

FOSUN PHARMA



2018 Corporate Social Responsibility Report

Shanghai Fosun Pharmaceutical (Group) Co.,Ltd.



Greetings from Management

“

Innovation is the most important obligation for sustainable development of pharmaceutical enterprises.

”

Dear friends:

In 2018, with further deepening of domestic medical system reform, and the faster pace of innovative drug research and development, a new and more competitive landscape has gradually formed in pharmaceuticals industry in China. In the year, centering on our core business, Fosun Pharma continued to its strategies on innovation and international development and has achieved stable development.

Fosun Pharma pursues to bring world leading products and services. Now, our business scope covers all key sectors of healthcare industry chain, with pharmaceutical manufacturing and R&D as the core and the healthcare business as the development focus. In the past few years, our business performance maintained a growth rate higher than the average of the industry and continuously created value for shareholders. Fosun Pharma's good business performance were derived from our continuous adherence and optimization of development strategy, continuous improvement of operational management efficiency and resource integration capabilities, continuous increase in R&D investment, constant enrichment of product lines and ceaseless upgrading of domestic and international marketing systems.

In the process of rapid development, Fosun Pharma has always attached great importance to corporate social responsibility work, pursued sustainable development of talents and products, and incorporated social responsibility into the Company's sustainable development strategy.

Innovation is the most important responsibility for sustainable development of pharmaceutical enterprises. We believe that our progresses in innovation will help the Company to successfully transform its core business from generic drugs to innovative drugs; and internationalization will make the Company more internationally competitive in terms of operating standards and market expansion.

Focusing on unmet medical needs, Fosun Pharma continued on innovation and worked with leading global companies to provide better, more accessible and more affordable products and services to more patients and customers. Qualified drugs are generated out from medical innovation. Our innovative drug Artesun® for injection is a treatment for severe malaria recommended by the World Health Organization (WHO) and has saved more than 20 million people in Africa; our first-line anti-tuberculosis drug has helped more than 10 million tuberculosis patients; we have served nearly 10 million patients in the field of chronic diseases. At the beginning of 2019, Shanghai Henlius, a bio-medicine platform cultivated by us for nearly a decade, reached a new milestone, i.e. its first product of rituximab (Hanlikang ®) was approved for marketing, becoming China's

first biosimilar drug, which will benefit more lymphoma patients. Good products can make more people get healthy, which is the power of innovation.

Quality is the cornerstone of enterprises' survival and development. We attach importance to quality risk management throughout the whole life cycle of products, and have developed strict quality safety mechanisms and adverse drug reaction monitoring mechanisms in all aspects of the product chain from product development to sales to ensure safety throughout the whole process including product research and development, production, sales, phase-out or recall. In 2018, we continued to promote the implementation of the "Fosun Pharma Operation Excellence" (i.e. FOPEX) at the headquarters and subsidiaries. The development of business quality objectives and implementation of Lean Six Sigma project and process safety management resulted in improvement of enterprise management model and operational efficiency and promotion of the Group's healthy and sustainable development. In terms of environment, health and safety (EHS), adhering to the concept of sustainable development, we continued to increase investment in environmental protection and promoted air pollution control to achieve energy conservation, emission reduction and environmental protection.

While exerting great efforts on business development, the Company also stresses charity. In the process of enterprise development, we keep a grateful attitude towards and give back to the society. We make our contributions to the society through various projects in aspects of education and scientific research supporting, health poverty alleviation, caring for children, doctor-patient education and other public benefit activities. In 2018, we proactively participated in the "Rural Doctor Poverty Alleviation Project" program launched by Shanghai Fosun Foundation and successively conducted field research in the counterpart national poverty-stricken counties, and visited township health centers and village clinics, to gain a throughout understanding of basic healthcare needs in rural areas. We profoundly feel that there is still a long way to go for poverty alleviation through healthcare in China, which requires the participation of all sectors of society and is also one of the due responsibilities of pharmaceutical enterprises.

Looking forward, we will continue to proactively implement our social responsibility strategy and aim at promoting human health. Upholding the brand philosophy of "Innovation for Good Health", we are dedicated to bring more high-quality pharmaceutical products and healthcare services to more people, to help them to gain health and happiness in their life.

Chen Qiyu, Chairman
Yao Fang, Co-Chairman
Wu Yifang, Executive Director,
President and
Chief Executive Officer



About the Report

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

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This report aims to truthfully present the CSR practice and achievements of the Group to our shareholders, employees, government agencies, customers and consumers, partners, public and other stakeholders.

Basis of Preparation: This report is in line with the core plan of GRI sustainability reporting standards (GRI Standards) (GRI represents Global Reporting Initiative) and is also in compliance with requirements set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules issued by the Stock Exchange and is prepared with reference to the national standards on social responsibility (GB/T36000) and the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) published by the Corporate Social Responsibility Research Center of School of Economics of Chinese Academy of Social Sciences.

Time Range: 1 January 2018 to 31 December 2018

Scope of Report: The scope of disclosure of this report is consistent with that of the 2018 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.

Publication of the report: This report is published at the same time with 2018 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. The financial data in this report is consistent with the 2018 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. published for A shares. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified.



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”; the subsidiaries of the Fosun Pharma are described as “member enterprises”; Shanghai Fosun Pharmaceutical Industrial Development Limited may be referred to as “Fosun Pharmaceutical Industrial Company” or “Industrial Company”.

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.

Report Assurance: An external institution has been commissioned by Fosun Pharma to perform third party verification of the Chinese CSR report and issued an Assurance Statement. The Assurance Statement covers the site examinations of the member enterprises of Fosun Pharma as well as two subsidiaries of Hongqi Pharmaceutical and Aohong Pharma.

Please visit the website (www.fosunpharma.com) 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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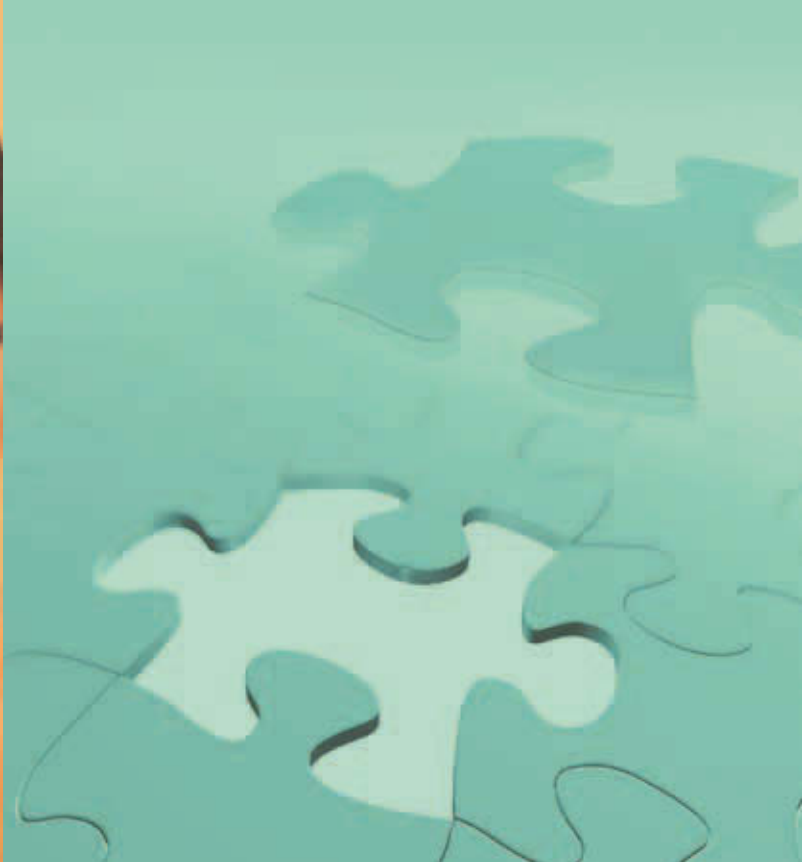
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About Fosun Pharma



RMB **24.918** billion

Revenue for 2018



28,245

Number of employees worldwide



RMB **2.090** billion

Net profit after deduction of expenses for 2018



Top 100 Companies in China Pharmaceutical Industry in (Ministry of Industry and Information Technology of China)

Top 100 Companies in China Pharmaceutical Industry (NMPA Southern Medicine Economic Research Institute)

World's Best Employers (Forbes)

CRS report ranking No. 1 in pharmaceuticals industry (RKS)



Tax payment of

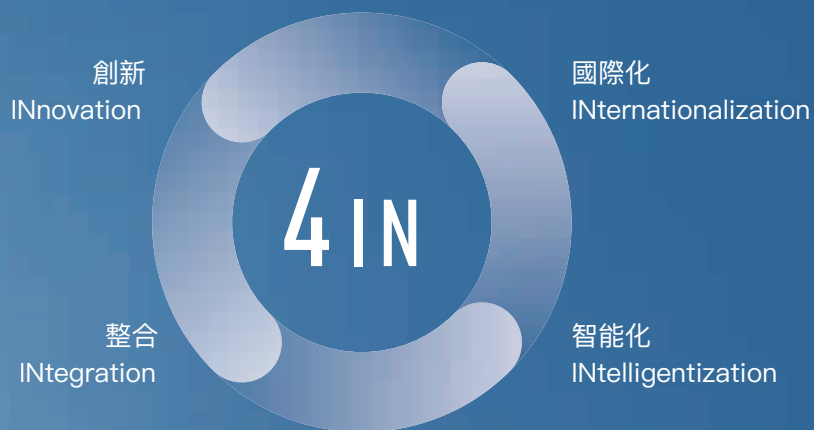
RMB **2.690** billion

in 2018

Core Brands



*Note: the brands include certain key investees and joint ventures.



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.

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



關愛生命
Care For Life



不斷創新
Continuous Innovation



精益求精
Pursuit of Excellence



合作共贏
Sustainable Partnership

Highlights of 2018

01

the HLX01 (rituximab injection) of Shanghai Henlius was on the list of prior approval process for drug registration application (it was approved for marketing at the beginning of 2019, becoming the first biosimilar drug in China).



02

Chancheng Hospital passed JCI certification with a high score, becoming the first large-scale AAA general private hospital in China that has passed the sixth edition of JCI standard.



06

Fosun Pharma invested US\$106 million in Butterfly Network, Inc., for development of smartphone ultrasound imager.



07

Fosun Pharma cooperated with Marubeni to develop the third-party healthcare market.



08

FCN-159 tablet, a new drug of a subsidiary of Fosun Pharma, was approved by the State Food and Drug Administration for clinical trials of advanced solid tumors.



03

Fosun Pharma released its corporate social responsibility report for ten consecutive years.



04

The clinical test IND was launched for FKC876, a product of CAR-T cell therapy of Fosun Kite (trade name in the U.S. is Yescarta) in China.



05

SPAQ-CO® Disp, a malaria prevention drug for children of Fosun Pharma, was pre-certified by the World Health Organization.



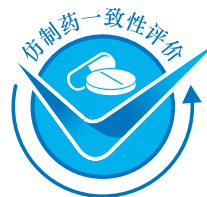
09

A number of overseas members of Fosun Pharma participated in the China International Import Expo, at which the products including CAR-T cell immunotherapy technology and Da Vinci surgical robotic system were on exhibition.



10

Fosun Pharma proactively promoted the "consistency evaluation" of generic drugs and continued to improve the drug research and development system integrating "imitation and innovation". In 2018, a total of nine varieties of the Group passed consistency evaluation of generic drugs.



2018年第20号

STRATEGY AND GOVERNANCE

As the scale of the Company continues to expand and the acceleration of its internationalization process, Fosun Pharma, adhering to the “4IN” strategy, continuously optimizes management, further enhances internal risk control management, and improves corporate governance structure; it proactively engages in communication with stakeholders, to establish a platform to openly communicate to stakeholders and jointly promote the sustainable and healthy development of the Company, thus contributes in shaping a more harmonious ecosystem in the industry.



Company Strategy

Strategic Goals of Fosun Pharma:



Short-term Goal
(2018-2020)

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

Dedicate to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market

Sustainable Development Strategy

The sustainable development strategy of Fosun Pharma is inseparable to its overall strategy. 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.



Short-term Goal
(2018-2020)

Further promote sustainable development strategy with Fosun Pharma Group's overall strategy, gradually keep up with international norms and become the leading enterprise in China's pharmaceutical and healthcare industry who highly values sustainability in business 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

2018

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

Plans for 2019

- We will improve resource utilization efficiency to continuously reduce carbon emissions of the Group
- Relying on the FOPEX excellent operation management system, we will continuously improve the quality management and supply chain management of the Group, and initially establish international operation and management capabilities.
- We will improve the procurement management system, and promote the construction of member enterprises' system in the supply chain environment
- We will collaborate with Shanghai Fosun Foundation to create a public welfare brand with social influence
- We will continuously establish and improve the CSR system for healthcare services

Strategic Measures

2018

- We continued 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, we achieved an iterative upgrade of the EHS management system in the applicable subsidiaries
- We increased annual auditing efforts and coverage on the quality system, increased the frequency of inspections, and gave strong support to major international projects
- We promoted the procurement management system and informatization construction, expanded the categories of centralized procurement projects, promoted the EHS on-site audit of subsidiaries' based on the category, and regularly tracked and supervised the improvement of suppliers
- We collaborated with Shanghai Fosun Foundation to establish an efficient charity system and create influential charity projects

Plans for 2019

- We will continue to promote energy conservation and emission reduction and improve safety and health management performance relying on the EHS management system and lean management tools, to achieve continuous optimization of the Group's EHS
- We will identify lean management of enterprise supply chain, identify international regulations and technical guidelines and strengthen learning and application thereof, continue annual quality system audit and unannounced inspection, and provide in-deep support for key international projects
- We will further promote the Internet-based procurement of member enterprises, iterate centralized procurement projects to control supply quality and cost, optimize suppliers' EHS auditing standards, and collaborate with member enterprises in enhancement of suppliers' EHS management capabilities
- Special charity activities will be conducted in key treatment fields to enhance the popularity of Fosun Pharma's charity brand in the segment fields
- We will complete the appointment of the CSR leading group and working group of healthcare services; gradually establish a medical service CSR indicator system by reference to the benchmarking hospitals

Substantive Issue Analysis

Fosun Pharma values highly of stakeholders' expectation and requirement to the company. In 2018, 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 and 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), and identified and selected the materiality issues of importance to both the Company and the stakeholders.

Process of Substantive Issue Analysis

Definition and selection of topics

- Experts identified 22 topics used for stakeholder survey through analysis and judgment based on the concerns of Fosun Pharma's stakeholders by reference to the reports of the industry.



Questionnaire inquiry

- Conducted online stakeholder survey
- Received 246 valid questionnaires



Questionnaire analysis and comprehensive assessment

- Conducted priority ranking for the materiality topics for each group of stakeholders based on questionnaire feedbacks
- Obtained the matrix of materiality topics based on the opinions of experts and relevant personnel



It is recommended to increase the publicity of CSR report to influence more people, especially on new media channel to quickly, effectively and profoundly disseminate corporate information and brand building."

– Media representative

I hope that the company can provide more standardized training and communication opportunities in terms of laboratory management and testing skills, and help the company's innovative research and development while we are making self-improvement.

– An employee of Fosun Pharma

Enjoy to see Fosun Pharma to participate in more public welfare activities to give back to society and practically use medical technologies to change more people's lives!

– A shareholder of Fosun Pharma



Results of the Substantive Issue Analysis

Materiality topics include product quality and safety, quality of healthcare services, quality of product services, research, development and innovation, compliance management, responsible marketing, intellectual property protection, emissions management, sustainable supply chain management, and occupational health and safety.





On-site inspection at Aohong Pharma by SGS

CSR Task Force

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 a mature indicator assessment system. Fosun Pharma set up a CSR Task Force Team 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.

Fosun Pharma CSR Task Force Team is responsible for promotion of CSR sustainable development within the Group. The Company has continuously published CSR report annually since 2008. The Brand and Public Relations Department is responsible for leading and coordination as well as compiling the report. In 2018, the task force appointed 38 members in charge of various key functions including EHS, HR, product 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.

Regular Training

Training on social responsibility reporting for members on CSR Task Force is organized each year to elevate qualities for the report. Meanwhile, the report editor was encouraged to join external social responsibility seminars and training sessions to better arm the team's capability. In December 2018, on the kick-off meeting of Fosun Pharma 2018 corporate social responsibility (CSR) report, Fosun Pharma invited the experts of SynTao to conduct

the trainings on The Environmental, Social and Governance Reporting Trend of Listed Companies for members of the Fosun Pharma CSR report task force.

Independent Authentication from Third Party

An independent third party assurance agency is entrusted by Fosun Pharma for the independent authentication service, which indicates the openness, transparency and dependability of the report.

Stakeholders

| Stakeholders | Expectation to Fosun Pharma | Response from Fosun Pharma | Highlights of communication with stakeholders |
|--|---|---|---|
|  Shareholders | <ul style="list-style-type: none"> Compliance management Risk management | <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 | <ul style="list-style-type: none"> Received more than 30 visits and surveys of large institutional investor groups; Conducted roadshows in more than 10 cities both at home and abroad, and in-depth exchanges with investors on medium- and long-term strategic plans; Convened 28 meetings of the board of directors, 8 meetings of the supervisory committee, and 4 general meetings (including class meetings) |
|  Clients and consumers | <ul style="list-style-type: none"> Provision of quality products and services Protection of interests of consumers Responsible marketing Research, development and innovation Intellectual property protection 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 | <ul style="list-style-type: none"> Healthcare services member enterprise customers' satisfaction was more than 90% Held a total of more than 470 academic conferences involving liver disease, anti-infection, cardiovascular, and endocrine Conducted customer satisfaction surveys by over 7,000 times Conducted more than 600 education activities for patients No complaints about infringement of customer privacy and loss of customer information |
|  Media | <ul style="list-style-type: none"> Transparent information disclosure Special interview and communication | <ul style="list-style-type: none"> Establishing comprehensive information disclosure mechanism Media communication mechanism Timely disclosing information through websites, WeChat and other platforms | <ul style="list-style-type: none"> Regularly published news through official WeChat, official website and other channels Developed the "News Spokesman System" In 2018, the media reported more than 23,000 articles. The media helped the public to understand the Company's information through the release of Fosun Pharma's results, major industry events, transmission of management's proposals during the National People's Congress and the Chinese Political Consultative Conference, etc. The communication between the Company and media was enhanced through media salons, reverse roadshows, etc. |
|  Employees | <ul style="list-style-type: none"> Protection of employees' rights and interests Provision of training and development platform to employees | <ul style="list-style-type: none"> Establishing labor union Entering into collective contract Establishing long-term talent training mechanism and HealthCare Management Institute Organizing regular employee caring activities Solicitation of employees' opinion and suggestion on rationalization Safety management | <ul style="list-style-type: none"> Trade union coverage rate of 100% Signing rate of 100% for Collective Contract of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Agreement on Collective Negotiation on Salary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Collective Agreement on Protection of Special Rights and Interests for Female Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Conducted four series of training programmes, namely New Employee Series, Leadership Development Series, Professional Development Series and Common Skill Series There are over 10 employee clubs which have held over 350 club activities |
|  Suppliers | <ul style="list-style-type: none"> Sustainable development of supply chain | <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 | <ul style="list-style-type: none"> Managed the entire bidding business through the information system, and realized the standard, process-based, transparent and resource sharing procurement bidding. A total of 379 procurement operations were released through the one-chain platform, including 307 public bidding projects. |
|  Government | <ul style="list-style-type: none"> Compliance management Payment of tax Leading the healthy development of the industry | <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 association | <ul style="list-style-type: none"> Received more than 30 reports, exchanges and visits with governments and competent authorities at all levels, including nearly 10 foreign exchanges; Proactively participated in industry policy formulation and attended more than 20 policy seminars held by central and local business authorities and industry organizations; Provided more than 30 industry recommendations on the "Pharmaceutical Management Law of the People's Republic of China", the national centralized procurement of drugs, the association of pharmaceutical drugs in shortage, the consistency evaluation of the quality of generic drugs and the setting of product quality standards Organised acceptance and exchanges for 5 foreign aid training programs sponsored by the Ministry of Commerce Participated in and obtained 10 government innovation support projects; Supported and attended more than 10 industry activities, involving medical policy, innovation, clinical applications, etc. |
|  Communities/ non-governmental organizations | <ul style="list-style-type: none"> Community service 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 | <ul style="list-style-type: none"> More than 40 charitable donations Donation of RMB9.75 million to the society Investment in targeted poverty alleviation exceeding RMB12.00 million |
|  Partners/Peers | <ul style="list-style-type: none"> Targeted communication | <ul style="list-style-type: none"> Visiting and conducting research on enterprises Industry exchanges Benchmarking study | <ul style="list-style-type: none"> 47 employees went to SAIC GM Cadillac production base for lean benchmarking study Invited Johnson & Johnson and other benchmarking enterprises for exchange and communication |



“

The workshop strengthens the exchange between developing countries in the field of medical treatment and public health and plays a significant role in further promoting cooperation between both parties, practically enhancement of the accessibility of drugs and intensification of the construction of public health and prevention and control system and capacities.

– A Tanzanian trainee at the 2018 Ministerial Workshop on Pharmaceutical Supervision and Management for Developing Countries

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List of associations/social institutions Fosun Pharma Group involved

| Name of association | Position held | Name of association | Position held |
|--|------------------------|--|------------------------|
| China Society for Drug Regulation | Standing director Unit | China Health Insurance Research Association | Director Unit |
| China Pharmaceutical Newspapers and Periodicals Association | Vice chairman Unit | China Pharmaceutical Innovation and Research Development Association | Vice chairman Unit |
| China Pharmaceutical Enterprise Management Association | Vice chairman Unit | Shanghai Pharmaceutical Profession Association | Vice chairman Unit |
| China Pharmaceutical Industry Association | Vice chairman Unit | Shanghai Bio Industry Association | Chairman unit |
| China Non-Prescription Medicines Association | Standing director Unit | Shanghai Genetics Society | Chairman unit |
| China Chamber of Commerce for Import and Export of Medicines and Health Products | Unit member | Shanghai Health Insurance Association | Standing director Unit |
| China Price Association | Director Unit | Shanghai Pharmaceutical Association | Standing director Unit |
| Chinese Hospital Association | Member unit | Shanghai Hospital Association | Unit member |
| China Medical Pharmaceutical Material Association | Chairman unit | Health Industry Association of Zhejiang Province | Vice chairman Unit |

Compliant Operation

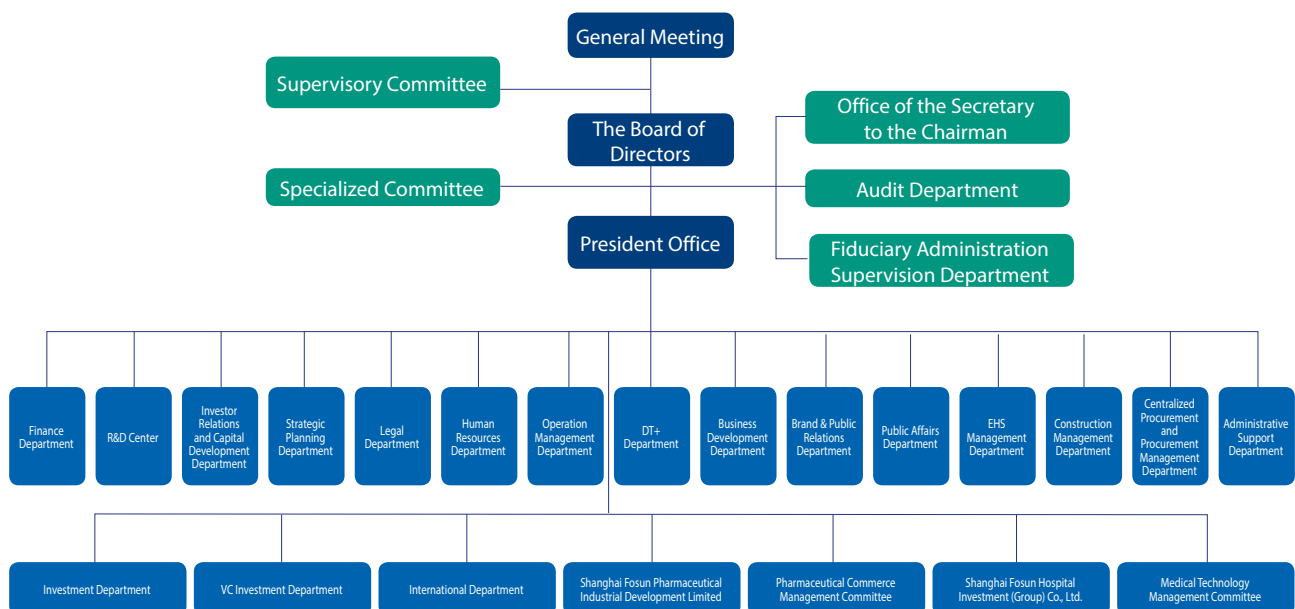
Organizational Structure

Fosun Pharma Group embarks on transformation in response to market changes and improves organizational structure in a timely manner.

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.



