the well-recognized gold standard of malaria treatment around the globe. Over the past six years, Guilin Pharma has provided over 100 million Artesunate to malaria endemic areas all over the world, which saved over 20 million lives (most of which are African children under five years old) and made contribution to reduce malaria deaths in Africa.

With this product, the Group proactively cooperates with the Chinese government in aiding African countries in the fight against malaria. Since 2006, it has undertaken more than a hundred aid projects to Africa under the Ministry of Commerce of the People's Republic of China, benefiting more than 30 countries. In 2017, the Group undertook 2 human resources training program under the Ministry of Commerce, i.e. the Seminar on Drug Quality Control in Developing Countries (ministerial level) and the Seminar on Prevention of Malaria Prevention and Treatment (departmental level), and received 52 trainees including the Vice-minister of the Ministry of Health and Executive Vice Secretary-General of Uganda, respectively from 16 countries (Uganda, Tanzania, Ghana, Kenya, South Sudan, Malawi, Mauritius, Seychelles, Sri Lanka, Ethiopia, Botswana, Gambia, Cambodia, Czech Republic, and Panama).

Since 2015, Fosun Pharma has continuing to promote the "Malaria Prevention Promotion" project, and has produced 16 versions of "promotional cartoon for public awareness on malaria prevention" and Arts Album of Malaria Prevention Tips in two common languages (English and French) and two local languages (Tanzania Swahili and Malawi Chicheŵa), which has enhanced the public awareness on infectious disease prevention and helped to improve the local community's public health environment in Africa. The project was unanimously praised by many health authorities in African countries.

In 2017, Fosun Pharma launched two "eCME multimedia online medication training" program were launched jointly with exceptionally well-recognized experts in malaria prevention and control. This provided online interactive mode for health care professionals in Africa to promote the local medical advancement in Africa. eCME has become one of the most influential innovative academic activities in malaria field in Africa. In addition, it participated in five FAMP under the Ministry of Commerce of the PRC, and provided pharmaceutical donations to Chad, South Sudan, Tanzania, and Central Africa, including 925,000 boxes of artesunate and amodiaquine hydrochloride tablets and 340,800 boxes of injectable artesunate with a total amount of approximately RMB8.60 million. Jointly organized the event of free clinic day on malaria with local NGOs in Ghana, Zambia and other countries and sponsored drug products, so as to help with the enhancement of public awareness on malaria prevention and provide aids to patients.



the social contribution value per share of Fosun Pharma Group was

RMB **3.48**

representing an increase of

16.39%

as compared to 2016



donated a total of

100 million

doses of artesunate for injection to the malaria endemic areas all over the world,

which saved the lives of over

20 million people

Targeted Poverty Alleviation

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

In 2017, Fosun Pharma and its subsidiaries put great efforts in carrying out various poverty alleviation activities based on the overall poverty alleviation strategy of the Group, investing over RMB9.39 million in total.



Total investment in poverty alleviation was

> RMB 9.39 million

Poverty alleviation through education:

Fosun Pharma set up scholarship programs in certain reputable universities in China such as the School of Life Sciences in Fudan University, China Pharmaceutical University, Shenyang Pharmaceutical University and Shanghai University of Finance and Economics to provide financial assistance and incentives to outstanding university students with good behavior and academic performance. Under the same conditions, scholarship will be firstly granted to students suffered from severe financial difficulties to support their comprehensive development. In 2017, a total of RMB510,000 was invested.

Poverty alleviation through healthcare:

In 2017, Fosun Foundation together with Hongqi Pharma, a subsidiary of Fosun Pharma continued to promote the "Double Thousand Actions" project, providing various sponsorship such as funds and medicines, a total of RMB1.02 million was invested. Jimin Cancer Hospital and Anhui Association for Science and Technology implemented series of activities of "Targeted Poverty Alleviation Project through Science and Technology" to carry out poverty alleviation activities in seven counties including Qimen, Guoyang, Lingbi and Tongcheng, and distributed free medicines for people of free medical consultations. In addition, they carried out activities such as deduction and exemption of fees for impoverished patients in hospitals, with more than RMB6 million in targeted poverty alleviation. Guangji Hospital arranged medical experts to conduct free medical consultations in rural areas and distribute free medicines. They also helped township hospitals in diagnosing, screenings and provided medical equipment and medicines for free, a total of more than RMB800,000 was invested.

Society poverty alleviation:

In terms of society poverty alleviation, Yao Pharma donated to the Chinese Foundation for Hepatitis Prevention and Control to fund liver disease, AIDS special research, academic exchanges, professional training, science propaganda, and supported poverty-stricken people to improve production conditions, living conditions, health conditions and improve their quality and ability to achieve poverty alleviation and sustainable development through Chongqing Foundation for Poverty Alleviation and Lhasa Economic Development Zone Administrative Committee Poverty Alleviation Foundation, a total of more than RMB300,000 was invested. Ahon Pharma funded the construction of village cooperatives to ensure the continuous economic income of poverty-stricken families. Chongqing Research Institute funded infrastructure construction in Taoping Village, Jinxi Town, Qianjiang District, and provided assistance for poverty-stricken families, a total of RMB300,000 was invested. Chancheng Hospital fully utilized its professional advantages to continue to provide targeted medical assistance, and coordinated health and family planning bureau of Chancheng district to provide targeted poverty alleviation to Maojiao Village, Qingping Town, Lianjiang City, and actively participated in the 630 "Poverty Alleviation Day" campaign in Guangdong Province. Guangji Hospital assisted impoverished disabled people and invested nearly RMB200,000.

Basic support:

Guilin Pharma carried out a charity activity of "Hand in hand, heart to heart" to show care for left-behind children" in Yaji Village, Qixing District, Guilin City, and sent material to approximately 60 left-behind children. Guilin Pharma continued to pay attention to the lives of impoverished disabled people. In 2017, it helped 33 impoverished critical employees, 5 employees or immediate family members of the employee died, and 3 disabled family members. Guangji Hospital provided assistance to 4 people with poverty and disability in society, and public welfare invested RMB180,000.





Case: “Care for Health- Targeted Poverty Alleviation Plan for Rural Doctors” launched by “Health News” and Fosun Foundation

Currently, the number of practiced rural doctors in China is nearly 1.5 million, and they are responsible for basic public health services and basic medical services such as primary diagnosis and treatment for common diseases and frequently-occurring diseases for nearly 700 million rural residents. However, with the rapid economic and social development of China and the process of urbanization, the profession of rural doctors faces a series of challenges, such as the difficulty of professional ability to meet the growing health needs, the needed improvement of the practicing environment, the serious brain drain, and the lack of reserve talents, lower income and lack of social security.

