

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **June 26, 2014**

**NATURE'S SUNSHINE PRODUCTS, INC.**

(Exact name of registrant specified in its charter)

**Utah**  
(State or other jurisdiction of  
incorporation)

**0-8707**  
(Commission File Number)

**87-0327982**  
(I.R.S. Employer Identification No.)

**2500 West Executive Parkway, Suite 100, Lehi, Utah**  
(Address of principal executive offices)

**84043**  
(Zip Code)

Registrant's telephone, including area code: **(801) 341-7900**

**N/A**  
(Former name and former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

On June 26, 2014, Nature's Sunshine Products, Inc. (the "Company") and Shanghai Fosun Pharmaceutical (Group) Co., Ltd, a company organized in the People's Republic of China ("Fosun Pharma") entered into (i) a Stock Purchase Agreement (the "Stock Purchase Agreement"), (ii) a Stockholder Agreement (the "Stockholder Agreement"), and (iii) a Standstill Agreement (the "Standstill Agreement").

On June 26, 2014, the Company, Fosun Industrial Co., Limited (a wholly-owned subsidiary of Fosun Pharma, "Fosun Industrial") and Nature's Sunshine Hong Kong Limited ("NSP HK") entered into a Share Subscription Agreement (the "Subscription Agreement").

The closing of the transactions contemplated by the Stock Purchase Agreement, the Stockholder Agreement, the Standstill Agreement and the Subscription Agreement, as summarized below, are subject to customary conditions, including the receipt of required regulatory approvals, and are expected to close concurrently with one another. The Company currently anticipates closing these transactions in the third quarter of 2014.

***Stock Purchase Agreement***

The Stock Purchase Agreement provides for the purchase by Fosun Pharma from the Company of approximately 2.86 million newly issued shares (the "Shares") of the Company's common stock, no par value (the "Common Stock") at a purchase price of \$16.19 per share. The number of Shares to be purchased by Fosun Pharma shall be adjusted at closing to take account of any increase in the outstanding shares of common stock of the Company between signing and closing such that the shares to be purchased by Fosun Pharma represent approximately 15% of the issued and outstanding shares of the Company's Common Stock at closing.

The Stock Purchase Agreement contains customary representations, warranties, covenants and agreements. The consummation of the transactions contemplated by the Stock Purchase Agreement is conditioned upon a number of conditions, including receipt of necessary regulatory approvals and the closing of the Joint Venture transactions. The Stock Purchase Agreement provides that the Company is obligated to indemnify Fosun Pharma under certain circumstances based upon breaches of representations or covenants by the Company in the Stock Purchase Agreement, subject to customary exceptions and limitations.

The Company intends to use a portion of the net proceeds from the sale of the Shares to fund its share of the establishment of the Joint Venture (as defined and described in further detail below) and pay a special one-time cash dividend of \$1.50 per share on its common stock, contingent upon the transaction closing. The Shares are being issued pursuant to a private placement transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Section 4(2) of the Securities Act.

***Stockholder Agreement***

The Stockholder Agreement provides Fosun Pharma with certain registration rights with respect to the Shares and includes agreements with respect to Fosun Pharma's ownership of the Shares and other actions related to the Company.

Under the Stockholder Agreement, the Shares cannot be disposed of by Fosun Pharma or its affiliates during a lockup period commencing on the date of the issuance of the Shares on the closing of the transactions and continuing for a period until the earlier of the date that is (i) two years from such issuance date or (ii) twelve (12) months from

the date that the Joint Venture becomes Operational (as defined in the Stockholder Agreement) (the “Lockup Period”), subject to certain exceptions. Following the expiration of the Lockup Period, Fosun Pharma may not transfer the Shares to any third party that would thereafter own greater than 10% of the Company’s Common Stock except through open market transactions, and except (i) in the case where there is a shareholder that holds more shares of the Company’s Common Stock than Fosun Pharma or (ii) where Fosun Pharma is the largest shareholder, and such transfer would not result in another party being the largest shareholder.

Following the expiration of the Lockup Period, if Fosun Pharma or its affiliates seek to transfer any Shares such that they collectively would own less than 5% of the Company’s Common Stock, (i) Fosun Pharma shall cause Fosun

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Industrial to sell all of the shares of the Joint Venture held by Fosun Industrial to the Company, (ii) the Company shall purchase all such shares and (iii) the closing of the transfer of the Shares and the sale of the shares of the Joint Venture shall occur concurrently.

The Stockholder Agreement will provide Fosun Pharma certain registration rights following the expiration of the Lockup Period with respect to the Shares under certain circumstances, subject to the procedures and conditions set forth in the Stockholder Agreement. Such registration rights terminate when Fosun Pharma and its affiliates own less than 500,000 of the Shares.

Fosun Pharma will be entitled to designate one director (the “Investor Designee”) to serve on the Company’s board of directors (the “Board”) until the earlier of the date that Fosun Pharma holds less than 66.6% of the Shares and the date that Fosun Pharma holds less than 10% of the Company’s outstanding Common Stock. Fosun Pharma is required to cause all shares of Common Stock with respect to which Fosun Pharma and its affiliates have the power to vote or direct the voting as recommended by the Board in connection with the vote by the holders of Common Stock involving (i) the election or removal of directors to the Board and (ii) compensation matters involving officers, directors or employees of the Company and its subsidiaries, which voting rights will remain in effect until the earliest of the time Fosun Pharma and its affiliates own less than 10% of the outstanding Common Stock, a change in control and the fourth anniversary of the closing of the transactions contemplated by the Stock Purchase Agreement. Notwithstanding the foregoing, the voting rights described above shall not be effective during any period during which no Investor Designee has a seat on the Board.

The Stockholder Agreement also provides Fosun Pharma with preemptive rights to purchase its pro rata share of certain equity securities offered by the Company after the date of the issuance of the Shares. Such preemptive rights shall not be effective at any time Fosun Pharma and its affiliates do not own at least 3.0% of the Company’s outstanding Common Stock.

#### ***Standstill Agreement***

The Standstill Agreement prohibits Fosun Pharma from engaging in certain activities (the “Standstill Restrictions”), including (i) acquiring additional Common Stock of the Company, such that after giving effect to such acquisition, Fosun Pharma would own in excess of 19.9999% of the issued and outstanding Common Stock of the Company, (ii) making, or in any way participating in, directly or indirectly any solicitation of proxies to vote, or seeking to advise or influence any person or entity with respect to the voting, of any voting securities of the Company, (iii) nominating, or seeking to nominate, directly or indirectly, any person to the Board, other than in accordance with the Stockholder Agreement, (iv) making any public announcement with respect to, or submitting a proposal for, or offer of (with or without conditions) any extraordinary transaction involving the acquisition or change of control of the Company or any of its securities or assets (including, for the avoidance of doubt and without limitation, a tender offer or the acquisition of all or substantially all of the assets of the Company and its subsidiaries taken as a whole), (v) forming, joining or in any way participate in a group in connection with any of the foregoing, (vi) otherwise acting or seeking to control the Board or the management or policies of the Company or (vii) taking any action that could reasonably be expected to require the Company to make a public announcement regarding the possibility of any of the events described above.

The Standstill Restrictions terminate on the earlier of (a) the later to occur of (x) June 30, 2015 or (y) (A) the date upon which no persons affiliated with Fosun Pharma are serving on the Board (in the case of (i) above) and (B) three months after such date (in the case of (ii) through (vii) above) and (b) the date that is four years after the closing of the transactions contemplated by the Stock Purchase Agreement.

#### ***Subscription Agreement***

The Subscription Agreement provides for the subscription and purchase by the Company and Fosun Industrial of the ordinary shares of NSP HK such that at the closing of the transactions contemplated by the Subscription Agreement, the Company will subscribe for and purchase 80% of the ordinary shares of NSP HK at a subscription price of \$15,999,999 and Fosun Industrial will subscribe for and purchase 20% of the ordinary shares of NSP HK at a subscription price of \$4,000,000. Immediately prior to such purchase, NSP HK will be 100% owned by the Company.

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Following the closing of the transactions contemplated by the Subscription Agreement, NSP HK will establish (i) an indirect wholly-owned subsidiary in China to engage in the distribution of NSP-branded and other designated products in China through retail channels and (ii) an indirect wholly-owned subsidiary in China to engage in the direct selling of Synergy-branded and other designated products, in each case subject to receipt of required regulatory approvals and permits (together with NSP HK and any intermediate holding companies, the “Joint Venture”). Pursuant to the Subscription Agreement, the Company and Fosun Industrial will determine with the Chinese regulatory authorities as to the feasibility of the contemplated structure of the Joint Venture to enable the applicable Chinese subsidiary to obtain all regulatory approvals and permits required to engage in direct selling in China, and will use their respective commercially reasonable efforts to agree on an alternative Joint Venture structure if the contemplated structure is not feasible.

At the closing of the transactions contemplated by the Subscription Agreement, the Company, Fosun Industrial and NSP HK would enter into an Operating Agreement (the “Operating Agreement”) relating to the ownership, management and operation of NSP HK as a 80%-20% joint venture between the Company and Fosun Industrial. The Operating Agreement, among other things, would provide: (i) that the board of directors of NSP HK shall consist of three members, two designated by the Company and one designated by Fosun Industrial, (ii) that the general manager, controller, legal representative and supervisor of each Chinese subsidiary will be nominated by the Company and the vice general manager of each Chinese subsidiary will be nominated by Fosun Industrial who will be responsible for administrative matters, (iii) that certain actions by NSP HK require approval by the Fosun Industrial director or Fosun Industrial (as applicable) in addition to a majority of the directors or shareholders holding a majority of the outstanding shares of NSP HK (as applicable), (iv) that the Company will license certain trademarks and other intellectual property to NSP Hong Kong and (v) certain transfer restrictions and termination events.

The foregoing descriptions of the Subscription Agreement, the Stock Purchase Agreement, the Stockholder Agreement and the Standstill Agreement do not purport to be complete and are qualified in their respective entireties by reference to such agreements, which are attached hereto as Exhibits 10.1, 10.2, 10.3 and 10.4 respectively, to this Current Report on Form 8-K and incorporated herein by reference.

#### **Item 3.02 Unregistered Sales of Equity Securities.**

The information contained in Item 1.01 of this Current Report with respect to the Purchase Agreement is incorporated into this Item 3.02 by reference.

#### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Pursuant to the terms of the Stockholder Agreement described in Item 1.01 above, Fosun Pharma and the Company have agreed (subject to a customary background check) that the initial Investor Designee shall be Mr. Li Dongjiu, and the Company shall appoint Mr. Li Dongjiu to fill a vacant seat on the Board upon the closing of the transactions discussed herein.

#### Item 7.01 Regulation FD Disclosure.

On June 26, the Company issued a press release regarding the transactions referenced herein. A copy of the Company's press release is attached hereto as Exhibit 99.1.

The information included in this Current Report on Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) is being "furnished" and shall not be deemed to be "filed" for the purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of the Exchange Act, nor shall it be incorporated by reference into a filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. The information included in this Current Report on Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

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#### Item 9.01 Financial Statements and Exhibits.

The following documents are filed as exhibits to this report:

Item No.	Exhibit
10.1	Stock Purchase Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.2	Stockholder Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.3	Standstill Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.4	Share Subscription Agreement dated June 26, 2014, among Nature's Sunshine Products, Inc., Fosun Industrial Co., Limited and Nature's Sunshine Hong Kong Limited.
99.1	Press Release issued by Nature's Sunshine Products, Inc., dated June 26, 2014

#### Forward-Looking Statements

This Current Report on Form 8-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to the Company's objectives, plans and strategies. All statements (other than statements of historical fact) that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties.

Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements include the following:

- the receipt of required regulatory approvals with respect to the transactions with Fosun Pharma and Fosun Industrial and the compliance with the other conditions precedent to the closing of the transactions;
- any negative consequences resulting from the economy, including the availability of liquidity to the Company, its customers and its suppliers or the willingness of its customers to purchase products;
- the Company's relationship with, and its ability to influence the actions of, its distributors;
- improper action by the Company's employees or distributors;
- negative publicity related to its products or direct selling organization;
- changing consumer preferences and demands;
- the Company's reliance upon, or the loss or departure of any member of, its senior management team which could negatively impact its distributor relations and operating results;
- the competitive nature of the Company's business;
- regulatory matters governing the Company's products, its direct selling program, or the direct selling market in which it operates;
- legal challenges to the Company's direct selling program;
- risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with its third party importers, pricing and currency devaluation risks, especially in countries such as Venezuela, Ukraine, Russia and Belarus;
- uncertainties relating to the application of transfer pricing, duties, value-added taxes, and other tax regulations, and changes thereto;
- the Company's dependence on increased penetration of existing markets;
- the Company's reliance on its information technology infrastructure;

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- the sufficiency of trademarks and other intellectual property rights;
- changes in tax laws, treaties or regulations, or their interpretation;
- taxation relating to its distributors;
- product liability claims; and
- share price volatility related to, among other things, speculative trading.

All forward-looking statements speak only as of the date of this Current Report on Form 8-K and are expressly qualified in their entirety by the cautionary statements included in this release. Except as is required by law, the Company expressly disclaims any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this Current Report on Form 8-K.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly

authorized.

NATURE'S SUNSHINE PRODUCTS, INC.

Dated: July 1, 2014

By: /s/ Steve Bunker  
Steve Bunker, Chief Financial Officer

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**EXHIBIT INDEX**

<u>Item No.</u>	<u>Exhibit</u>
10.1	Purchase Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.2	Stockholder Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.3	Standstill Agreement dated June 26, 2014, between Nature's Sunshine Products, Inc. and Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
10.4	Share Subscription Agreement dated June 26, 2014, among Nature's Sunshine Products, Inc., Fosun Industrial Co., Limited and Nature's Sunshine Hong Kong Limited
99.1	Press Release issued by Nature's Sunshine Products, Inc., dated June 26, 2014

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## STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of June 26, 2014 (this "Agreement"), is by and between Shanghai Fosun Pharmaceutical (Group) Co., Ltd, a Chinese corporation (the "Investor"), and Nature's Sunshine Products, Inc., a Utah corporation (the "Company").

WITNESSETH:

WHEREAS, the Company desires to issue and sell to the Investor, and the Investor desires to purchase from the Company, pursuant to the terms and conditions set forth in this Agreement, 2,857,255 shares (the "Shares") of common stock of the Company, no par value ("Common Stock"), subject to adjustment as provided in Section 2.06 hereof; and

WHEREAS, the Company and the Investor concurrently herewith are entering into (i) that certain agreement dated as of the date hereof, governing, among other things, the ownership, directly or indirectly, at any time and from time to time, by the Investor and any of its Affiliates of any shares of Common Stock, including but not limited to the Shares (the "Standstill Agreement") and (ii) that certain stockholder agreement, dated the date hereof, governing, among other things, the Investor's registration rights related to the Shares and restrictions on the ability of the Investor to transfer the Shares (the "Stockholder Agreement");

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound, the Company and the Investor hereby agree as follows:

## ARTICLE I

DEFINITIONSSection 1.01 Certain Defined Terms.

"Action" means any claim, action, suit, arbitration, inquiry, grievance, proceeding, hearing, investigation, or administrative decision-making or rule-making process by or before any Governmental Authority.

"Affiliate" means, with respect to any Person or group of Persons, a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person or group of Persons.

"Agreement" or "this Agreement" shall have the meaning set forth in the Preamble, and shall include the Exhibits hereto and all amendments hereto made in accordance with the provisions hereof.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the city of New York, New York or Beijing, China. In the event that any action is required or permitted to be taken under this

Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

"China" means the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

"Closing" shall have the meaning set forth in Section 2.03.

"Closing Date" shall have the meaning set forth in Section 2.03.

"Common Stock" shall have the meaning set forth in the Recitals.

"Company" shall have the meaning set forth in the Preamble.

"Company Governmental Approvals" shall have the meaning set forth in Section 3.04(b).

"Company Material Adverse Effect" means a material adverse event, change, development, condition or occurrence on or with respect to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of the Company and its Subsidiaries, taken as a whole; provided, however, that in determining whether there has been a Company Material Adverse Effect, any event, change, development, condition or occurrence attributable to, arising out of, or resulting from any of the following shall be disregarded: (i) changes in the economy or the financial, securities or currency markets in the United States, China or elsewhere in the world (including changes in prevailing foreign exchange rates or interest rates), (ii) changes generally affecting companies in the industries in which the Company and its Subsidiaries engage in business, (iii) the announcement or the existence of, or compliance with, this Agreement or the transactions contemplated hereby, (iv) any changes in the share price or trading volume of the Shares or in the Company's credit rating, or the failure of the Company to meet projections or forecasts, in and of itself (but not the underlying causes thereof), (v) any taking of any action at the written request of the Investor, (vi) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any Law of or by any international, national, regional, state or local Governmental Authority, independent system operator, regional transmission organization or market administrator, in each case having general applicability, (vii) any generally applicable changes in GAAP or accounting standards or interpretations thereof, or (viii) any weather-related or other force majeure event or outbreak or escalation of hostilities or acts of war or terrorism, except, with respect to clauses (i), (vi), (vii) and (viii), to the extent that the effects of such changes or events are disproportionately adverse to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of the Company and its Subsidiaries, taken as a whole.

"control" (including the terms "controlled by" and "under common control with") means, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, through the ownership of a majority of the outstanding voting securities, or by otherwise manifesting the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Disclosure Schedule" means the Disclosure Schedule attached to this Agreement which shall be deemed to be part of this Agreement.

"Environmental Laws" shall have the meaning set forth in Section 3.22.

“ERISA” shall have the meaning set forth in [Section 3.24](#).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“GAAP” means United States generally accepted accounting principles, as revised by Financial Standards Accounting Board from time to time, applied consistently throughout the periods involved.

“Governmental Approvals” shall have the meaning set forth in [Section 4.04](#).

“Governmental Authority” means any supranational, national, federal, state, municipal or local governmental or quasi-governmental or regulatory authority (including a national securities exchange or other self-regulatory body), agency, governmental department, court, commission, board, bureau or other similar entity, domestic or foreign or any arbitrator or arbitral body.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority with competent jurisdiction.

“Indemnified Party” shall have the meaning set forth in [Section 8.15\(c\)](#).

“Indemnifying Party” shall have the meaning set forth in [Section 8.15\(c\)](#).

“Intellectual Property Rights” shall have the meaning set forth in [Section 3.21](#).

“Investor” shall have the meaning set forth in the Preamble.

“Investor Indemnitee” shall have the meaning set forth in [Section 8.15\(a\)](#).

“Investor Material Adverse Effect” means a material adverse event, change, development, condition or occurrence on or with respect to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of the Investor and its Subsidiaries, taken as a whole; provided, however, that in determining whether there has been an Investor Material Adverse Effect, any event, change, development, condition or occurrence attributable to, arising out of, or resulting from any of the following shall be disregarded: (i) changes in the economy or the financial, securities or currency markets in the United States, China or elsewhere in the world (including changes in prevailing foreign exchange rates or interest rates), (ii) changes generally affecting companies in the industries in which the Investor and its Subsidiaries engage in business, (iii) the announcement or the existence of, or compliance with, this Agreement or the transactions contemplated hereby, (iv) any taking of any action at the written request of the Company, (v) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any Law of or by any international, national, regional, state or local Governmental Authority, independent system operator, regional transmission organization or market administrator, in each case having general applicability, (vi) any generally applicable changes in accounting standards or interpretations thereof, or (vii) any weather-related or other force majeure event or outbreak or escalation of hostilities or acts of war

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or terrorism, except, with respect to clauses (i), (v), (vi) and (vii), to the extent that the effects of such changes or events are disproportionately adverse to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of the Investor and its Subsidiaries, taken as a whole.

“JV Transaction” shall have the meaning given in [Section 5.02](#).

“Knowledge” means the actual knowledge of any executive officer, after reasonable inquiry of the applicable subject matter.

“Law” means any federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, or rule of law (including common law) of any Governmental Authority, and any judicial or administrative interpretation thereof, including any Governmental Order.

“Lien” means a mortgage, charge, pledge, lien, hypothecation or other security interest or agreement securing any obligation of any Person.

“Loss” shall have the meaning set forth in [Section 8.15\(a\)](#).

“Material Agreements” shall have the meaning set forth in [Section 3.17](#).

“Money Laundering Laws” shall have the meaning set forth in [Section 3.27](#).

“NASDAQ” means the NASDAQ Stock Exchange.

“OFAC” shall have the meaning set forth in [Section 4.07](#).

“Parties” means the Company and the Investor.

“Permits” means all licenses, permits, certificates, consents, orders, approvals and other authorizations presently required or necessary from all Governmental Authorities.

“Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

“Purchase Price” shall have the meaning set forth in [Section 2.02](#).

“SEC” means the United States Securities and Exchange Commission.

“SEC Reports” means the periodic reports that the Company has filed with the SEC (including the exhibits incorporated by reference) since January 1, 2014 in accordance with its obligations under the Exchange Act and the rules and regulations promulgated thereunder.

“Securities Act” means the Securities Act of 1933, as amended.

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“Share Subscription Agreement” means the Share Subscription Agreement of even date herewith by and among the Company, Fosun Industrial Co., Limited and Nature’s Sunshine Hong Kong Limited.

“Shares” shall have the meaning set forth in the Recitals.

“Standstill Agreement” shall have the meaning set forth in the Recitals.

“Stockholder Agreement” shall have the meaning set forth in the Recitals.

“Subsidiary” or “Subsidiaries” means, with respect to any Person, any corporation more than 50% of the voting stock of which is owned directly or indirectly by such Person, and any partnership, association, joint venture or other entity in which such Person owns directly or indirectly more than 50% of the equity interests or has the power to elect a majority of the board of directors or other governing body.

“Substantial Detriment” shall have the meaning set forth in Section 5.01(d).

“Taxes” means all taxes, charges, fees, levies or tariffs in the nature of a tax (together with interest, penalties or additions thereto) imposed by any Governmental Authority.

“Termination Trigger” shall have the meaning set forth in Section 7.01(d).

“Transaction Agreements” means, collectively, this Agreement, the Stockholder Agreement and the Standstill Agreement.

“Transfer” shall have the meaning set forth in Section 4.09(a).

Section 1.02 Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

- (a) when a reference is made in this Agreement to an Article, Recital, Section, Exhibit or Schedule, such reference is to an Article, Recital or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;
- (b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;
- (c) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;
- (d) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (e) the definitions of terms contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

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- (f) any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor Laws;
- (g) references to a Person are also to its successors and permitted assigns; and
- (h) the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

## ARTICLE II

### PURCHASE AND SALE

Section 2.01 Purchase and Sale of the Shares. Upon the terms and subject to the conditions of this Agreement, the Company shall issue to the Investor, and the Investor shall purchase, accept and acquire from the Company, the Shares.

Section 2.02 Purchase Price. The purchase price for the Shares shall be a per Share price of \$16.19 (the “Purchase Price”), representing a 10% (ten percent) premium to the average of the closing sale price per share of Common Stock as reported by NASDAQ for the 30 consecutive trading days preceding the date this Agreement is executed by the Parties hereto.