Note: As at 31 December 2018

Corporate Governance

In the reporting period, the Company further improved its corporate governance structure and internal management in accordance with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed

Companies issued by China Securities Regulatory Commission and the Stock Listing Rules of the Shanghai Stock Exchange, Appendix 14 Corporate Governance Code under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and the number of members and composition of the Board of Directors are in conformity with the applicable laws, regulations, and the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.. The Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. clearly defines the rules of procedures for Board meetings. The Company has formulated the Board Diversity Policy of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. As of 31 December 2018, 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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and the number of members and composition of the Board of Supervisors are in conformity with the applicable laws, regulations and the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.. Supervisors of the Company act independently and effectively exercise their supervision and examination rights over the directors and senior management of the Company. The Board of Supervisors conducts meetings regularly and convenes extraordinary meetings in a timely manner whenever necessary. The Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. has stipulated the rules of procedures for the meetings of the Board of Supervisors.

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 second tranche of restricted A Shares under the Incentive Scheme implemented by the Company has been unlocked and the Company has satisfied the unlocking conditions for the third tranche. 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 her stakeholders, and actively works with them 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 of the Listed Companies issued by China Securities Regulatory Commission, the Guidelines for Management System of Information Disclosure of the Listed Companies issued by the Shanghai Stock Exchange, the Guidelines for Suspension and Exemption on the Disclosure of the Listed Companies issued by the Shanghai Stock Exchange, the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Regulation on Information Disclosure of 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.

Risk Control

Fosun Pharma values risk management and control and continuously optimizes management in terms of procurement risk control, infrastructure project management, anti-corruption management, information security management, internal audit,

etc. It has built and improved the compliance management system and proactively promotes responsible commercial behaviors under the national laws, regulations and governance framework of the Company.

| | | |
|--|-----------------------------------|--|
|  Internal Control | Procurement risk control | <ul style="list-style-type: none"> One-chain online risk control system was used to monitor key bidding aspects The Company eliminated the risk of bid-rigging in advance by investigation, and included the units engaged in malicious bid-rigging in the blacklist for management and publicized it within the Group to purify the procurement bidding environment within the Group. |
| | Infrastructure project management | <ul style="list-style-type: none"> The Company improved the infrastructure structure, and control the entire infrastructure projects from the professional perspectives including design, cost, project management, etc. The revised drafts of 8 management rules including the Infrastructure Management Measures of Shanghai Fosun Hospital Investment (Group) Co., Ltd., covering whole process management including approval of projects, procurement, contracts, etc. were prepared and released to improve infrastructure management and process control |
| | Anti-corruption management | <ul style="list-style-type: none"> the Administrative Measures for Gifts Received in Business Activities (Trial Implementation) was developed The Company accepted and investigated 14 whistle-blowing cases and held relevant responsible person in violation of rules accountable. To prevent non-compliance, the Company participated in on-site bid opening supervision of more than 40 bidding projects. 4 publicity and education activities on anti-corruption and integrity were carried out A Clean and Honest Compliance column was added on the official website and the Disciplinary Committee and the Integrity Supervision Department portal websites were opened on the OA system. In 2018, the Integrity Supervision Department issued a total of more than 60 articles related to anti-corruption. The Company carried out Integrity Management Month activities. |
| | Information security management | <ul style="list-style-type: none"> Information security management was conducted in accordance with ISO 27001 international standard system In 2018, Fosun Pharma passed the review of ISO27001 information security management system qualification and successfully applied the system to more than 10 member enterprises. The information security awareness was practically enhanced through regular information security training and IT audits for member enterprises |
|  Internal supervision | Internal audit | <ul style="list-style-type: none"> The Company conducted various internal audits including special audits combining financial and internal control, special audits on important business processes, audits on departure executives of subsidiaries, and anti-fraud audits The Company expanded the scope of internal control evaluation by subsidiaries to improve the quality of self-evaluation and continuously improve the overall internal control management level of the Group The Quality Audit Management Regulations for Member Enterprises of Fosun Pharma and relevant annexes thereto as audited for the quality system of member enterprises have been amended and improved Green supply chain audit was performed focusing on suppliers of raw and auxiliary materials, packaging materials and reagents Cross-departmental collaboration was strengthened to give full play to the supervisory role of audit The Company continuously tracked the improvement of internal control defects to ensure good rectification effects |
|  External Results Assessment | | <ul style="list-style-type: none"> 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 |

PURE AND CLEAN, INSIDE OUT

We can not only provide clean products and services but also provide products and services in a clean way



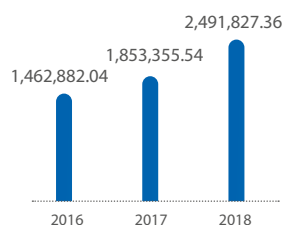
Financial Performance

In 2018, 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.

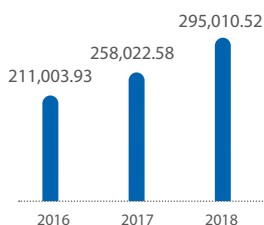
Revenue

(Unit: RMB'000)



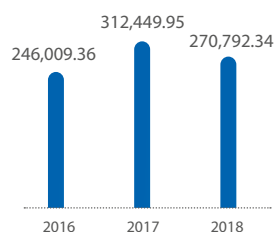
Cash flow from operations

(Unit: RMB'000)



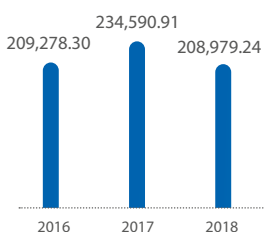
Net profits attributed to shareholders of the Company

(Unit: RMB'000)



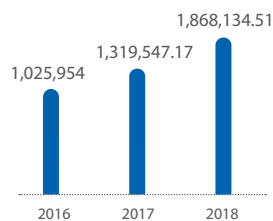
Net profits of non-recurring profit or loss attributed to shareholders of the company

(Unit: RMB'000)



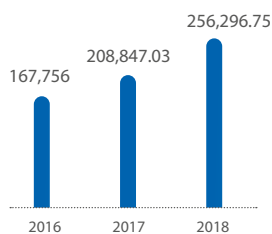
Revenue from pharmaceutical manufacturing and research and development business segment

(Unit: RMB'000)



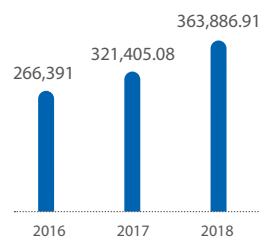
Revenue from healthcare services segment

(Unit: RMB'000)



Revenue from medical devices and medical diagnosis manufacturing segment

(Unit: RMB'000)





Affordable innovation reflects Fosun Pharma's commitment to social responsibility. Focusing on unmet medical needs, Fosun Pharma provides better, more accessible and more affordable products and services to more patients and customers through continuous innovation.



RESEARCH AND DEVELOPMENT

Fosun Pharma regards R&D and innovation as the driving force for its business growth. The Group continues to increase investment in R&D, effectively allocates resources on a global scale, and continuously optimizes the pharmaceutical R&D system that integrates "imitation" and innovation through its independent research and development, technology import, external licensing, and cooperative research.

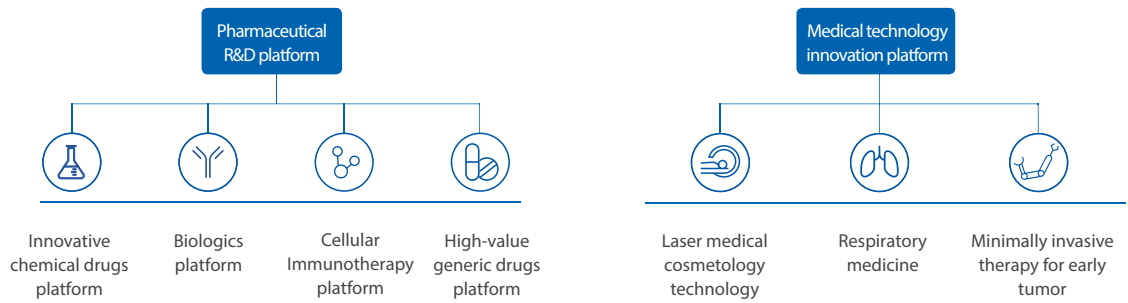
R&D and Innovation System and R&D Platform

Mainly driven by innovation and R&D, Fosun Pharma focuses on investing in the R&D fields of products with clear curative effects and in line with modern medical development orientation, and insists on improving its R&D capability in the entire chain and the later industrial development.

The Group has formed an international R&D layout, enhanced its strong R&D capabilities, and established an interactive and integrated R&D system in China, the United States, India, etc. Through diversified cooperation, it gets access to the world's cutting-edge innovative technologies to promote the global, conversion and production of cutting-edge products. In 2018, the Group continued to invest in innovation and R&D, and adopted multi-modal layout in early scientific research projects, including the establishment of R&D enterprises with scientists

and joint ventures/cooperative enterprises with internationally renowned enterprises, etc.; meanwhile, the Group also launched the establishment of a platform company adopting the active incubation model to develop emerging areas like gene therapy.

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



R&D Investment and Achievements

In 2018, Fosun Pharma invested RMB2.507 billion in R&D investment (including R&D expenditures capitalized), an increase of over 63.92% compared to 2017.

At the end of 2018, the Group had a total of 215 projects: 15 small molecule innovative drugs, 10 biological innovative drugs, 17 biosimilars, 117

generic drugs that meet international standards, 54 consistency evaluation projects, and 2 traditional Chinese medicine drugs. The achievements of these pipeline products are expected to guarantee the company a robust business performance and a promising future.

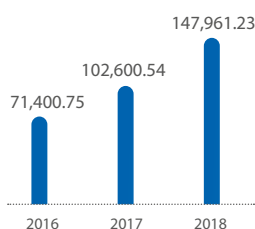
Number of pipeline drugs, biosimilars and consistency evaluation projects



215

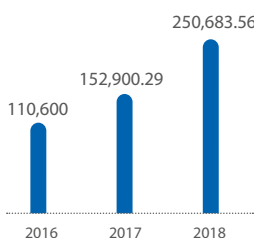
R&D expense

(Unit: RMB'0'000)



R&D spending (including expenditures capitalized)

(Unit: RMB'0'000)



In 2018, 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 in a systematic way. At the end of 2018, the Group had 9 small molecule innovative drug products (including 1 improved new product), 9 indications have obtained approval for clinical trial in mainland China; 13 monoclonal antibody products

and 1 combination therapy that completed 22 indications approval for clinical trial, and received 27 clinical trial approval globally. During the reporting period, a total of 5 generic drugs of Gland Pharma received approval for sales from FDA. The Group has completed 9 generic drug consistency evaluation projects including Amlodipine Besylate Tablets (Shilida), Escitalopram Oxalate Tablets (Qicheng) and Alfalciferol Tablets (Liqing).

Patents Protection and Results

The Group has established the "blockbuster product intellectual property strategy" and secured R&D product patents through a series of implementations and means, including analysis of intellectual property status of products at project approval, grasping domestic and overseas patent licensing opportunities to develop patent blockbuster, application for a batch of patent groups for existing key products to extend their product life cycle and strengthening patent training.

In 2018, the pharmaceutical manufacturing and R&D businesses of the Group submitted 99 patents applications, including 12 American patents applications, 1 Japanese patent application, 2 European patent applications, 5 Indian patent applications and 4 PCT applications, and the Group has obtained 35 patents (all for invention).

Affordable Innovation

Shanghai Henlius Biotech, Inc., a joint venture company co-founded by Fosun Pharma and a team of overseas scientists in February 2010, with its R&D footprint in Shanghai and Taipei(China), and California(USA), specializes in the discovery, development, manufacturing and commercialization of high-quality biologics including biosimilar, bio-better and novel monoclonal antibody, to treat tumor and auto-immune disease.

Innovative Technology

To reduce costs while ensuring quality, Shanghai Henlius chooses to adopt a variety of innovative technologies to achieve the goal.

- 1 Using a cell line with high expression, the monoclonal antibody production of a common cell line is about 1 gram per liter, while the production of a modified cell line of Shanghai Henlius can reach 2-3 grams per liter. The increase in unit volume production naturally leads to lower costs.
- 2 The R&D team independently develops the culture medium and commissioned foreign companies to produce it. Compared with the direct purchase of imported medium, the cost has been greatly reduced.
- 3 The adoption of advanced large-scale (2000L) one-off production technology reduces plant construction and operating costs, while improving operational efficiency and production flexibility.
- 4 The advanced plant design that can produce multiple products increases income and reduces expenditure for the Company. The comprehensive development of multiple products has increased the utilization rate of plant capacity and diluted fixed costs, which are conducive to creating economies of scale.

Innovation Strategy

The bio-pharmaceutical industry chain platform established by virtue of the development of biosimilars greatly reduced the development cost of innovative drugs and improved the development success rate of innovative monoclonal antibody.

- 1 Fast follow-up and develop the second generation of modified innovative monoclonal antibody, that is, to further seek differential development on the clinically proven target, to improve the success rate of R&D, and fundamentally reduce the huge cost of R&D failure.
- 2 Combined treatment of tumor, that is to add one or two antibodies for combined treatment on the basis of tumor immunotherapy. Broadening the original market with cost advantages makes the combined treatment relatively popular, and improves the economies of scale.

Critical technologies and strategies for Shanghai Henlius's "affordable innovation"

Economic and efficient R&D

- Independent R&D
- Efficient operation

High success rate

- biosimilars and biological modified drugs
- Fast follow-up
- Product mix significantly improves success rate

Low-cost production

- High titer cell line
- Culture medium with proprietary intellectual property rights
- High capacity utilization ratio and economies of scale
- New generation of production technologies



PRODUCTS AND SERVICE QUALITY

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 patients and customers with better, more convenient and affordable products and services.





Fosun Pharma continued to promote FOPEX and further strengthened the training of FOPEX talents. Green belt training courses were established in Shanghai, Xuzhou and Chongqing, and a new research and development green belt class was established, benefiting a total of over 700 people including 207 people with green belt and 3 with black belt.



100% passed official sampling
Internal quality audit system covered the overseas enterprise Gland Pharma



The awareness of conforming operation of subsidiaries was continuously enhanced through quality training and each person in pharmaceutical subsidiaries received more than 44 hours of quality training on average throughout the year.



The domestic pharmaceutical subsidiaries of the Group had over ten APIs certified by drug regulatory authorities from USA, EU, Japan, Germany and other countries authorities. 4 preparations production sites and 3 APIs production sites of the overseas subsidiary Gland Pharma passed the certification of US FDA, the EU and other national regulatory authorities. Guilin Pharma has 1 production line of oral solid dosage and 3 production lines of parenteral drugs, 5 APIs, all of which passed the WHO-PQ certification. Chongqing Yao Pharma has 1 production line of oral solid dosage, which passed the certification of FDA of USA and Health department of Canada, with numerous preparations achieving international sales.



Chancheng Hospital passed JCI certification with a high score, becoming the first large-scale AAA general private hospital in China that has passed the sixth edition of JCI standard.



Patient satisfaction of member hospitals >90%

Product and Service Quality

Pharmaceutical manufacturing and research and development subsidiaries, medical diagnosis subsidiaries and medical devices subsidiaries under Fosun Pharma Group are located in over ten provinces, autonomous regions, and municipalities in China as well as India, Israel, Sweden, etc. In 2018, subsidiaries were established in Europe and the United States.

The products produced by pharmaceutical manufacturing and research and development subsidiaries include pharmaceutical ingredients and their preparations, biological products, biochemical drugs, prepared crude slices of Chinese medicine, prepared Chinese medicine, 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, etc. related to the treatment of cardiovascular system, central nervous system,

hematological systems, metabolism and digestive system and anti-infection. Medical devices subsidiaries are mainly engaged in research and development, production and sales of diagnostic reagents, medical device consumables and distribution of high-end medical devices, e.g. Da Vinci surgical robotic system leading the world in respect of minimally invasive surgery system, Alma Lasers, a cosmetic medicine laser product from Israel, etc.

By leveraging on product advantages, the Group continuously serves global customers and patients. In the field of anti-infection, artesunate for injection, an innovative drug, has saved more than 20 million patients with severe malaria. At the same time, first-line anti-tuberculosis drugs have helped more than 10 million patients with tuberculosis. In the field of chronic diseases (including high uric acid, high blood sugar, high blood fat, high blood pressure, etc.), Fosun Pharma has served about 10 million patients.

Number of patients with severe malaria saved by artesunate for injection



>20 million

Number of patients with tuberculosis helped by first-line anti-tuberculosis drugs



>10 million

Number of patients with chronic diseases served



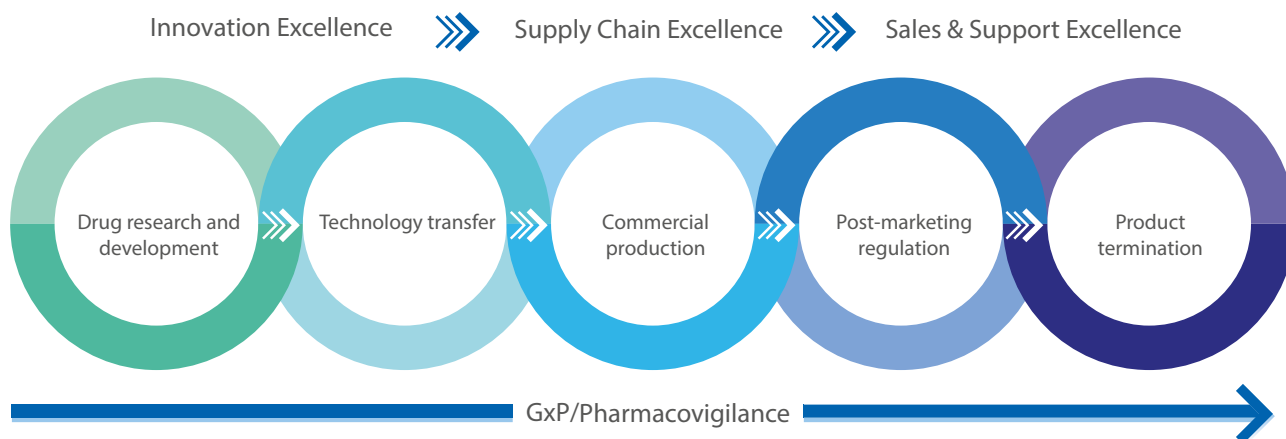
>10 million

Full Life Cycle Management

The "life cycle of drugs" refers broadly to the whole process from the beginning of drug development, registration evaluation, marketing and use, re-evaluation, to elimination due to market and other reasons, and narrowly refers to all measures taken after the development and marketing of the first dosage form and adaptation in order to maintain and increase the sales and profit of the drug and to protect the sales and profit of the drug from the impact of competitive drugs.

Fosun Pharma Group has established a continuous

improvement management system over the entire life cycle of products (drug development, technology transfer, commercial production, and product termination) through the establishment of the research and development system prior to marketing of drugs, the production supply chain management system and the post-marketing service system. GxP regulations are complied with during the life cycle. In addition, it has also established a pharmacovigilance system throughout the life cycle to provide comprehensive and effective assurance for the quality and safety of products.



* Note: GxP regulations refer to the regulations on quality assurance for relevant drugs in different stages throughout the whole life cycle of drugs including GCP (Good Clinical Practice), GLP (Good Laboratory Practice), GMP (Good Manufacture Practice) and GSP (Good Supply Practice).

Operation Excellence

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 June 2017, Fosun Pharma Operation Excellence (FOPEX) was officially launched.

FOPEX is the operational excellence of Fosun Pharma and is committed to unifying the internal operation management language, promoting the improvement of enterprise management level, improving the operational efficiency of enterprises, and establishing an excellent operation system with comprehensive competitive advantages and integrated agile supply network to support product innovation and business growth.

In 2018, Fosun Pharma continued to promote FOPEX among subsidiaries. As of the end of 2018, a total of 17

subsidiaries implemented the introduction of the lean six sigma* and promotion of lean six sigma project approvals. In 2018, there were 276 new FOPEX lean operation projects, including 131 efficiency projects, 85 cost projects, and 32 quality projects. As of the end of 2018, a total of 173 projects were completed, with an expected annualized income of RMB53.59 million.

Talent is the key to the continued advancement of FOPEX. In 2018, Fosun Pharma further strengthened the training of FOPEX talents. Green belt training courses were established in Shanghai, Xuzhou and Chongqing, and a new research and development green belt class was established, benefiting a total of over 700 people including 207 people with green belt and 3 with black belt. With the further advancement of FOPEX, the application of lean tools, theories and methods in all aspects of work has helped Fosun Pharma cultivate a group of outstanding talents with logic and data thinking and laid a solid foundation for the continuous implementation of FOPEX in Fosun Pharma and its subsidiaries.



Black belt certification

Construction of Quality Systems

The Group implements a four-level quality system (quality manual, GMP guidelines, management procedures, and documents of enterprises) to guide enterprises on enhancement and improvement of the quality system from top to bottom. In 2014, the Group formulated the Quality Manual (for pharmaceutical Manufacturing) of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and set the Quality Policy 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 GMP guidelines complementary to the quality manual. In 2017, according to the requirements of the latest regulations and development needs of the Group, it initiated the preparation of the "Data Integrity" guideline, which was officially released and implemented in 2018, and four operational guidelines with strong operability were issued at the same time. The Group continued to follow the pace of domestic and international regulations and continued to provide technical support for the quality improvement of member enterprises.

In 2016, the Group began to quantitatively evaluate the quality system of pharmaceutical enterprises. According to the FDA requirements, it comprehensively evaluated and multi-dimensionally scored six systems of quality, manufacture, documents, materials, laboratories and equipment and facilities to quickly identify weaknesses of enterprises' quality system and urge enterprises to conduct self-improvement. The Group is equipped with a professional quality audit team. The team members have at least 10 years of experience in the pharmaceutical industry. They are professional and experienced and insist on attending industry training, seminars and self-learning, to ensure quality system evaluation in an objective, fair and realistic way. In 2018, audit was conducted for 17 times. Quality audit was conducted for the overseas enterprise Gland Pharma for the first time, and the audit evaluation was also successively carried out for medical devices enterprises. At the same time, GMP pre-inspection, operation investigation, special inspection, irregular inspection and special regulation investigation were conducted to promote the member enterprises to establish a quality system that meets domestic and international requirements, to continuously improve the compliance level.

Fosun Pharma Group initiated the pilot work for drug market authorized holders (MAH) in accordance with the Notice of the CFDA on Relevant Issues about Promoting Pilot Work for the System of Drug Market

Authorised Holders. Through investigation and study of laws and regulations and establishment of full-lifecycle quality management system, Fosun Pharma Industrial Company, a subsidiary of the Company, succeeded in acquiring the approval document of supplementary application for Meloxicam Tablets in January 2018 and formally became the first pilot enterprise that obtains MAH approval document in Shanghai. In 2018, Fosun Pharmaceutical Industrial Company adhered to the entity responsibility system of drug market authorised holders, and proactively improved the MAH quality management system to ensure the quality and supply of the products.

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 assurance 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 technology in the production of drugs. In 2018, member enterprises of the Group attached importance to the construction of quality information systems and proactively introduced various quality information management systems to meet the requirement of data integrity. At the same time, Fosun Pharma emphasized process validation and daily monitoring, and strictly abided by applicable state requirements and international standards to conduct change management so as to ensure that production process met registered technology requirements and drug quality met registered standard requirements.

In 2018, the Group's domestic pharmaceutical subsidiaries were inspected by authorities for over 100 times in total. In 2018, the overseas enterprise Gland Pharma accepted and passed 12 official audits. In 2018, domestic pharmaceutical subsidiaries were sampled 458 times and issued qualified reports. In 2018, no products of member enterprises were officially declared as unqualified products. In 2018, 11 domestic medical device member enterprises of the Group accepted and successfully passed 37 official inspections.

Pass rate of official sampling



100%

* Note 1 Lean six sigma: Lean management is evolved from the lean production of Toyota and has shifted from Kaizen that places the focus on production site to the operation management in terms of inventory control, production plan management, process improvement, collaborative optimization of supply chain, etc. Sigma more emphasizes the development of zero-defect targets and reduction of the defects of products and services by collecting data and analysis. To achieve the Six Sigma standard, the error rate cannot exceed 3.4 parts per million.

* Note 2 Out-of-specification refers to the test results that do not meet the established quality standards or acceptable standards.



Workshop of Gland Pharma

Certification of Quality Systems

In 2018, all pharmaceutical subsidiaries of the Group meet the Edition 2010 GMP requirements of the PRC. Meanwhile, 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 (i.e. World Health Organization). As of the end of 2018, the domestic pharmaceutical subsidiaries of Group had over ten APIs certified by FDA of USA, the EU, Japan, Germany and other national regulatory authorities. Guilin Pharma has 1 production line of oral solid dosage and 3 production lines of parenteral 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 of USA FDA and Health department of Canada, with numerous preparations achieving international sales.

Founded in Hyderabad in 1978, Gland Pharma is the first Indian manufacturer of parenteral pharmaceuticals that has passed the FDA certification of the U.S. Gland Pharma honors the founder's commitment to quality and thus has stood out

in about 90 countries on five continents and has become a global leader in the production of small-volume injectables. Gland Pharma has world-class manufacturing facilities and its 4 preparations production sites and 3 APIs production sites have been recognized by the world's leading market regulators.