Accordingly, under the guidance of the National Health and Family Planning Commission, “Health News” and Fosun Foundation initiated the “Care for Health- Targeted Poverty Alleviation Plan for Rural Doctors”, together with Fosun Pharma, Wanbang, Fosun Joint Health Insurance, Pramerica Fosun, Nanjing Steel United, Tebon Securities, United Family Healthcare, Baby Tree, We Doctor and other subsidiaries of Fosun plan to invest RMB300 million in 10 years to cover 15,000 rural doctors in at least 100 impoverished counties, so as to stabilize the team of rural doctors, improve the professional capacity of rural doctors, and effectively reduce the impoverishment and re-poverty rates of national-level poverty-stricken counties, and at least benefit 15 million rural residents, help to achieve the 2020 poverty reduction goals of the country.

The first batch of project selected 24 national-level poverty-stricken counties in 12 provinces and autonomous regions including Yunnan, Xinjiang, Sichuan, Guizhou, Shaanxi, and Hainan as demonstration points. The specific contents of the project include training for rural doctors, providing insurance, and setting up a green channel for referral, donating medical equipment and medicine, and commending outstanding village doctors. We hope that through the concerted efforts of the entire society, we can make a qualitative leap in the health level of China's grass-roots rural areas and make the people's lives better.

Case: Stay True to our Original Intention, Assist to Achieve Chinese Dream of Health, Unveiling of “Fosun Building” of Fudan University

At the 90th anniversary of Shanghai Medical College of Fudan University on 18 November, the No. 1 scientific research building in Fenglin Campus, being “Fosun Building”, officially unveiled. In order to extend gratitude to the education received in Fudan University, Fosun donated RMB100 million to Fudan University through Fosun Foundation at the 110th anniversary of Fudan University in 2015, to set up “Fudan-Fosun Health Dream Foundation”, which was mainly used for the construction of Fosun Building, and the rewards for outstanding teams and individuals in medical scientific research, innovation management, achievement transformation, education development and other fields.

Wang Qunbin, the CEO of Fosun International, indicated that “Fosun Building” will become an important base for topnotch scientific research teams to conduct their innovation, research and development, as well as a sufficient impetus to drive the development of massive health industry in China. In the future, Fosun International will continue in-depth and extensive cooperation with Fudan University to make more contributions to fundamental scientific research, new technological development, scientific achievement transformation and talents cultivation.

The smooth unveiling of “Fosun Building” symbolizes that Fosun International and Fudan University will join hands to continue to adhere to the innovation-led development strategy, continuously improve medical technology innovative capability, and strengthen the leading and supporting role of technological innovation in the medical and healthcare development. With footholds in China, Fosun and Fudan University will attract elites worldwide, and realize the innovative and leapfrog development of Chinese medical technologies with a national height and international vision.



Official unveiling of “Fosun Building”



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

In 2016, Chinese Anti-Tuberculosis Association established the Chinese Anti-Tuberculosis Non-profit Foundation and jointly launched the Chinese Anti-tuberculosis Non-profit Foundation - “Double Thousand Actions” assistance project for tuberculosis with Fosun Foundation and Hongqi Pharma (a subsidiary of Fosun Pharma). The “Double Thousand Actions” project will last for five years from 2016 to 2020. At least 1,000 needy patients suffering from tuberculosis can be helped each year and the funding for each patient would not be less than RMB1,000.

In 2017, Fosun Foundation collaborated with Hongqi Pharma, a subsidiary of Fosun Pharma, to provide continuous sponsorship in the form of funding and medicine etc. The project won Excellent Example in Targeted Poverty Alleviation by the Chinese Listed Company



Case: the “Bang Program”: Trying the best to participate in public welfare activities

As the inheritance of the public welfare mission of “trying the best to participate in public welfare activities”, the “Bang Program” public welfare project of Wanbang Biopharma was launched in 2014. The project is dedicated to improve the education and living conditions of children in impoverished areas, improve the medical environment in impoverished areas, and enhance the medical level of medical workers in impoverished areas.

In 2017, the “Bang Program” public welfare project team expanded the activity scope to further cover more students in poverty and fundamental hospitals in remote areas. It visited Dengzhou City in Henan Province, Xiushui County, Jiujiang City in Jiangxi Province, Qinglong County, Tangshan City in Hebei Province, Huaiyuan County, Bengbu City in Anhui Province, carried out in-depth interaction with the grassroots, supported the local education and healthcare. Since the launching of project, a total of more than 810 doctors have been assisted in enhancing medical level, funded more than 3,050 students, and improved their living conditions and educational environment, which was unanimously praised by the supported students in poverty areas, fundamental medical works and experts participated in the activities.



Case: Walking for Love— the “Shanghai United Walkathon” Volunteer Event was held again

In May 2017, the “Shanghai United Walkathon” Volunteer Event was held again. Participants and volunteers of Fosun Pharma participated in the event with full enthusiasm despite of the bad weather. With the support, accompany and encouragement of teammates and the Company’s volunteers, the whole 12-hour walkathon covering a total of 50 kilometers was completed successfully with full love. Fosun Pharma volunteers have participated in the “Shanghai United Walkathon” charity event for seven successive years and raised over RMB500,000 for supporting the children nutrition in poor areas, rural children’s reading, children with autism, quality training for migrant children as well as other sectors.



Volunteer Team

Fosun Pharma currently has more than 100 volunteers. Since its establishment in 2010, through public welfare service platform provided by enterprises which aligns with various resources of Fosun Pharma, it is committed to carrying out many charitable activities with respect to environmental protection, aids, support to education, health services, etc., in a way to actively assume social responsibility, guide and drive employees of Fosun Pharma to participate in public welfare undertakings, and to serve the community. Various kinds of volunteer activities are held five times a year.

Fosun Pharma and Shanghai Children's Home have established communications for a long term. Since 2010, they have interacted with each other since 2010. In 2017, they jointly launched the Children's Day public service activity, "Small Hands with Large Hands, Strong Love in Pack Baskets", where 32 "celebritots" and their parents accompanied the 14 children of the Home at the Star Bund, where they completed an unforgettable public interest journey and brave challenge during the task of path finding on foot. Meanwhile, the volunteers of Fosun Pharma jointly launched some activities to pass love to the old and childless in the community, like "Gather Joys in Fosun, Celebrate the Lantern Festival in Warm Spring" and "Visit Community Elders in the Traditional Festival, Give Rice Dumplings to Pass Warmth and Love"; the 35 volunteers from Fosun Pharma and its subsidiaries participated in voluntary blood donation to show compassion for the needy.

The subsidiaries also actively launched volunteer activities. Zhongwu Hospital organized medical staff to render voluntary service on significant sites for a total of 15 times in 2018; it also organized party members and medical volunteers to provide medical service in case of public health emergencies, and over 100 medical staff participated in rescue work.

Community Service

In 2017, Fosun Pharma has actively participated in and organized a variety of community services as always, including free healthcare consultancy and seminars, public relief and charity clinic, to serve the people in the community.

Since its establishment, the Diabetes and Gout Disease Education Group of Wanbang Pharma has provided free services for over 2.5 million doctors and patients; "Wanbang Home Care for Diabetes Patients" each year has freely measured blood sugar, uric acid, and blood pressure for diabetes and gout patients; each year, over RMB5 million worth of materials and medicines are provided to patients free of charge.