Section 2.03 Closing. Subject to the terms and conditions of this Agreement, the issuance, sale and purchase of the Shares shall take place at a closing (the “Closing”) to be held at 9:00 a.m. (Pacific time) at the offices of Latham & Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, on the third Business Day after the date that the parties have received notice that each of the conditions set forth in ARTICLE VI of this Agreement have been satisfied or have been waived, or at such other date, time and place as the Company and the Investor may mutually agree upon in writing (the date upon which the Closing occurs is referred to herein as the “Closing Date”).

Section 2.04 Closing Deliveries by the Company. At the Closing, the Company shall deliver or cause to be delivered to the Investor or its designated custodian:

- (a) a certificate representing the Shares registered in the name of the Investor;
- (b) the officer’s certificate contemplated in Section 6.03(c);
- (c) a certificate of the Secretary or Assistant Secretary of the Company, in form and substance satisfactory to the Investor, certifying, among other things, as to true and complete copies of (i) the resolutions duly and validly adopted by the board of directors of the Company evidencing its authorization of the execution and delivery of each of the Transaction Agreements and the consummation of the transactions contemplated hereby and thereby, (ii) the Company’s Amended and Restated Articles of Incorporation and (iii) the Company’s Second Amended and Restated Bylaws (each of (i), (ii) and (iii) shall be attached as exhibits to such certificate);

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- (d) an opinion of (i) Dorsey & Whitney LLP, Utah counsel for the Company, in substantially the form attached hereto as Exhibit A-1, (ii) Latham &

Watkins LLP, corporate counsel for the Company in substantially the form attached hereto as Exhibit A-2 and (iii) Richard Strulson, the Company's counsel, reasonably satisfactory to the Investor, in substantially the form attached hereto as Exhibit A-3, each dated as of the Closing Date;

- (e) a copy of the Company's Amended and Restated Articles of Incorporation certified as a true and complete copy by the Secretary of State of the State of Utah as of a date within five (5) Business Days of the Closing Date;
- (f) evidence of the formation and good standing of the Company in the State of Utah as of a date within five (5) Business Days of the Closing Date;
- (g) a letter from the Company's registrar for the Common Stock certifying the number of shares of Common Stock outstanding on the Business Day prior to the Closing Date; and
- (h) a certificate as to the Company's nonforeign status which satisfies the requirements of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended, and Treasury Regulations Section 1.1445-2(b)(2), in form and substance reasonable satisfactory to the Investor.

Section 2.05 Closing Deliveries by the Investor. At the Closing, the Investor shall deliver to the Company:

- (a) the Purchase Price, without any deduction or setoff of any kind, by wire transfer in immediately available funds to a bank account in the United States to be designated by the Company in a written notice to the Investor prior to the Closing; and
- (b) the officer's certificate contemplated in Section 6.02(c).

Section 2.06 Adjustments to Number of Shares. The number of Shares issued by the Company to the Investor at the Closing and the Purchase Price per Share shall be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Common Stock), reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to Common Stock occurring on or after the date hereof and prior to the Closing. In addition, in the event that after the date hereof and prior to the Closing, the Company shall have issued any shares of Common Stock, including, but not limited to, in connection with the exercise of any options, warrants or other rights to acquire shares of Common Stock or the conversion or exchange of any securities that are convertible into or exchangeable for shares of Common Stock (but excluding any shares of Common Stock that may be issued, or are deemed or required to be issued, in connection with the exercise of any outstanding stock options that occur after 5:00 p.m. (Pacific time) two Business Days prior to the Closing Date), the number of Shares to be issued by the Company and purchased by the Investor at the per Share Purchase Price shall be increased such that the total number of Shares purchased by the Investor shall be equal to 15% of the total number of shares of Common Stock outstanding on the Closing Date.

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Section 2.07 Other Agreements. Concurrently herewith, the Investor and the Company shall have entered into the Standstill Agreement and the Stockholder Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as expressly set forth in the corresponding sections of the Disclosure Schedule and any SEC Report, the Company represents and warrants to the Investor the following as of the date of this Agreement and as of the Closing Date:

Section 3.01 Organization, Good Standing and Qualification. Except as set forth in the Disclosure Schedule, each of the Company and its Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has full power and authority to own and lease its properties and assets and conduct its business as currently conducted. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the property owned or leased, or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified would not be reasonably expected to have a Company Material Adverse Effect. Other than the Subsidiaries, the Company does not own or control, directly or indirectly, any interest in any other Person.

Section 3.02 Capital Structure. The authorized capital stock of the Company consists of 50,000,000 shares of Company Common Stock. At the close of business on June 25, 2014, the Company had the following securities issued and outstanding: (i) 16,191,112 shares of Company Common Stock, (ii) options to purchase an aggregate of 2,155,376 shares of Company Common Stock and (iii) 169,149 restricted stock units, each unit representing the right to receive 169,149 shares of Company Common Stock. Except as set forth in the immediately preceding sentence, as of the date hereof, no other options, units, warrants, rights to purchase or otherwise acquire or securities that are exercisable, exchangeable or convertible into any shares of capital stock of, or other ownership interests in, the Company are outstanding. All issued and outstanding shares of the Common Stock of the Company are, and the Shares, when so issued in accordance with the terms of this agreement will be, duly authorized, validly issued, fully paid and non-assessable, and issued in compliance in all material respects with federal and state securities laws, free (and not issued or sold in violation) of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights. Except as disclosed in the Disclosure Schedule, there are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party. The certificates for the Shares are in valid and sufficient form.

Section 3.03 Authorization, Enforceability. The Company has all requisite corporate right, power and authority to enter into each Transaction Agreement and to consummate the transactions contemplated thereby and all corporate action on the part of the Company and its stockholders necessary for the authorization, execution, delivery and performance on the Closing Date of the Transaction Agreements and the transactions contemplated thereby have been taken or will be taken prior to the Closing. Each Transaction Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of

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the Company, enforceable against the Company in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and (ii) rights of acceleration, if any, and the availability of equitable remedies may be limited by equitable principles of general applicability (regardless of whether considered in an Action in equity or at law). There are no preemptive rights or rights of first refusal on behalf of any Person applicable to the issuance of any of the Shares.

Section 3.04 No Conflict: Governmental and Other Consents.

(a) The execution, delivery and performance by the Company of the Transaction Agreements and the consummation of the transactions contemplated thereby will not (i) result in the violation of any provision of the Company's Amended and Restated Articles of Incorporation or Second Amended and Restated Bylaws, each as amended to date, (ii) result in the violation of any applicable Law or (iii) conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a default under, any lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of their respective properties or assets is



subject, nor result in the creation or imposition of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries, except with respect to clause (ii) and (iii) to the extent that any such violation, conflict or breach would not reasonably be expected to have a Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements. Other than rights to be granted to the Investor pursuant to the Stockholder Agreement, no holder of any of any shares of Common Stock of the Company or any other securities of the Company has any rights (“demand,” “piggyback” or otherwise) to have such shares or other securities registered pursuant to a registration statement or otherwise registered by the Company under the Securities Act and the rules and regulations promulgated thereunder (other than any securities registered on Form S-8 pursuant to existing equity incentive plans of the Company).

(b) Assuming the accuracy of the representations of the Investor in Section 4.06 of this Agreement, no consent, approval, authorization or other order of, or registration or filing, with any U.S. federal or state Governmental Authority is required to be obtained by the Company in connection with the authorization, execution, delivery and performance on the Closing Date by the Company of the Transaction Agreements or the issue and sale of the Shares hereunder, except any filings as may be required to be made with any state blue sky or securities regulatory authority (collectively, the “Company Governmental Approvals”).

Section 3.05 Absence of Changes. Since December 31, 2013, except as specifically disclosed in the Disclosure Schedule and the SEC Reports, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to have a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements, (ii) there has not been any material change in the assets, liabilities, or financial

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condition of the Company, except for changes in the ordinary course consistent with past practice, (iii) the Company has not altered its method of accounting other than changes required by GAAP, (iv) the Company has not redeemed or made any agreements to purchase or redeem any shares of its capital stock (v) the Company has not declared or made any dividend or distribution of cash or other property or securities to its stockholders other than quarterly dividends in the ordinary course of business and consistent with past practice and (vi) the Company has not issued any equity securities other than equity securities to officers, directors, employees or consultants of the Company and its Subsidiaries pursuant to existing equity incentive plans in the ordinary course of business and consistent with past practice.

Section 3.06 Permits. Each of the Company and its Subsidiaries possesses all Permits from, and has made all declarations and filings with, all Governmental Authorities, presently required or necessary to own or lease, as the case may be, and to operate its respective properties and to carry on its respective businesses as now conducted except where the failure to possess any Permits or to make any declaration or filings would not reasonably be expected to have a Company Material Adverse Effect. All of such Permits are valid and in full force and effect. Each of the Company and its Subsidiaries has fulfilled and performed all of its respective obligations with respect to such Permits (except for such failures that would not be reasonably likely to have a Company Material Adverse Effect) and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit. The Company and its Subsidiaries have not received written notice of any Action relating to revocation or modification of any such Permit.

Section 3.07 Litigation. Except as set forth in the Disclosure Schedule and the SEC Reports, there are no pending or, to the Company’s Knowledge, threatened, legal or governmental Actions against the Company, any of its Subsidiaries or any of their respective property or assets or any officer or director of the Company in connection with such officer’s or director’s relationship with, or actions taken on behalf of the Company, which, if adversely determined individually or in the aggregate, would be reasonably likely to have a Company Material Adverse Effect. There is no Action, suit, proceeding, inquiry or investigation before or by any court, public board or body (including, without limitation, the SEC) pending or, to the Knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under the Transaction Agreements.

Section 3.08 Title to Property and Assets. Except as set forth in the Disclosure Schedule, the Company and its Subsidiaries have good and marketable title in fee simple to all real property owned by them that is material to the business of the Company and its Subsidiaries and good and marketable title in all personal property owned by them that is material to the business of the Company and its Subsidiaries, in each case free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and Liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases

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except for such failures that would not be reasonably likely to have a Company Material Adverse Effect.

Section 3.09 Accuracy of Reports. All SEC Reports required to be filed by the Company under the Exchange Act have been timely filed with the SEC, complied at the time of filing in all material respects with the requirements of their respective forms and, except to the extent amended, updated or superseded by any subsequently filed report, were correct in all material respects as of the dates at which the information was filed, and contained (as of such dates) no untrue statements of a material fact nor omitted to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. As of the date hereof, the SEC Reports filed on or prior to the date hereof, collectively, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and, as of the Closing Date, the SEC Report filed on or prior to the Closing Date, collectively, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that with respect to the foregoing, to the extent that any statement included or incorporated by reference in any SEC Report has been amended, modified or supplemented by any statement in a subsequently filed SEC Report, such statement shall not be deemed to be included or incorporated by reference in the SEC Reports except as so amended, modified or supplemented.

Section 3.10 Financial Information. The Company’s financial statements that appear in the SEC Reports have been prepared in accordance with GAAP and, except in the case of unaudited statements as permitted by Form 10-Q of the SEC or as may be indicated therein or in the notes thereto, applied on a consistent basis throughout the periods indicated, and such financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company and the Subsidiaries as of the dates and for the periods indicated therein and comply as to form in all material respects with the applicable accounting requirements of the Securities Act.

Section 3.11 Accounting Controls. The Company and each of its Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since December 31, 2013, there has been (1) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (2) no change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Section 3.12 Sarbanes-Oxley Act of 2002. The Company is in compliance, in all material respects, with all applicable provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder.