In 2018, while the medical device subsidiaries of the Group met the new "Specification for Production Quality Control of Medical Devices" of the PRC and eight enterprises also accepted the international ISO13485:2016 certification, two of which also passed the ISO9001:2015 certification. A number of products have passed CE certification. At the same time, the Long March Medical Laboratory has also submitted an application as recognized by CNAS* Laboratories.

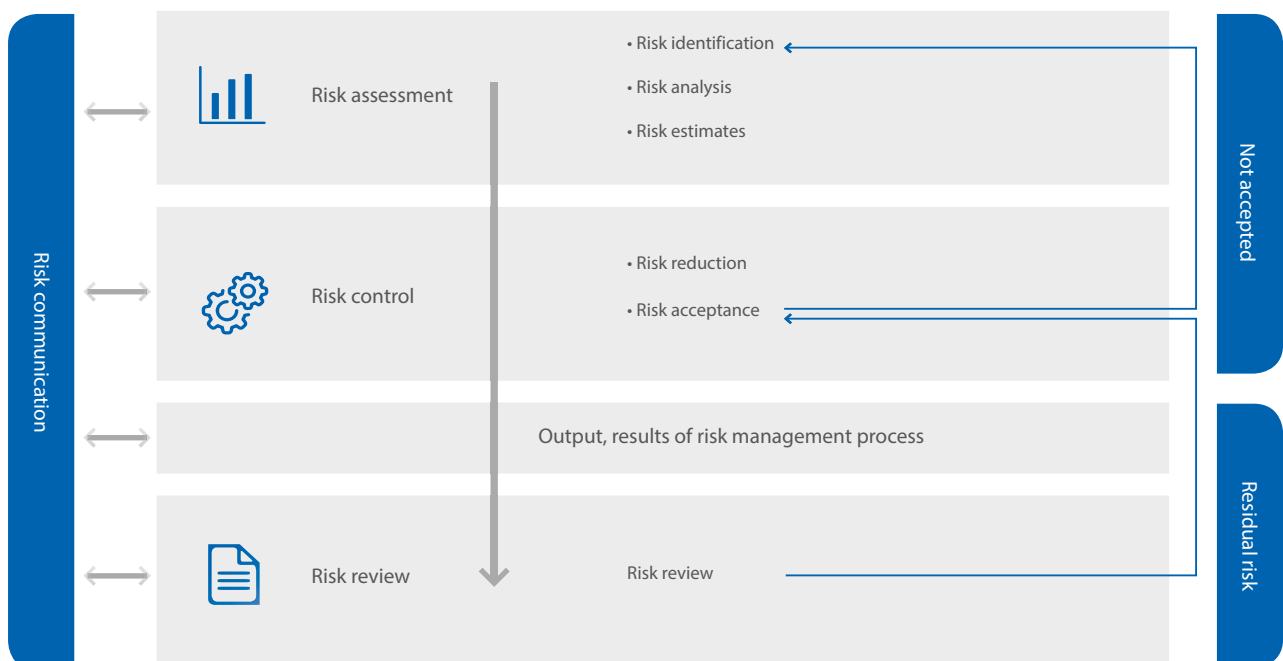
* Note: China National Accreditation Service for Conformity Assessment is responsible for the accreditation of certification bodies, laboratories and inspection agencies.

Quality Risk Management

The Group attaches great importance to medication safety of patients and has developed quality risk management procedures according to the regulatory requirements of the Edition 2010 GMP, World Health Organization (WHO) and ICH Q9, etc., to identify quality risks and potential hazards and use the forward-looking or review ways to conduct scientific assessment and analysis of quality risks. Measures including elimination or reduction are implemented for risks that cannot be accepted or not fully judged, and further assessment and analysis are performed for residual risks. In addition, the Group summarized quality risk management activities and conducted communication and risk review to ensure that the management activities for the quality risks occurred

or existed during the life cycle of products are in line with the GMP and relevant regulations to ensure that product quality can protect all persons involved and always meet patients' requirements.

The Group uses potential failure mode and effect analysis (FMEA), fault tree analysis (FTA), hazard analysis and critical control points (HACCP), brainstorming, checklists, cause and effect diagram, 5WHY analysis, process control charts, experimental design, histograms, pareto diagrams, process capability analysis, and other assessment and analysis tool to conduct risk assessment and risk classification management. Corresponding countermeasures are developed for risk control, and periodic audit and review are conducted for the effectiveness of risk measures.



Quality Culture Construction

In 2018, the Group launched the “talent and technology exchange (TTE) project”, in which 10 technical experts from the domestic pharmaceutical subsidiaries of Fosun Pharma including Wanbang Bipharma, Yao Pharma, Guilin Pharma and SunTech Pharma and 7 from Gland Pharma in the fields of R&D, production, quality, etc. were selected to conduct a three-month talent exchange and technical exchange. The project will achieve the goal of “joint enhancement of the technologies and capabilities of the domestic pharmaceutical subsidiaries of Fosun Pharma and Gland Pharma” through exchange and sharing of advanced technology, the best management tools and experiences, thereby upgrading the standards on technologies and systems in the corresponding fields of Fosun Pharma and improving the core competitiveness of Fosun Pharma in the pharmaceutical manufacturing field.

In 2018, the Group and its subsidiaries focused on quality culture construction and organized a variety of quality and cultural activities including annual quality conference of the Group, quality month activities of subsidiaries, quality knowledge contest, operation skill competition and other activities. Erye Pharma won the Suzhou Quality Award, and Guilin Pharma won the 4th Chairman Quality Award of Guangxi Zhuang Autonomous Region and its “Artesun® in the Name of Artemisia” won the first prize at the speech finals of the 6th National Brand Story Contest and the “Best Story Award” specially issued by the organizing committee. Yaneng Bio held a “tea party” on each Wednesday afternoon to conduct corporate quality and cultural activities in the form of sharing and discussion.



The Speech themed Artesun® In the Name of Artemisia of Guilin Pharma

Quality 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, subsidiaries under the Group highly value the training related to quality and further enhance the awareness of conforming operation through regulations promotion combining internal and external training. In 2018, the Group invited experts in the pharmaceutical industry to jointly organize the aseptic technology forum and data integrity technology forum, and also increased the training on international regulations for subsidiaries and organized training on knowledge of EU regulations, to provide support for the international development demands of subsidiaries. Key production quality

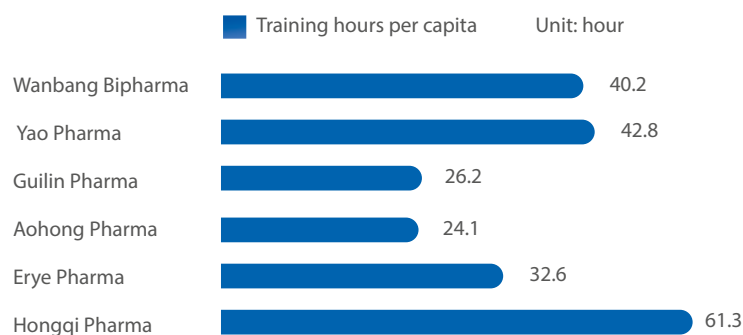
managers are offered professional forums, trainings and education opportunities on specific topics such as risk management, the production, change of techniques, verification and change management of sterile preparations on the one hand, and all staff within these enterprises participate in management training on the 2010 GMP and training of standard operation procedure on the other hand. In 2018, each person in pharmaceutical subsidiaries received more than 44 hours of quality training on average and the employees of medical device enterprises received a total of 3,348 hours of external training, representing an average of 21.7 hours per capita; the total internal training hours were 15,375h, representing an average of 13.9 hours per capita.

Annual quality training hours per capita of pharmaceutical manufacturing member companies in 2018



44 hours

Annual quality training hours per capita of pharmaceutical manufacturing member companies in 2018



Quality Training of the Certain Medical Device Subsidiaries and Diagnostic Reagents Subsidiaries of Fosun Pharma Group in 2018

| Classification of enterprises | External Training | | Internal Training | |
|---|-------------------|------------------|-------------------|------------------|
| | Total Hours (h) | Hours/person (h) | Total Hours (h) | Hours/person (h) |
| Diagnostic reagents subsidiaries | 1,373 | 16.7 | 8,894 | 16.1 |
| Medical device consumables subsidiaries | 1,975 | 27.4 | 6,481 | 11.8 |

Product Service Quality

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.

Pharmacovigilance

The Group has deployed pharmacovigilance management covering the full life cycle from the development of new drugs to the marketing of drugs. The Company has established a comprehensive pharmacovigilance system with reference to international standards, which is equipped with the pharmacovigilance management related data of advanced global pharmacovigilance system to improve efficiency and compliance.

The Group pays continued attention to the requirements and changes of pharmacovigilance related regulations, and assesses the safety of drugs by continuously collecting information to ensure that the clinical benefit of drugs to patients overwhelms the risk of medication.

In 2018, the Group improved its pharmacovigilance operations, pharmacovigilance scientific support, pharmacovigilance compliance and education-related functions in terms of organizational construction, process system construction, pharmacovigilance data management system construction, and quality system construction; The Group prepared a monthly regular meeting mechanism for

pharmaceutical subsidiaries and a mechanism for regular delivery of pharmacovigilance newsletters. Therefore, the regulations and the Group's internal pharmacovigilance related requirements were transmitted in a timely manner through regular meetings and newsletters. The Group also provided training and sharing of professional knowledge to strengthen communication and interaction among subsidiaries.

Meanwhile, the Group continues to focus monitoring on the varieties of major concern, and requires pharmaceutical subsidiaries to regularly summarize the adverse reaction data of relevant products at a certain frequency, form a written report on analysis and evaluation, formulate an adverse reaction risk management plan and proceed according to the plan, and report the summary analysis report to the headquarters of the Group as scheduled.

Protecting the health of patients and public is the ultimate goal of our pharmacovigilance work. The Group will continue to strengthen the construction of pharmacovigilance system according to international standards to convoy patients' medication.

Pharmaceutical subsidiaries proactively collect information on adverse drug reaction



100% report

Group adverse reaction caused by drug quality defects



0

Adverse Drug Reaction Report

The Group cares about medication and device usage safety for patients and values the strict monitoring and reporting of adverse drug reactions and adverse events of devices as well. In 2018, the Group continued to strictly implement the "Adverse Drug Reaction Reporting and Monitoring Management System" and the "Measures for Monitoring and Re-evaluation Management of Adverse Events of Medical Devices" 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. Medical devices enterprises are required to report the quantity and circumstances of adverse events to the Group on a monthly basis. In 2018, no adverse event occurred with the medical devices manufacturing enterprises of the Group.

In 2018, 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 2018. A total of 65 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 and medical devices 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.

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 and the complaints hotline can be put through around the clock. In 2018, the construction of a customer complaints and consulting system commenced at the Group level. The subsidiaries record complaints to every detail and give satisfactory reply to customers 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 2018, the pharmaceutical subsidiaries of the Group at home received a total of 25 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 medical device members of the Group value product quality and handling of product complaints. Full-time product managers or marketing personnel are responsible for recording of the complaints related to product quality. Full-time processing staff for product complaints will obtain the detailed information about the complaints by end users about product problems via telephone or on-site service and report to the management representative or person responsible for quality after determining the reason for the complaints through preliminary assessment so as to earnestly conduct investment and handle the quality defects. All relevant complaint records and investigation information are summarized and registered in time to carry out corrective and preventive measures. In 2018, a total of 281 customer complaints were received, all of which were responded, and the response rate of user complaints was 100%. In 2018, the diagnostic reagent enterprises Long March Medical and Yaneng Bioscience conducted a total of 287 customer satisfaction surveys, and the customer satisfaction reached 95%.

Customer complaint response rate



100%

Product Recall

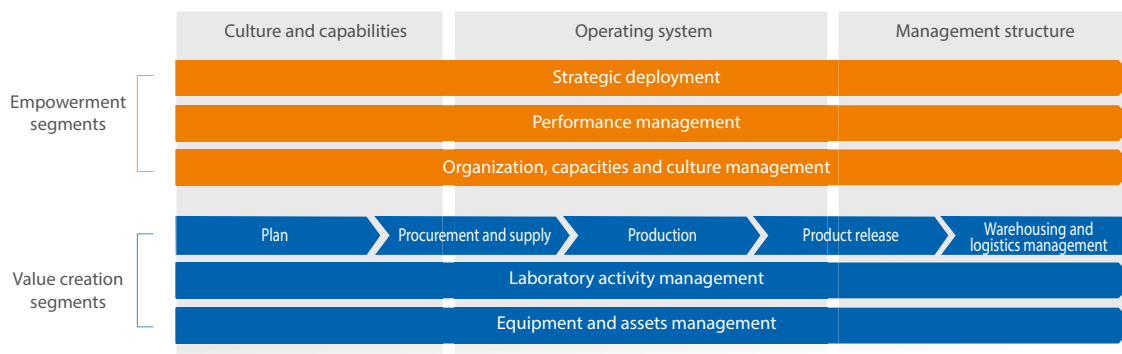
The pharmaceutical subsidiaries of the Group have prepared the "Procedures for Management of Product Recall" in accordance with the "Administrative Measures for Drugs Recall" and other regulations and relevant management systems of China. The subsidiaries regularly conduct drug recall drills to systematically verify the effectiveness of the existing recall system and ensure that drugs can be quickly recalled in case of quality concern and to

protect consumers' interests. In 2018, the domestic pharmaceutical subsidiaries of the Group conducted a total of 11 drug recall drills. In 2018, there was no product recall event occurring in the domestic pharmaceutical subsidiaries of Fosun Pharma Group. In 2018, there was no serious adverse event or product recall event occurring in the medical devices subsidiaries of Fosun Pharma Group.

Sustainable Supply Chain Management

Fosun Pharma Group continues to expand its scope and influence on the basis of establishing a production management and service system in line with international standards. With an overall layout,

Fosun Pharma started to engage in the integration of supply from 2018 to optimise and refine the excellence process.



Ten segments of the supply chain are implemented in accordance with the standards of Gartner in three aspects, i.e. management structure, operating system, and culture and capabilities. The ten segments consist of the horizontal segments of plan, procurement and supply production, product release, warehousing and logistics management, supplemented by vertical segments of laboratory activity management and equipment and assets management as well as three empowerment segments of strategic deployment, performance management and organization,

capacities and culture management. With a horizontal breadth and a vertical depth, a closed loop is formed for the end-to-end sustainable management of the supply chain. In terms of these dimensions and depths, optimization is continuously conducted in a progressive way.

The layout of excellence supply chain began in 2018 by introduction of talents, system construction and selection of pilot subsidiaries for survey to prepare for follow-up implementation.

Compliance Management of Suppliers

All subsidiaries of Fosun Pharma Group 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, the 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 of suppliers in terms of qualification, production environments, production technique standards, and quality assurance systems, etc. The Group implements classification management for suppliers based on the risk in relation to the influence of supply of

goods by suppliers on product quality. 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 comprehensive assessment on the quality, delivery time and service attitude of suppliers. In case of problems, the subsidiaries will 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. The suppliers who quality does not meet requirements will be subject to downgrading, veto, etc. In 2018, the subsidiaries of the Group vetoed 55 supplies.

Geographical Distribution of Certain Suppliers of the Subsidiaries of Fosun Pharma in 2018

| Province | Supplier Number | Province | Supplier Number | Province | Supplier Number | Province | Supplier Number |
|----------------|-----------------|----------|-----------------|-----------|-----------------|------------------------------|-----------------|
| Beijing | 94 | Jiangsu | 523 | Guangdong | 203 | Gansu | 6 |
| Tianjin | 38 | Zhejiang | 250 | Guangxi | 70 | Qinghai | 7 |
| Hebei | 110 | Anhui | 91 | Hainan | 12 | Ningxia | 3 |
| Shanxi | 21 | Fujian | 15 | Chongqing | 109 | Xinjiang | 10 |
| Inner Mongolia | 11 | Jiangxi | 33 | Sichuan | 87 | Hong Kong, Macau, and Taiwan | 7 |
| Liaoning | 85 | Shandong | 200 | Guizhou | 0 | Overseas countries | 205 |
| Jilin | 17 | Henan | 39 | Yunnan | 8 | | |
| Heilongjiang | 7 | Hubei | 72 | Tibet | 2 | | |
| Shanghai | 445 | Hunan | 82 | Shaanxi | 20 | | |

Supplier Management of Certain Pharmaceutical Subsidiaries of Fosun Pharma Group in 2018

| Subsidiary | Wanbang Bipharma | Yao Pharma | Guilin Pharma | Aohong Pharma | Erye Pharma | Hongqi Pharma |
|--|------------------|------------|---------------|---------------|-------------|---------------|
| Number of suppliers under annual review | 553 | 262 | 241 | 60 | 106 | 94 |
| Number of suppliers involved in business for the year | 592 | 349 | 241 | 60 | 166 | 94 |
| Number of suppliers under review/Number of suppliers involved in business for the year | 93.4% | 75.1% | 100.0% | 100.0% | 63.9% | 100.0% |

Notes:

1. Data of Wanbang biopharma include data of all subsidiaries under Wanbang Pharma.
2. Data of Yao Pharma include data of all subsidiaries under Chongqing Yao Pharma.
3. The products provided by the suppliers mainly include raw materials, packaging materials, auxiliary consumables, etc.
4. According to SOP requirements, subsidiaries reviewed raw and auxiliary materials, internal packaging materials or printed packing materials; certain subsidiaries reviewed the suppliers with less than three supply batches.

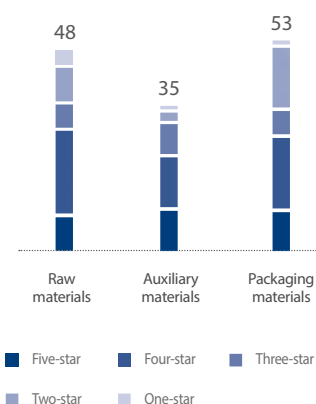
Green Supply Chain

In 2016, Fosun Pharma jointly launched the green supply chain construction project called "Green Fosun" together with its subsidiaries and suppliers aiming at guiding the subsidiaries to raise EHS standards and drive suppliers to strengthen self-control and self-regulation on EHS in the industry, to promote the supply chain ecology healthier and more sustainable in the industry. In 2016, Fosun Pharma issued the Basic Standards of Green Supplier Management, established the green supplier assessment system and conducted training and online assessment of green supplier assessment system in subsidiaries. In 2017, we selected three suppliers as pilots to complete the on-site EHS audit to audit and score the green supply chain of the three enterprises from multiple dimensions, and improvement suggestions were then given to help supply chain enterprises optimize EHS management.

In 2018, Fosun Pharma Group continued to deepen the promotion of the "Green Supply Chain" project, and cooperated with subsidiaries in refining the audit of green supply chain extension in terms of "breadth

+ depth". In July, Fosun Pharma Group organized a special training of audit on internal green supply chain extension. During the year, 24 subsidiaries conducted audit on green supply chain extension after training, mainly involving suppliers of raw materials, auxiliary materials and packaging materials. The extension audit was completed for 150 suppliers throughout the year and the on-site audit rate of suppliers reached 27%. Meanwhile, Fosun Pharma Group, together with subsidiaries, also selected three suppliers, namely Zhejiang Huahai Pharmaceutical Co., Ltd., Shandong Liao Cheng Ehua Pharmaceutical Co., Ltd. and Shandong Lu Xin Tian Yi Printing Co., Ltd., to conduct sample inspection. No suppliers with actual or potential material negative impact on environment were found.

In 2018, the green supply chain project was awarded the "Outstanding Case Award of Shanghai Green Supply Chain" jointly by a number of authorities including Shanghai Environmental Protection Bureau for the second consecutive year.



Members of the green supply chain project conduct on-site extension audit on Shandong Liao Cheng Ehua Pharmaceutical Co., Ltd.

Responsible Marketing

In 2018, 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.

The subsidiaries of Fosun Pharma Group proactively participated in the re-education and training of customers and doctors. In 2018, Yao Pharma launched the community pathology knowledge campaign themed by "Yao Pharma benefits all (藥友行·福天下)" for more than 300 times, benefiting more than 5,000 families. The popularization of health knowledge for middle-aged and elderly people and the gratuitous treatment by experts and doctors were carried out through the community. In 2018, Aohong

Pharm launched customer and doctor training and communication meeting for 600 times and attended 11 provincial academic conferences. The subsidiaries publicized product knowledge through professional academic promotion, which improved product competitiveness. At the same time, the "Marketing Center Management Platform" and "Zhuomu Island (啄木島)" public platforms were used to disseminate cutting-edge information at home and abroad, provide professional medical consultation, and assist clinical services, to realize direct dialogue with clinicians, and 21 online education sessions were held.

During the market promotion in 2018, 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 "Integrity Purchase and Sale Contract" were formulated to prohibit the sales

of controversial products, and national laws and regulations were strictly abided by.

Meanwhile, there were no violations and non-compliance with marketing and promotion requirements found with the subsidiaries of Fosun Pharma Group in 2018. 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.

Focus on Patient Safety and Improvement of the Quality of Healthcare Services

Fosun Pharma Group strives to create a health management platform with "advanced medical technology, scientific quality management, and high quality service". The member hospitals of the Group

Hospital uphold the principle of "patient safety-centered, medical quality-oriented" and constantly improve medical service quality in an effort to make each patient feel warmth, comfort, and security.

Medical Service Capacity

The member hospitals of Fosun Holdings opened a total of 4,118 beds in 2018. The total number of outpatient and emergency department visits was 3.816 million, representing a year-on-year increase of 21.7%, and the number of discharged patients was 111,000, representing a year-on-year increase of 9.9%.

In 2018, the internally organized business training of all member hospitals was held for 35,917 person-times and professional technical personnel were dispatched to attend outside training for 186 person-times, and the hospital carried out 117 new business and new projects. The member hospitals conducted different forms of patient satisfaction surveys and the average patient satisfaction exceeded 90%.

Case

Hengsheng Hospital conducted training on "The 7 Habits of Highly Effective People"

Hengsheng Hospital introduced the "The 7 Habits of Highly Effective People" from FranklinCovey, the world's top management course, aiming to improve the hospital's lean management level and the service communication skills of medical staff through training, to help the hospital achieve the development goals of superior quality and excellent service. More than 30 middle-level management members of the hospital participated in the first two-day open class, and then the hospital selected three employees to attend the internal certification lecturer training of "The 7 Habits of Highly Effective People" and all the three employees passed the lecturer certification assessment of FranklinCovey, making the hospital one of the first batch of medical institutions with certified lecturers of "The 7 Habits of Highly Effective People".

“

The training lets me feel that "real communication comes from understanding of each other", Dr. Geng Qiang, director of the Center for Reproductive Medicine said, "first to understand others and then to be understood by others. For example, as doctors, we have to make a lot of explanations to patients, while sometimes, it is difficult for patients to understand our explanations. Through the training, we have mastered "Empathic Listening" and practiced it repeatedly among colleagues, and we feel that communication with patients is more efficient and harmonious.

– Doc. Geng Qiang, director of
Center for Reproductive Medicine

”





Medical Quality System and Measures

In order to further standardize medical behaviours, ensure medical safety, improve medical quality, safeguard the legitimate rights and interests of both doctors and patients, and comprehensively improve the quality of medical care and medical services, the headquarters has established the Fosun Hospital Investment Medical Quality Management Committee and improved the three-level medical quality management system for member hospitals. It has standardized the medical system construction of member hospitals with 18 core systems on medical quality and safety as the focus and prepared the assessment criteria. There are analysis and evaluation for each quarter, quality research for the interim period and comprehensive evaluation at the end of the year. The quality of medical care of member hospitals has improved significantly.