Yao Pharma has launched liver disease public activities in the whole society and participated in Jade Ribbon Campaign by setting up the Jade Ribbon Association for Patients with Liver Disease. The association has disseminated knowledge about liver disease prevention and nursing for the young on the campus, provided mental and physical assistance to numerous patients with liver disease in the community, and participated in the work of severing HBV mothers and infants to lower the birth rate of HBV babies and to decrease the portion of patients with liver disease. In such forms, the association has called on the whole society to care for such patients. In 2017, it promoted liver disease knowledge to over 1,000 university students in total. With the focus on the health of the elderly, the association, along with community medical centers, launched a variety of activities like charity clinics, health education, and consultation seminars, to provide health service for the elderly. In particular, a total of over 50 seminars have been launched in respect of the knowledge about elderly chronic diseases.

Jimin Cancer Hospital organized party member experts and medical backbones to go to the countryside for free medical treatment during holidays. Experts were sent to the villages of Jinzhai, Lu'an, Huoqiu, Shouxian and Qiujiang for their free clinics and lectures and carry out all kinds of health poverty alleviation work many times a year;



Yao Pharma Emerald Ribbon Action



Free clinic provided by
Chancheng Hospital



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

Enterprise	Project name	Recipient	Amount (RMB10,000) (including yuan worth materials)	Brief description and purpose
Fosun Pharma	2017 Fosun Pharma Charity Project	Shanghai Fosun Foundation	700	<p>Main use:</p> <p>Donated RMB500,000 to Chinese Anti-Tuberculosis Association for the "Double Thousand Actions", which aimed to alleviate poverty of the patients with tuberculosis;</p> <p>Donated RMB400,000 to Shanghai Charity Foundation to provide support for its partner, Shanghai Charity Cancer Research Center carried out study of cancer treatment and prevention, etc.;</p> <p>Donated RMB500,000 to the Cancer Foundation of China to support its annual free cancer screening on numerous urban and rural population;</p> <p>Set up the "Translational Medicine Incentive Plan" with Shanghai Guangci Translational Medicine Research & Development Foundation, donated RMB500,000 to support the basic research, clinic treatment, and achievement transformation of Chinese translational medicine and to reward the scientists, clinical doctors, and administrators with outstanding contributions in this area;</p> <p>Set up teaching prize in certain universities, donated a total of RMB510,000 to support education.</p>
Wanbang Pharma	Wanbang Pharma Student Grant	Xuzhou Pharmaceutical Vocational College	2	Donated student grant of RMB100,000 in total, which will be granted in five installments (RMB20,000 each time), to help students with fine qualities and excellent academic performance complete their studies
	Wanbang Home Care for Diabetes Patients	Diabetes patients	70	Wanbang freely detected blood sugar and blood pressure for local patients through the drugstores in several places; provided patients with free books and science popularization materials
Wanbang Marketing & Distribution	"Bang Program" charity project	Schools and hospitals in poverty-stricken areas	38	<p>Helped kidney disease doctors in counties improve technical merit (training for fundamental hospitals, patient education, charity clinics, etc.);</p> <p>Helped primary schools in remote poor villages build libraries and equip sports & fitness equipment, subsidized the children from poverty-stricken families, etc.</p>
Zhaohui Pharma	Love Transmission, Puijiang Relay	Yaojashan Primary School, Jiangchen County, Pu'er City, Yunnan	4	Participated in the kind donation advocacy activity initiated by Shanghai Huangpu Liaison Group for Aid Construction, named "Love Transmission, Puijiang Relay", carried out the hardship-aid and warmth-delivering activity in Yaojashan Primary School, Jiangchen County, Pu'er City, Yunnan
Chemo Biopharma	Education Development Foundation of the East China University of Science and Technology	East China University of Science and Technology	10	Set up the Education Scholarship for the College of Biotechnology, East China University of Science and Technology, to support its development of bioengineering educational cause
Wanbang Sainuokang	Express sympathy and solicitude for the disadvantaged groups in district-level jurisdictions	Disadvantaged groups	1	Donated articles of daily use and cash to disadvantaged groups
Yao Pharma	Health	China Primary Health Care Foundation	16.39	Funded to conduct special research on liver disease and AIDS, academic exchanges, professional trainings and science popularization
	Anti-poverty fund	Chongqing Foundation for Poverty Alleviation	3	Helped the poor in Chongqing improve their living conditions
Tibet Yao Pharma	Anti-poverty fund	The Foundation for Poverty Alleviation of Lhasa Economic Development Zone Managements Committee	6	Helped the poor in Tibet improve production conditions, living conditions, health conditions and enhance their quality and capability
Tibet Technology Consultation	Anti-poverty fund	The Foundation for Poverty Alleviation of Lhasa Economic Development Zone Managements Committee	4	
Hongqi Pharmaceutical	"Double Thousand Actions" to aid poor patients with tuberculosis	Chinese Anti-Tuberculosis Non-profit Foundation	50	"Double Thousand Actions" to aid poor patients with tuberculosis
Ahon Pharma	Construction of the health center in the targeted poverty alleviation village	Dayetun Village, Liulonggou Town, Yi County	2	Donated necessary medical and office equipment (such as examination beds, chairs, and therapy lamps) and commonly used drugs
	Construction of the cultural plaza in the targeted poverty alleviation village	Dayetun Village, Liulonggou Town, Yi County	1	Donated basketball stands, table tennis tables, and outdoor fitness equipment
	Visit poverty-stricken households with living materials and consolation money	Dayetun Village, Liulonggou Town, Yi County	3	Visited 20 poverty-stricken households, delivered living materials (such as rice, noodle, and oil) and consolation money of RMB1,000 to each household
Guilin Pharma	"Hand in hand, heart to heart" to show care for left-behind children	Left-behind children in Yaji Village	2	Participated in creative teaching activities along with left-behind children, donated gifts such as stationary sets
	Offer condolences to high-temperature and outdoor workers	High-temperature and outdoor workers who build the city in Qixing District, Guilin City	3	In July, the hot weather tortured the outdoor workers who build the city, so Guilin Pharma carried cold drink to console them.
Chongqing Pharmaceutical Research Institute	Poverty alleviation in Jinxi Town, Qianjiang District, Chongqing City	Jinxi Town, Qianjiang District, Chongqing City	30	Supported the infrastructure construction of Jinxi Town, Qianjiang District, Chongqing City and aided the poverty-stricken families in the area
Gland Pharma	Planting green trees to improve the environment	Government of Telangana	48.64 *	Through planting trees to protect the environment and reduce pollution

Note: This data was converted 5 million Indian rupees according to the exchange rate.