Section 3.13 Disclosure Controls. The Company and its Subsidiaries maintain “disclosure controls and procedures” (as such term is defined in Rule 13a-15(e) under the Exchange Act) and such disclosure controls and procedures are effective.

Section 3.14 Investment Company. The Company is not, and immediately after receipt of payment for the Shares, will not be, an “investment company” within the meaning of such term under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

Section 3.15 Compliance With Securities Laws. The Company has not issued, offered or sold any shares of Common Stock within the six (6) month period preceding the date hereof or taken any other action, or failed to take any action, that would cause the offering of the Shares pursuant to this Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act or the rules and regulations of NASDAQ. Subject to the accuracy of the representations and warranties of the Investor in this Agreement, the offer and issuance by the Company of the Shares is exempt from registration under the Securities Act.

Section 3.16 Subsidiaries. To the extent required under applicable SEC rules, Exhibit 21 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, sets forth each Subsidiary of the Company, showing the jurisdiction of its incorporation or organization. All of the outstanding shares of capital stock or similar equity interests of each Subsidiary owned or controlled, directly or indirectly, by the Company have been validly issued, are fully paid and are owned or controlled by the Company and/or its Subsidiaries free and clear of any Lien except as disclosed in the SEC Reports or the Disclosure Schedule.

Section 3.17 Material Agreements. Neither the Company nor any Subsidiary of the Company is a party to any written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement, a copy of which would be required to be filed with the SEC as an exhibit to Form 10-K (each, a “Material Agreement”) that has not been filed with the SEC other than agreements related to the transactions contemplated by this Agreement. Neither the Company nor any Subsidiary of the Company is in default under any Material Agreement now in effect, the result of which would be reasonably likely to have a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements.

Section 3.18 Taxes. Except as set forth in the Disclosure Schedule, each of the Company and its Subsidiaries has prepared and filed all U.S. federal and all other material state, local and foreign tax returns required by law to be filed by it. Each of the Company and its Subsidiaries has paid or made provisions for the payment of all Taxes shown to be due on such tax returns, except for (i) Taxes being contested in good faith for which adequate reserves have been taken or (ii) for such Taxes which, if unpaid, individually or in the aggregate, do not and would not have a Company Material Adverse Effect. Except as set forth in the Disclosure Schedule, there are no Tax audits or investigations currently ongoing, of which the Company has written notice. The Company has not received written notice of any assessments, adjustments or contingent liability (whether federal, state, local or foreign) in respect of any Taxes pending or threatened against the Company or any Subsidiary for any period which, if unpaid, would have a Company Material Adverse Effect.

Section 3.19 Insurance. The Company and its Subsidiaries are insured against such losses and risks and in such amounts as the Company believes are prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. All such insurance policies insuring the Company, its Subsidiaries and their respective businesses, assets, employees, officers and directors are in full force and effect. The Company and its Subsidiaries are in compliance with the terms of such policies and instruments in all material respects. There are no material claims by the Company or any of its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for during the past two years.

Section 3.20 Dividends. Except as may be restricted by applicable Law or the internal policies of the Company relating to Tax planning (including, but not limited to, foreign currency controls), no Subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary’s capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary’s property or assets to the Company or any other Subsidiary of the Company, in each case, that would reasonably be likely to have a Company Material Adverse Effect.

Section 3.21 Intellectual Property Rights and Licenses. The Company and its Subsidiaries own or have the right to use any and all information, know-how, trade secrets, patents, copyrights, trademarks, trade names, software, formulae, methods, processes and other intangible properties that are of a such nature and significance to the business that the failure to own or have the right to use such items would have a Company Material Adverse Effect (“Intellectual Property Rights”). The Company (including its Subsidiaries) has not received any notice that it is in conflict with or infringing upon the asserted intellectual property rights of others in connection with the Intellectual Property Rights, and, to the Company’s Knowledge, neither the use of the Intellectual Property Rights nor the operation of the Company’s businesses is infringing or has infringed upon any Intellectual Property Rights of others. All payments have been duly made that are necessary to maintain the Intellectual Property Rights in force. No claims have been made, and to the Company’s Knowledge, no claims are threatened, that challenge the validity or scope of any material Intellectual Property Rights of the Company or any of its Subsidiaries. The Company and each of its Subsidiaries have taken reasonable steps to obtain and maintain in force all licenses and other permissions under Intellectual Property Rights of third parties necessary to conduct their businesses as heretofore conducted by them, and now being conducted by them, and as expected to be conducted, and neither the Company nor any of its Subsidiaries is or has been in material breach of any such license or other permission.

Section 3.22 Environmental Matters. Except as set forth on the Disclosure Schedule or as disclosed in the SEC Reports and as would not be expected to result in a Company Material Adverse Effect, the Company and its Subsidiaries are in compliance with all Environmental Laws in all material respects. There are no investigations or Actions pending or, to the Company’s Knowledge, threatened against the Company, any of its Subsidiaries or any of the Company’s or its Subsidiaries’ facilities relating to Environmental Laws. “Environmental Laws” shall mean all federal, national, state, regional and local laws, statutes, ordinances and regulations, in each case as amended or supplemented from time to time, and any judicial or

administrative interpretation thereof, including orders, consent decrees or judgments relating to the regulation and protection of human health, safety, the environment and natural resources.

Section 3.23 Labor, Employment and Benefit Matters. Neither the Company nor any of its the Subsidiaries is bound by or subject to a collective bargaining agreement or similar written agreement with any organization representing its employees. There are no existing, or to the Company’s Knowledge, threatened or imminent strikes or other labor disputes against the Company or any of its Subsidiaries that would be reasonably likely to have a Company Material Adverse Effect. There is no organizing activity involving employees of the Company or any of its Subsidiaries pending or, to the Company’s or its Subsidiaries’ Knowledge, threatened by any labor union or group of employees. There are no representation Actions pending or, to the Company’s or its Subsidiaries’ Knowledge, threatened with the U.S. National Labor Relations Board, and no labor organization or group of employees of the Company or its Subsidiaries has made a pending demand for recognition.

Section 3.24 ERISA Matters. None of the Company nor any of its Subsidiaries (i) has terminated any “employee pension benefit plan” as defined in

Section 3(2) of ERISA (as defined below) under circumstances that present a material risk of the Company or any of its Subsidiaries incurring any liability or obligation that would be reasonably likely to have a Company Material Adverse Effect, or (ii) has incurred or expects to incur any outstanding liability under Title IV of the Employee Retirement Income Security Act of 1974, as amended and all rules and regulations promulgated thereunder (“ERISA”).

Section 3.25 Related Party Transactions. No director or Affiliate nor any family member of any officer, director or Affiliate of the Company has entered into any transaction with the Company or any Subsidiary that would be required to be disclosed under Item 404 of Regulation S-K that has not been so disclosed as required by the rules and regulations of the SEC.

Section 3.26 Compliance with Law. The Company is in compliance in all material respects with all applicable Laws, except for such noncompliance that would not reasonably be likely to have a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements. The Company has not received any notice of, nor does the Company have any Knowledge of, any violation (or of any investigation, inspection, audit or other Action by any Governmental Authority involving allegations of any violation) of any applicable Law involving or related to the Company which has not been dismissed or otherwise disposed of that would be reasonably likely to have a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements. The Company has not received notice or otherwise has any knowledge that the Company is charged with, threatened with or under investigation with respect to, any violation of any applicable Law that would reasonably be likely to have a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements. The Company and, to the Company’s Knowledge, its directors, officers, employees and agents or other Person acting under and with

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its express authorization have complied in all respects with the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations promulgated thereunder.

Section 3.27 Money Laundering Laws. The operations of the Company are and have been conducted at all times in compliance with the money laundering statutes of applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental agency (collectively, the “Money Laundering Laws”) and no action, suit, claim or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any of the Company with respect to the Money Laundering Laws is pending or, to the Company’s Knowledge, threatened.

Section 3.28 Compliance with NASDAQ Listing Requirements. The Company is in compliance in all material respects with all currently effective NASDAQ continued listing requirements and corporate governance requirements as applied to the Company. The Company’s Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on NASDAQ, trading in the Common Stock has not been suspended, and the Company has taken no action designed to terminate, or likely to have the effect of terminating, the registration of the Common Stock under the Exchange Act or delisting the Common Stock from NASDAQ.

Section 3.29 Certain Fees. Except as set forth in the Disclosure Schedule, no brokerage or finder’s fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Agreements.

Section 3.30 Manipulation of Price. The Company has not, and to its Knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Shares, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Shares, or (iii) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

Section 3.31 No Operations in China. Except as set forth in the Disclosure Schedule, neither the Company nor any of its Subsidiaries markets, sells or distributes any of its products or services in China or otherwise operates or conducts any business in China.

Section 3.32 No Additional Representations. The Investor acknowledges that the Company does not make any representation or warranty as to any matter whatsoever except as expressly set forth in this Agreement or in any certificate delivered by the Company to the Investor in accordance with the terms hereof.

## ARTICLE IV

### **REPRESENTATIONS AND WARRANTIES OF THE INVESTOR**

As an inducement to the Company to enter into this Agreement, the Investor hereby represents and warrants to the Company as follows as of the date hereof and as of the Closing Date:

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Section 4.01 Due Organization of the Investor. The Investor has been duly organized and is validly existing and in good standing under the Law of its jurisdiction of organization and has all necessary power and authority to enter into this Agreement and each of the Transaction Agreements, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby.

Section 4.02 Authorization of Agreements; Enforceability. Each of this Agreement and the Transaction Agreements, the performance by the Investor of its obligations hereunder and thereunder, and the consummation by the Investor of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Investor. This Agreement has been and, prior to the Closing, each of the Transaction Agreements will be, validly executed and delivered by the Investor and constitute or will constitute valid and binding obligations of the Investor, enforceable against the Investor in accordance with their respective terms, except as enforcement may be limited by general principles of equity whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors’ rights and remedies generally.

Section 4.03 Absence of Defaults and Conflicts. The execution and delivery by the Investor of this Agreement do not, and the execution and delivery of any of the Transaction Agreements will not, and, subject to obtaining the Governmental Approvals, the consummation of the transactions contemplated hereby and thereby and compliance with the provisions hereof and thereof will not (i) result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of a material benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, deed of trust, mortgage, indenture, lease, agreement, contract, instrument, permit, concession, franchise, right or license binding upon the Investor or result in the creation of any liens upon any of the properties or assets of the Investor, (ii) conflict with or result in any violation of any provision of the certificate of incorporation or bylaws or other equivalent organizational document, in each case as amended, of the Investor, or (iii) conflict with or violate any applicable Law, other than, in the case of clauses (i) and (iii), any such violation, conflict, default, termination, cancellation, acceleration, right, loss or lien that would not reasonably be expected to, individually or in the aggregate, materially and adversely affect the consummation of the transactions contemplated in this Agreement or any of the Transaction Agreements or the performance by the Investor of its obligations hereunder or thereunder.

Section 4.04 Governmental Approvals. Assuming the accuracy of the representations of the Company in Section 3.31 of this Agreement, the Investor is not

required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any Governmental Authority or other Person in the United States, China or Hong Kong pursuant to any Law or requirement in connection with the execution, delivery and performance by the Investor of any of the Transaction Agreements, other than (i) its obligations under the Exchange Act as a result of its ownership of the Shares, (ii) filings to be made in connection with obtaining approvals from the following Chinese Governmental Authorities: the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange, or their respective local branches and (iii) any non-US or non-China approvals (it being understood that this representation as to non-US and non-China approvals is to the Knowledge of the Investor (the "Investor Government Approvals") and together with the

Company Governmental Approvals, the "Governmental Approvals"), and, subject to the accuracy of the representations and warranties of the Company in Section 3.04, no authorization, consent, order, license, permit or approval of, or registration, declaration, notice or filing with, any Governmental Authority is necessary, under applicable Law, for the consummation by the Investor of the transactions contemplated by any of the Transaction Agreements, except, in each case, for the Investor Government Approvals and such authorizations, consents, approvals or filings that, if not obtained or made, would not, individually or in the aggregate, reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or any of the Transaction Agreements or the performance by the Investor of its obligations hereunder or thereunder.