Highlights of quality system and measures of medical service units

| | |
|----------------------------|--|
| Chancheng Hospital | <ul style="list-style-type: none"> passed JCI certification with a high score, becoming the first large-scale AAA general private hospital in China that has passed the sixth edition of JCI standard. Introduced an internationally advanced mobile care PDA intelligent identification system Improved the first-aid system in line with JCI standards, and conducted training and assessment on basic life support (BLS) for all employees Introduced the hospital infection management system and CSSD* traceability system to realize scientific data management and improve work efficiency. |
| Hengsheng Hospital | <ul style="list-style-type: none"> Quality management features: promotion of overall management based on efforts on specific aspects; mutual promotion There are five special pilot departments and special quality management counters have been set up according to the quality management system Excellent examples of ward round by department head were selected for demonstration and assessment experts were engaged to give comments and score on the site, to facilitate all departments to attach importance to the ward round by department head Mobile red banner appraisal was carried out to select "excellent quality and safety management team" to form the atmosphere of "comparison, study, chase, and overpass" |
| Zhuhai Chancheng Hospital | <ul style="list-style-type: none"> A medical quality and safety management committee has been established to meet quarterly to communicate medical quality and safe operations and propose continuous improvement measures Each department has set up a medical quality control team, which conducts ward round on medical quality once a week |
| Zhongwu Hospital | <ul style="list-style-type: none"> Negative list management was implemented for medical quality and safety, to check the operation and archived medical records, and the rate of grade A medical records of the hospital was 97.58 % A reverse tracking inspection of critical value management was conducted on a monthly basis and spot check was accumulatively conducted for 549 medical records. Any problem found was fed back and rectification was conducted in a timely manner to improve safety awareness Medical quality training and evaluation was organized |
| Wenzhou Geriatric Hospital | <ul style="list-style-type: none"> The tracking management of critical patient filing system was implemented to strengthen safety monitoring of key departments The whole process monitoring was strengthened for the quality of medical records to eliminate potential medical safety hazards. |
| Guangji Hospital | <ul style="list-style-type: none"> The hospital vigorously strengthened the daily management of critical values and important laboratory data, including strengthening the implementation of provisions on verification of 11 surgeries including surgical risk assessment, surgical labeling, surgical grade management, surgical prevention medication, and surgical approval to improve the safety factor of surgery. The hospital passed the acceptance of "2A" hospital |
| Jimin Cancer Hospital | <ul style="list-style-type: none"> Standardized treatment was implemented for cancer pain and the "demonstration ward for standardized treatment of cancer pain" work was continuously carried out. Training sessions and knowledge lectures on cancer pain were held for patients with cancer pains every quarter. Multi-disciplinary team (MDT) was organized twice a week and a total of 88 sessions were organized throughout the year Two wards were awarded two-star (highest level) "GPM ward (demonstration ward for standardized treatment of cancer pain)" by Anhui Provincial Cancer Quality Control Center |
| Wuhan Jihe Hospital | <ul style="list-style-type: none"> The medical quality and safety management capability was improved. The hospital organized all staff to learn the core medical system and strengthened the implementation of first-contract physician responsibility system, the third-level physician ward round system, and handover system The clinical pathway management was improved and diagnosis and treatment followed the clinical pathway The hospital strengthened emergency handling capability and improved emergency response level to ensure the completion of emergency treatment tasks The hospital proactively coordinated clinical departments to rescue critically ill patients and further improved emergency procedures and emergency plans, to improve emergency first aid and emergency response capabilities |
| Qilu Clinical Laboratory | <ul style="list-style-type: none"> The laboratory adhered to the quality and capability of ISO15189 medical laboratory as the construction standard, and enhanced the laboratory's refined management ability by continuously strengthening the connotation construction of the laboratory In 2018, the pass rate of external quality assessment of the National Center for Clinical Laboratories was over 98%, and the pass rate of external quality assessment of Shandong Provincial Center for Clinical Laboratories was over 99%. The hospital organized continuing medical education program on pathology and held more than 50 training sessions on pathology examination The hospital completed the construction of three inter-regional laboratory sub-centers in 2018 |

* Note: Central Sterile Supply Department is the department responsible for the cleaning, disinfection and sterilization of all reusable medical instruments, utensils and articles of all departments and supply of sterile items in the hospital.



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 Group, 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. At the beginning of 2018, Chancheng Hospital passed JCI certification with a high score, becoming the first large-scale AAA general private hospital in China that has passed the sixth edition of JCI standard.



ENVIRONMENT HEALTH AND SAFETY

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

Environmental Opex

RMB98.40 million

Environmental Capex

RMB61.12 million

Health and Safety Opex

RMB19.96 million

Health and Safety Capex

RMB18.47 million



Water intensity **3.99** ton/RMB10,000 of output value

Year-on-year **↓ 22.4%**

Comprehensive energy intensity **3.11** GJ/RMB10,000 of output value

Year-on-year **↓ 11.4%**



Greenhouse gas emissions **786,000** tons

Year-on-year **↓ 4.4%**

Electricity saved **7.23** million kWh, steam saved **15,000** tons, natural gas saved **780,000** m³



Loss time injury rate per million man-hour **0.226**

Year-on-year **↓ 45.6%**

Recordable incident rate **0.433**

Year-on-year **↓ 52.7%**



Accumulated EHS training **237,572** hours

Year-on-year **↑ 28.4%**

EHS training hours per capita **9.42** hours

Year-on-year **↑ 19.8%**

Environmental Protection

The Ministry of Ecology and Environment of the China was officially established in April 2018 and issued the “2018–2019 Scheme for Enhancing Supervision and Inspection in Key Regions regarding the Blue Sky Protection Campaign” on 5 June. The scheme requires thorough implementation of the spirit of the socialism with Chinese characteristics for the new era as proposed by Xi Jinping and the 19th National Congress of the Communist Party of China, and fully adopt the decision, deployment and work requirements of the National Ecological Environmental Protection Conference under the guidance of Xi Jinping’s ecological civilization thoughts, to further improve the ambient air quality in key areas including Beijing-Tianjin-Hebei and surrounding areas, the Fenhe and Weihe Plains and the Yangtze River Delta (the “key areas”). It is clarified that, from 11 June 2018 to 28 April, 2019, central environmental protection supervision teams will be successively dispatched to the “2+26” cities and 11 cities in Fenhe and Weihe Plains to continuously carry out intensive supervision of air pollution prevention and control and comprehensively launch intensive supervision in key areas to resolutely win the blue sky protection campaign. In addition, in 2018, the State also carried out environmental protection supervision on key waters and soil in certain areas, and vigorously carried out rectification for black and odorous waters and soil pollution.

As a group company with multiple production bases, Fosun Pharma Group has always adhered to the environmental protection policy of “implement 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”. As a proactive response to the call for the blue sky protection campaign proposed by the Ministry of Ecology and Environment, during the reporting period, Fosun Pharma strengthened environmental protection in the production and operation process of subsidiaries in a stricter and more meticulous way according to higher requirements and proactively promoted energy conservation and emission reduction, to minimize the negative impact of production and operation activities on the environment. In addition, Fosun Pharma sped up the upgrading of existing environmental

protection facilities to meet the country’s increasingly stringent environmental requirements, and resolutely put an end to major environmental events and EHS violations in operation.

At the same time, in respect of environmental protection management of new projects, the Group comprehensively carries out the environmental impact assessment to all construction, reconstruction and expansion projects and implements the “three-simultaneous” acceptance system for environmental protection. Effective environmental protection management systems have been established for all stages of new projects including start-up, construction and operation. The Group strictly implements environmental protection policies to ensure simultaneous design, construction and operation as environmental protection facilities main part of project. While prioritizing the application and introduction of advanced technologies and equipment for pollution reduction and control for new projects, the Group encourages its subsidiaries to adopt various new products and new technologies which are environmental friendly to promote the implementation of various environmental improvement projects, and actively reduce the consumption of power, energy and other resources and increase the recycling rate of resources through clean production measures like process optimization, source control promoting lean tools, EHS system and from preparation procedure 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 pollution.

For environmental emergency accidents that may potentially exist in the operation of enterprise, the subsidiaries of the Group have formulated comprehensive emergency plans and special emergency plans, organizes internal and external expert for review, and arranges regular and irregular special drills for environmental emergency plans to strengthen the professional ability of environmental emergency response personnel, so as to continuously improve the ability to deal with environmental emergency accidents and enhance the management level and efficiency of environmental emergency response.

Pollutants Discharge and Control

During the reporting period, the Group continued to intensify internal control for wastewater, exhaust gas and industrial wastes (general wastes & hazardous wastes) generated during the production and operation of subsidiaries to ensure consistent and stable compliance with national, industry and local standards and strictly implemented the “three simultaneous” system for project construction to

ensure simultaneous construction and operation of pollution prevention and control facilities and minimize the increase in discharge of pollutants caused by new projects, with a view to honoring the commitment of sustainable development of the enterprise economy and environment.

Environmental Pollutants by Fosun Pharma Group

Unit: tons/year

| | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|
| Total wastewater | 6,785,400 | 7,315,890 | 7,565,178 |
| COD | 490 | 841 | 847 |
| NH ₃ -N | 60.55 | 486 | 254 |
| NO _x | 466 | 239 | 251 |
| SO ₂ | 485 | 245 | 279 |
| Particles | 19 | 41 | 44 |
| Non-methane hydrocarbon | – | – | 18 |
| Total Solid Waste | 80,848 | 88,967 | 85,796.6 |
| Total solid waste intensity (Unit: kg/RMB10,000 of output value) | – | 48.01 | 34.36 |
| Hazardous Waste Intensity (Unit: kg/RMB10,000 of output value) | – | 1.29 | 1.07 |

Change in total NOx
discharge over 2017

↓ 47.8%

(1) Wastewater Management

As compared with the wastewater data of 2017, in 2018, the Group's total wastewater discharge increased by 249,288 tons (or 3.4%), the total chemical oxygen demand (COD) emissions increased by 5.5 tons (or 0.7%), and the total annual discharge of NH₃-N decreased by 232.3 tons (or 47.8%). Due to different standards on consolidated statements of the subsidiaries Gland Pharma and Hengsheng Hospital, the consolidated total wastewater discharged by the above two subsidiaries in 2018 increased by 387,391 and the COD discharge increased by 15.5 tons as compared with the last period of statements.

During the reporting period, the wastewater of the Group was discharged into the sewage pipe network as designated by the industrial park and was not directly discharged into the surface water body. In respect of management, the Group, on the one hand, strictly controlled the stable operation of the wastewater treatment facilities of subsidiaries and

continued to meet the standards in terms of discharge and, on the other hand, proactively increased investment in hardware for wastewater treatment facilities, added wastewater treatment facilities or upgraded or transformed wastewater treatment facilities for the subsidiaries with the wastewater treatment facilities of insufficient treatment capacity. Wanbang Bipharma, Yao Pharma, Guilin Pharma, Dongting Pharma and Zhongwu Hospital upgraded or transformed the existing wastewater treatment systems during the reporting period. Upon completion of upgrading and transformation for wastewater treatment systems, the total COD of the above 5 enterprises decreased by approximately 4.5 tons as compared with 2017. The subsidiary Shine Star re-optimized the operation of its internal wastewater treatment facilities after the release of stricter discharge standards of NH₃-N by the industrial park to improve the NH₃-N removal capacity. As a result, the estimated decrease in the discharged NH₃-N was 230 tons.

Water pollutants by segment within Fosun Pharma Group in 2018

Unit: ton

| Segment | Total wastewater | Annual discharge of COD | Annual total discharge of NH ₃ -N |
|---|------------------|-------------------------|--|
| Pharmaceutical manufacturing and research and development | 6,466,216 | 786 | 246.4 |
| Healthcare services | 941,958 | 45.6 | 6.5 |
| Medical devices and medical diagnosis | 157,004 | 14.9 | 0.8 |
| Total | 7,565,178 | 846.5 | 253.7 |

Cases

Renovation of wastewater treatment facilities



Dongting Pharma

- Renovation:** Changed the previous CASS (cyclic activated sludge system) process into the AO (Anoxic Oxic) process and added a jet system
- Effects:** Ensured uniformity of sewage aeration, effectively mediated and controlled the dissolved oxygen concentration in the sewage and improved the removal rate of COD, thereby achieving up-to-standard discharge of high-concentration pollutant inflow



Guilin Pharma

- Renovation:** diverted the process wastewater, increased a multi-dimensional electrolytic pretreatment system for high-concentration wastewater and increased a 2,000m³ anaerobic tower
- Effects:** achieved separate collection and treatment of high-concentration wastewater and low-concentration wastewater; improved the biodegradability of high-concentration wastewater; and enhanced the COD and NH₃-N removal capacity in the anaerobic section



Wanbang Bipharma

- Renovation:** upgraded and transformed the aeration tank and biological stuffing section, and replaced or added certain equipment
- Effects:** improved aeration efficiency and the activity of biological section, thereby improving the overall COD and NH₃-N removal capacity



Zhongwu Hospital

- Renovation:** increased the exhaust gas treatment equipment which collects the malodorous gases emitted during the original wastewater treatment process for absorption at the activated carbon layer
- Effects:** reduced the malodorous gas emission from the terminal and improved the environment around the sewage treatment station

(2) Air emission

Compared with the air pollution data in 2017, in 2018, the total emission of nitrogen oxides of the Group increased by 11.92 tons (representing a year-on-year increase of 5.0%), the total emission of sulfur dioxide increased by 33.53 tons (representing a year-on-year increase of 13.7%), and the total emission of particulates increased by 2.71 tons (representing a year-on-year increase of 6.6%). The increase mainly came from the production increase of the subsidiary Shine Star, whose nitrogen oxides, sulfur dioxide and particulates increased by 22.73 tons, 39.16 tons and 3.56 tons, respectively.

In 2018, with the release of the national "Three-year Action Plan on Blue Sky Protection Campaign", the local environmental protection departments have also successively published VOCs emission reduction systems and standards. In particular, special provisions were promulgated for the pharmaceutical industry in terms of collection at emission source, selection of

treatment process, emission standards and emission factors, etc. The pharmaceutical subsidiaries of the Group proactively responded to the requirements of national and regional environmental protection departments and promote the VOCs governance project of subsidiaries and relevant environmental protection facilities installation projects. A number of enterprises including Wanbang Jinqiao, Zhaohui Pharma, Guilin Pharma, Dongting Pharma and Shine Star accelerated the consultation with the mature VOCs governance service providers in the market and started to launch or construct VOCs emission reduction and treatment facilities. During the reporting period, the subsidiaries increased investment of RMB37 million in equipment for VOCs emission reduction projects.

During the reporting period, the annual emission of VOCs by the Group in an organized way was 18.11 tons, which was disclosed by the Group for the first time.

Air Emission of some subsidiaries of Fosun Pharma Group in 2018

| Subsidiary | Type of air pollutants | Configuration of air pollution treatment facilities |
|-------------------|---|--|
| Wanbang Jinqiao | Non-methane hydrocarbon | Zeolite Wheel incineration process, activated carbon adsorption |
| Zhaohui Pharma | Particulates, Non-methane hydrocarbon | Dust removal by cyclone separation, activated carbon adsorption |
| Wanbang Folon | NO _x , SO _x , particulates | Natural gas boiler gas emission |
| Wanbang Tiansheng | NO _x , SO _x , particulates | Natural gas boiler gas emission |
| Yao Pharma | NO _x , SO _x , particulates, Non-methane hydrocarbon | Activated carbon adsorption, direct emission at high altitude and dust removal with cloth bags filter |
| Carelife Pharma | Non-methane hydrocarbon | Lye spray + paraffin oil absorption + activated carbon adsorption |
| Guilin Pharma | NO _x , SO _x , particulates, Non-methane hydrocarbon | Workshop collection and pumping to the spray tower with induced draft fan + activated carbon adsorption |
| Aohong Pharma | NO _x , SO _x , particulates, Non-methane hydrocarbon | Natural gas boiler gas emission, water rinsing plus activated carbon adsorption, biological filter bed deodorization |
| Erye Pharma | NO _x , SO _x , particulates, Non-methane hydrocarbon | Lye spray absorption and combustion control method, activated carbon adsorption |
| Dongting Pharma | NO _x , SO _x , particulates | Natural gas boiler gas emission |
| Hongqi Pharma | NO _x , SO _x , particulates | Fuel boiler gas emission |
| Aleph | NO _x | Standby fuel boiler gas emission |
| Shine Star | NO _x , SO _x , particulates | Desulfurization inside the circulating fluidized bed boiler + wet ammonia desulfurization; photocatalysis |
| Henlius Pharma | NO _x , SO _x , particulates, Non-methane hydrocarbon | Boiler gas emission, activated carbon adsorption |



VOCs emission reduction and treatment project



Wanbang Jinqiao

- Process:** "zeolite wheel* + catalytic oxidation (CO)" and "activated carbon adsorption + steam desorption**"
- Effects:** collection of VOCs emission from the previous section in an organized or disorder way, treatment of VOCs after concentration or adsorption with activated carbon. After the project is put into operation, it is estimated that the annual total emission of VOCs can be reduced by more than 100 tons

Project of low-nitrogen burner reform and emission reduction for gas boiler



Wanbang Folon

- Technology:** ultra-low nitrogen burner* + FGR (flue gas recirculation technology)*, installed a flue gas recirculation pipeline on the boiler flue to connect the inlet of the burner's flue gas recirculation pipeline.
- Effects:** The concentration of the boiler's atmospheric pollutants was greatly reduced, and the emission of sulfur dioxide and nitrogen oxides were below 10mg/m³ and 30mg/m³, respectively

(3) Solid Waste Management

Total amount of solid waste as compared to 2017



↓ 3.6%

In 2018, the total solid waste generated by the Group's domestic enterprises was 85,796.6 tons, representing a decrease of 3,171 tons (or 3.6%) over 2017. In the total amount of hazardous waste of 2,683 tons in 2018, 2,538.6 tons of hazardous wastes were incinerated, 28.7 tons of hazardous wastes were subject to landfill disposal and 115.9 tons of hazardous wastes were treated in other ways (including storage for later treatment).

In the industrial solid waste, 72,690 tons of wastes were delivered to external qualified units for compliant treatment and recycling including recycling

of animal pancreas, coal cinder and traditional Chinese medicine filter residue. The wastes recycled accounted for 93.6% of the total amount of industrial solid waste.

In 2018, part of the packaging materials in the general industrial waste generated by the Group was recycled by subsidiaries and suppliers to reduce emissions to the environment, and the rest was handled by local sanitation authority. For hazardous wastes, all subsidiaries of the Group made declaration, approval, transfer and disposal in accordance with regulations. The disposal units were qualified suppliers.

Solid wastes emission by segment within Fosun Pharma Group in 2018

Unit: ton

| Segment | Domestic waste | Industrial solid waste (non-hazardous waste) | Hazardous waste |
|---|----------------|--|-----------------|
| Pharmaceutical manufacturing and research and development | 2,191.8 | 77,610.9 | 2,018.6 |
| Healthcare services | 3,061.5 | 13.2 | 648.6 |
| Medical devices and medical diagnosis | 161.1 | 74.9 | 16 |
| Total | 5,414.4 | 77,699 | 2,683.2 |

* Note 1: Zeolite wheel: the device integrates the three operation units of adsorption, desorption and concentration incineration concentrates the high-volume and low-concentration exhaust gas to high-concentration and small-volume exhaust gas, thereby improving the processing efficiency of VOCs.

* Note 2: Steam desorption: After the VOCs are adsorbed by the activated carbon, the organic solvent attached to the surface of the activated carbon is precipitated by steam purging to achieve the purpose of regeneration of the activated carbon.

* Note 3: Ultra-low nitrogen burner: burner with the NO_x discharges of less than 30 mg.

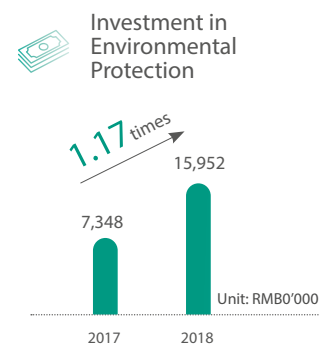
* Note 4: FGR: Flue gas recirculation technology, which mix the combustion air and the flue gas and sent the mixture to the combustion head for re-combustion, and the combustion temperature and the oxygen concentration can be lowered by controlling the flame temperature, thereby greatly reducing the emission of harmful substances such as NO_x.

Investment in Environmental Protection

In order to effectively control various environmental pollutions during the operation of the Group, reduce or improve the environmental impacts, and standardize the environmental protection management, in 2018, the Group accumulatively invested RMB159,521 million in environmental protection, representing an increase of 1.17 times as compared with 2017, among which RMB61.117 million was invested in environmental protection facilities, representing an increase of 0.14 time as compared with 2017. The investment mainly concentrated on VOCs* treatment facilities, sewage treatment facilities, malodorous gas treatment facilities, etc. RMB98.404 million was invested in the environmental protection operation and maintenance, representing an increase of 3.9 times as compared with 2017. The investment mainly concentrated on the operation of environmental

protection facilities, environmental monitoring, evaluation consultation, etc. and the investment in the operation of VOCs facilities exceeded 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.



Environmental investment by segment within Fosun Pharma Group in 2018

| Segment | Capital Expenditure of environmental facilities | | Operation Expenditure of environmental facilities | |
|---|---|--|---|---|
| | Amount (RMB'000) | Description | Amount (RMB'000) | Description |
| Pharmaceutical manufacturing and research and development | 5,947.8 | VOCs treatment project waste water treatment facilities upgrade and renovation Boiler exhaust gas treatment facilities | 9,353.4 | Operating costs of environmental protection facilities Hazardous waste disposal costs Environmental monitoring and evaluation costs |
| Healthcare services | 137.1 | Upgrade and renovation of waste water treatment station | 451.1 | Operating costs of waste water treatment station |
| Medical devices and medical diagnosis | 26.8 | Rainwater pipe network renovation VOCs governance | 35.9 | Operating costs of environmental protection facilities Hazardous waste disposal costs Environmental monitoring and evaluation costs |
| Total | 6,111.7 | – | 9,840.4 | – |

Use of Resources

Fosun Pharma Group always upholds efficient use of social resources and adheres to the principle of maximizing product output at the cost of minimum consumption of social resources. During production and operation, Fosun Pharma Group always insists

on protecting natural resources and saving social resources to prevent exchange for short-term corporate interests at the expense of social and natural resources, endeavouring to ensure a friendly and harmonious relationship with the environment in the entire value chain of business operations.

Use of Resources by Fosun Pharma Group

| | 2016 | 2017 | 2018 |
|--|--|---|-------------|
| Electricity (kWh/year) | 478,175,186 | 513,272,112 | 655,108,860 |
| Energy consumption other than electricity (GJ* /year) | 3,860,500 (after retroactive adjustment)* | 4,648,903 (after retroactive adjustment) | 5,394,870 |
| Total energy consumption (GJ/year) | 5,581,931 (after retroactive adjustment) | 6,496,683 (after retroactive adjustment) | 7,753,262 |
| Total Energy intensity* (GJ/RMB10,000 of output value) | 4.43 (after retroactive adjustment) | 3.51 (after retroactive adjustment) | 3.11 |
| Total water consumption (m ³ /year) | 8,769,376 | 9,515,697 | 9,959,415 |
| Water consumption intensity* (m ³ /RMB10,000 of output value) | 5.99 | 5.14 | 3.99 |
| Total packaging materials (tons/year) | – | – | 18,371 |

Note: The coefficient conversion standards for energy calculated with joule or multiple are subject to appendix A to the General Principles for Calculation of Comprehensive Energy Consumption and relevant data for 2016 and 2017 is adjusted according to the same standards on a retroactive basis.

* Note 1 Volatile Organic Compounds refer to a kind of volatile organic compounds in the environmental sense, that is, volatile organic compounds that can cause harm.

* Note 2: GJ: a commonly used unit for measurement of calorific value.

* Note 3: Total Energy intensity refers to the total average unit energy consumption per RMB10,000 of income from manufacturing or sales of an enterprise.

* Note 4: Water consumption intensity refers to the average unit water consumption per RMB10,000 of income from manufacturing or sales of an enterprise.

(1) 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. No biofuel is used currently. In 2018, total

energy consumption of the Group was 7,753,262GJ, representing an increase of 1,256,579GJ or 19.3% as compared with 2017. Total energy intensity was 3.11GJ/RMB10,000 of output value, down by 0.4GJ/RMB10,000 of output value as compared with 2017.

Energy consumption by segment within Fosun Pharma Group in 2018

| Segment | Electricity (kWh/year) | Natural gas (m ³) | Liquefied gas (kg) | Steam (ton) | Raw coal (ton) | Diesel (ton) | Gasoline (Liter) | Fuel oil (ton) |
|---|------------------------|-------------------------------|--------------------|-------------|----------------|--------------|------------------|----------------|
| Pharmaceutical manufacturing and research and development | 608,309,850 | 15,090,438 | 38,990 | 246,596 | 170,115 | 2,812 | 222,548 | 4,305 |
| Healthcare services | 31,687,729 | 813,724 | 14,228 | 0 | 0 | 62 | 81,410 | 20 |
| Medical devices and medical diagnosis | 15,111,281 | 216,388 | 0 | 0 | 0 | 382 | 171,359 | 0 |
| Total | 655,108,860 | 16,120,550 | 53,218 | 246,596 | 170,115 | 3,256 | 475,317 | 4,325 |

(2) Water consumption

Water consumption intensity in 2017



In 2018, the total water consumption of Fosun Pharma Group amounted to 9,959,415m³, representing an increase of 443,718m³ or 4.7% as compared with 2017, which was mainly due to the expansion of the Group's new subsidiaries and increase in the production capacity of certain enterprises. The water consumption intensity was 3.99m³/RMB10,000 of output value, a decrease of 22.4% compared with 2017.

The Group's water consumption was from local municipal water supply and mainly used for production manufacturing, operational services, healthcare services and domestic water. Meanwhile, the Group values the impact of water consumption on the environment. In addition to active application of water-saving measures (such as installation of water saving devices

including sensor faucets, energy-saving nozzles, etc.) in subsidiaries, it also adopts water-saving technologies (such as recycling of reclaimed water*, collection of concentrate water*, recycling of condensate water collected, optimization of production and cleaning processes, addition of chilled water units, etc.) to reduce consumption and utilization of water, and continue to reduce costs and improve efficiency via water conservation.

In 2018, the total water saving of the Group reached 178,704m³, accounting for 1.79% of total water consumption of the year.