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

Enterprise	Project name	Recipient	Amount (RMB10,000) (including yuan worth materials)	Brief description and purpose
Chancheng Hospital	Transformation of the public place within Namaojiao Village Committee, Qingping Town, Lianjiang City	Namaojiao Economic Association, Qingping Town, Lianjiang City	5	Made donations to Namaojiao Economic Association, Qingping Town, Lianjiang City so as to assist the needy
	Poverty alleviation and condolence activity in Namaojiao Village, Qingping Town, Lianjiang City	Namaojiao Economic Association, Qingping Town, Lianjiang City	0.15	Poverty alleviation and consolation money
	Donation on the poverty alleviation day of 2017 in Foshan	Foshan Chancheng Red Cross Society	5	Made donation on the poverty alleviation day in Foshan City
	Large public event of free sight recovery operation for cataract patients	Surgery patients	18.81	Carried out the activity of "free sight recovery operation for cataract patients" along with Foshan Chancheng Disabled Persons' Federation
	Rate relief for patients with hemodialysis	Surgery patients	70.63	Rate relief for uremia patients who come from poor families and need hemodialysis treatment for a long period in Chancheng Hospital
	River embankment reconstruction project of Guangdong University of Chinese Medicine within Guangzhou Higher Education Mega Center	Guangzhou Higher Education Mega Center	207	River embankment reconstruction project of Guangdong University of Chinese Medicine within Guangzhou Higher Education Mega Center
	The landscape before the Executive Office of Guangdong University of Chinese Medicine	Guangdong University of Chinese Medicine	3.60	Landscape renovation of Guangdong University of Chinese Medicine
Guangji Hospital	Targeted poverty alleviation	Zhangguying Village, Yueyang County	3.50	Provided medical assistance and targeted poverty alleviation in case of a flash blood in Zhangguying Village
	Medical Assistance	41 patients	36.90	Assisted poor patients
	Charity Clinics	Community residents	59	Held 118 sessions of charity clinics for and distributed medicines to the community and residents from villages and towns
Suqian Zhongwu Hospital	Assistance for the needy and poor	Xu Changbin	12	After the associate chief physician of orthopedics department, Xu Changbin, suffered from cerebral hemorrhage, the department and the hospital respectively distributed RMB102,970 and RMB20,000.
	Assist the needy and poor	The 4 personnel growing poorer for diseases	0.20	Distributed living materials such as rice and vegetable oil to the needy and poor
	Support for the industrial association	Suqian Medical Association and Suqian Hospital Management Association	1.40	Sponsorship fee for 6 professional disciplines to support medical cause
	Free medical care	Urban residents, some villages and towns	5	Provided free registration on holidays, conducted free EGG and color ultrasound examination in rural areas, and charged no consultation fee for voluntary blood donors and soldiers' dependents, etc.
Yaneng Bio	Thalassemia gene detection for newborns	Shenzhen Maternity & Child Healthcare Hospital	2	Cooperated with the Neonatal Screening Center of Shenzhen Maternity & Child Healthcare Hospital on the free thalassemia gene detection for 500 newborn families within the whole city
	Research on cervical cancer screening program suitable for Chinese	Peking University People's Hospital	200	Provided free cervical cancer screening for nearly 4,000 women of the appropriate age in Tongliao, Inner Mongolia and Donghui, Sichuan
Zhongsheng Zhongjie	"Three into the Country" Social Practice Activity of North Sichuan Medical College	Department of Clinical Medicine, North Sichuan Medical College	0.22	Donated Zhongshengkang Analysis Meters for Blood Sugar, Uric Acid, And Cholesterol to the Department of Clinical Medicine, North Sichuan Medical College, popularized medical knowledge, and promote healthy and positive life concept to local residents



Vivo and iSleep product lines, Nippy and Clearway brands, as well as and Z1 CPAP series of Breas, a leading ventilator company in Europe, provided quality products and services to customers in more than 40 countries around the world, and guaranteed high quality and high standards in product development, manufacturing, sales and marketing.

Performance Indicators

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

Item	2013 (Upon retrospective adjustment)	2014	2015	2016	2017
Net asset value per share that belong to shareholders in listed companies (RMB/share)*	6.84	7.21	7.86	9.19	10.15
Basic earnings per share (RMB/share)	0.90	0.92	1.07	1.21	1.27
Basic earnings per share after nonrecurring profits and losses are deducted (RMB/share)	0.46	0.58	0.72	0.91	0.95
Net return on weighted average assets after non-recurring profits and losses are deducted (%)	6.22	8.43	9.57	10.63	9.77

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

Comparison of economic indicators throughout Fosun Pharma Group

(RMB10,000)

Item	2013 (Upon retrospective adjustment)	2014	2015	2016	2017
Revenue	999,641	1,202,553	1,260,865	1,462,882	1,853,356
Investment Income	214,062	192,501	234,662	212,540	230,699
Operating Profit	281,883	239,435	329,717	339,942	407,489
Asset disposal income	-	-	-	507	3,745
Other income	-	-	-	-	14,178
Plus: non-operating income	10,436	34,047	10,666	19,511	1,348
Less: non-operating expenses	1,692	1,676	3,200	2,298	2,666
Total profit	290,627	271,805	337,183	357,155	406,172
Less: income tax expenses	50,632	34,821	50,117	35,021	47,646
Net profit	239,995	236,984	287,066	322,134	358,526
Net profit that belongs to shareholders of the parent company	202,706	211,287	246,009	280,584	312,450
Minority interests	37,289	25,697	41,057	41,550	46,076
Tax liability	105,080	126,821	143,449	163,136	205,330
Donations	424	735	847	797	1,114

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

Social Indicators

HR and Social Indicators of Fosun Pharma Group

Item	2013	2014	2015	2016	2017
Social Contribution per Share	1.90 (upon retrospective adjustment)	2.36	2.76	2.99	3.48
Total number of employees	16,791	18,081	17,842	19,523	28,848
Total number of male employees	8,246	8,800	8,653	9,574	16,084
Total number of female employees	8,545	9,281	9,189	9,949	12,764
Total number of employees with master and doctor degrees	717	842	994	1,155	2,735
Labor contract conclusion rate	100%	100%	100%	100%	100%
Cash paid to or paid for workers (RMB10,000)	124,594 (upon retrospective adjustment)	163,190	200,435	219,600	287,168
Union coverage rate	100%	100%	100%	100%	100%
Employment rate of people with disabilities	0.38%	0.41%	0.36%	0.36%	0.26%
Employment rate of ethnic minority employees	2.39%	2.30%	2.20%	2.48%	1.60%
Number of ethnic minority employees	386	416	393	487	461
Total training hours	549,602	673,220 (upon retrospective adjustment)	583,992	717,049	971,239
Employee promotion rate	19.12%	11.48%	18.45%	23.92%	21.39%
Employee turnover rate	17.57%	17.05%	17.12%	17.89%	18.73%
Ration of female employee returning to work and job positions retained till after the completion of the maternity leave	100%	100%	100%	100%	100%

R&D indicators of Fosun Pharma Group

Item	2013	2014	2015	2016	2017
Under investigation items (items)	119	125	161	173	171
Items under clinical trials (items)	8	11	13	30	29
Research and development expenses (including capitalized expenses; (RMB100,000,000))	5.05	6.85	8.30	11.06	15.29
Number of patent application	72	86	89	103	84
Number of patent granted	32	36	15	30	25
Research and development staff	779	856	887	995	1,353