Section 4.05 Absence of Proceedings. There is no Action before or brought by any Governmental Authority, now pending or, to the Knowledge of the Investor, threatened against or affecting the Investor, which would, individually or in the aggregate, reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or any of the Transaction Agreements or the performance by the Investor of its obligations hereunder or thereunder.

Section 4.06 Compliance with Laws. The Investor has complied in all respects with any Chinese or other applicable anti-bribery laws or regulations applicable to it and its industry and is not aware of any pending, threatened or ongoing investigation related thereto.

Section 4.07 Money Laundering Laws. The operations of the Investor are and have been conducted at all times in compliance with the Money Laundering Laws and no action, suit, claim or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any of the Investor with respect to the Money Laundering Laws is pending or, to the Investor's Knowledge, threatened. Further, neither the Investor, its Affiliates, nor any of its directors, officers, employees and agents or other Person acting under and with its express authorization have been placed on the US Treasury Office of Foreign Asset Control ("OFAC") Specially Designated Nationals List, or other OFAC sanction lists.

Section 4.08 Sufficient Funds. The Investor shall have on the Closing Date, sufficient funds on hand in United States (U.S.) dollars to pay in full the Purchase Price.

Section 4.09 Investment Representations; Private Placement.

(a) The Investor is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act, and is acquiring the Shares solely for its own account, as principal and not as a nominee or agent for any other person, for investment and not with a view toward resale or distribution thereof in violation of the Securities Act and the rules and regulations of the SEC promulgated thereunder. The Investor agrees and acknowledges that the issuance of the Shares to it will not be registered with the SEC under the Securities Act, based upon an exemption from the registration requirements of the Securities Act and it will not, directly or indirectly, offer, transfer, sell, assign, pledge, hypothecate or otherwise dispose of (hereinafter, "Transfer") any of the Shares unless such Transfer is permitted by the Stockholder Agreement and either (i) the Transfer is pursuant to an effective registration statement under the Securities Act and qualification or other compliance under applicable blue

sky or state securities laws, or (ii) if requested by the Company, counsel for the Investor (which counsel shall be reasonably acceptable to the Company) shall have furnished the Company with an opinion, reasonably satisfactory in form and substance to the Company, to the effect that no such registration is required because of the availability of an exemption from registration under the Securities Act and qualification or other compliance under applicable blue sky or state securities laws.

(b) The Investor agrees and acknowledges that:

(i) the Shares have not been registered under the Securities Act or the securities laws of any state and, as a result thereof, are subject to substantial restrictions on Transfer;

(ii) the terms of the sale of Shares were individually negotiated between the Company on the one hand, and the Investor, on the other;

(iii) the Investor has no intention to dissolve and presently engages in activities other than those related to, and holds assets other than, the Shares;

(iv) the Investor does not have any contract, undertaking, agreement or arrangement with any person to Transfer or grant participation to any third person with respect to any of the Shares;

(v) the Investor is sufficiently experienced in financial and business matters to be capable of evaluating the merits and risks involved in purchasing the Shares and to make an informed decision relating thereto;

(vi) the Investor has the ability to bear the economic risks of the Shares and is able to afford the complete loss of such investment;

(vii) the Investor has had an opportunity to ask questions regarding the Shares and the business of the Company, and has acquired sufficient information about the Company to reach an informed decision to acquire the Shares;

(viii) the Investor has had an opportunity to receive all information related to the Company and its Subsidiaries requested by it and ask questions of and receive answers from the Company regarding the Company, its Subsidiaries, its business and the terms and conditions of the Shares and the Investor has had an opportunity to consult with counsel and other advisers about the investment in the Shares;

(ix) the Issuer has relied solely on its own investigations in making a decision to purchase the Shares, has not relied on the Company or any of its Affiliates, employees or agents for any tax, accounting, legal, financial or other advice and has received no representation or warranty from the Company, or any of its Affiliates, employees or agents, other than those set forth in this Agreement;

(x) the Common Stock is listed on NASDAQ and the Company is required to file reports containing certain business and financial information with the

SEC and may be required to file a copy of this Agreement with the SEC, pursuant to the reporting requirements of the Exchange Act;

(xi) for so long as the holder of the Shares is subject to transfer restrictions contained in the Stockholder Agreement, the certificates representing the Shares will bear the following legend:

“THIS SECURITY IS SUBJECT TO RESTRICTIONS ON TRANSFER SET FORTH IN A STOCKHOLDER AGREEMENT, DATED JUNE 26, 2014, AMONG THE COMPANY AND CERTAIN OTHER PARTIES THERETO.”; and

(xii) the Shares shall bear a legend substantially to the effect of the following:

**THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES (1) THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT (A) TO THE ISSUER OR A SUBSIDIARY OF THE ISSUER; (B) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT; OR (C) UNDER ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; AND (2) THAT IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUIRED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.**

(c) Neither the Investor nor any of its Affiliates beneficially owns any Common Stock or any other equity securities of the Company.

Section 4.10 No Broker’s Fees. Neither the Investor nor any of its Affiliates is a party to any contract, agreement or understanding with any Person that would give rise to a valid claim against the Company for a brokerage commission, finder’s fee or like payment in connection with the issuance and sale of the Shares.

Section 4.11 No Additional Representations. The Company acknowledges that the Investor does not make any representation or warranty as to any matter whatsoever except as expressly set forth in this Agreement or in any certificate delivered by the Investor to the Company in accordance with the terms hereof.

## ARTICLE V

### ADDITIONAL AGREEMENTS

Section 5.01 Regulatory Approvals; Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the Investor and the Company shall use their commercially reasonable efforts, on a cooperative basis, to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including:

(i) using their commercially reasonable efforts to obtain and maintain all necessary waivers, consents and approvals, including the Governmental Approvals, from Governmental Authorities, and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action, suit, investigation or proceeding by, any Governmental Authority;

(ii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby; and

(iii) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement.

(b) Each of the Investor and the Company shall cooperate in the preparation of any application for the Governmental Approvals and any other orders, clearances, consents, notices, rulings, exemptions, certificates, no-action letters and approvals reasonably deemed by either the Investor or the Company to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under applicable Law in connection with the transactions contemplated hereby.

(c) Subject to applicable Law, each of the Investor and the Company shall cooperate with and keep each other reasonably informed as to the status of and the processes and proceedings relating to obtaining the Governmental Approvals and any other actions or activities pursuant to this Section 5.01, and shall promptly notify each other of any material communication from any Governmental Authority in respect of this Agreement or the transactions contemplated hereby.

(d) Notwithstanding anything to the contrary contained in this Agreement, each of the Investor and the Company hereby agree and acknowledge that neither this Section 5.01 nor the “commercially reasonable efforts” standard shall require, or be construed to require, in order to obtain any permits, consents, approvals or authorizations, or any terminations or

waivers of any applicable waiting periods, (i) the Company to propose, negotiate or offer to effect, or consent or commit to, any terms, condition or restrictions that are reasonably likely to materially and adversely impact the Company’s or any of its Subsidiaries’ ability to own or operate any of their respective businesses or operations or ability to conduct any such businesses or operations substantially as conducted as of the date of this Agreement, or (ii) the Investor to propose, negotiate or offer to effect, or consent or commit to, any terms, condition or restrictions that are reasonably likely to materially and adversely impact (a) the rights and benefits reasonably expected by the Investor from the transactions contemplated by this Agreement and the Transaction Agreements or (b) the Investor’s or any of its Subsidiaries’ ability to own or operate any of their respective businesses or operations or ability to conduct any such businesses or operations substantially as conducted as of the date of this Agreement (any such effect, a “Substantial Detriment”).

Section 5.02 IV Transaction. Concurrently with the execution of this Agreement, the Parties shall enter into the Share Subscription Agreement attached hereto as Exhibit B (the “IV Transaction”).

Section 5.03 Exchange Act Filings. The Investor shall timely file and cause its Affiliates to timely file true and complete copies of all forms, reports and documents required to be filed by each with the SEC (including filing any required statements of beneficial ownership on Schedule 13D or Schedule 13G and such filings as may be required under Section 16 of the Exchange Act) regardless of jurisdiction.

Section 5.04 Certain Pre-Closing Covenants. From the date of this Agreement through the earlier of the Closing or the termination of this Agreement, (i) the Company shall and shall cause its Subsidiaries to operate their business in the ordinary course of business and substantially in accordance with past practice and (ii) the Company shall not and shall cause its Subsidiaries to not, except as contemplated by the Transaction Agreements and the JV Transaction, or as consented to by Investor in writing (which consent shall not be unreasonably conditioned, withheld, delayed or denied):

- (a) authorize or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities of the Company or its Subsidiaries), except (i) dividends and distributions paid or made on a pro rata basis by Company Subsidiaries and (ii) quarterly dividends to the Company's stockholders generally consistent with past practice;
- (b) adopt or propose any change to the stockholders of the Company to its Amended and Restated Articles of Incorporation or its Second Amended and Restated Bylaws in a manner that is reasonably likely to adversely impact the transactions contemplated hereunder or under the other Transaction Agreements or the rights and benefits reasonably expected to be received by the Investor under the Transaction Agreements;
- (c) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;
- (d) sell, assign, transfer, convey, lease, or otherwise dispose of (in whole or in part) any material assets or properties of the Company or its Subsidiaries (other than the

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disposition of obsolete or worn-out assets), except pursuant to transactions entered into on an arms-length basis;

- (e) take any action that is reasonably expected to materially and adversely affect, or materially impede or impair, the ability of the parties hereto to consummate the transactions contemplated hereby; or
- (f) agree, in writing or otherwise, to take any of the foregoing actions.

Section 5.05 Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

## ARTICLE VI

### CONDITIONS TO CLOSING

Section 6.01 Mutual Conditions of Closing. The obligations of the Company and the Investor to consummate the transactions contemplated by this Agreement at the Closing shall be subject to the fulfillment or mutual written waiver, at or prior to the Closing, of each of the following conditions:

- (a) No Adverse Law, Injunction. There shall not be any Law or Governmental Order in effect that enjoins, prohibits or materially alters the terms of the transactions contemplated by this Agreement, and no action, suit, investigation or proceeding shall be pending before a Governmental Authority of competent jurisdiction that seeks such a Governmental Order;
- (b) Governmental Approvals. Any Governmental Approvals shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired without the imposition of any term, condition or consequence of which is reasonably likely to constitute a Substantial Detriment or a Company Material Adverse Effect or materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements;
- (c) Standstill Agreement. The Standstill Agreement shall continue to be in full force and effect;
- (d) Stockholder's Agreement. The Company and the Investor shall have entered into the Stockholder Agreement; and
- (e) JV Transaction. The "Closing," as defined under the Share Subscription Agreement shall have occurred prior to or concurrently with the Closing.