Water consumption by segment within Fosun Pharma Group in 2018

| Segment | Pharmaceutical manufacturing and research and development | Healthcare services | Medical devices and medical diagnosis | Total |
|--|---|---------------------|---------------------------------------|-----------|
| Total water consumption (m ³ /year) | 8,636,134 | 1,136,839 | 186,442 | 9,959,415 |

Summary of key water saving projects of certain subsidiaries of Fosun Pharma Group in 2018

| Subsidiary | Water-saving measures | | Water saving volume (10'000 m ³) |
|--------------------|--|--|--|
| | Water saving engineering measures | Administration management measures | |
| Wanbang Bipharma | None | The cooling tower was adjusted to manual water replenishment; Rectification of leakage and dripping | 1.4 |
| Yao Pharma | Production wastewater recycling system; condensate recycle facility, etc. | Training, publicity on water conservation, etc. | 7.1 |
| Guilin Pharma | Purified concentrate water of water production station returned to the cooling tower for recycling; | None | 2.9 |
| Erye Pharma | The concentrate water of the water production station is used for fire water supply; | Leakage maintenance of underground fire pipe network at the power center Formulation of water consumption assessment system | 0.8 |
| Dongting Pharma | Addition of chilled water units to reduce the amount of circulating water in the cold water storage tower | Formulation of water consumption assessment system | 0.5 |
| Gland Pharma | Internal recycling of raw water/condensate water/reclaimed water, adoption of water-saving faucet, increase of overflow monitoring of cooling tower to reduce waste caused by overflow | None | 3.1 |
| Laishi Transfusion | Recycling of cooling water | None | 1.5 |

* Note 1: recycling of reclaimed water: refers to that the wastewater (sewage) produced in the production and operation of enterprise will be used for internal low-standard water purposes after reaching certain standards through treatment, such as greening watering, road washing, fire water replenishment, etc., thereby achieving the purposes of water conservation and reduction of consumption of water resources.

* Note 2: collection of concentrate water: A considerable proportion of concentrate water is produced when the pharmaceutical industry uses a reverse osmosis (RO) device to produce pure water. After collection and treatment, it meets the standard and is used as other process water or domestic water in the enterprise, to reduce the cost of water resources.

(3) Use of Packaging Materials

In the process of product manufacturing, transportation and sales and provision of healthcare services, Fosun Pharma Group directly and/or indirectly consumes various types of packaging materials. The top three packaging materials according to the properties and the actual consumption of the Group mainly include paper (carton, medicine cartons and instructions), glass (penicillin bottles and ampoules) and plastics (PVC hard sheets, polyethylene bottles and woven bags). In addition, various plastic bags (for drugs, CT, etc.) in hospitals also accounts for a large proportion.

For various packaging materials used other than those that cannot be recycled due to the use for pharmaceutical products, the Group adheres to the

principle of "source control, optimized use, reduction of resource consumption and pollutant emission", to proactively promote the reduction of packaging materials. On the one hand, the Group controls the source of product packaging to reduce excessive and unnecessary packaging. On the other hand, the packaging materials arising from unpacking for incoming materials are subject to classified management and certain packaging materials can be recycled for internal use. A number of measures are simultaneously implemented to promote the realization of sustainable use of environmental resources. In addition, certain subsidiaries use material turnover containers instead of one-time material containers through cooperation with upstream and downstream customers to reduce the loss of material turnover containers in the material transportation.

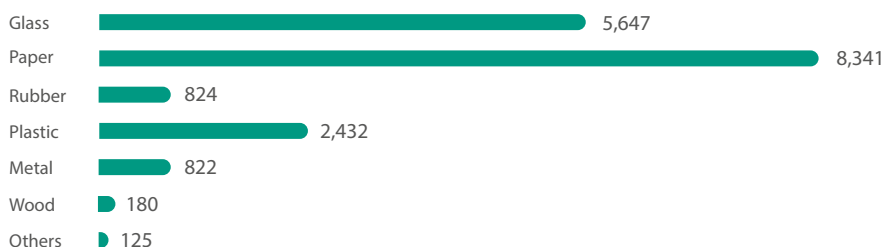
Use of packaging materials in 2018



Paper **91** tons

Type of packaging materials consumed by Fosun Pharma Group in 2018

Unit: ton



Consumption of packaging materials by segment within Fosun Pharma Group in 2018

| Segment | Pharmaceutical manufacturing and research and development | Healthcare services | Medical technologies | Total |
|---|---|---------------------|----------------------|--------|
| Total amount of packaging materials (tons/year) | 17,285 | 24 | 1,062 | 18,371 |

Cases

Recycling of packaging materials to reduce consumption of social resources



For Chindex, as a trading enterprise, all kinds of wrapping film, foam mat and air cushion film are indispensable packaging materials. When the incoming goods are unpacked, a large amount of waste packaging materials will be produced, while delivery of goods will consume a large amount of packaging materials. In view of this situation, the EHS and warehouse management personnel of Chindex set a place for recovery of air cushion film recovery in the storage room of the maintenance department to collect the air cushion film discarded by the departments of the company. These packaging materials recycled will be recycled for delivery packaging after internal arrangement and classification.



Shanghai Transfusion daily generates a large number of semi-finished products and accessories which are required to be packaged and stored in the warehouse and then be taken out of the warehouse for use by the workshop. The use of disposable packaging cartons will consume a large amount of packaging materials. In light of this situation, Shanghai Transfusion uses high-quality double corrugated cardboard cartons for the temporary storage of products. When the products are taken out of the cartons, the cartons will be collected and placed at the fixed position. The original labels on the cartons will be removed when the cartons are reused and the cartons will be re-labeled when they are filled with products. According to experience, the cartons can be recycled for 4 to 5 times.

Alleviation and Adaptation to the Climate Change

Emission of greenhouse gases compared with 2017



Greenhouse Gas and Carbon Emissions

According to the disclosure by global climate change response agencies, global carbon dioxide emissions have been on consecutive rise. The increase in carbon dioxide has caused the global temperature to rise by about 1 degree as compared with the pre-industrial level. It is imperative to curb global warming and reduce the amount of greenhouse gases emitted during the production and operation process. To improve the efficiency of energy use is the common responsibility of every citizen on the Earth and every enterprise. As a responsible listed company, Fosun Pharma Group always pays attention to the impact of business operations on the ecological environment and actively responds to the Paris Agreement by active mitigation and adaptation to climate change and continued implementation the concept of low-carbon green development.

During the reporting period, the scope of disclosure of carbon emissions of Fosun Pharma Group continued to take the physical boundaries of subsidiaries' production, operation and office as the boundaries of responsibility. The greenhouse gas emission sources within the boundaries include the burning of fossil fuels (such as natural gas, liquefied gas, city gas, raw coal, diesel, gasoline, and biofuel oil) and the purchased electricity and heat (electricity, steam). According to internal statistics, the total emission of greenhouse gases by the business operations of the Group in the PRC was 786,000 tons *, representing a decrease of 4.4% as compared with last year.

* 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 offshore companies.

Carbon emissions of Fosun Pharma Group

unit: ton

| | 2016 | 2017 | 2018 |
|---|---------|---------|---------|
| Total carbon emissions | 746,179 | 822,786 | 786,371 |
| Carbon emission arising from purchased electricity/steam source | 457,732 | 484,501 | 389,265 |
| Carbon emission arising from fossil fuel source | 288,447 | 338,285 | 397,106 |

(1) Carbon emission management system

In 2016, the Group conducted its self-investigation and measurement of carbon emissions for the first time, and disclosed the total amount of carbon emissions of the Group to the public in the social responsibility report for the first time. Subsequently, the Group will list carbon emission reduction as one of the Group's important EHS targets. In 2018, on the basis of the past investigation on carbon emissions, the EHS

personnel of the important carbon emission enterprises within the Group once again invited carbon investigation experts to provide systematic training on carbon investigation. Subsidiaries of Fosun Pharma including Wanbang Pharma, Guilin Pharma and Aohong Pharm attended the above mentioned training and re-streamlined their carbon emission after the training.



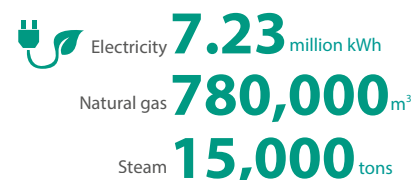
(2) Carbon emission reduction achievements

During the Reporting Period, the Group proactively promoted and implemented various energy conservation and emission reduction projects. The subsidiaries were advanced to proactively implement energy conservation and emission reduction projects through setting and assessment of the energy conservation and emission reduction goals of subsidiaries, to reduce the greenhouse gases emission during production and manufacturing. In daily publicity, the Group also energetically guides employees to emphasize the energy conservation

habits in work to let employees consciously and proactively select green office and green travel and reduce the greenhouse gases emission in work and daily travel.

According to the energy-saving data statistics of each subsidiary, the Group saved a total of 7.23 million kWh of electricity, 780,000m³ of natural gas and 15,000 tons of steam in 2018. The total carbon emission reduction was about 5,995 tons.

Breakdown of total carbon emission in 2018



Summary of key energy saving and carbon reduction projects of certain subsidiaries of Fosun Pharma Group in 2018

| Subsidiary | Energy saving measures | | | Energy saved | Corresponding carbon reduction (ton) |
|-----------------------|--|--|--|---|--------------------------------------|
| | Application of new technologies and equipment | Optimization of production process and layout | Energy management system | | |
| Zhaohui Pharma | Use of energy saving lamps, Three-dimensional heat pipe and dehumidification heat pipe (DHP) * | None | None | Electricity: 79,000 kWh | 56 |
| Chemo Biopharm | Addition of light inspection machine and reduced use of cold storage | 1. Improvement of yield due to improvement of stoste process; 2. Improvement of yield through lean projects and reduction of equipment scrap rate; | None | Electricity: 92,000 kWh | 65 |
| Wanbang Folon | Use of energy-saving lamps, air conditioning heat pipe energy-saving technology | Install light control switch for factory spotlights | None | Electricity: 59,000 kWh Natural gas: 12,000m ³ | 77 |
| Yao Pharma | Condensate reuse device, air conditioning water supply valve is changed to automatic control | None | None | Electricity: 650,000 kWh Natural gas: 342,000m ³ | 1,082 |
| Carelife Pharma | Use of solar water heater | None | None | Natural gas: 7,000m ³ | 15 |
| Guilin Pharma | Energy saving transformation for HEEC heat pipe | None | Energy saving group system | Electricity: 3,482,000kWh Natural gas: 384,000m ³ | 2,666 |
| Erye Pharma | Use of energy saving pump | None | None | Electricity: 50,000 kWh | 35 |
| Dongting Pharma | Installation of an independent refrigeration system, use of an energy-efficient natural gas boiler | None | Preparation of a safety production responsibility system for energy consumption assessment | Electricity: 100,000 kWh Natural gas: 10,000m ³ | 74 |
| Hongqi Pharma | Use of LED lights | Connection of pipeline system to the network, adjustment to the equipment operating frequency of the cooling tower and the refrigeration and cooling system, and optimization of the operation of the air conditioning system and the purified water system. | None | Electricity: 1,310,000 kWh | 1,018 |
| Gland Pharma | Use of LED lights | Installation of inverter | None | Electricity: 22,000 kWh | 20 |
| Guangji Hospital | Use of air energy water heater | None | Establishment of energy saving and emission reduction team | Electricity: 499,000 kWh | 262 |
| Jimin Cancer Hospital | None | Optimization of gas boiler operation mode | None | Natural gas: 25,000m ³ | 54 |
| Jiangsu Changxing | None | None | Use of air conditioning with temperature limit | Electricity: 500,000 kWh | 352 |
| Yaneng Bio | Energy saving transformation of HEEC heat pipe | None | None | Electricity: 326,000 kWh | 172 |
| Huaiyin Medical | None | None | Use of air conditioning with temperature limit | Electricity: 50,000 kWh | 35 |
| Shanghai Transfusion | Boiler exhaust gas heat recovery | None | None | Steam: 15,000 tons | 8.5 |

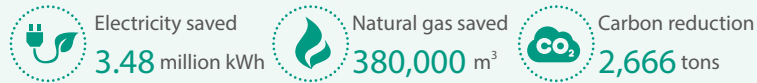
* Note: dehumidification heat pipe (DHP): A dehumidification and energy recovery device. Three-dimension refers to that heat recovery is three-dimensional, allowing heat to be transferred from side to side and from the front for efficient heat transfer. It is widely used in factories, hotels, hospitals, office buildings, metro stations, railway stations and any large building complex using centralized air conditioning.



Further engagement in carbon management to achieve emission reduction targets

Guilin Pharma

Guilin Pharma established an inter-departmental energy management team in 2018. A special team is responsible for promoting the company's energy conservation and emission reduction. The company has established and improved its energy consumption measurement system providing basic hardware foundation for independent energy measurement of each production line. An electricity consumption balance analysis chart has been prepared to analyze and compare the trend of each device and monthly electricity consumption. Initial energy-saving target indicators have been set on the basis of data basis, and the company seeks for energy-saving opportunities in daily operations based on lean management. After a year of hard efforts, the company saved a total of 3.48 million kWh of electricity and 380,000m³ of natural gas, equivalent to carbon reduction of 2,666 tons.



Prepare energy data statement
Standardize statement contents and format

Energy data analysis and feedback
Develop monthly conference mechanism

Develop a perfect assessment mechanism
Form quarterly assessment mechanism



Determine data collection frequency
Based on the monthly report, weekly report and daily report of each stage

Improve energy defects
Discuss and develop measures at monthly conferences

Water system

Completed

- Recycling of concentrate water from water system
- Suspension of operation of purified water distribution system

Operating equipment

Completed

- Transformation of hydrogen and oxygen machine
- Transformation of fire water
- Transformation of cooling method of tunnel air cooling device

Air-conditioning system

Completed

- Timely on and off of comfort air-conditioning
- Verification of down conversion of clean air-conditioning

Others

Listed in the equipment budget for 2019

- Transformation of colored water tank
- Cleaning of cooling water system
- Frequency conversion renovation of environmental protection operation center

Aohong Pharm

Aohong Pharm introduced smart energy management system in the construction of the new factory site to meet enterprises' needs in terms of energy planning, measurement, analysis and scheduling in the production process and implement real-time monitoring, tracking, recording and analysis of the energy consumption of each region and equipment in a fully automated and intelligent way. Then, various types of statement data required by enterprises in energy analysis and energy conservation and emission reduction is output as the basis for formulating targets for energy conservation and emission reduction.

Guangji Hospital

The doctors and patients in the hospital inpatient department have a large demand for hot water. However, as Guangji Hospital is located in Hunan where the sunshine conditions are insufficient to meet the demand of solar water heaters, Guangji Hospital introduced air energy water heater based on the actual conditions of the region. The water heater uses the heat pump working principle to heat and generate hot water instead of using electric heating or other energy, so as to meet the demand for hot water in hospitalized patients. According to internal calculations, the equipment can help the hospital save approximately 500,000 kWh of electricity, equivalent to carbon reduction of 262 tons.



(3) Exploration and practice of carbon neutrality

Fosun Pharma Group proactively promoted energy conservation and emission reduction projects. While reducing the emission of greenhouse gases, it also internally discussed and explored various initiatives for carbon neutrality. For the subsidiaries with plant area transformation plan, in addition to the statutory minimum green coverage ratio for plant area, they

are also required to increase the plantation area and quantity of green plants to achieve carbon neutrality. In addition, certain subsidiaries organized tree planting activity on the World Environment Day. According to preliminary statistics, more than 500 trees have been planted, and nearly 1 ton of carbon emissions can be neutralized each year.



Wanbang Folon: Newly planted palm trees in the plant lawn



Gland Pharma: Tree planting activity on the World Environment Day

Biodiversity and Recovery of Natural Habitats

Biodiversity is the condition for human survival and the basis for sustainable economic and social development. Fosun Pharma Group has always attached great importance to the protection of ecological diversity around the enterprise.

The Group adheres to the principle of ecological protection throughout the life cycle of the project and requires EHS due diligence before the acquisition of all acquired enterprises (manufacturing enterprises) to identify environmentally sensitive targets around the project and to avoid environmental risks early, including but not limited to risk assessment of soil and groundwater. If the acquired enterprises have high-risk hidden dangers in terms of biodiversity, soil and groundwater, or are classified as conditional

acquisition projects, or rejected for acquisition, the Group strives to achieve harmonious interaction between enterprises and the environment through practical actions.

The Group continued to intensify the control of soil and groundwater pollution risks, and conducted potential contamination risk investigations for the areas and facilities that may cause pollution to soil and groundwater during operation. All chemical storage areas have leakage dike and are well protected against seepage and corrosion to prevent secondary pollution caused by leakage of chemicals to soil and groundwater. In 2018, 10 subsidiaries of Fosun Pharma Group proactively conducted soil and groundwater monitoring.

Occupational Health and Safety

Lost time injury rate
compared to 2017

 **↓45.6%**

Fosun Pharma Group adheres to the principle of “safety first, prevention dominant, comprehensive management”, abides by EHS laws and regulations, and undertakes to carry out continuous improvement and risk prevention. Upholding “dual duties for one post, management of production as well as safety”, the Group practically fulfills the safety production responsibility system of management personnel at all levels and has the ultimate goal in terms of corporate EHS of providing employees with a healthy and safe working environment.

The EHS work of the subsidiaries of the Group is based on the management system with the help of various EHS management tools and management methods. The EHS work is required to ensure full coverage without any aspect not subject to management. The Group earnestly supervises and inspects the implementation of safety production of each subsidiary and urges subsidiaries to organize the preparation and improvement of the corresponding safety management rules and regulations, operating procedures and emergency response plans and conduct drills in accordance with the requirements of relevant regulations; and the effective implementation of various rules and regulations is supervised by way of unannounced inspection by the Group’s EHS team, special inspection, cross audit, etc. Thorough investigation is conducted in terms of risk identification, plan development, risk analysis, safety technology disclosure, implementation of preventive

measures, provision of personnel protective equipment, etc. The subsidiaries are urged to identify potential risk, conduct rectification and ensure “five implementations” (responsibility, measures, funding, time limit, and plans). Targeted measures are taken to strengthen on-site management and control.

In 2018, Fosun Pharma Group invested RMB18.47 million in continuously improvement of the safety and health engineering control measures and management measures at the sites of all subsidiaries, including the upgrading and transformation of API chemical safety systems (such as safety instrumented systems and safety venting systems), employee occupational health protection (such as ventilation and containment facilities) and safety hardware upgrading (falling prevention fence and various types of machine guarding and interlock); and RMB19.96 million in daily operation of occupational safety and health, including personal protection, employee occupational health checkup and routine monitoring and evaluation.

In 2018, no major safety incident or major fire incident occurred. As at the end of 31 December 2018, the group reached 1,433 days without fatality or paralysis or amputation incident. The rate of injury incident case in 1,000,000 working hours decreased by 46% as compared with the last year. There was no fire event throughout the year and the overall safety performance kept stable.

Health and Safety Performance of Fosun Pharma Group

| | 2016 | 2017 | 2018 |
|---|--------|--------|--------|
| Total number of employees | 16,235 | 23,534 | 25,233 |
| Major injury rate per million man-hour | 0.220 | 0.030 | 0.038 |
| Minor injury rate per million man-hour | 0.360 | 0.385 | 0.188 |
| lost time injury rate per million man-hour | 0.580 | 0.415 | 0.226 |
| Recordable incident rate per million man-hour | 1.050 | 0.915 | 0.433 |
| Occupational hazard exposure rate | 14.89% | 12.42% | 12.34% |
| H&S investment (RMB0'000) | 3,155 | 3,919 | 3,843 |

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. 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.



Top-level design

- Systematic EHS Management
- EHS target indicators
- EHS management team
- Special resource investment
- Safety committee
- Dual duties for one post
- Safety production responsibility system



Efficient execution

- JSA[†] risk assessment
- HAZOP[‡] analysis
- Equipment integrity
- Change management
- Explosion-proof design
- Hazardous operation permit
- Chemical safety



Review & benchmarking

- Fosun International System Review
- Third-party audit by system certification organization
- Unannounced EHS inspection of Fosun Pharma
- Special EHS inspection of Fosun Pharma
- Customer review



Pursuit of excellence

- Micro classroom
- EHS TIPS
- Inheritance of good practices
- Cross-sector study
- Starting with design

* Note 1 OSHA: Occupational Safety and Health Administration of the United States

* Note 2 JSA: Job Safety Analysis is a method used to assess any potential hazard associated with a defined activity to minimize risk.

* Note 3 HAZOP: The abbreviation of “Hazard and Operability Analysis”, the professional tool or method in the health management safety management system that is mainly used to identify and evaluate relevant risks.

Safety Management

Leaders at all levels of Fosun Pharma Group, from the chairman, CEO to the grassroots management personnel, have profoundly recognized the importance of safety for business operation. Through the top level design of safety management, the safety production responsibility system is implemented at all levels, and safety management is included in performance assessment. The Group's EHS focuses on the point-to-point supervision of key safety risks in the major production activities of subsidiaries to achieve empowerment management.

Each subsidiary strictly implements various risk prevention and control and Potential risk investigation and management systems, organizes the investigation of Potential risk for dangerous operations, sets corresponding safety warning signs, and equips with ventilation, testing, rescue and other equipment; all levels of management personnel are urged to earnestly perform their duties and timely eliminate Potential risk of production safety accidents.

According to the production characteristics of the API enterprises, the process safety management will continue to be promoted, and the HAZOP process hazard assessment will be Implemented in design stage. Relevant equipment is subject to inert protection, upgrading and renovation and electrostatic grounding is confirmed and upgraded based on the process hazard analysis. In respect of safety of equipment, further efforts are made on the upgrading and renovation of Machine guarding; the Group strictly monitors the maintenance and repair safety of facilities and implements Hazardous work; electrical safety inspection has also been intensified to prevent electrical fire.

In the hospital service segment, the Group completed the identification of the real situation of all member hospitals by leveraging In the process of promotion of implementation of the hospital EHS

management system- HOPES score card and identify key priority EHS elements and carried out drafting of specific improvement action plan and follow-up tracking. In addition, many member hospitals have made investment in hardware and operational improvements in terms of safety, food safety, etc. including installation of security cameras for staff along the way from the hospital to the dormitory in in Chancheng Hospital, strengthened linkage with police of local police station and simulation exercises by Guangji Hospital and Hengsheng Hospital, and "Clean Kitchen (明厨亮灶)" project in Jimin Cancer Hospital, to improve the level of safety management from many aspects.

The safety management of Fosun Pharma Group is implemented throughout the entire life cycle of facilities. The safety requirements under various national norms are strictly complied with since the design of facilities and appropriate methods are selected to identify risks in addition to implementation of risk control in design. In 2018, the ESH team widely participated in the design of the expansion of materials synthesis workshop of Zhaohui Pharma, construction of VOCs governance facilities of Wanbang Jinqiao, the project of Erye Pharma in Shandong, etc., and conducted HAZOP analysis and corrected the risks identified in HAZOP in subsequent design. In the construction of new projects in the future, Fosun Pharma Group will continue to conduct HAZOP analysis for the design stage for complicated processes.

In 2018, the rate of injury incident case in 1,000,000 working hours was 0.038 and the minor injury accident rate was 0.188. The Lost time injury rate (excluding offsite) throughout the year was 0.226 and the recordable accident rate was 0.433. Female employees accounted for about 1/4 of those involved in the accidents. The main causes of the accidents included injuries to the body caused by trips and falls, crowding, falling of materials in the working environment and eye or body injuries caused by abnormal contact with chemical reagents.

Safety performance by segment within Fosun Pharma Group in 2018

| Segment | Total number of employees | Total working hours (hours) | Number of Lost Time Injury (LTI) case | LTI rate | Including | | Lost time | Number of Recordable Incident (RI) | RI rate |
|---|---------------------------|-----------------------------|---------------------------------------|----------|-----------------------------|-----------------------------|-----------|------------------------------------|---------|
| | | | | | Number of major injury case | Number of minor injury case | | | |
| Pharmaceutical manufacturing and research and development | 17,315 | 36,777,867 | 8 | 0.218 | 0.027 | 0.191 | 233 | 17 | 0.462 |
| Healthcare services | 5,544 | 11,203,121 | 4 | 0.357 | 0.089 | 0.268 | 69 | 6 | 0.536 |
| Medical devices and medical diagnosis | 2,374 | 5,184,698 | 0 | 0.000 | 0 | 0 | 0 | 0 | 0.000 |

Safety begins with design and pursues intrinsic safety at the source

Aohong Pharma

The newly built factory base of Aohong Pharm accepted the second-party review of EHS system by the High-tech Group in 2018. The construction site management was an important part of the system review. How to introduce the basic requirements and specifications of EHS at the source of design and construction, how to achieve intrinsic safety in the early stage of construction, how to ensure the safety of people in the construction process, etc. are the first considerations of the element group and the construction team. After rounds of internal discussions and communication, the element group of Aohong Pharm has finally formulated a number of internal management systems and documents including the EHS standards for the construction projects of Aohong Pharm and the EHS management standards for the construction site.



Hongqi Pharma

Hongqi Pharma clearly required inclusion of EHS personnel in the start-up working group of construction project, and EHS was required to attend each discussion of construction project. EHS requirements and suggestions were proposed in the construction project to ensure that the construction project met EHS requirements.