Core Indicators

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

Item	2015	2016	2017
Electricity (kWh/year)	424,467,622	478,175,186	513,272,112
Electricity equivalent to standard coal (kg/year)	52,209,518	58,815,548	63,132,470
Energy consumption other than electricity (equivalent to standard coal) (kg/year)	121,204,106	126,874,724	151,733,714
Total energy consumption (equivalent to standard coal) (kg/year)	173,413,623	185,690,272	214,866,184
Total Energy intensity (ton standard coal / RMB million)	15.7	12.7	11.6
Water consumption (m ³ /year)	8,716,937	8,769,376	9,515,697
Water intensity (m ³ /RMB million)	789	599	514
Investment on environmental (RMB million)	31.66	33.46	73.48
Capital expenditure on environment facilities (Including construction, renovation, etc.) (RMB million)	21.56	20.27	53.53
Operation expenditure on environment facilities (RMB million)	10.10	13.19	19.95
Total water recycled (m ³)	871,123	563,081	798,816
Wastewater (tons/year)	6,285,061	6,785,400	7,315,890
Total solid waste (tons/year)	65,597	80,848.14	88,967.33
Total number of employees	15,187	16,235	23,534
Loss time injury rate	0.424	0.116	0.083
Recordable injury rate	0.533	0.21	0.183
Occupational hazard exposure rate	12.58%	14.89%	12.42%
Investment on safety (RMB million)	45.05	31.55	39.19
Total training hours (hours)	71,474	93,431	185,067
Training hours per employee (hours)	4.71	5.75	7.86
Emission of COD (tons/year)	488	490	841
Emission of NH ₃ -N (tons/year)	56.00	60.55	486
Emission of nitrogen oxides (tons/year)	411	466	239
Emission of Sulphur oxides (tons/year)	408	485	115
Emission of particles (tons/year)	110	19	41

Feedback Form

Dear Readers,

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

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

I. By postal mail

Contact person: Sun Li Telephone: + 86 21 33987125

Address: Brand & Public Relations Department (the recipient) in Building A, Clone Technology Park, No. 1289 Yishan Road, Shanghai Postal code: 200233

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

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

Name: _____

Employer: _____

Responsibility: _____

Telephone: _____

Email: _____

Feedback and Opinions Survey:

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

II. Scan QR code for feedback online



Table of Company Names

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

Full name of enterprise	Short name of enterprise
Chindex International, Inc.	Chindex, CHDX
Sisram Medical Ltd	Sisram Med
Alma Lasers Ltd.	Alma
Huaiyin Medical Instruments Co., Ltd.	Huaiyin Medical
Shanghai Transfusion Technology Co., Ltd.	Shanghai Transfusion
Suzhou Laishi Blood Transfusion Equipment Co., Ltd.	Laishi Transfusion
Shanghai Foshion Medical Systems Company Limited	Foshion Medical System
Intuitive Surgical, Inc.	Intuitive Surgical
Shanghai Fosun High Technology (Group) Company Limited	Fosun High Technology
Fosun International Limited	Fosun International
Shanghai Fosun Pharmaceutical Co., Ltd.	Fosun Pharmaceutical
Saladax Biomedical, Inc.	Saladax Biomedical
Shanghai Fusheng Pharmaceutical Technology Development Co., Ltd.	Fusheng Pharma
Ambrx Inc.	Ambrx
Chongqing Fuchuang Pharmaceutical Research Co., Ltd	Pharma Fuchuang
Chongqing Research Institute Pharmaceutical Co., Ltd. (formerly known as Chongqing Ruizhe Pharmaceutical Co., Ltd)	Ruizhe Pharma
Chindex Shanghai International Trading Company Limited	Chindex Shanghai
Chindex Tianjin International Trading Company Limited	Chindex Tianjin
Shanghai Fosun Hospital Investment (Group) Co., Ltd.	Fosun Hospital Investment
Spisure.Inc	Spisure
General Electric Company	GE
Hangzhou Wanbang Tiancheng Pharmaceutical Co., Ltd.	Wanbang Tiancheng
Gland Pharma Limited	Gland Pharma
Shenyang Wanbang Tiansheng Biotechnology Co., Ltd.	Wanbang Tiansheng
Far-Eastern Casing Co., Ltd.	Fareast Casings
Wenzhou Geriatric Hospital Limited Company	Wenzhou Geriatric Hospital
Jinan Qilu Medical Examination Co., Ltd.	Qilu Clinical Laboratory
Shenzhen Hengsheng Hospital	Hengsheng Hospital
Changsha Zhongsheng Zhongjie Biotechnonlogy Co., Ltd.	Zhongsheng Zhongjie
Shanghai Fudi Medical Devices Co., Ltd.	Fudi Medical
Breas Medical Holdings AB	Breas(SWE)
Breas Medical Ltd.	Breas(UK)

Definitions of Other Terms

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

List of Major Enterprises Disclosed in this Report

Pharmaceutical Manufacturing and Research and Development Subsidiaries

Yao Pharma	Wanbang Jinqiao (subsidiary of Wanbang Biopharma)	Guilin Pharma	Chongqing Research Institute
Hexin Pharma (subsidiary of Yao Pharma)	Wanbang Folon (subsidiary of Wanbang Biopharma)	Erye Pharma	Ruizhe Pharma
Carelife Pharma (subsidiary of Yao Pharma)	Wanbang Sainuokang (subsidiary of Wanbang Biopharma)	Dongting Pharma	Pharma Fuchuang
Kaixing Pharma	Huanghe Pharma (subsidiary of Wanbang Biopharma)	Aleph	Shanghai Henlius
Aohong Pharma	Wanbang Tiansheng (subsidiary of Wanbang Biopharma)	Zhaohui Pharma	SunTech Pharma
Wanbang Biopharma	Wanbang Tiancheng (subsidiary of Wanbang Biopharma)	Chemo Biopharm	Fareast Casings
Wanbang Marketing (subsidiary of Wanbang Biopharma)	Shine Star	Hongqi Pharma	Gland Pharma

Healthcare Service Subsidiaries

Jimin Cancer Hospital	Zhongwu Hospital	Wenzhou Geriatrics Hospital
Guangji Hospital	Chancheng Hospital	Qilu Clinical Laboratory

Medical Diagnosis Subsidiaries

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

Chindex (Beijing)	Fuji Medical Instrument	Chindex Shanghai	Fudi Medical
Shanghai Transfusion	Huaiyin Medical	Chindex Tianjin	Breas (SWE)
Foshion Medical System	Laishi Transfusion	Alam lasers	Breas (UK)