Section 6.02 Conditions to Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement at the Closing shall

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be subject to the fulfillment or written waiver, at or prior to the applicable Closing, of each of the following conditions:

- (a) Representations and Warranties. The representations and warranties of the Investor contained in this Agreement shall be true and correct as of the Closing Date as if made at and as of such date (except to the extent such representation or warranty is made as of or speaks only as of an earlier date);
- (b) Covenants. The covenants and agreements contained in this Agreement to be complied with by the Investor on or before the Closing shall have been complied with in all material respects; and
- (c) Investor Closing Certificate. The Investor shall have delivered to the Company a certificate, dated as of the date of the Closing and signed by any senior officer, certifying to the effect that the conditions set forth in Sections 6.02(a) and (b) have been satisfied.

Section 6.03 Conditions to Obligations of the Investor. The obligations of the Investor to consummate the transactions contemplated by this Agreement at the Closing shall be subject to the fulfillment or written waiver, at or prior to the Closing, of each of the following conditions:

- (a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct as of the Closing Date as if made at and as of such date (except to the extent such representation or warranty is made as of or speaks only as of an earlier date);
- (b) Covenants. The covenants and agreements contained in this Agreement to be complied with by the Company on or before the Closing shall have

been complied with in all material respects;

(c) Company Closing Certificate. The Company shall have delivered to the Investor a certificate, dated as of the date of the Closing and signed by any senior officer, certifying to the effect that the conditions set forth in Sections 6.03(a), (b) and (d) have been satisfied;

(d) No Material Adverse Effect. Since the date hereof to the Closing Date, no event or events shall have occurred and be continuing which, individually or in the aggregate, constitute a Company Material Adverse Effect or that would materially and adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Transaction Agreements;

(e) Investor Largest Shareholder. Upon consummation of the Closing, the Investor will (i) own at least 15% of the total outstanding shares of Common Stock (but excluding any shares of Common Stock that may be issued, or are deemed or required to be issued, in connection with the exercise of any outstanding stock options that occur after 5:00 p.m. (Pacific time) two Business Days prior to the Closing Date ) and (ii) be the largest shareholder of the Company; and

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(f) Closing Documents. The Company and its Subsidiaries shall have delivered to the Investor the documents and other materials required to be delivered pursuant to Section 2.04, together with such other documents relating to the transactions contemplated by this Agreement as the Investor may reasonably request.

## ARTICLE VII

### TERMINATION

Section 7.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Company and the Investor;

(b) by the Investor, if (i) the Company shall have breached any representation, warranty, covenant or agreement set forth in this Agreement, (ii) such breach or misrepresentation is not cured within twenty (20) days after the Company receives written notice thereof from the Investor (or such shorter period between the date of such notice and the Closing), and (iii) such breach or misrepresentation would cause any of the conditions set forth in Section 6.02(a) or (b) not to be satisfied;

(c) by the Company, if (i) the Investor shall have breached any representation, warranty, covenant or agreement set forth in this Agreement, (ii) such breach or misrepresentation is not cured within twenty (20) days after the Investor receives written notice thereof from the Company (or such shorter period between the date of such notice and the applicable Closing), and (iii) such breach or misrepresentation would cause any of the conditions set forth in Section 6.03(a) or (b) not to be satisfied;

(d) by either the Company or the Investor if the Closing shall not have occurred within 90 days after the date hereof (the "Termination Trigger"); *provided, however*, that if all of the conditions to the Closing set forth in Sections 6.01, 6.02 and 6.03 shall have been satisfied or waived as applicable or shall then be capable of being satisfied (other than the condition set forth in Section 6.01(b)), the Termination Trigger may be extended by the Investor or the Company by written notice to the other party to such date that is thirty (30) days following the initial Termination Trigger; and *provided further*, that the right to terminate this Agreement under this paragraph (d) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

(e) by either the Investor or the Company in the event that any Governmental Authority shall have issued a Governmental Order or taken any other action restraining, enjoining or otherwise prohibiting, or altering, materially and adversely (to the Investor and the Company), the material terms of the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

Section 7.02 Effect of Termination. Unless agreed otherwise, in the event of termination of this Agreement as provided herein, this Agreement shall forthwith become void and there shall be no liability under this Agreement on the part of either party hereto; *provided*,

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however, that (i) nothing herein shall relieve either party from liability for any breach of this Agreement that occurred before such termination and (ii) the terms of this Section 7.02 and ARTICLE VIII shall survive any such termination.

## ARTICLE VIII

### GENERAL PROVISIONS

Section 8.01 Survival of Representations and Warranties. The representations and warranties of the parties contained herein shall survive the Closing Date for a period of eighteen (18) months following the date thereof; *provided, however*, that (i) the representations and warranties made by the Company pursuant to Sections 3.01, 3.02 and 3.03, and (ii) the representations and warranties made by the Investor pursuant to Sections 4.01, 4.02 and 4.11 shall survive indefinitely.

Section 8.02 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 8.03 Public Announcements. Except as may be required by applicable Law, court process or any listing agreement with any national securities exchange, the parties shall cooperate with each other in the development and distribution of all news releases and other public information disclosures with respect to this Agreement or the transactions contemplated hereby, and each Party shall have the right to review and comment on any such news releases and other public information disclosures of each other Party.

Section 8.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an enforceable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 8.05 Entire Agreement. This Agreement and the other Transaction Agreements (including the exhibits and schedules hereto and thereto) constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, among the Company and the Investor with respect to the subject matter hereof and thereof.

Section 8.06 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight

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courier service, or by facsimile to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.06):

If to the Company:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: Chief Executive Officer  
Facsimile: (801) 341-7320

with a copy to:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: General Counsel  
Facsimile: (801) 723-1334

If to the Investor:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Yao Fang, President  
Facsimile: +86 (21) 23138052

with a copy to:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Li Dongjiu, Senior Vice President  
Facsimile: +86 (21) 63325581

Section 8.07 Assignment. This Agreement may not be assigned without the express written consent of the other party and, in the case of an assignment by the Investor, compliance with the following sentence; and any such assignment or attempted assignment without such consent or compliance shall be void. In the event of any assignment by the Investor consented to by the Company, the assignee shall agree as a condition to the effectiveness of such assignment in a written instrument in form and substance satisfactory to the Company to assume and agree to be bound by the obligations of such party set forth in this Agreement. No assignment by any party shall relieve such party from any of its obligations hereunder.

Section 8.08 Amendment. This Agreement may not be amended or modified except (i) by an instrument in writing signed by, or on behalf of, the Company and the Investor, or (ii) by a waiver in accordance with Section 8.09.

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Section 8.09 Waiver. The Company or the Investor may (i) extend the time for the performance of any of the obligations or other acts of the other party hereto, (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto, or (iii) waive compliance with any of the agreements of any other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party that is giving the waiver. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 8.10 No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

Section 8.11 Governing Law; Jurisdiction; Waiver of Jury Trial

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York applicable to contracts executed in and to be performed in that State, without regard to the principles of conflict of Laws of the State of New York or any other jurisdiction.

(b) Each of the Investor and the Company irrevocably submits to the exclusive jurisdiction of the State of New York (and any court before which an appeal therefrom may be properly heard in connection with any such appeal), and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

(c) EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.12 No Consequential Damages. No party shall seek or be entitled to receive any consequential damages, including but not limited to loss of revenue or income, cost of capital, or loss of business reputation or opportunity, relating to any misrepresentation or breach of any warranty or covenant set forth in this Agreement; nor shall any party seek or be entitled to receive punitive damages as to any matter under, relating to or arising out of the transactions contemplated by this Agreement.

Section 8.13 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in



this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity.

Section 8.14 Currency. Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein means United States (U.S.) dollars and all payments hereunder shall be made in United States dollars.

Section 8.15 Indemnification.

(a) The Company agrees to indemnify and hold harmless the Investor, each Person who controls the Investor within the meaning of the Exchange Act, and each of the respective officers, directors, employees, agents and Affiliates of the foregoing in their respective capacities as such (the "Investor Indemnitees"), to the fullest extent lawful, from and against any and all actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement (subject to Section 8.15(d) below) and expenses (including, without limitation, reasonable attorneys' fees and disbursements) (collectively, "Loss") arising out of or resulting from any inaccuracy in or breach of the representations, warranties or covenants made by the Company in this Agreement.

(b) Subject to Section 8.15(c), a party obligated to provide indemnification under this Section 8.15 (an "Indemnifying Party") shall reimburse the indemnified parties of the applicable other party (the "Indemnified Parties") for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) as they are incurred in connection with investigating, preparing to defend or defending any such action, suit, claim or proceeding (including any inquiry or investigation) whether or not an Indemnified Party is a party thereto. It is understood and agreed that the Indemnifying Party shall not, in connection with any action, suit, claim or proceeding or related action, suit, claim or proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties. If an Indemnified Party makes a claim under this Section 8.15(c) for payment or reimbursement of expenses, such expenses shall be paid or reimbursed promptly upon receipt of appropriate documentation relating thereto even if the Indemnifying Party reserves the right to dispute whether this Agreement requires the payment or reimbursement of such expenses.

(c) An Indemnified Party shall give written notice to the Indemnifying Party of any claim with respect to which it seeks indemnification promptly after the discovery by such party of any matters giving rise to a claim for indemnification; *provided* that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 8.15 unless and to the extent that the Indemnifying Party shall have been materially prejudiced by the failure of such Indemnified Party to so notify such party. In case any such action, suit, claim or proceeding is brought against an Indemnified Party, the Indemnified Party shall be entitled to hire, at its own expense, separate counsel and participate in the defense thereof; *provided, however*, that the Indemnifying Party shall be entitled to assume and conduct the defense, unless the Indemnifying Party determines otherwise and following such determination the Indemnified Party assumes responsibility for conducting the defense (in which case the Indemnifying Party shall be liable for any legal or other expenses reasonably incurred by the Indemnified Party in connection with assuming and conducting the defense, it being

understood and agreed that the Indemnifying Party shall not, in connection with any action, suit, claim or proceeding or related action, suit, claim or proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties). If the Indemnifying Party assumes and conducts the defense as provided in the previous sentence, the Indemnifying Party will not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No Indemnifying Party shall be liable for any settlement of any action, suit, claim or proceeding effected without its written consent; *provided, however*, the Indemnifying Party shall not unreasonably withhold, delay or condition its consent. The Indemnifying Party further agrees that it will not, without the Indemnified Party's prior written consent, settle or compromise any claim or consent to entry of any judgment in respect thereof in any pending or threatened action, suit, claim or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is an actual or potential party to such action, suit, claim or proceeding) unless such settlement or compromise includes an unconditional release of the Indemnified Party from all liability arising out of such action, suit, claim or proceeding.

(d) The obligations of the Indemnifying Party under this Section 8.15 shall survive the closing or termination of this Agreement and the transactions contemplated hereby for a period of 18 months; *provided, however*, that if any claim for indemnification is validly made pursuant to this Section 8.15 prior to the expiration of such 18-month period and has not been resolved as of such time, then the provisions of this Section 8.15 shall survive solely with respect to such outstanding claim(s) until all such claim(s) are resolved. The agreements contained in this Section 8.15 shall be in addition to any other rights of the Indemnified Party against the Indemnifying Party or others, at common law or otherwise.

(e) The amount the Indemnifying Party shall pay to the Indemnified Party with respect to a claim made pursuant to this Section 8.15 shall be an amount equal to the Loss incurred by the Indemnified Party with respect to such claim; *provided* that the amount of any Losses incurred by the Indemnified Party shall be reduced by the amount of any insurance benefit received by the Indemnified Party in respect of such Losses, and *provided, further*, that any liability for indemnification under this Agreement shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement.

Section 8.16 Payments. The parties agree to treat any indemnity payments made pursuant to Section 8.15 as adjustments to the Purchase Price for U.S. federal income tax purposes.