Technical interlayer with load-bearing capacity and maintenance access can reduce the risk of falling from a high place for maintenance personnel

Continuous promotion of process safety management (PSM) to improve process safety

Wanbang Jinqiao

Wanbang Jinqiao invested RMB760,000 in equipping the reactor's automatic temperature control unit (TCU), to integrate the existing thermal energy infrastructure of the reactor into the single-fluid system of the reactor temperature and control reaction process temperature of single or multiple reactors through calculation. Through temperature control automation, the process safety of the reaction was improved, reducing the risk of empyrosis or chimaton and occupational exposure of the heating medium.



Wanbang Jinqiao

Wanbang Jinqiao changed the temperature control mode of the ethanol tank from the original cooling water spray in summer to thermal insulation; and increased the breather valve on the ethanol tank from one to two, the thermal insulation will prevent impact of pump failure on temperature control effects; the newly added breather valve could reduce the possibility of pressure imbalance inside and outside the ethanol tank caused by the failure of the single breather valve and the deformation and fracture of the ethanol tank caused by pressure imbalance and improve process safety.



VS



Occupation Health

Employees are the most valuable asset of Fosun Pharma Group, and we realize that employee protection is one of the important aspects of our EHS work. All subsidiaries of Fosun Pharma Group are subject to national regulations and standards and guided by international good practices, and effectively carry out risk assessment on positions exposed to toxic and harmful substances, achieving 100% of risk identification rate for positions exposed to toxic and harmful substances. No occupational disease case as identified officially happened during the year.

The occupational hazards of Fosun Pharma Group include chemical exposure, dust, noise, heat stress, radiation, biological factors, etc. The preferred risk control methods include substitution and engineering control measures to achieve collective protection. In the year, the focus was placed on installation and upgrading of engineering control measures for ventilation and dust removal equipment,

noise reduction measures, to constantly improve the working environment of employees; personnel protection was performed for the exposure of residual risk and the protective equipment configuration rate reached 100%; occupational health surveillance was conducted for the employees on positions exposed to occupational health hazards. Throughout the year, the Group completed occupational health examination for 2,939 employees, covering all the employees who should accept occupational health examination, and maintained employee occupational health file; for the occupational disease hazards at the operation sites, testing and monitoring were conducted according to the requirements of regulations, and the monitoring results were communicated with the employees. Meanwhile, adjustment and improvement were made to the personnel protection measures for employees based on the operations of employees and occupational hazard monitoring factors.



Occupational health performance by segment within Fosun Pharma Group in 2018

| 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 | Major occupational hazards |
|---|--|---|---|--|---|
| Pharmaceutical manufacturing and research and development | 2,671 | 15.43% | 2,498 | 100% | Chemical, dust, noise, heat stress, ionizing radiation |
| Healthcare services | 347 | 6.26% | 346 | 100% | Ionizing radiation, infection, bio-hazard, blood infection |
| Medical devices and medical diagnosis | 95 | 4.00% | 95 | 100% | Chemical, dust, noise, high temperature, ionizing radiation, infection, bio-hazard, blood infection |
| Total | 3,113 | 12.34% | 2,939 | 100% | – |

Introduction of new technologies and equipment to eliminate / reduce occupational health hazards in the workshop

Hongqi Pharma

Drug dust is the main hazard in the production process of solid preparations. Hongqi Pharma conducted engineering renovation for drug dust control, including weighing hood, dustless feeder, vacuum feeding, etc. The use of closed dust containment facilities can prevent dust generation, to reduce employees' exposure to dust, improve the working environment of employees and improve the safety control of dust explosion.



SunTech Pharma

Good ventilation is very important for creating a safe and clean laboratory environment, ensuring the scientific and reliable experimental conditions and safety during experiment. SunTech Pharma provides occupational health protection against the organic vapor in laboratories through fume hood, floor type fume hood, universal suction hood, etc. SunTech Pharma requires operators to wear protective half masks during operation of the chemical reagents in the fume hood and close the sash to ensure that the organic vapor in the fume hood will not scatter outside the fume hood, to prevent inhalation of chemical reagents by the human body, thereby protecting the occupational health of employees.



Investment on Health and Safety

Continuous creation and improvement of a good working environment is one of the core contents of Fosun Pharma Group's EHS management. The Group adheres to the "three simultaneous" philosophy and always upholds the principle of maintaining occupational health and safety facilities and main production facilities simultaneous. The investment and expenses required for occupational health

and safety facilities and employee protection are independently detailed in the financial subjects and separately budgeted and accounted for separately. In the reporting year, the Group invested a total of RMB38.426 million in occupational health and safety, including investment of RMB18.467 million in fixed assets and occupational health and safety operation costs of RMB19.959 million.

Investment on Safety by segment within Fosun Pharma Group in 2018

| Segment | Capital Expenditure on Safety | | Operation Expenditure on Safety | |
|---|-------------------------------|--|---------------------------------|--|
| | Amount (RMB'000) | Description | Amount (RMB'000) | Description |
| Pharmaceutical manufacturing and research and development | 1,381.2 | Lightning protection facilities Fire rectification Occupational health emergency equipment | 1,823.4 | PPE Occupational health examination Maintenance cost on firefighting equipment |
| Healthcare services | 332.1 | Fire equipment upgrade and replacement | 85.0 | PPE Occupational health examination Maintenance cost on firefighting equipment |
| Medical devices and medical diagnosis | 133.4 | Fire equipment upgrade and replacement Occupational health emergency equipment | 87.5 | PPE Occupational health examination Maintenance cost on firefighting equipment |
| Total | 1,846.7 | – | 1,995.9 | – |

EHS Operation

In 2018, Fosun Pharma Group continued to pursue the sustainable development of the environment and society in EHS work and aimed at providing a healthy and safe workplace for employees, endeavouring to honor the Group's commitments in the EHS policy, to ensure that the Group's business activities complied with laws, regulations and standards related to environmental health and safety, prevent pollution and continuously improve the Group's EHS performance.

Focusing on the abovementioned EHS work objective, on the one hand, the Group continued to optimize

and strengthen the EHS culture and emphasize "high execution and strong driving force", and carried out and promoted EHS work from top to bottom, to improved EHS system management level and pursue EHS management; and, on the other hand, the Group accelerated the construction of the EHS team and strengthened the training of EHS talents. At the group level, the EHS expert selection and training mechanism was launched. A system of special person in charge of EHS was established within enterprises and the professional quality of EHS personnel was improved through the irregular special training on internal system and various elements.



EHS policy of Fosun Pharma Group

Vision

- To become a leading company in the mainstream global healthcare markets

EHS objectives of the Company

- To comply with applicable EHS regulations and other requirements;
- To implement EHS pollution prevention and continuous improvement;
- To insist on sustainable development of the environment and society;
- To provide employees with a healthy and safe workplace;

EHS culture and value cores

- EHS is the top-level engineering of enterprises
- EHS management keeps improvement to seek for perfection
- EHS takes "creating profit" as a means
- EHS concept in heart, practice externally

Summary of EHS System Certification and Training of Fosun Pharma Group

| | 2016 | 2017 | 2018 |
|---------------------------------|--------|---------|---------|
| ISO14001 | 10 | 12 | 15 |
| OHSAS18001 | 9 | 11 | 15 |
| Safety Standardization | 21 | 22 | 24 |
| Clean production | N/A | N/A | 13 |
| Total Training Time (hour) | 93,431 | 185,067 | 237,572 |
| Training time per person (hour) | 5.75 | 7.86 | 9.42 |
| Number of times per person | 2.1 | 1.8 | 2.5 |

Note: Training time per person = total training time / total number of employee; number of times per person = total times/total number of employee;

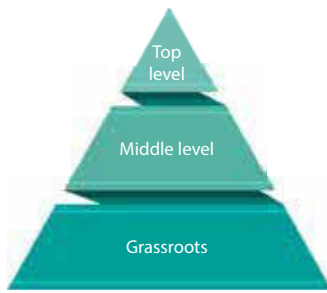
EHS compliance disclosure

In 2018, 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.

As at the end of 2018, 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. In addition, 9 subsidiaries of the Group were successively commended and awarded by the local environmental protection, security and/or firefighting department.

EHS Culture Establishment



In 2018, in terms of EHS team and culture construction, Fosun Pharma Group continued to uphold the principle of "connection, integration" in proactive promotion of EHS exchange between the Group and subsidiaries, between segments and subsidiaries. The Group advocated EHS Professional sharing and resource sharing to extend the value of EHS experts in the Group to other segments and subsidiaries through internal cross audit, special project support, and classroom sharing and better reflect the professional value of internally trained EHS experts. In the EHS Management Month in 2018, with the theme of "My Story with EHS", we

guided employees of subsidiaries to review the past and feel the achievements of EHS for employees' health, safety and environmental protection from the perspective of humanity and sentiment, to let employee achieve resonance and recognition of EHS work and strengthen the corporate culture value of "engagement of everyone in EHS, I want EHS" of Fosun Pharma.

The Group has gradually formed a pyramid-shaped internal EHS culture pattern and built three levels of "top/middle/grassroots" to jointly focus on and promote the EHS work.



Cases

EHS recognition and leadership of the management of Wanbang Bioharma



At the annual conference of Wanbang Bioharma, a subsidiary of Fosun Pharma, Mr. Wu Shibin, vice chairman, CEO and president of Wanbang Bioharma, proposed the following requirements on EHS:

- EHS is of great important and the project of top priority for an enterprise and requires all employees' participation;
- EHS shall become lean and require strict implementation of various requirements of EHS system to pursue the lean achievements arising from EHS management;
- To lead the industry, the current goal is to meet the 4.0 requirements of EHS system;

Middle-level cadres signed EHS responsibility statement



Yaneng Bio' has internally proposed the slogan that EHS is the project of top priority which requires the enterprise to focus both on production and operation and EHS work. The front-line EHS work shall be carried out in member enterprises thoroughly and the EHS improvement shall be implemented and accelerated. Upon signing the EHS responsibility statement with Fosun Pharma Group, the management of Yaneng Bio' also signed the internal EHS responsibility statement with the cadres at all middle levels and department heads of Yaneng to refine the EHS assessment indicators for management and clarify the EHS management requirements. Besides, the EHS management committee and EHS element responsible person system was strengthened at all levels. In 2018, Yaneng Bio' accepted the internal EHS audit by the Group for the first time and scored 3.4, the highest among those who scored 3 and above.

Guilin Pharma "Oath on Safety and Lean Management" of EHS management month activity



With the theme of "green first, internalization in the heart; safety based, external practice", in May 2018, Fosun Pharma Group launched a new round of EHS management month series activities, including the EHS footprint photo collection, essay on story between EHS and I, special EHS activities for subsidiaries, etc.. As of the end of July, this round of EHS management month covers 100% of the core subsidiaries with about 20,000 employees, the Group received a total of 1,000 footprint photos and 206 essays, and 35 member enterprises have carried out special EHS activities, e.g. special EHS drills, fire fighting competition and evacuation simulation exercises, special knowledge contests on EHS and so on. The picture on the left shows that Mr. Wang Wenxue, president of Guilin Pharma, leads the employees of the company to read the "Oath on Safety and Lean Management" to make EHS commitments.

EHS System Construction

Fosun Pharma Group proactively promotes the implementation of EHS management system of Fosun Pharma Group in subsidiaries. In 2018, it proposed the “improvement and sprint 4.0” requirements for the audited enterprises and set 3 points as qualified score. In the final annual review, three subsidiaries scored 3.8 points, the highest score in history. For hospitals in the healthcare services segment, upon preliminary measurement and investigation in accordance with the requirements of HOPEs management system, the EHS Risk Identification Manual for Hospital Investment series were successively launched for the common weaknesses of hospitals to help member hospitals to improve the overall EHS management level. In general, the Group's EHS system improves in stable operation.

While accelerating the establishment and review of the Group's internal EHS system, all member companies have also actively promoted and carried out external third-party system certification/assessment. By the end of 2018, totally 15 subsidiaries of the Group received third party certifications of ISO14001 and/or OHSAS18001, and 24 subsidiaries passed the third party assessment on safety and quality standardization of the PRC, which has increased in number compared with the previous year. In addition, manufacturing subsidiaries actively responded to the national green manufacturing and clean production policy requirements, and carried out assessment and certification of corporate clean production. By the end of 2018, 13 subsidiaries had completed this work.

Certifications on EHS Management Systems and Safety Standardization of Major Subsidiaries of Fosun Pharma Group in 2018

| Subsidiary | Safety Standardization | Subsidiary | Safety Standardization |
|----------------------|--|-----------------------------|--|
| Wanbang Biopharma | ISO14001, OHSAS18001, Class III Safety Standardization, clean production | Yao Pharma | ISO14001, OHSAS18001, Class II Safety Standardization, clean production |
| Wanbang Jinqiao | ISO14001, OHSAS18001, Class II Safety Standardization, clean production | Guilin Pharma | ISO14001, OHSAS18001, Class II Safety Standardization, clean production |
| Zhaohui Pharma | ISO14001, OHSAS18001, Class II Safety Standardization, clean production | Erye Pharma | ISO14001, OHSAS18001, Class II Safety Standardization, clean production |
| Chemo Biopharm | ISO14001, OHSAS18001, Class II Safety Standardization, clean production | Dongting Pharma | ISO14001*, OHSAS18001*, Class III Safety Standardization, clean production |
| Wanbang Folon | ISO14001, OHSAS18001, Class III Safety Standardization, clean production | Hongqi Pharma | ISO14001, OHSAS18001, Class II Safety Standardization |
| Huanghe Pharma | ISO14001*, OHSAS18001*, Class II Safety Standardization | Shine Star | ISO14001, OHSAS18001, Class II Safety Standardization |
| Wanbang Tiansheng | Class III Safety Standardization | Research Institute Pharma | ISO14001*, OHSAS18001*, Class III Safety Standardization |
| Long March Medical | Class II Safety Standardization | Jimin Cancer Hospital | ISO14001, OHSAS18001*, Class II Safety Standardization |
| Fosun Biolog | Class II Safety Standardization | Gland Pharma | ISO14001, OHSAS18001 |
| Jiangsu Changxing | Class III Safety Standardization* | Wenzhou Geriatrics Hospital | Class III Safety Standardization |
| Huaiyin Medical | Class III Safety Standardization, clean production | Carelife Pharma | Class III Safety Standardization |
| Shanghai Transfusion | Class III Safety Standardization, clean production | Aohong Pharma | clean production |
| Laishi Transfusion | Class III Safety Standardization*, clean production | Aleph | Class III Safety Standardization |

* indicates newly passed certification during the Reporting Period



Average EHS training hours per person

 **9.42** hours

as compared to 2017

↑19.8%

EHS Capacity Building

With the continuous advancement of the EHS system within Fosun Pharma Group, the construction of the EHS team of the Group has gradually transformed from the increase in the number of personnel to the improvement of quality and capability, which requires subsidiaries to equip with sufficient EHS staff to promote various tasks and provides various special trainings for EHS professionals of subsidiaries, including but not limited to enterprise EHS management committee, EHS special element group and Emergency Response Team (ERT).

The non-trading subsidiaries of the Group have established an EHS management committee to regularly organize or co-organize EHS meetings, EHS trainings, safety inspections, emergency drills and other activities at the group or organization level.

In 2018, the Group continued to strengthen the construction and capacity building of Emergency Response Teams (ERTs) for subsidiaries to improve the

copied capacity of subsidiaries in case of emergencies such as fire, chemical spill, and casualties.

For EHS special element members, a number of means were adopted to improve their EHS professional literacy. At the group level, the WeChat training classroom was tried for the first time and special classroom trainings on nine special elements were successively launched. Meanwhile, the Group continued to promote 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 subsidiaries to deliver EHS related knowledge and management requirements to EHS team members and improve the business capabilities of EHS personnel.

In 2018, a total of 237,572 hours of traceable EHS training was organized by the Group, with a total of 62,813 person-times, including 2.49 training sessions per person and 9.42 hours training time per person, representing an increase of 19.8% compared to 2017.

EHS training by segment within Fosun Pharma Group in 2018

| Segment | Total number of employee-times | Total hours | Hours per employee | Times per employee |
|---|--------------------------------|-------------|--------------------|--------------------|
| Pharmaceutical manufacturing and research and development | 44,614 | 199,323 | 11.51 | 2.58 |
| Healthcare services | 12,692 | 24,071 | 4.34 | 2.29 |
| Medical devices and medical diagnosis | 5,507 | 14,178 | 5.97 | 2.32 |
| Total | 62,813 | 237,572 | 9.42 | 2.49 |

EHS special training of subsidiaries



Zhongwu Hospital

Although the medical staff of Zhongwu Hospital has the reputation of “white angel”, it also bears the labor intensity and psychological pressure that ordinary people cannot bear. In promoting the HOPES system in the hospital (the EHS management system created by Fosun Pharma Group for the hospital risks in 2017), an EHS psychological counseling class was set up to provide psychological crisis intervention for medical staff to help them properly cope with and deal with various hidden pressures.



Carelife Pharma

Carelife Pharma simulated emergency treatment of barreled chemical spills



Wanbang Biopharma

The “2018 practical emergency exercise for hazardous chemical leakage and fire” as organized by the management committee of the Xuzhou Economic Development Zone, was held at the Jinqiao plant of Wanbang Biopharma. The exercise assumed injuries caused by fire due to the improper stoppage for the leakage of ethyl alcohol in the ethyl alcohol tank farm. Wanbang Biopharma participated in the exercise as a major co-organizer.

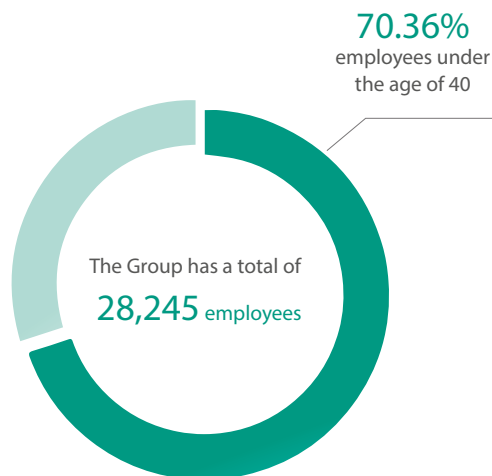


Employees are one of the most important stakeholders of Fosun Pharma Group. Fosun Pharma Group actively carries out sustainable development of talents. Through the combination of talent acquisition and training, it provides a platform for talents to develop and realize their own value, and has built a talent team that recognizes corporate culture and has entrepreneurial spirit.

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.





328 employees holding a doctorate degree, representing a year-on-year increase of **↑ 28.13%**

2,922 employees holding a master's degree, representing a year-on-year increase of **↑ 19.12%**



In 2018, the Group's cash payment to employees and on behalf of employees exceeded RMB**3.914** billion, representing an increase of **↑ 36.28%** as compared to 2017



The Group's overseas employees reach **4,844** and are distributed in the United States, India, Israel, Africa, Europe and other countries and regions



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.

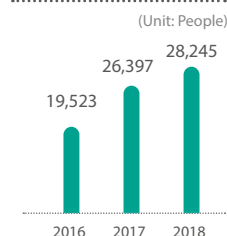
100% of male employees whose spouse gives birth will enjoy paternity leaves

Employee Structure

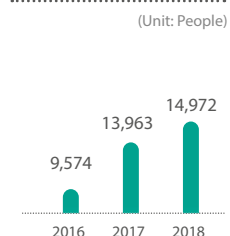
As of 31 December 2018, the Group had a total of 28,245 employees, representing an increase of 7.0% as compared to 2017, including 14,972 male employees (53.01%) and 13,273 female employees (46.99%). In 2018, adhering to the corporate culture of "Self-improvement, Teamwork, Performance

and Contribution to Society", the Group continued to optimize its employee structure, attract entrepreneurial talents, and uphold the talent policy of younger, more educated and international talents to be better in line with the business development.

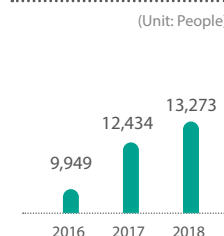
Total number of employees of Fosun Pharma Group



Total number of male employees of Fosun Pharma Group



Total number of female employees of Fosun Pharma Group



Young Talents

The Group attaches great importance to young talents and the construction of a new generation of talent team, so that the employee structure can better cope with the future business development of the Group, and more and more young people with high potential will take the core positions in the Company to inject

more vitality for the sustainable development of the Group. As of 31 December 2018, the number of employees under the age of 40 of the Group reached 19,872, representing 70.36% of the total number of employees.

Age Structure of Fosun Pharma Group

| Year | Aged 16~20 | Aged 20~30 | Aged 30~40 | Aged 40~50 | Aged 50~55 | Aged 55~60 | Aged 60-65 |
|------|------------|------------|------------|------------|------------|------------|------------|
| 2016 | 176 | 6,513 | 6,135 | 4,747 | 1,214 | 557 | 181 |
| 2017 | 106 | 8,951 | 8,887 | 5,940 | 1,546 | 683 | 284 |
| 2018 | 140 | 9,768 | 9,964 | 5,886 | 1,486 | 711 | 290 |

* Note: This report contains the number of employees, and the scope of statistics does not include outsourcing employees. The 2017 statistics are retrospective adjustment data.

Highly Educated Talents

The Group continued to hire talents with advanced education and cultivated reserve talents of the Company in 2018. As of 30 December 2018, there were up to 328 employees holding a doctorate degree, an increase of 28.13% from the last year, and those holding a master's

degree increased by 19.12% year-on-year to 2,922. The overall education level of employees further increased with employees holding a bachelor's degree or above accounting for 43.86%.

Employee Educational Structure of Fosun Pharma Group

Unit: People

| Year | Doctorate degree | Master's degree | Bachelor's degree | College degree | Technical school graduate or below |
|------|------------------|-----------------|-------------------|----------------|------------------------------------|
| 2016 | 134 | 1,021 | 5,395 | 4,977 | 7,996 |
| 2017 | 256 | 2,453 | 8,193 | 6,541 | 8,954 |
| 2018 | 328 | 2,922 | 9,137 | 7,183 | 8,675 |



Talent and Technology Exchange (ITE) program

Talent Internationalization

The employees of the Group have a wide geographical distribution, covering several major regions of Eastern China, Southern China, Central China, Southwest China and Northeast China. From a global perspective, in 2018, the Group's employees in the United States, Switzerland, Poland, India, France, Israel, Cote d'Ivoire and other countries reached 4,844.

Global Employee Distribution of Fosun Pharma Group (based on the location of the company)

Unit: People

| Area | 2016 | 2017 | 2018 |
|--|-------|--------|--------|
| Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai) | 9,013 | 10,096 | 11,054 |
| Southern China (Guangdong, Guangxi, Hainan) | 3,276 | 4,604 | 4,742 |
| Central China (Hubei, Hunan, Henan, Jiangxi) | 3,442 | 3,543 | 3,853 |
| Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia) | 191 | 241 | 280 |
| Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu) | - | - | - |
| Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing) | 2,001 | 1,951 | 1,869 |
| Northeast China (Liaoning, Jilin, Heilongjiang) | 1,387 | 1,500 | 1,493 |
| Hong Kong, Macao and Taiwan | 14 | 14 | 40 |
| Overseas | 343 | 4,448 | 4,844 |

Overseas Employee Distribution of Fosun Pharma Group (based on the location of the company)

Unit: People

| Area | United States | India | Israel | Africa | Europe |
|-------------------|---------------|-------|--------|--------|--------|
| Number of persons | 16 | 3,581 | 433 | 664 | 220 |

Employee Outflow Changes of Fosun Pharma Group

Unit: People

| | 2016 | 2017 | 2018 |
|---------------------------|--------|--------|--------|
| Outflow rate of employees | 17.89% | 20.54% | 21.22% |
| Loss rate of employees | 14.86% | 16.93% | 17.69% |

Note: Outflow rate = $\frac{\text{number of all departing employees}}{(\text{total number of employees at the beginning} + \text{end of the period})/2}$

Loss rate = $\frac{\text{number of voluntary departing employees}}{(\text{total number of employees at the beginning} + \text{end of the period})/2}$

Employee Training

Talent is the core competitiveness of enterprises. Fosun Pharma has always regarded the mutual development of the Company and its employees as one of the most important responsibilities of the Company, and continuously strives to provide employees with more and better career development opportunities and working environment. Through the integration of cultural values, the continuous

growth of organizations and the optimization of organizations, Fosun Pharma has promoted team cooperation and jointly created value and continued to build elite cultural organizations to promote talent development and practice corporate social responsibility to achieve the vision of mutual development of the Group and its employees.

Fosun HealthCare Management Institute

The Training and Development Center was established in 2009. In 2017, Fosun HealthCare Management Institute was established. In the past year, the Institute has undertaken training on staff's leadership, professional skills, dissemination of cultural ideas and other functions, allowing employees to study from work through "a university that never graduates" and

develop from learning, to boost the development of the Company.

In 2018, Fosun Pharma launched four series of training courses/programs, namely "New Employee/Company Series", "Leadership Development Series", "Professional Series" and "Common Skill Series".