Terminologies

Term	Definition	Page
CAPA	Acronym for Corrective Action & Preventive Action	41
FDA	Acronym for Food and Drug Administration (US)	44
WHO-PQ	World Health Organisation PQ Qualification, that is Prequalification, which is referred to as PQ. It is an appraisal standard formulated by WHO in 2001, which is targeted to review drugs that treat AIDS, malaria, and tuberculosis	39, 43
GMP	Acronym for Good Manufacturing Practice, which requires a pharmaceutical or a food product manufacturer must have good manufacturing equipment and rational manufacturing process, improved quality management and strict testing system to assure that the final production process meets the requirements of laws and regulations and the product quality meets quality requirements	44, 47, 60
cGMP	Acronym for Current Good Manufacture Practices, which is a world leading good manufacturing practice that requires the whole process of products manufacturing and logistics must be verified	41
OOS	Acronym for Operation Support System	41
SOP	Acronym for Standard Operation Procedure	32
GCP	Acronym for "Good Clinical Practice", which is the standard specification of the whole process of clinical trials of drugs, the aim of which is to ensure that the process of specification of clinical trials, so that the results are scientifically reliable, and protect the interests of the subject and keeping them safe	32
eCME	The new Online Medical Training Project initiated by Guilin Pharma in 2014 aimed to break the geographical restrictions, cooperate with global/regional top academic expert in medical related fields. Providing a online academic exchange platform for medical staff in African via internet multimedia interaction such as video conference, helping them to understand the state-of-art medical knowledge, improve themselves while communicate with top experts face to face, so as to improve the local medical progress in Africa	120
NGO	Acronym for Non-Governmental Organizations	120
CE	Acronym for "European Conformity" in French. "CE" certification is a safety certification and is regarded as a passport for entry in European market by manufacturers. A product with the CE marking indicates its compliance with European Union safety, health, environmental protection and consumer protection directives.	42, 44
TUV	TUV is a safety certification widely-received in Germany and Europe for parts and components set up by TUV at Germany	44
ISO13485	The Quality Management System for Medical Devices, representing the particular requirements of International Organization for Standardization (ISO) for a comprehensive quality management system for medical device manufacturers. The system effectively helps the medical devices to reach the "safe and effective" quality standards	42, 44
Unseen Inspection	It is known as a form of tracking examination, which refers to unannounced spot checks to be implemented by the inspection department	71
Social contribution value per share	It refers to added value per share created by an enterprise for society, calculated on earnings per share created by the enterprise for shareholders, plus tax paid to the State for the year, salaries for staff, interests on borrowings from creditors such as banks, and donations by the Enterprise, then deducting other social costs caused by environmental pollution.	119, 120
OA Net	It enables internal staff of an enterprise to conveniently share information and effective coordination by adopting Internet/Intranet technology based on working flow concept, so as to realize fast and all-around information collection and handling instead of the past complicated and low-efficient manual office, providing scientific basis for management and decision-making of an enterprise	22
Monoclonal antibody drug	If the plasma cell of a specific antibody is extracted for culture, single cells will divide and duplicate to form cell mass, i.e. monoclonal. Monoclonal cell will undergo synthesis and form antibody for a specific antigenic determinant	9, 32
Public opinion monitoring	It refers to the integration of internet information gathering technique and intelligent information processing. Though the automatic search, automatic categorization, theme detection and main theme focus of massive information from the internet, the company monitors the opinion of users and understands users' needs for information such as news focus. It will prepare analysis result in form of presentation, report and charts etc. Customers can grasp the latest trend of the public. The company will make appropriate public opinion monitoring and provide basis for analysis.	26
Restricted share(s)	Certain amount of the company's A shares is given to particular employees inside the company as an incentive. However, employees must fulfill certain conditions (such as term and performance) in order to sell the shares.	32, 114
COD	Acronym for Chemical Oxygen Demand, using chemical methods to measure the amount of reducing substances needed to be oxidized in water. The epoxy equivalent of substances (normally organic) that can be oxidized by strong oxidants in waste water, disposed water of wastewater treatment plant and polluted water. It is an important and fast-measured organic pollution index in researches of river pollution and properties of industrial waste water, as well as in the operation management of wastewater treatment plant	61, 62, 92
NH ₃ -N	Ammoniacal Nitrogen, is a measure for the amount of ammonia in water (waste water), has standard control value.	61, 130
SS	Acronym for Suspended Substance	61

Term	Definition	Page
Mineral Oil	Any of various colorless, odorless, alkanes formed with 14 to 40 carbons, extracted from a non-plant material, particularly a distillate of petroleum.	61
VOCs	Acronym for Volatile Organic Compounds, are organic chemicals that have a high vapor pressure, environmentally referring to a kind of volatile organic chemical, i.e. volatile organic compounds that can cause danger	61, 63, 64, 96
Acid Fog	Normally refers to the vaporous acids. The particles of acid fog are smaller than the water-mist particles, the humidity is higher than that of smoke. Acid fog is a highly corrosive substance between smoke and water-mist with the particle size of 0.1 ~ 10 μm . It was formed by inorganic acid such as sulfuric acid, nitric acid and hydrochloric acid, as well as organic acids like methane acid, acetic acid and propanoic acid	100
SO _x	Sulfur oxides	61
NO _x	Nitrogen oxides	61
PVC	Acronym for Polyvinyl Chloride	84, 85, 87
LED	Acronym for Light Emitting Diode	58
5S	Acronoym for Seiri, Seiton, Seisou, Seiketsu, Shitsuke. The effective scene management for factors of production such as personnel, machine, material and method	67
DCS	Acronoym for Distributed Control System	102
Standard Coal	Also known as Standard Coal Equivalent. Reference unit for the energetic evaluation of various energy carriers. 1 kg coal equivalent corresponds to a value specified as 7,000 kilocalories in China. The calorific value of energies of different types and contents will be converted to the Standard Coal of calorific value of energies of 7,000 kilocalories per kilogram	55
Energy consumption for every RMB10,000	The unit of energy consumed on average for manufacturing or selling RMB10,000, measuring in the equivalent of standard coal.	57
Water consumption for every RMB10,000	The unit of water consumed on average for manufacturing or selling RMB10,000, measuring in m ³ .	59
HECC	Energy-saving heat pipe	58
Reactive power compensation	In the electronic power supply system, enhance effects of the power factor, reduce the loss of power transformers and transmission lines, improve the power supply efficiency and improve the power supply environment.	59
Recycling of intermediate water	The collection of treated waste (polluted) water from corporate production and operation, after reaching certain standards, for internal low standard water usages such as greening and irrigation, road washing and water supply for firefighting, so as to reduce water consumption and waste of water resources.	59
PHA/HAZOP	Acronoym for "Hazards and Operability Study" and "Job Hazards Analysis", which are professional instrument or approach for identification and assessment of relevant risks in Health Safety Management System	68
EGFR	Acronym for Epidermal Growth Factor Receptor, a multifunctional glycoprotein widely distributed on the cell membrane of human tissues.	32
PCT	Acronym for Patent Cooperation Treaty.	32
HVA	Hazard Vulnerability Analysis, refers to assess all possible hazard factors and system readiness levels, identify weaknesses that need to be strengthened, and guide hospitals to increase the readiness levels for hazard factors.	68
PSM	Process Safety Management, refers to a combination of engineering technology and management skills. It focus on the prevention of catastrophic accidents, especially explosions, fires and toxic substances leak associated with the use of chemicals and petroleum products.	16, 68, 71, 72, 74
OSHA	Occupational Safety and Health Administration	72
Steam precipitation and desorption	After VOCs are adsorbed by activated carbon, the organic solvent adhering to the activated carbon surface is precipitated by steam blowing to achieve regeneration of activated carbon.	63
Dual-alkali wet dedusting and desulphurization	Directly inject the prepared sodium hydroxide solution into the desulfurizing tower to remove SO ₂ from the flue gas to achieve the purpose of flue gas desulfurization, the desulfurization product is reduced to sodium hydroxide in the desulfurizing agent regeneration tank and then recycled back to the desulfurizing tower for recycling.	62
Three-dimensional Dehumidifier Heat Pipes (DHP)	A dehumidification and energy recovery device. Three-dimensional means the heat recovery is three-dimensional, allowing heat to be transferred from one side to the other and from the front to achieve efficient heat transfer. It is widely used in plants, hotels, hospitals, office buildings, subway stations, train stations and any large buildings using centralized air conditioning.	58