Section 8.17 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or portable document format ("pdf") in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[Signature page follows]

By: /s/ Gregory L. Probert  
Name: Gregory L. Probert  
Title: Chairman and CEO

SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD

By: /s/ Qiyu Chen  
Name: Qiyu Chen  
Title: Chairman

*[Stock Purchase Agreement Signature Page]*

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## STOCKHOLDER AGREEMENT

dated as of June 26, 2014

by and between

Nature's Sunshine Products, Inc.

and

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

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## STOCKHOLDER AGREEMENT

This Stockholder Agreement dated as of June 26, 2014 (this "Agreement"), is by and between Nature's Sunshine Products, Inc., a Utah corporation (the "Company"), and Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a Chinese corporation (the "Investor").

## RECITALS

A. The Investor and the Company are parties to that certain Stock Purchase Agreement, dated as of June 26, 2014 (the "Purchase Agreement"), relating to the issue and sale by the Company to the Investor of 2,857,255 shares (the "Shares") of the Company Common Stock (as defined below).

B. The obligations of the Company and the Investor under the Purchase Agreement are conditioned upon, among other things, the execution and delivery of this Agreement by the Investor and the Company.

In consideration of the foregoing recitals and the mutual premises and covenants set forth herein, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Defined Terms Used in this Agreement. The following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

“Affiliate” means with respect to any Person or group of Persons, a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person or group of Persons.

“Affiliated Entity” means: (a) any wholly-owned Subsidiary of the Investor (so long as it remains as such); (b) any Person of which the Investor is a direct or indirect wholly-owned Subsidiary (so long as it remains as such); and (c) any other wholly-owned Subsidiary of any such Person in (b) above (so long as it remains as such and such other Person remains an Affiliated Entity).

“Agreement” has the meaning set forth in the recitals.

“Board” means the board of directors of the Company.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the city of New York, New York or Beijing, China. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

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“Change of Control” means any transaction or series of transactions which results in any Person, other than the Investor, any Affiliated Entity or any controlled Affiliate of the Investor or an Affiliated Entity (or a group of which the Investor, any Affiliated Entity or any controlled Affiliate of the Investor or an Affiliated Entity is a part), beneficially owning (as defined in Rule 13d-3 under the Exchange Act) a majority of the Total Voting Power after the consummation of such transaction or series of transactions.

“Charter Documents” means the Company’s Amended and Restated Articles of Incorporation or Second Amended and Restated Bylaws, each as amended to date.

“China” means the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“Closing” means the closing of the issuance, sale and purchase of the Shares pursuant to the Purchase Agreement.

“Closing Date” means the date upon which the Closing occurs pursuant to the Purchase Agreement.

“Company” has the meaning set forth in the recitals.

“Common Stock” means (i) the Company’s common stock, no par value per share and (ii) in the event that the Company’s common stock is converted into, exchanged for, reclassified into or replaced with any other any capital stock of the Company or any other entity in connection with any merger, consolidation, recapitalization or reclassification effected by the Company, such other capital stock.

“Company Indemnified Parties” has the meaning set forth in Section 2.6(a).

“control” (including the terms “controlled by” and “under common control with”) means, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, through the ownership of a majority of the outstanding voting securities, or by otherwise manifesting the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Demand Notice” has the meaning set forth in Section 2.1(a).

“Demand Registration” has the meaning set forth in Section 2.1(a).

“Effectiveness Period” has the meaning set forth in Section 2.1(b).

“Equity Securities” means any Common Stock or securities convertible or exchangeable into Common Stock or any warrants, options or other rights to purchase Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Filing Date” has the meaning set forth in Section 2.1(a).

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“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Form S-3” means such form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC, which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

“Holder” or “Holders” means any Person owning of record (including through a nominee or through a broker holding in “street name”) Registrable Securities or any Affiliated Entity (for so long as it is an Affiliated Entity) that is a transferee or assignee of record of such Registrable Securities to whom rights set forth herein have been duly assigned as permitted by and in accordance with this Agreement.

“Holder Indemnified Parties” has the meaning set forth in Section 2.6(b).

“Indemnified Party” has the meaning set forth in Section 2.6(c).

“Indemnifying Party” has the meaning set forth in Section 2.6(c).

“Investor” has the meaning set forth in the recitals.

“Investor Designee” has the meaning set forth in Section 3.1(a).

“Investor Group” means, collectively, the Investor and any Affiliated Entities that beneficially own shares of Common Stock.

“JV Transaction” has the meaning set forth in the Purchase Agreement.

“JV Sale” has the meaning set forth in Section 2.8(c).

“Knowledge” means when used with respect to the Company, the actual knowledge of any executive officer, without independent inquiry.

“Lockup Period” means the period commencing on the date of issuance of the Shares and continuing for a period until the earlier of the date that is (i) two years from such issuance date or (ii) twelve (12) months from the date that the JV Transaction becomes Operational.

“Major Transfer” has the meaning set forth in Section 2.8(c).

“Maximum Demand Registration” has the meaning set forth in Section 2.1(f)(ii).

“Nasdaq” means the Nasdaq Capital Market or any successor exchange or quotation system.

“Operating Agreement” means that certain operating agreement to be entered into on the Closing Date, among Fosun Industrial Co., Limited (a wholly-owned subsidiary of the Investor), the Company and Nature’s Sunshine Hong Kong Limited.

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“Operational” means (1) the two Chinese Subsidiaries (as defined in the Operating Agreement) have received regulatory approval from the appropriate Chinese authorities, (2) the application of a direct selling license has been submitted to the appropriate Chinese authorities and the registration process for at least five products has begun and (3) a substantive initial response from the relevant authorities on both the direct selling license and product registration has been received.

“Permitted Issuance” means any issuance by the Company of Equity Securities (i) to the Company or a Subsidiary of the Company, (ii) to officers, employees, directors or consultants of the Company or any of its Subsidiaries or other eligible participants pursuant to the Company’s Board-approved equity incentive plans and the securities issued upon exercise or conversion thereof, (iii) as consideration in a merger or acquisition of the stock or assets of another Person, (iv) upon the occurrence of a stock split, stock dividend or any subdivision of the Common Stock, or any other reclassification or other similar recapitalization, (v) pursuant to the conversion or exchange of any securities of the Company into capital stock of the Company, or the exercise of any warrants or other rights to acquire capital stock of the Company, in each case, that are either outstanding on the Closing Date or that are issued in accordance with Section 4.1 hereof; (vi) in connection with any private placement of warrants to purchase capital stock of the Company to lenders or other institutional investors (excluding the Company’s stockholders) in any arm’s length transaction approved by the Board in which such lenders or investors provide debt financing to the Company or any Subsidiary of the Company; (vii) in connection with a joint venture, strategic alliance or other commercial relationship with any Person (including Persons that are customers, suppliers and strategic partners of the Company or any Subsidiary) relating to the operation of the Company’s or any Subsidiary’s business and for which a primary purpose thereof is not raising capital; or (viii) in connection with any office lease or equipment lease or similar equipment financing transaction approved by the Board in which the Company or any Subsidiary obtains from a lessor or vendor the use of such office space or equipment for its business.

“Permitted Transferee” has the meaning set forth in Section 2.8(a).

“Person” means an individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any “group” (as such term is used in Rule 13d-5 under the Exchange Act) that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

“Proceeding” means the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any action, claim, suit, investigation or proceeding for such purpose.

“Prospectus” means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated by the SEC pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the

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Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

“Purchase Agreement” has the meaning set forth in the recitals.

“Purchase Rights” has the meaning set forth in Section 4.1.

“register,” “registration” and “registered” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act or foreign securities law, and the declaration or ordering of effectiveness of such registration statement.

“Registrable Securities” means the Shares and any Common Stock issued thereon upon any stock split, dividend or other distribution, recapitalization or similar event, subject to Section 2.9; provided, however, that any of the Shares or Common Stock issued thereon upon any stock split, dividend or other distribution, recapitalization or similar event shall only be treated as a Registrable Security until the earliest of: (a) the date on which the offer and sale of such security has been registered under the Securities Act and such security has been disposed of in accordance with an effective registration statement relating thereto; (b) the date on which such security has been properly transferred pursuant to Rule 144; (c) the date on which such security shall have ceased to be outstanding; (d) the date on which such security is transferred in a transaction pursuant to which the registration rights are not also assigned as permitted by and in accordance with this Agreement; and (e) the date on which the Investor and any Affiliated Entity collectively do not hold in the aggregate at least 500,000 of the Shares issued pursuant to the Purchase Agreement (such amount adjusted for any stock splits, stock dividends, reverse stock splits or stock combinations that occur after the date of this Agreement).

“Registration Statement” means any registration statement filed pursuant to ARTICLE II, including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

“Rule 144” means Rule 144 promulgated by the SEC pursuant to the Securities Act.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Shares” has the meaning set forth in the recitals.

“Standstill Agreement” means that certain Standstill Agreement dated the date hereof by and between the Company and the Investor.

“Subsequent Registration” has the meaning set forth in Section 2.1(c).

“Subsidiary” or “Subsidiaries” means, with respect to any Person, any corporation more than 50% of the voting stock of which is owned directly or indirectly by such Person, and any partnership, association, joint venture or other entity in which such Person owns directly or

indirectly more than 50% of the equity interests or has the power to elect a majority of the board of directors or other governing body.

“Total Voting Power” means, at any time of determination, the total number of votes then entitled to be cast by the holders of the outstanding shares of Common Stock and any other securities entitled, in the ordinary course, to vote generally in the election of directors of the Company and not solely upon the occurrence and during the continuation of certain specified events or for a separate class or number of directors constituting less than a majority of the Board.

“Transaction Agreements” means, collectively, this Agreement, the Purchase Agreement and the Standstill Agreement.

“Transfer” means any transfer, sale, assignment, pledge, or other disposal.

## ARTICLE II

### REGISTRATION RIGHTS; TRANSFER RESTRICTIONS

#### Section 2.1 Demand Registration.

(a) At any time after the expiration of the Lockup Period, upon written notice (a “Demand Notice”) by Holders owning a majority of the then outstanding Registrable Securities, the Company shall prepare and file with the SEC a Registration Statement covering the sale or distribution by the Holders by way of an underwritten offering, block sale or any other distribution plan (other than pursuant to a merger, exchange offer or similar transaction) designated in such Demand Notice, but excluding any plan of distribution for offers and sales on a delayed or continuous basis that would require a “shelf” registration, of all of the Registrable Securities requested to be registered in such Demand Notice on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form and shall provide for the filing for registration of such Registrable Securities for resale by such Holders) in accordance with the foregoing (a “Demand Registration”) on or prior to the date that is forty-five (45) days from the date of such Demand Notice (such date of actual filing, the “Filing Date”), as such date may be extended under Section 2.3(j), and shall use its commercially reasonable efforts to cause such Demand Registration to be declared effective by the SEC as promptly as practical after the filing thereof.

(b) Once a Demand Registration is declared effective, the Company shall, subject to Section 2.1(f) and Section 2.3(j), use its commercially reasonable efforts to cause such Demand Registration to be continuously effective until the earlier of (A) the time that the Registrable Securities covered by such Demand Registration have been disposed of pursuant thereto and (B) the date that is seventy-five (75) days after the effective date of such Demand Registration, as extended by the number of days such Demand Registration or the use of any Prospectus relating to such Demand Registration is suspended pursuant to Section 2.3(j) or Section 2.5(b) (with respect to any Demand Registration, such period from initial effectiveness thereof until the

earlier of the times specified in the immediately preceding clauses (A) and (B), the “Effectiveness Period”).