1

New Employee/Company Series: Fosun Pharma provides informative orientation, executive luncheon and sharing with classmates to fresh employees and continued to care about their work and life within two months since Day 1, to help newcomers understand corporate culture and better integrate into Fosun Pharma's family. In 2018, we updated the "New Staff Guidebook" and carried out the "One Fosun Military Training Summer Camp".

2

Leadership Development Series: We provide management and leadership program to senior managers, which will accelerate the development of managers and leaders and reserve excellent talents for the Group. In 2018, we provided "Trainings of Executive Committee" for the core management and inspired the senior management to think of the way to energize organization and talents to promote breakthroughs and evolution of businesses in the changing environment. The Group initiated the "Seminar on Leadership II" for the management reserve team, so as to improve the talent echelon construction and enhance the leadership of reserve team.

3

Professional Series: we cooperate with subsidiaries to provide professional learning courses which are in line with the development of those on critical positions in key areas including marketing, operation and lean management. In 2018, the first Marketing Director Program was carried out as a cultivation plan for 9 months to the critical employees at manager level in the marketing regions of the Group. It is an important way to cultivate marketing leaders.

4

Common Skill Series: A "Lunch Sharing Session" is held every month for all employees, at which company executives, leaders of subsidiaries and external professionals are invited to share corporate strategies, best practices, hot topics, etc. Meanwhile, Common Professional Skills Training is provided to all employees on a monthly basis to provide professional and refined training and help employees apply the knowledge learned in work to help employees improve their personal soft skills, broaden their horizons and increase their knowledge.

Learning and Development Course System

New Employee Series

- New Employee Orientation
- New Executive Orientation
- Fosun Military Training Camp
- Culture Inclusion of New Subsidiaries

Leadership Development Series

- Executive Committee Training
- Advanced Leadership Program
- Intermediate Leadership Program
- Fundamental Leadership Program
- Management Trainee Program

Professional Series

- Marketing Director Program
- Other business training

Common Skill Series

- Basic Knowledge
- Communication
- Management

Enterprise Culture of Fosun Pharma -
Self-improvement, Teamwork, Performance and Contribution to Society

Major Training Indicators of Fosun Pharma Group

| Training indicators | | Unit | 2016 | 2017 | 2018 |
|---|----------------------------|-------------------|---------|---------|---------|
| Total Training Expenses | | Amount (RMB0'000) | 819 | 686 | 993 |
| Average Training Hours Per Person | All employees | hours/person | 33 | 43 | 34 |
| | Of which, male employees | hours/person | 31 | 40 | 37 |
| | Of which, female employees | hours/person | 37 | 47 | 32 |
| Training for Senior Management | Number of persons | Person | 249 | 374 | 376 |
| | Total training person time | Person time | 6,348 | 7,831 | 15,412 |
| Training for employees (including fresh graduates) other than senior management | Number of persons | Person | 21,255 | 22,275 | 25,144 |
| | Total training person time | Person time | 710,701 | 963,408 | 839,581 |
| Of which: Training for Fresh Graduates (including former employees) | Number of persons | Person | 543 | 738 | 845 |
| | Total training person time | Person time | 65,639 | 53,229 | 43,248 |

Note: The substantial increase in the training expenditure for 2018 as compared with previous years was mainly due to the large investment in R&D training. Higher expenditure was incurred by the more targeted training for high-latency talents; at the same time, a large number of training mechanisms for middle and senior personnel were provided for the introduction of new projects by pharmaceutical subsidiaries.

Marketing Director Program



The first "Marketing Director Program" of Fosun HealthCare Management Institute enrolled 44 trainees with an average age of 35. The training program last for 9 months, and was provided by internal and external lecturers for six times in 18 days with a total of 136 training hours. The program was supplemented by the scientific evaluation tool

PI to evaluate the employees' behavior style and professional specialty and provide reference for their personal career development and enhance self-awareness. The program was held at the headquarters in Shanghai and all trainees were invited to visit subsidiaries including Wanbang Biopharma and Yao Pharma for study.

Course contents

- Courses: Interpretation on Medical Reform Policy, Strategic Mind Mapping, Internet Marketing Thinking, Marketing Innovation Thinking, Merchants Agency Business Model, Professional Medical Marketing, OTC Marketing, Fosun Corporate Culture, Corporate Strategy, Amoeba Operating, Financial Management, Problem Analysis and Solution, etc.
- Outward bound: wilderness survival
- Visit subsidiaries: Wanbang Biopharma, Yao Pharma

Achievements

- 42 trainees successfully graduated from courses and 26% of trainees achieved promotion and development.

Ahon Pharma Empowerment Club



In February 2018, Ahon Pharma launched the Ahon Empowerment Club to build a platform for talent learning and growth, integrate corporate culture and export positive energy values and to provide a platform for growth for more outstanding talents, to create a pool of talents for the Company and build a talent team.

Based on corporate strategy, Ahon Empowerment Club pays attention to employee growth needs and creates different learning products to help corporate develop:

- **Lofty plant:** growth cradle for management trainees
- **Big shot:** top executives from Fosun Pharma and Ahon Pharma were invited to impart knowledge and answer questions
- **Reading group:** a paradise for reading enthusiasts, to share knowledge and achieve common development
- **Advantage Recognition 2.0:** Applion of the talent and potential of employees in career development through scientific assessment and professional interpretation
- **Experience sand table - TDP:** Introducing game-style, experiential sand table and expansion to guide team development and enhance team synergy, helping to achieve organizational goals
- **Campus brand placement:** launch of school-enterprise cooperation to deepen the influence of campus employer brand
- **Workshop:** Cultivate the entrepreneurial perspective, aiming at solving problems, reducing communication costs, and promoting efficient achievement of work goals
- **Preheating TTT:** launch of the internal trainer's empowerment training camp, to identify the gold medal instructors in the Company and extract the effective experience of individuals and organizations;

Since the establishment of the empowerment club, the company has organized studying programs for nearly 40 times, with an average of at least 3 company-level learning opportunities per month.

The empowerment club is an important platform for Aohong's learning-oriented corporate culture and the cultivation of entrepreneurial talents.

Training by Executives of Shanghai Henlius



Training by Executives is a popular and distinctive course of Shanghai Henlius. The course instructors are served by senior management. The content and scope of the lectures are determined by the professional fields in which the senior management are proficient, covering research and development, quality technology, registration with drug administration, production and operation, supply chain, finance, career planning & goal management. The trainees are employees from all departments. The Training by Executives is held at least once a month, and

each session lasts for 1.5 hours. Since the launch of the program in March 2017, a total of 17 Trainings by Executives have been held for 1,536 employees. The training is mainly conducted by way of theory teaching by lecturers. Q&A and discussion are organised during the training and trainees can raise questions and conduct discussion after the training. In addition, interactive section is also set during the training.

Employee Development

The sustainable development of talents is an important guarantee for the realization of the strategy of Fosun Pharma Group. The Group adheres to the combination of talent acquisition

and training to create an entrepreneurial talent team that recognizes the Company's cultural values to build a talented highland for the Group.

Talent Acquisition

With the continuous improvement and extension in the field of big health, the Group's business has maintained steady growth and its scale and platform have further grown. The pace of

internationalization has enabled us to move out from China and tap into the rest of the world, attracting more and more local and overseas talents to join us.

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 2018, 28% of the new employees joined the Company through internal referral channels, which helped the Company to find talents in a more efficient way.

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 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 (covering department general managers or leaders of above levels in the Company), it is meant to tailor personalized enhancement and improvement solutions for each of the employees in order to enhance their specific performance and capabilities. Meanwhile, a performance committee composed of the executives of different departments at the headquarters of the Group has been established to jointly consider and approve the list of personnel with satisfied and poor performance on a yearly basis to ensure comprehensive justice and fairness.

Employee Incentives

The Group has established a diversified and multi-dimensional 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.

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. Men, women, minorities, and disabled employees are entitled to equal rights in terms of

acquisition, development, and promotion of talents. Its 2018 employee structure consisted of 46.99% female employees, 0.23% disabled employees, and 2.03% minorities.

Statistics of Male, Female, Disabled, and Minority Workers of Fosun Pharma Group

Unit: People

| Item | Total number of employees | Male | Female | Disabled | Minority |
|-------------------|---------------------------|--------|--------|----------|----------|
| Number of persons | 28,245 | 14,972 | 13,273 | 64 | 574 |
| Ratio to total | 100.00% | 53.01% | 46.99% | 0.23% | 2.03% |

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 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.

The Group always adheres to respecting and safeguarding the legitimate rights and interests of employees, preventing discrimination arising from the factors including religion, gender, age, marital status, disability, sexual orientation, etc. and prohibiting forced labour and child labour, and is committed to creating a diversified, fair and just development environment for all employees.

Salary and Benefits of Employees

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 benefits 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 2018, the Group's cash payment to employees and on behalf of employees totaled over RMB3.914billion, an increase of 36.28% from 2017.

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 knowhow 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.



Care for employees at the headquarters of Fosun Pharma on the Lantern Festival

Labor costs of Fosun Pharma Group

RMB'0'000

| Year | Wages, bonus, subsidy and allowance | Social insurance | Housing provident fund | Trade union funds and employee education funds | Employee welfare fees | Other expenses | Total |
|------|-------------------------------------|------------------|------------------------|--|-----------------------|----------------|---------|
| 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 |
| 2018 | 324,599 | 37,185 | 11,552 | 3,006 | 12,528 | 2,072 | 390,942 |

*Note: Other expenses refer to other expenses such as severance pay.

Party Committees and Labour Union

The Party Committees of Fosun Pharma and its subsidiaries and hospitals (General Party Branch and Party Branch) insisted on giving full play to the political core and leading role of the Party 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 consisting of the subsidiaries in Shanghai currently has 7 branches and 314 Party members, 66% of which are young people under the age of 35 and 56% 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 2018, in the 1 July commendation activity organized by the Party committee of Fosun Pharma, 1 grass-two Party organization, 2 Party workers and 4 outstanding Party members were commended by Fosun Pharma and 16 Party members were awarded the honour of excellence by Fosun Pharma or their Party branches.

With the idea and thinking of "navigation with Party flag to achieve the leap-forward development of Guilin Pharma with joint efforts", the Party committee of Guilin Pharma proactively exerted the political leading role, vanguard model role and unity and cohesion role of the Party organization, and was awarded the honourable titles of "Advanced Grassroots Party Organization" of Guilin in 2018 and the first batch of "Party Building Demonstration Unit of Two New Organizations of the Autonomous Region". The Party branch of Jimin Hospital regarded staying true to the original intention and serving people wholeheartedly as the mission and

the core of the work of the Party branch. It educated, encouraged and supported the Party members to love and be devoted to work, perform their duties, serve the masses and make contributions to the society, to assume responsibilities and take actions, and act as a model and pioneer in the development of hospital. After 15 years of hard efforts, the hospital has developed into an AAA cancer specialized hospital.

The labour union of Fosun Pharma, sub-unions, subsidiaries, and labour unions of hospitals fully perform the four functions of maintenance, construction, participation, and education, and proactively build a "harmonious home of staff". A series of characteristic works have been carried out in terms of democratic management, protection of employees' rights and interests, care for employees, employee development, entertainment activities on festivals, etc. based on the actual situation of enterprise, giving full play to the role of labour union in increasing cohesion and promoting harmony and development. The trade union of Fosun Pharma and its sub-unions convened the employee representative conference as scheduled and proactively protected employees' rights and interests through various systems. At the same time, Fosun Pharma continued to strengthen organizational construction and innovation, and served employees attentively to help corporate development.

In 2018, the labour unions won more than 20 honours, including the "National Role-model Family of Workers" first awarded by All-China Federation of Labour Unions to the labour union of Fosun Pharma and Ahon Pharma.



A number of projects were awarded at the 2018 Fosun Pharma Innovation and Entrepreneurship Competition

Employee Activities

Fosun Pharma cares about every employee, carries out a series of activities to show care for employees, and spares no effort to provide opportunities and stage for enriching employees' cultural life. Employees also realize self-worth in dedication and give enterprises the driving force and support for continuous advancement, to find a sense of accomplishment and happiness in the balance between work and family.

Construction of a learning organization

Fosun Pharma focuses on self-learning of employees. In 2018, Fosun Pharma continued to strengthen the construction of online and offline libraries of Xinglong Library from which 400 people borrowed 735 books throughout the year. In addition, Xinglong Library also cooperated with relevant departments in inviting executives of the Company and industry experts to carry out various types of sharing during lunch time. 27 activities were held and attracted nearly 1,000 people.

Cultivation of innovative culture atmosphere

By leveraging on the innovation and entrepreneurship competition, Fosun Pharma cultivated an innovative culture atmosphere to create an innovative cultural ecosystem. More than 100 projects participated in the three previous competitions, and a number of projects won awards. According to incomplete statistics, the cumulative savings by the management innovation and practice projects amounted to nearly RMB50 million.

Activities to show care for employees

- An employee care center was established and 9 medical consultation members were employed to provide free professional medical consultation for employees;

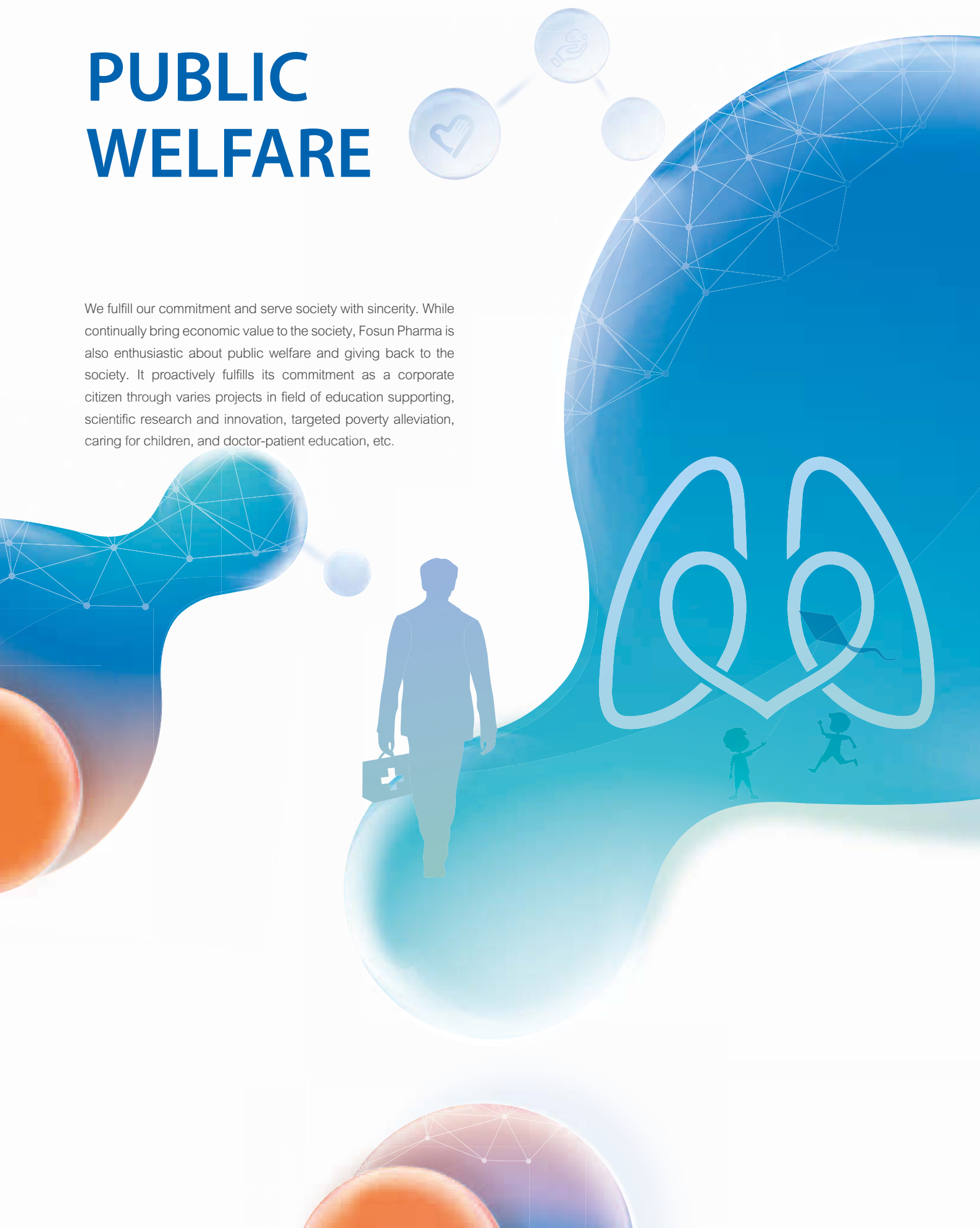
- A "Breastfeeding Room" has been set up at the headquarters and a number of subsidiaries to provide a warm and intimate space for breastfeeding female employees. Ahon Pharma's breastfeeding room was awarded the honorable title of "Model Demonstration Unit for Showing Care to Female Employees" by Liaoning Federation of Labor Unions;
- To improve the sub-health status, Fosun Pharma carried out the precision stretching activities in cooperation with Sino Tai Ji, and more than 100 employees participated in the on-site experience;
- As an initiative to provide high-quality medical examination services, by the end of 2018, Fosun Pharma and subsidiaries arranged more than 10,000 employees to take physical examination;
- More than 10 employee clubs have been established at the headquarters of Fosun Pharma and launched a series of activities including badminton, football, basketball and table tennis. By the end of 2018, the number of club members had grown to 1,180, and more than 359 club activities had been carried out throughout the year;
- Various activities were organized and held on holidays and festivals to send all kinds of care to employees;
- Most of subsidiaries of Fosun Pharma Group have employee canteens to facilitate employees' dining; in particular, to show respect to the eating habits of employees of Hui nationality, Ahon Pharma provides intimate dining services for 11 employees of Hui nationality, and special tableware and kitchen utensils of Hui nationality were equipped in the canteens. In addition, the halal food standards were executed to make the employees of Hui nationality feel warmer and reassured.



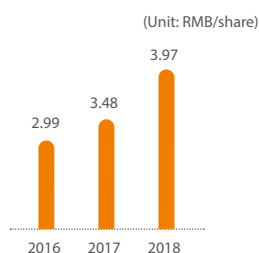
Adhering to the public welfare philosophy of “pursuit of sustainable development of talents and products”, Fosun Pharma Group regards poverty alleviation through healthcare as one of the key public welfare deployments and proactively participates in the “Poverty Alleviation through Healthcare Relying on Rural Doctors” program of Fosun Foundation jointly with subsidiaries. In addition, Fosun Pharma carried out a number of public welfare activities including the “Double Thousand Actions” project for needy patients suffering from tuberculosis, “Bang Program” for enhancement of the medical and education level in impoverished areas, etc. Through all these public welfare projects, Fosun Pharma Group proactively fulfills its commitment as a corporate citizen.

PUBLIC WELFARE

We fulfill our commitment and serve society with sincerity. While continually bring economic value to the society, Fosun Pharma is also enthusiastic about public welfare and giving back to the society. It proactively fulfills its commitment as a corporate citizen through varies projects in field of education supporting, scientific research and innovation, targeted poverty alleviation, caring for children, and doctor-patient education, etc.



Social Contribution Value per Share



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



In 2018, the social contribution value per share of Fosun Pharma Group was **RMB12** million



Fosun Pharma has been proactively participating in community charity events along with its subsidiaries to contribute to the society. In 2018, Fosun Pharma Group donated **RMB9.75** million in total to the society



Fosun Pharma and its subsidiaries proactively participated in the "Poverty Alleviation through Healthcare Relying on Rural Doctors" project and donated drugs worth a total of more than **RMB2.05** million to **four** poor counties including Dongxiang County, Gansu Province, Ziyang County, Shaanxi Province, Zhouzhi County, Shaanxi Province and Shizhu County, Chongqing, benefiting **230,000** villagers



Artesunate for injection has saved more than **20** million patients with severe malaria in the world

Fosun Pharma has undertaken **10** seminars on malaria prevention and treatment in developing countries, **6** seminars on quality management in developing countries and minister level seminars on the field of drug regulation in developing countries, involving more than **50** countries; the Group has completed a total of **148** foreign aid projects

Social Contribution Value per Share

In 2018, the social contribution value per share of Fosun Pharma Group was RMB3.97*.

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 2018, Fosun Pharma Group donated RMB9.75 million in total to the society.

As one of the initiators of Shanghai Fosun Foundation, in 2018, Fosun Pharma will adhere to the public welfare philosophy of "sustainable development of talents and products", striving to create high-quality public welfare projects, and cooperate with Shanghai Fosun Foundation to create influential public welfare projects to enhance the brand reputation of Fosun

Pharma and Shanghai Fosun Foundation and boost business development.

The donations to Shanghai Fosun Foundation are used to support for education, scientific 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, antituberculosis). 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 Fighting against Malaria

As of 2018, artesunate for injection, an innovative drug proprietary intellectual property right of Fosun Pharma, has saved more than 20 million patients with severe malaria.

Through continuous innovation, Fosun Pharma Group is committed to providing more solutions for malaria patients. By the end of 2018, the Group had a total of 14 antimalarial drugs pre-certified by the World Health Organization, making it the pharmaceutical enterprise with the most antimalarial drugs that have passed WHO PQ certification in the world. In August 2018, SPAQ-CO Disp, a prophylactic drug for children with malaria, was pre-certified by the World Health Organization, becoming the first prophylactic drug for children with malaria approved to be used for Seasonal Malaria Chemoprevention (SMC) since the launch of SMC by the World Health Organization in 2012. In April 2018, as one of the most important partners in the global fight against malaria, Fosun Pharma attended the 7th MIM Pan African Malaria

Conference for the first time as the main sponsor, and held a seminar with world-renowned academic experts on malaria to focus on the resistance of plasmodium to antimalarial drugs as commonly concerned by the international community and propose several solutions. At the High-level Meeting on China-Africa Health Cooperation in August 2018 in Beijing, Fosun Pharma donated D-ARTEPP worth of US\$240,000 to the Zambian Ministry of Health to explore feasible solution to reduce the incidence of malaria jointly with Zambia.

Riding on the advantages of products, the Group actively cooperated with the Chinese government in aid to Africa to fight against malaria. Up to now, it has undertaken 10 seminars on malaria prevention and treatment in developing countries, 6 seminars on quality management in developing countries, and 4 minister level seminars on the field of drug regulation in developing countries, involving more than 50 countries; the Group has completed a total of 148 foreign aid projects.



Fosun Pharma donated antimalarial drugs to the Zambian Ministry of Health through Shanghai Fosun Foundation



The management of Fosun Pharma proactively participated in the “Poverty Alleviation through Healthcare Relying on Rural Doctors” and conducted field survey in the counterpart poverty-stricken counties.

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 achieved certain results. In 2018, Fosun Pharma and its subsidiaries invested over RMB12 million in targeted poverty alleviation.

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 2018, a total of RMB510,000 was invested.

Wanbang Biopharma paid attention to the education and development of poor students and invested nearly RMB2 million throughout the year in setting up scholarships in schools, building pharmaceutical laboratories in medical universities, donations to needy schools, etc., to improve education and hardware facilities in poverty-stricken areas. Yao Pharma has carried out intensive work to help poor students and established a foundation to subsidize poor student in Jinyan Village, Jiming Township, Chengkou County, Chongqing. Guilin Pharma launched the public welfare activity themed by “1 June Care for Left-behind Children” in Longsheng County, Guilin, and provided school supplies for rural left-behind children.

Poverty alleviation through healthcare

In 2018, the “Double Thousand Actions” initiated by Chinese Antituberculosis Association and the Shanghai Fosun Foundation, together with Hongqi Pharma, a subsidiary of Fosun Pharma, was further promoted to help the needy patients suffering from tuberculosis. The total investment has invested more than RMB1.2 million.

Fosun Pharma Group actively participated in the “Poverty Alleviation through Healthcare Relying on Rural Doctors” project. The management of Fosun Pharma went to the counterpart poverty-stricken counties for survey to understand primary medical care needs. Wanbang Biopharma, Shanghai Henlius, Chancheng Hospital, etc. boosted the improvement of grassroots healthcare by donating medical facilities, medical drugs, donating materials, and dispatching doctors to support medical treatment.

Jimin Cancer Hospital proactively undertook the series of activities of “Targeted Poverty Alleviation Project through Science and Technology” of the provincial association for science and technology to carry out poverty alleviation activities in five counties including Guoyang, and carried out activities such as deduction and exemption of fees for impoverished patients in hospitals. Its investment in targeted poverty alleviation exceeded RMB2.80 million. Zhongwu Hospital provided surgical treatment for poor cataract patients free of charge, helping 181 patients.

Society poverty alleviation

Yao Pharma provided targeted assistance in Jinyan Village, Jiming Township, Chengkou County, Chongqing, and donated funds to poor households by way of purchase instead of assistance. Erye Pharma donated RMB300,000 to the Xiangcheng Charity Association of Suzhou City for charity projects including helping the disabled, saving the orphans, and helping the poor. Aohong Pharma participated in the “Love Support Project” to dig deep water wells for Dabaimiaozi Village, Liulongtai Town, Yixian County, Jinzhou City, which solved the problem of irrigation of crops for the whole village.