Comments from a Third-party Reviewer

The 2017 Corporate Social Responsibility Report of Fosun Pharma is the social responsibility report issued by Fosun Pharma for the tenth consecutive year. This report gives a systematical and detailed view of the company's philosophy, practice, and performance with respect to its responsibility over the past year, and fully demonstrates the responsible corporate brand image of Fosun Pharma.

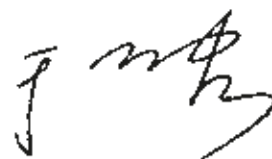
Following the strategic vision for sustainable development, "becoming one of the most admired corporate citizens in the pharmaceutical and healthcare sector and one of the most influential companies in the pharmaceutical and healthcare sector in terms of global social responsibility", Fosun Pharma has been proactively promoting innovation of products and service through various measures, such as independent research and development, acquisitions and cross-industry integration, with the goal of providing patients with more advanced, more accessible and affordable medical resources. As a representative of leading healthcare companies in China, Fosun Pharma has also made significant progress on the road towards a world-class pharmaceutical company. We were delighted to see in this report that the global sales volume of Artesun® has exceeded 100 million. This artesunate for injection is an innovative drug with completely independent intellectual property rights of Fosun Pharma, helped to recover more than 20 million critical malaria patients worldwide. Most of them are African children under 5 years of age.

The report disclosed the social responsibility management of Fosun Pharma from six aspects, including corporate management, operations, products and services, environment, employees, and society, such as improving the social responsibility management system, continuously increasing innovation and research and development, and providing better products and services to the patients, enhancing EHS management, strengthening talent construction, and carrying out public welfare undertakings. This report gives a complete description of the level of social responsibility management of Fosun Pharma, and demonstrates its understanding and pursuit of corporate social responsibility. In addition, Fosun Pharma also plays a proactive role in promoting the formation of a healthy atmosphere for fulfilling social responsibilities across the pharmaceutical industry in China. In 2017, as one of the initiating enterprises, Fosun Pharma participated in the launch of the "Guidelines for Practicing Social Responsibility of Chinese Pharmaceutical Enterprises", as part of the efforts to establish a scientific and generally accepted indicator system for the pharmaceutical industry.

At present, due to the large number of member companies, it is rather challenging for Fosun Pharma to carry out social responsibility management. However, Fosun Pharma still successfully discloses the performance of each company in such detail. For example, in the appendix, Fosun Pharma detailed the energy consumption, use of materials, discharge of wastes, EHS training for employees of major member companies, demonstrating the sincerity and commitment of Fosun Pharma in communicating with stakeholders.

In general, this is an excellent social responsibility report. Here I have several suggestions. First, the analysis of the substantive issues disclosed in the report, which is the core element and direction for an enterprise to strengthen its social responsibility management. Such disclosure deserves appreciation. My recommendation is that Fosun Pharma may further screen out issues most concerned by stakeholders in the industry. Second, in the preparation of the social responsibility report, we may use wordings and expressions which are more concise, and demonstrating the social responsibility management of Fosun Pharma and the value it created for the society. Third, we can link the sustainable development goal of enterprises with the goal of sustainable development of the United Nations and the goal of "Healthy China 2030" as well as other major goals home and abroad, thus highlighting the foresight and leading position of the company.

"Zen trains the mind and doctors save life." This wording, which impressed me most in the report, profoundly explains the social responsibility philosophy of "human-oriented". I also look forward to witnessing Fosun Pharma becoming a leader among pharmaceutical and healthcare enterprises in China, and ultimately performing its responsibility of making contribution to the whole society as it adheres to the original benevolence in saving the lives of patients.



Yu Zhihong, Director/Editor-in-Chief of CHINA WTO TRIBUNE

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G4-6*	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	9 August
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G4-11* OECD/ UNGC	Report the percentage of total employees covered by collective bargaining agreements	46
G4-12*	Describe the organization's supply chain	48-50, 65
G4-13*	Report any significant changes during the reporting period regarding the organization's size, structure	14, 24-26, 48-50
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G4-15*	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	26-27
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Note: The term marked with "" under the GRI4 General Standard Disclosures indicate that the item belongs to the compulsory disclosure of GRI4 card standards. Subject to the requirements of the core standards, at least one indicator shall be disclosed for each certain substantial aspect under the GRI4 Specific standard disclosures.

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G4-25*	Report the basis for identification and selection of stakeholders with whom to engage	24-28
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G4-27*	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	24-28
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G4-28*	Reporting period (such as fiscal or calendar year) for information provided	4-5
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G4-33*	a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	4-5, 108, 127-128
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SOCIAL

LABOR PRACTICES AND DECENT WORK

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PRODUCT RESPONSIBILITY		
Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	No Statistics
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No Similar Events
Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	40-43, 46
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No Similar Events
G4-PR5	Results of surveys measuring customer satisfaction	25, 28, 52
Marketing Communications		
G4-PR6	Sale of banned or disputed products	No Similar Events
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No Similar Events
Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No Similar Events
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No Similar Events

Forward-looking Statement

This Corporate Social Responsibility Report includes a statement for the future. The statement uses expressions such as “believe”, “assume”, “expect”, “hope”, “may be”, “design”, “plan”, or similar terms. Various known or unknown risks, uncertainties, and other factors might lead to significant differences between the substantial results, financial condition, assets, development, or performance of the company in the future and those indicated implicitly or explicitly in the aforementioned forward-looking statement. These factors include but not limited to:

- The sluggish business period we experience;
- Increased overhead or reduced profitability as a result of new laws and regulations or amendments of the existing ones;
- Price increase of raw materials, particularly when it is impossible for us to transfer the cost to customers;
- Reduced or loss of product patent protection;
- Debts, particularly when they have something to do with environmental laws and regulations or are caused by product liability lawsuits;
- International currency exchange rate fluctuations and changes of the overall economic environment;
- Other factors indicated in this social responsibility report;

These factors include the details mentioned in the public reports submitted to the Shanghai Stock Exchange, the Stock Exchange of Hong Kong Limited, China Securities Regulatory Commission, and their branch institutions. In light of these uncertainties, we would like to remind readers not to rely on the forward-looking statement. The company will not take any responsibility for this.



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 2017

NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereafter as "FOSUNPHARMA") to conduct an independent assurance of the 2017 Corporate and Social Responsibility Report (2017 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 2017 CSR Report. Data and information for companies other than the three companies including located at No. 1289, Yishan Road, Shanghai City, P. R. China named FOSUNPHARMA's Headquarters, located at Huangdai Industrial Zone, Xiangcheng District, Suzhou City, Jiangsu Province, P. R. China named Suzhou Erye Pharmaceutical Co., Ltd. And located at No. 88, Pingan Avenue, Linxi County, Hebei Province, P. R. China named Hebei Wanbang Folon Pharmaceutical Co., Ltd. were not included in this assurance process.

The information in the 2017 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 2017 CSR Report.

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

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

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

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

The assurance comprised a combination of pre-assurance research, site assurance, and interviews with relevant employees at FOSUNPHARMA's Headquarters, Suzhou Erye Pharmaceutical Co., Ltd. and Hebei Wanbang Folon Pharmaceutical Co., Ltd. Documentation and record review and assurance with external bodies and/or stakeholders where relevant.

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2017CSR Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA's sustainability activities and relevant performance in 2017. The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders.

Assurance Statement of SGS

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

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

Stakeholder Inclusiveness

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

Sustainability Context

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

Materiality

FOSUNPHARMA has considered reasonably disclosing issues and indicators with materiality to reflect the organization's significant economic, environmental and social impact or substantively influencing the assessments and decisions of stakeholders.

Completeness

FOSUNPHARMA's report included coverage of material aspects and boundaries, complete to reflect significant economic, environmental and social impacts, to enable stakeholders to assess the organization's performance in the reporting period.

Balance

FOSUNPHARMA's report respected the balance principle with all aspects revealing.

Comparability

FOSUNPHARMA had disclosed performance indicators in 2017, many over years' data were disclosed, which could help stakeholders to understand the improvement performance year by year.

Accuracy

FOSUNPHARMA's information in the report was accurate, enable to reveal more qualitative and quantitative information for stakeholders. SGS recommended that the organization should enhance the internal management to verify the information accuracy by itself in different level.

Timeliness

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

Clarity

Report was presented different ways with words, charts, graphics and pictures, also describe with actual cases as well to ensure the stakeholders understanding easily.

Reliability

Through information and data collecting, recording, analyzing and disclosing methods managing and controlling in CSR report, the data and information was reliable.

Signed:

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



Ben Tsang
Director, China and Hong Kong
Systems and Services Certification
21 Mar 2018

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Rating Report on the Fosun Pharma 2017 Corporate Social Responsibility Report

Upon the request of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the “Chinese Expert Committee on CSR Report Rating” invited experts to form rating team to rate the “Fosun Pharma 2017 Corporate Social Responsibility Report” (hereinafter referred to as “the Report”).

I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2018).

II. Rating process

1. The panel for process appraisal makes interview to key members of the Report preparation team and conducts on-site examines materials related to the preparation process;
2. The rating team draws up the rating report based on its appraisal made toward the preparation process and information disclosure of the Report;
3. The rating report is submitted to and signed by both the vice-chairman of the Expert Committee and leader of the rating team.

III. Rating results

Process (★★★★☆)

The Company established CSR leading group and task force. The Brand and Public Relations Department was responsible for leading and establishment of the report preparation team. The president of the Company took control of the key processes in the report preparation and the final review of the report. The enterprise clearly defined the reporting function and value, and established a relatively complete reporting system, and prepared the “Regulations on the Management of Fosun Pharma Social Responsibility Report” to further strengthen the standardized management of the preparation of the Report. The substantive issues were identified in accordance with major corporate matters, national relevant policies, and stakeholder engagement. The Company published the Report through the press conference and presented the Report in forms such as electronic versions, prints, Chinese and English versions and H5 versions, achieving leading performance in the aspect of process.

Materiality (★★★★★)

The report systematically disclosed key biomedical manufacturing industry issues relating to product innovative research and development, product quality management, product recall system, health and safety management, reduction of discharge of waste water, waste gas and solid wastes, green supply chain management, product accident emergency, chemicals management and focus on community health, and the information was adequate and detailed, achieving outstanding performance in the aspect of materiality.

Completeness (★★★★★)

The main contents of the Report disclosed 93.2% of core indicators of the biomedical manufacturing industry from the aspects of “adherence for more compliant management”, “improvement for better environment”, “enhancement for more efficient operation”, “high quality for more customers’ confidence in us” and “contribution for a more harmonious society” achieving outstanding performance in the aspect of completeness.

Balance (★★★★★)

The Report disclosed negative data information such as the “number of product quality complaints”, “number of medical disputes”, “minor lost-time case rate”, “lost-time case rate”, “recordable case rate” and “employee turnover rate”, achieving outstanding performance in the aspect of balance.

Comparability (★★★★★)

The Report disclosed 107 key indicators including “operating profit” “tax liability” “donations” “comprehensive energy consumption” “health and safety investment” and “emission of COD” for more than three years in a row, and conducted horizontal comparison on data such as “non-public medical competitiveness ranking in China” and “public satisfaction on large-scale general hospitals” with industrial peers, achieving outstanding performance in the aspect of comparability.

Readability (★★★★☆)

The Report continued the theme of “Innovation For Good Health” and focused on the six aspects of “Management, Environment, Employees, Operations, Customers and Society”, with clear theme and rich content. It highlighted the Company’s development mission and pursuit of responsibility. The creation of the cover and the beginning of each chapter were mainly blue, responding to the corporate brand logo to increase the recognition of the report. The design style was fresh and natural, and the illustrations and matching colors were terse, which improved the readability of the Report, achieving leading performance in the aspect of readability.

Innovativeness (★★★★☆)

The Report inserted a numerous real photos to show corporate business elements, focused on corporate responsibility in product innovation and quality service. It responded to national policies and ESG guide, strengthened the range and depth of disclosure of key indicators, and further improved the compliance of contents of the Report. It actively participated in the preparation of “Guide for the Implementation of China Pharmaceutical Corporate Social Responsibility (《中国医药企业社会责任实施指南》)”, which was beneficial for strengthening corporate responsibility management standards and promoting the responsibility sentiment of the pharmaceutical industry, achieving leading performance in the aspect of innovativeness.

Overall rating (★★★★☆)

According to the assessment of the rating team, the "Fosun Pharma 2017 Corporate Social Responsibility Report" was awarded a rating of four and a half -star. It is a leading CSR report.

IV. Suggestions for improvement

To optimize the length of the Report and highlight the key points of the Report, further improving the readability and communication of the Report.

Rating team

Team leader: Cheng Duosheng, Director of Corporation Innovation Department of China Enterprise Confederation

Team member: Zhang Hongzhong, Director of New Media Communications Research Center, Beijing Normal University

Process evaluator: Wang Zhimin



FOSUN PHARMA

Innovation for Good Health

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