Basic support

Wanbang Biopharma donated more than RMB46,000 to poor and disabled children; Wanbang Folon donated scholarships and materials to poor households in Yangquan Village, Linxi Bearing Industrial Park, Hebei. In order to help the disabled, Erye Pharma regularly recruited unemployed disabled people. In 2018, it helped 12 impoverished disabled people, with a basic support of RMB449,000.



Poverty Alleviation through Healthcare Relying on Rural Doctors: We support the village doctors who safeguard us

After nearly one year of practice, the "Poverty Alleviation through Healthcare Relying on Rural Doctors" project as launched by Shanghai Fosun Foundation and the "Health News" covered a total of 37 counties, helped 2,828 clinics in administrative villages, supported 10,659 village doctors and benefited nearly 2 million poor families. The total amount of assistance reached nearly RMB30 million.

The purpose of the project is to stabilize the team of rural doctors, improve professional capacity of rural doctors, and effectively reduce the impoverishment and re-poverty rates of national-level poverty-stricken counties,

and benefit at least 15 million rural residents, help to achieve China's goal of alleviating poverty in 2020.

To understand the primary medical care needs, the management of Fosun Pharma went to counterpart poverty-stricken counties for field survey. By the end of 2018, Wanbang Biopharma, Yao Pharma, etc., subsidiaries of Fosun Pharma, donated drugs worth a total of more than RMB2.05 million to four poor counties including Dongxiang, Ziyang, Zhouzhi and Shizhu, benefiting 230,000 villagers.

Using love to "cure" amyotrophic lateral sclerosis (ALS)

In September 2018, the employees of Breas from the UK, Germany, Sweden and Belgium set off from London to start the charity fundraising hike journey themed by the "Attempt the 100km Challenge" (equivalent to 2.5 marathons). Along the tumultuous Thames, Team Breas finally completed the challenge in 26 hours with full of enthusiasm and perseverance and raised more than 12,000 Euros for patients with ALS. This was the third consecutive ALS charity fundraising hike held by Breas and the total proceeds amounted to US\$295,000 which was all used to sponsor the academic research of the ALS Association.



“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 and enhance the medical level of medical workers in impoverished areas.

In 2018, the “Bang Program” public welfare project team of Wanbang Biopharma expanded the activity scope to cover more students in poverty and fundamental hospitals in remote areas. It visited Xichang City in Sichuan Province, Linxian County in Shanxi Province, Wufeng County in Hubei Province, etc., carried out in-depth interaction with the grassroots, and supported the local education and healthcare. Since the launching of project, a total of more than 1,000 doctors have been assisted in enhancing medical level, funded more than 3,250 students, and provided support and assistance to local education and medical care.



Encouragement of innovation and support for the C. C. Tan Life Science Award

C. C. Tan Life Science Award, established with approval from the National Office for Science & Technology Awards in May 2008. This is an annually award to encourage Chinese scientists and researchers who engaged in life sciences to conduct continuous innovation and promote the industrialization of scientific research achievements of life sciences in China. After more than ten years of development, C. C. Tan Life Science Award has become an important award in the field of life sciences in China.

Since 2012, Fosun Pharma has provided great support for “C. C. Tan Life

Science Award” and made special contribution to the “Industrialization Prize of C. C. Tan Life Science Award”.

In 2018, Fosun Pharma further supported the award, to stimulate experts and scholars in the field of life sciences of China to conduct continuous innovation and contribute to the development of life sciences in China.

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



The ‘Double Thousand Actions’ gives us real help and makes us feel the warmth of being cared.

——A patient supported by the “Double Thousand Actions” project for needy patients suffering from tuberculosis



Tuberculosis is a serious infectious disease with serious harm to people's health in China and is also part of the important reasons for “poverty caused by disease, resurgence of disease due to poverty”. In 2016, Hongqi Pharma and Chinese Anti-tuberculosis Non-profit Foundation jointly launched the “Double Thousand Actions” which will last for 5 years, rescue at least 1,000 people each year, and provides at least RMB1,000 per person.

As of 2018, the project covered more than 500 hospitals and more than 1,000 tuberculosis prevention and control centers, and accumulatively subsidized more than 3,220 needy people with tuberculosis.





The volunteer team of Fosun Pharma participated in the "Shanghai United Walkathon" activity for 7 consecutive years

The volunteer team of Fosun Pharma

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 guide and drive employees of Fosun Pharma to participate in public welfare undertakings, and to serve the community. The volunteer team of Fosun Pharma organizes 4-5 events each year, including "1 June Special Public Welfare Activity", "Shanghai United Walkathon" large-scale public welfare activity, and Lantern Festival themed activity. The volunteer team of Fosun Pharma has participated in the "Shanghai United Walkathon" large-scale public welfare activity organized by third-party private charitable organization for 7 consecutive years. After years of hard work, a total of more than RMB500,000 was raised. The supported groups include left-behind children, migrant children, and children in need.

The subsidiaries of Fosun Pharma proactively carried out various volunteer activities. In 2018, 25 volunteers participated in the public service activity of "1 June" Care for Left-behind Children of Guilin Pharma, and celebrated the "1 June" Children's Day for 60 left-behind children and their relatives, which had been held by Guilin Pharma for three consecutive years. Chancheng Hospital organized 11 volunteer services involving 1,067 volunteers throughout the year, and provided hospitality patients with condolences, holiday blessings, rehabilitation guidance, dietary guidance, health information and other activities. The volunteers of Hengsheng Hospital provided hospital guidance and guidance for medical treatment for patients, maintained the order for taking elevators in a civilized way, free haircuts for patients with mobility problems, etc. Wenzhou Geriatrics Hospital performed 12 gratuitous treatments throughout the year, involving more than 1,600 volunteers.

Community Service

In 2018, Fosun Pharma 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 our community.

In recent years, with the continuous increase in the prevalence of hyperglycemia, hyperuricemia, hypertension, and hyperlipidemia, Wanbang Biopharma proactively serves chronically ill patients and has established the "Xingbang Health Home" with national chain pharmacies to provide free health science lecture, testing of hyperglycemia, hyperuricemia, hypertension, and hyperlipidemia,

dietary guidance and other services to patients. In 2018, the services benefited over 100,000 people. Yao Pharma launched Jade Ribbon Campaign, a liver disease public activity for the whole society, in communities to disseminate knowledge about liver disease prevention and nursing and provide mental and physical assistance, and called on the whole society to care for patients with hepatopathy. As of the end of 2018, it promoted liver disease knowledge to over 1,000 people in total. Chancheng Hospital regularly conducts free clinics, health lectures, etc. for more than 30 sessions and has prepared health records for elderly residents for free.



Emerald Ribbon Action of Yao Pharma

Feedback Form

Dear Readers,

Thanks for reading this report! It has been the eleventh 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, Clon Technology Park, No. 1289 Yishan Road, Shanghai Postal code: 200233

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

"Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2018 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



Major Financial Indicators of Fosun Pharma Group

Unit: RMB'000

| Item | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|
| Net asset value per share attributable to shareholders of the Company (RMB/share)* | 9.19 | 10.15 | 10.92 |
| Basic earnings per share (RMB/share) | 1.21 | 1.27 | 1.07 |
| Basic earnings per share after extraordinary gain or loss (RMB/share) | 0.91 | 0.95 | 0.83 |
| Weighted average return on equity after extraordinary gain or loss(%) | 10.63 | 9.77 | 7.92 |
| Revenue | 1,462,882 | 1,853,356 | 2,491,827 |
| Investment Income | 212,540 | 230,699 | 181,545 |
| Operating Profit | 339,942 | 407,489 | 353,553 |
| Asset disposal income | 507 | 3,745 | -299 |
| Other income | - | 14,178 | 27,671 |
| Add: non-operating income | 19,511 | 1,348 | 8,286 |
| Less: non-operating expenses | 2,298 | 2,666 | 3,880 |
| Total profit | 357,155 | 406,172 | 357,959 |
| Less: income tax expenses | 35,021 | 47,646 | 55,971 |
| Net profit | 322,134 | 358,526 | 301,988 |
| Net profit attributable to shareholders of the parent | 280,584 | 312,450 | 270,792 |
| Minority interests | 41,550 | 46,076 | 31,196 |
| Tax liability | 163,136 | 205,330 | 269,005 |
| Donations | 797 | 1,114 | 975 |

* Note: Net asset value per share attributable to shareholders of the Company(RMB/share)= total interests attributable to shareholders of the parent / number of shares at the end of the period.

HR and Social Indicators of Fosun Pharma Group

| Item | End of 2016 | End of 2017 | End of 2018 |
|---|-------------|-------------|-------------|
| Total number of employees | 19,523 | 28,884 | 28,245 |
| Total number of male employees | 9,574 | 16,084 | 14,972 |
| Total number of female employees | 9,949 | 12,764 | 13,273 |
| Total number of employees with master and doctor degrees | 1,155 | 2,735 | 3,250 |
| Item | 2016 | 2017 | 2018 |
| Social Contribution per Share | 2.99 | 3.84 | 3.97 |
| Labor contract conclusion rate | 100% | 100% | 100% |
| Cash paid to or paid for workers (RMB0'000) | 219,600 | 287,168 | 391,438.90 |
| Union coverage rate | 100% | 100% | 100% |
| Employment rate of people with disabilities | 0.36% | 0.26% | 0.23% |
| Employment rate of ethnic minority employees | 2.48% | 1.60% | 2.03% |
| Number of ethnic minority employees | 487 | 461 | 574 |
| Total training hours (man-hour) | 717,049 | 971,239 | 854,993 |
| Ration of female employee returning to work and job positions retained till after the completion of the maternity leave | 100% | 100% | 100% |

R&D indicators of Fosun Pharma Group

| Item | End of 2016 | End of 2017 | End of 2018 |
|--|-------------|-------------|-------------|
| Under investigation items (items) | 173 | 171 | 215 |
| Number of R&D staff (excluding QA and QC employees) | 995 | 1,353 | 1,797 |
| Items under clinical trials (items) | 30 | 29 | 42 |
| Item | 2016 | 2017 | 2018 |
| Research and development expenses (including capitalized expenses; (RMB100,000,000)) | 11.06 | 15.29 | 25.07 |
| Number of patent application | 103 | 84 | 99 |
| Number of patent granted | 30 | 25 | 35 |

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

| Item | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|
| Total wastewater (tons/year) | 6,785,400 | 7,315,890 | 7,565,178 |
| Emission of COD (tons/year) | 490 | 841 | 847 |
| Emission of NH ₃ -N (tons/year) | 60.55 | 486 | 254 |
| Emission of nitrogen oxides (tons/year) | 466 | 239 | 251 |
| Emission of sulphur oxides (tons/year) | 485 | 245 | 279 |
| Emission of particles (tons/year) | 19 | 41 | 44 |
| Total solid waste (tons/year) | 80,848 | 88,967 | 85,796.6 |
| Investment in environmental protection (RMB'000) | 3,346 | 7,348 | 15,952 |
| Total electricity consumption (Unit: kWh/year) | 478,175,186 | 513,272,112 | 655,108,860 |
| Energy consumption other than electricity (Unit: GJ/year) | 3,860,500 | 4,648,903 | 5,394,870 |
| Total energy consumption (Unit: GJ/year) | 5,581,931 | 6,496,683 | 7,753,262 |
| Total energy intensity (GJ/RMB10,000 of output value) | 4.43 | 3.51 | 3.11 |
| Total water consumption (Unit: m ³ /year) | 8,769,376 | 9,515,697 | 9,959,415 |
| Water intensity (m ³ /RMB10,000 of output value) | 5.99 | 5.14 | 3.99 |
| Total carbon emission (Unit: ton/year) | 746,179 | 822,786 | 786,371 |
| Loss time injury rate per million man-hour | 0.580 | 0.415 | 0.226 |
| Recordable injury rate per million man-hour | 1.05 | 0.915 | 0.433 |
| Occupational hazard exposure rate | 14.89% | 12.42% | 12.34% |
| Investment in health and safety (RMB'000) | 3,155 | 3,919 | 3,843 |
| Total EHS training hours (Unit: hours) | 93,431 | 185,067 | 237,572 |
| EHS training hours per employee (Unit: hours) | 5.75 | 7.86 | 9.42 |
| EHS training times per employee (Unit: time) | 2.1 | 1.8 | 2.5 |

Comments from a Third-party Reviewer

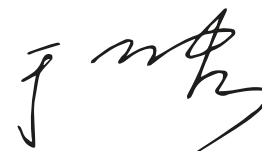
As a practitioner of social responsibility and in the industry of sustainable development, I think that the 2018 Corporate Social Responsibility Report of Fosun Pharma gives a detailed disclosure and all stakeholders can get the information they are concerned therefrom. My feelings after reading the report are as follows:

I can see the efforts of Fosun Pharma in preparation of the report. Overall, the social responsibility report is outstanding in terms of normalization of standards applied, materiality of issues, richness of contents, comprehensiveness of data, etc. and can better reflect the social responsibility management awareness and level of Fosun Pharma.

I can feel the rigorous and systematic corporate governance. The report lets me feel that Fosun Pharma is company reassuring us in terms of its sustainable development strategy and the management systems for topics. The report discloses Fosun Pharma's management of substantive issues, e.g. establishment of pharmacovigilance and adverse drug reaction report mechanisms, product recall drills, etc. which reflects Fosun Pharma's focus on risk management and control. In respect of supply chain management, Fosun Pharma has prepared consummate provisions on compliance management of suppliers and continuously deepened the "green supply chain" project to eliminate risks exposed to suppliers in terms of product supply and environmental impact. As to its own EHS management, Fosun Pharma has disclosed the measures and performance of the Group's subsidiaries in terms of medical quality management, environmental management, employee health and safety management, etc. In addition, Fosun Pharma has established HealthCare Management Institute and a multi-level employee training and development course system to proactively promote the growth and development of employees.

I can realize the Company's in-depth management of substantive issues. The report also details a number of characteristic issues of Fosun Pharma including innovation management, quality management, carbon management, poverty alleviation through healthcare, etc., leaving a profound impression to readers. For example, it is mentioned in the Greetings from Management that the innovative drug artesunate for injection has saved more than 20 million people in Africa; the first-line anti-tuberculosis drug has helped more than 10 million tuberculosis patients; the Company has served nearly 10 million patients in the field of chronic diseases, Shanghai Henlius has developed the first biosimilar drug approved for marketing in the PRC after ten years of research and development, etc.

I have the following suggestions for the report. First, it is suggested to further discuss management of issues, e.g. further promotion of the Company's sustainable development strategy from the macroscopic perspective of "big health" and further deepening the recognition and management of issues; second, it is suggested to prepare a special report mainly for the public to cover certain issues currently most concerned by the public and reveal the "health value" created by a company engaged in responsible operation for the society. I hope that Fosun Pharma will become the industry benchmark in terms of drug research and development and social responsibility management through continuous innovation and create more value for the society as the main force to build a Healthy China.



Yu Zhihong, Director/Editor-in-Chief of Sustainable Development Tribune

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| GRI 403: Occupational Health and Safety | 403-1 | Workers representation in formal joint management-worker health and safety committees | 73 |
| | 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 54, 56 |
| | 403-3 | Workers with high incidence or high risk of diseases related to their occupation | 56 |
| | 403-4 | Health and safety topics covered in formal agreements with trade unions | 15 |
| GRI 404: Training and Education | 404-1 | Average hours of training per year per employee | 69 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 68-70 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 71 |
| GRI 405: Diversity and Equal Opportunity | 405-1 | Diversity of governance bodies and employees | 17, 66-67 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 72 |
| GRI 406: Non-Discrimination | 406-1 | Incidents of discrimination and corrective actions taken | None |
| GRI 407: Freedom of Association and Collective Bargaining | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | N/A |
| GRI 408: Child Labor | 408-1 | Operations and suppliers at significant risk for incidents of child labor | None |
| GRI 409: Forced or Compulsory Labor | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | None |
| GRI 410: Security Practices | 410-1 | Security personnel trained in human rights policies or procedures | Not disclosed |
| GRI 411: Rights of Indigenous Peoples | 411-1 | Incidents of violations involving rights of indigenous peoples | None |
| GRI 412: Human Rights Assessment | 412-1 | Operations that have been subject to human rights reviews or impact assessments | None |
| | 412-2 | Employee training on human rights policies or procedures | 68-70 |
| | 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | None |
| GRI 413: Local Communities | 413-1 | Operations with local community engagement, impact assessments, and development programs | 82 |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | None |
| GRI 414: Supplier Social Assessment | 414-1 | New suppliers that were screened using social criteria | 35-36 |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 34-36 |

GRI Standard Indicator Index

| GRI standard | Item | Content | Page |
|-------------------------------------|-------|---|-------|
| GRI 415: Public Policy | 415-1 | Political contributions | None |
| GRI 416: Customer Health and Safety | 416-1 | Assessment of the health and safety impacts of product and service categories | 28-31 |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | None |
| GRI 417: Marketing and Labeling | 417-1 | Requirements for product and service information and labeling | 36-37 |
| | 417-2 | Incidents of non-compliance concerning product and service information and labeling | None |
| | 417-3 | Incidents of non-compliance concerning marketing communications | None |
| GRI 418: Customer Privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | None |
| GRI 419: Socioeconomic Compliance | 419-1 | Non-compliance with laws and regulations in the social and economic area | None |

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;



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 2018

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. SHANGHAI BRANCH (hereafter as "SGS") was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereafter as "FOSUNPHARMA") to conduct an independent assurance of the 2018 Corporate Social Responsibility Report. (hereafter as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and data in accompanying tables that contained in the Chinese Version of the report. Data and other information of FOSUNPHARMA other than the following three sites were not including in the onsite assurance process: FOSUNPHARMA's Headquarters which located at No. 1289, Yishan Road, Shanghai City, P. R. China; Shenyang Hongqi Pharmaceutical which located at No. 99 Quanyunwu Road, Hunnan New District, Shengyang, Liaoning Province, P.R.China; and Jingzhou Ahon Pharma located at No. 55 Songshan Street, Taihe District, Jinzhou, Liaoning Province, P.R.China.

The information in the 2018 Corporate Social Responsibility Report and its presentation are the responsibility of management FOSUNPHARMA. SGS has not been involved in the preparation of any of the material included in the 2018 Corporate Social Responsibility Report.

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

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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

- evaluation of content veracity;
- evaluation of the report against core option of GRI STANDARDS (2016).

The assurance comprised a combination of pre-assurance research and onsite verification activities. We have interviews with relevant employees and documentation and record review.

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating and providing services globally 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 Shanghai Fosun Pharmaceutical (Group) Co., Ltd., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

Assurance Statement

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

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA sustainability activities in 2018. Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance, and these are clearly marked throughout the text.

We believe that FOSUNPHARMA has chosen an appropriate reporting option, and information contained within the Report can be used by its Stakeholders.

GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion the 2018 Corporate Social Responsibility Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and quality criteria.

Principles

Stakeholder Engagement

FOSUNPHARMA establishes a diversified stakeholder dialogue mechanism to ensure the effective engagement of stakeholders in sustainability management, and integrates sustainability into its decisions and activities.

Sustainability Context

FOSUNPHARMA considers factors in terms of data disclosure by analyzing from the economic, environmental and social stakeholders.

Materiality

FOSUNPHARMA continually conducts a stakeholder survey to identify current material aspects to ensure the materiality and comprehensiveness of the concerned issues, which setting as the contents of sustainability report for the year and sustainability activities for the future.

Completeness

FOSUNPHARMA uses the social responsibility subjects as framework to disclose relevant information and data, and fully reflects the significant economic, environmental and social impacts.

Balance

FOSUNPHARMA actively discloses its own positive and negative performance based on the expectations of stakeholders, and gives stakeholders more objective performance of social responsibility performance.

Comparability

FOSUNPHARMA shows the historical data comparison to demonstrate the trends and forms that help readers well know the improvement of year-to-year performance.

Accuracy

FOSUNPHARMA's reporting mechanism is objective and complete, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders.

Timeliness

FOSUNPHARMA disclosed its sustainability performance timeliness. Stakeholders can obtain information to make a reasonable decision in a timely manner.

Clarity

Descriptions, charts and pictures and other forms are used in the Report to present FOSUNPHARMA's Performance clearly. Stakeholders can get material information of FOSUNPHARMA and take into their decisions.

Assurance Statement

Reliability

The data and information can be traced and verified by internal collection, recording, compiling, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organization also provides the reliability of the report.

Management Approach

The Report has disclosed the management approach of identified material topics.

General Disclosures

The general disclosure requirements of the GRI STANDARDS core option in the report can all be met.

Topic-Specific Disclosures

Topic-specific disclosures such as the importance of economic, environmental and social impacts on the organization and the substantive impact on stakeholder assessments and decisions can be described in detail.

Limitations of assurance

The assurance scope only covered the headquarter of FOSUNPHARMA and certain subsidiaries and did not involve assurance of the original data of other subsidiaries and partners. The data for assurance of report information was from the headquarter.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents didn't involve external stakeholder;

As the financial information in the 2018 financial report has passed independent assurance, the assurance does not contain traceability and assurance of such information.

Signed:

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



Ben Tsang

Senior Director, China and Hong Kong

Certification and Business Enhancement

22 Mar. 2019

B-11/F, No.900, Yishan Road, Xuhui District, Shanghai, China

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Rating Report on the Fosun Pharma 2018 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 2018 Corporate Social Responsibility Report" (hereinafter referred to as "the Report").

I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) of Chinese Academy of Social Sciences and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2019) of "Chinese Expert Committee on CSR Report Rating".

II. Rating process

1. The rating team reviews and confirms the Process Information Confirmation of Corporate Social Responsibility Report and relevant supporting materials submitted by the Report preparation team;
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 vice-chairman of the Expert Committee, the leader and experts of the rating team jointly signed the rating report.

III. Rating results

Process (★★★★★)

The Company established CSR leading group led by the president of the Company and CSR Task Force team. The president of the Company took control of the key processes and the final review of the report. The Report was positioned as an important tool to improve its social responsibility management, compliance information disclosure, and response to stakeholders' demands, with the focus placed on dissemination and establishment of the corporate image of responsibility; the substantive issues were identified through analysis on domestic and international standards, benchmarking to excellent reports of peers, questionnaire survey and other means. The Report is planned to be presented in electronic versions, prints, and long-form versions, achieving leading performance in the aspect of process.

Materiality (★★★★☆)

The Report systematically disclosed key biomedical manufacturing industry issues relating to product quality management, product research and development, product recall, safety production, chemical drug management, product accident emergency response, protection of experimental object's rights, energy conservation and emission reduction, and concern 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 71.92% of core indicators of the biomedical manufacturing industry from the aspects of "strategy and governance", "R&D and innovation", "product and service quality", "environment, health and safety", "employee" and "community charity" achieving outstanding performance in the aspect of completeness.

Balance (★★★★★)

The Report disclosed negative data information such as "number of product recalls", "number of occupational diseases", "number of major injury care per million man-hour", "number of recordable incident per million man-hour", "major safety accident" and "number of adverse reactions caused by drug quality defects", and gave a brief analysis on the reasons for and harm caused by injury incidents, achieving outstanding performance in the aspect of balance.

Comparability (★★★★★)

The Report disclosed 59 key indicators including "investment income", "ongoing project", "total number of employees", "social contribution value per share", "total wastewater" and "nitrogen oxide emissions" for more than three years in a row, and conducted horizontal comparison on data such as "Top 100 Companies in China Pharmaceutical Industry", "Top 100 Companies in China Pharmaceutical Industry", "World's Best Employers" and "CRS report ranking in pharmaceuticals industry" with industrial peers, achieving outstanding performance in the aspect of comparability.

Readability (★★★★☆)

The Report continued the theme of "Innovation For Good Health" and systematically disclosed the responsibility practices and achievements in terms of stakeholders, customers, employees, partners, media, government, community and other related parties, with clear theme and rich content; the ribbon in gradient color on the cover connects the beautiful life scene and is simple and fresh, which enhances both the communication effects of the corporate brand culture and makes the report easy to be identified and communicated, achieving leading performance in the aspect of readability.

Innovativeness (★★★★★)

The Report begins with "Highlights of 2018", focuses on the Company's annual performance achievements in respect of discharge of responsibilities, and highlights the contributions of the Company to the development of the industry; a third-party organization was invited to provide professional advices on the Report, which not only enhanced the awareness and height of corporate social responsibility management, but also improved the standardization and credibility of the preparation of corporate social responsibility report, achieving outstanding performance in the aspect of innovativeness.



中国企业社会责任报告
评级专家委员会
Chinese Expert Committee on CSR Report Rating

Overall rating (★★★★☆)

According to the assessment of the rating team, the "Fosun Pharma 2018 Corporate Social Responsibility Report" was awarded a rating of four and a half -star. It is a leading CSR report.

IV. Suggestions for improvement

1. To further improving the completeness of the Report by increasing disclosure of core indicators of the industry;
2. To further enhancing the innovativeness of the Report by improving the Report's content and design presentation forms.

Process evaluator Ren Jiaojiao

魏紫川

Vice -chairman of Chinese Expert
Committee on CSR Report Rating

张慧

Leader of the Rating Team

顾洪涛

Expert of of the Rating Team

Date of issuance: 10 April 2019



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