(c) If any Demand Registration ceases to be effective under the Securities Act for any reason at any time during the applicable Effectiveness Period, the Company shall use its commercially reasonable efforts to promptly cause such Demand Registration to again become effective under the Securities Act (including obtaining the prompt withdrawal of any order suspending the effectiveness of such Demand Registration), and in any event shall use its commercially reasonable efforts to, within thirty (30) days of such cessation of effectiveness, amend such Demand Registration in a manner reasonably expected to obtain the withdrawal of any order suspending the effectiveness of such Demand Registration or (ii) at the option of the Company, file an additional Registration Statement (a “Subsequent Registration”) for the purpose of effecting the offering and sale by Holders thereof by way of underwritten offering, block sale or any other distribution plan (other than pursuant to a merger, exchange offer or similar transaction) designated in the applicable Demand Notice of all securities that are Registrable Securities as of the time of such filing and included in the applicable Demand Notice. If a Subsequent Registration is filed, the Company shall use its commercially reasonable efforts to (x) cause such Subsequent Registration to become effective under the Securities Act as promptly as is reasonably practicable after such filing and (y) keep such Subsequent Registration (or another Subsequent Registration meeting the same criteria) continuously effective until the end of the applicable Effectiveness Period. Any such Subsequent Registration shall be a Registration Statement (other than a “shelf” registration statement for sales on a delayed or continuous basis) on Form S-3 to the extent that the Company is eligible to use such form. Otherwise, such Subsequent Registration shall be on another appropriate form and shall provide for the registration of such Registrable Securities for resale by such Holders by way of underwritten offering, block sale or any other distribution plan (other than pursuant to a merger, exchange offer or similar transaction) designated in the applicable Demand Notice.

(d) The Company shall supplement and amend any Demand Registration or any Subsequent Registration if required by the rules, regulations or instructions applicable to the registration form used by the Company for such registration if required by the Securities Act or as reasonably requested by the Holders covered by such registration.

(e) If a Demand Notice delivered in accordance with Section 2.1(a) specifies that the sale of the Registrable Securities is intended to be conducted through an underwritten offering, the Holders of a majority of Registrable Securities included in such Demand Notice shall have the right to select the managing underwriter or underwriters to administer the offering; provided, however, that such managing underwriter or underwriters shall be reasonably acceptable to the Company. The Holders of Registrable Securities included in such Demand Notice and the Company shall enter into an underwriting agreement in such customary form as shall have been negotiated and agreed to by the Company with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 2.1, if the managing underwriter or underwriters of a proposed underwritten offering of the Registrable Securities advise the Board that in its or their good faith opinion, the number of Registrable Securities requested to be included in such Registration Statement and all other securities proposed to be sold in the offering contemplated thereby exceeds the number which can be sold in such underwritten offering without adversely affecting the success of such offering, in light of market

conditions, the Registrable Securities and such other securities to be included in such underwritten Registration Statement shall be allocated, (i) first, up to the total number of securities the Holders have requested in the Demand Notice to be included in such Registration Statement (*pro rata* based upon the number of securities that each of them shall have so requested to be included in such offering), and (ii) only if all the securities referred to in clause (i) have been included, the number of securities that other holders with registration rights have proposed to include in such Demand Registration (*pro rata* based upon the number of securities that each of them shall have so requested to be included in such offering) that, in the opinion of the managing underwriter or underwriters can be so sold. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter or underwriters (provided, however, if the managing underwriter or underwriters have provided such Holder with written notice of the date on which the applicable Registration Statement will become effective no later than five Business Days prior to such effectiveness date, such Holder's written notice of such election must be given at least three (3) Business Days prior to effectiveness of the applicable Registration Statement). Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(f) The Company shall not be required to effect a registration pursuant to this Section 2.1:

(i) if any such Demand Notice is for less than 500,000 of the Shares (such amount adjusted for any stock splits, stock dividends, reverse stock splits or stock combinations that occur after the date of this Agreement);

(ii) after the Company has effected three (3) registrations (excluding any Subsequent Registration) pursuant to this Section 2.1, and such registrations have been declared or ordered effective (the "Maximum Demand Registrations"); or

(iii) if the Company has effected a registration pursuant to this Section 2.1 within the preceding (6) months, and such registration has been declared or ordered effective.

Section 2.2 Piggyback Registration.

(a) If, at any time when there are Registrable Securities then outstanding, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities (other than a registration statement relating to a rights offering or on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of or merger with any entity or business or equity securities issuable in connection with the Company's equity incentive or other employee benefit plans), and even if there is such an effective Registration Statement covering all of the Registrable Securities, in the event that such offering for its own account or the account of others is to be underwritten, then the Company shall deliver to each Holder a written notice of such determination, and if, within ten (10) days after the date of the

delivery of such notice, any such Holder shall so request in writing, the Company shall use its commercially reasonable efforts to include in such registration statement all or any part of any Registrable Securities such Holder requests to be registered. The Company shall have the right to postpone, terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(b) The right of any Holder to registration pursuant to this Section 2.2 in connection with an underwritten offering shall be conditioned upon such Holder's participation in such underwriting and the inclusion of Registrable Securities in the underwriting to the extent provided herein. Each Holder proposing to distribute its securities through such underwriting shall (together with the Company and the other holders distributing their securities through such underwriting) enter into and perform such Holder's obligations under an underwriting agreement with the managing underwriter(s) selected for such underwriting by the Company or other holder of securities having the right to select such managing underwriter(s) (such underwriting agreement to be in the form negotiated by the Company). Notwithstanding any other provision of this Section 2.2, if the managing underwriter or underwriters of a proposed underwritten offering with respect to which Holders of Registrable Securities have exercised their piggyback registration rights advise the Board in writing that in its or their good faith opinion the number of Registrable Securities requested to be included in the offering thereby and all other securities proposed to be sold in the offering exceeds the number which can be sold in such underwritten offering without adversely affecting the success of such offering, in light of market conditions, the Registrable Securities and such other securities to be included in such underwritten offering shall be allocated, (i) first, up to the total number of securities that the Company has requested to be included in such registration, if such registration has been initiated by the Company, or that any other holder of securities has requested to be included in such registration, if such registration has been initiated by such other holder, and (ii) second, and only if all the securities referred to in clause (i) have been included, all other securities proposed to be included in such offering by Holders and other holders with registration rights (*pro rata* based upon the number of securities that each of them shall have so requested to be included in such offering) that, in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter (provided that, if the managing underwriter(s) have provided such Holder with written notice of the date on which the applicable Registration Statement will become effective no later than five (5) Business Days prior to such effectiveness date, such Holder's written notice of such election must be given at least three (3) Business Days prior to effectiveness of the applicable Registration Statement). Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

Section 2.3 Registration Procedures. In connection with the Company's registration obligations under Section 2.1 and Section 2.2, the Company will keep each Holder participating in such registration reasonably informed as to the status thereof and the Company will:

(a) prepare and file with the SEC a Registration Statement with respect to such securities in accordance with the applicable provisions of this Agreement and use commercially reasonable efforts to cause such Registration Statement to become effective and, in the case of a

Demand Registration, keep such Registration Statement effective for the applicable Effectiveness Period;

(b) use its commercially reasonable efforts to prepare and file with the SEC such amendments, including post-effective amendments, and supplements to such Registration Statement and the Prospectus used in connection with such Registration Statements as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement pursuant to the manner of distribution contained therein and, in the case of a Demand Registration, as may be necessary to keep the Registration Statement continuously effective for the applicable Effectiveness Period;

(c) furnish to the Holders participating in such registration and to their legal counsel copies of the Registration Statement proposed to be filed, and provide such Holders and their legal counsel the reasonable opportunity to review and comment on such Registration Statement and any preliminary prospectus or the final Prospectus included therein;

(d) furnish to the Holders participating in such registration and to the underwriters of the securities being registered such reasonable number of copies of the Registration Statement, preliminary prospectus, final Prospectus in conformity with the requirements of the Securities Act, and such other documents as such underwriters or Holders may reasonably request in order to facilitate the public offering of such securities and the disposition of the Registrable Securities owned by them that are included in such registration;

(e) notify each Holder of Registrable Securities covered by such Registration Statement at any time when a Prospectus relating thereto is required to be delivered under the Securities Act of the Company's Knowledge of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing, and, subject to Section 2.3(j), at the request of any such Holder, and use its commercially reasonable best efforts to prepare and furnish as promptly as is practicable to such Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchaser of such shares, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing;

(f) use commercially reasonable efforts to register and qualify the securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(g) make available for inspection by any Holder participating in such registration, any underwriter participating in any disposition pursuant to such registration, and any attorney or accountant retained by any such Holder or underwriter, all relevant financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers

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and directors to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement; provided, however, that such Holder or underwriter shall agree to hold in confidence and trust all information so provided pursuant to a confidentiality agreement in form and substance customary under the circumstances (such confidentiality agreement to include a provision that such Holder or underwriter, as the case may be, shall be responsible for any unauthorized disclosure by the attorneys or accountants of such Holder or underwriter unless such Holder or underwriter used commercially reasonable efforts to cause such attorneys or accountants to execute such a confidentiality agreement);

(h) in the event that the Registrable Securities are being offered in an underwritten public offering, (i) enter into and perform its obligations under an underwriting agreement, in usual and customary form, in accordance with the applicable provisions of this Agreement and participate and cooperate with the underwriters in connection with any road show or marketing activities customary for an underwritten public offering and (ii) cooperate with the Holders and underwriters participating in such underwritten offering and their counsel in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by such Holders or underwriters;

(i) if any Registrable Securities are being sold through underwriters pursuant to an underwritten offering, furnish, (x) on the date the underwriting agreement relating to such offering is entered into, a letter dated the date of such underwriting agreement, from the independent certified public accountants of the Company, in form and substance as is customarily given in "comfort letters" by independent certified public accountants to underwriters in an underwritten public offering as prescribed by SAS 72 (AU Section 634), addressed to the underwriters and (y) on the date that such Registrable Securities are delivered to the underwriters for sale, (i) an opinion, dated as of such date, of the legal counsel representing the Company (which may be in-house counsel, if acceptable to the managing underwriters selected for such underwritten offering) for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, including, but not limited, "10b-5 negative assurance" with respect to the disclosure in the Registration Statement, any preliminary prospectus and the final Prospectus (ii) a "bring-down comfort letter" dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters and (iii) certifications from officers of the Company and such other documentation as is customarily delivered by issuers in connection with registered public offerings and shall be reasonably requested by the underwriters for such offering, the Holders selling Registrable Securities in such offering and their respective counsel;

(j) notwithstanding any other provision of this Agreement, if the Board has determined in good faith that the filing or effectiveness of (i) a registration statement for any Demand Registration would cause disclosure of any financing, acquisition, corporate reorganization or other transactions or development involving the Company or any of its subsidiaries that is or would be material to the Company or (ii) the disclosure necessary for continued use of any Prospectus and Registration Statement by the Holders could be materially detrimental to the Company, the Company shall have the right not to file or not to cause the effectiveness of any registration covering any Registrable Securities and to suspend the use of

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the Prospectus and the Registration Statement covering any Registrable Security by delivering written notice of such suspension to all Holders listed on the Company's records; provided, however, that (i) in any twelve (12)-month period the Company may exercise the right to such suspension pursuant to this Section 2.3(j) and any suspension described in Section 2.5(b) not more than twice and for not more than seventy-five (75) days in each such exercise and (ii) in any event the Company shall use its commercially reasonable efforts to file or cause such Registration Statement to become effective and ensure that the use of the Prospectus may be resumed as promptly as is practicable. From and after the date of a notice of suspension under this Section 2.3(j), each Holder agrees not to use the Prospectus or Registration Statement until the earlier of (1) notice from the Company that such suspension has been lifted or (2) the day that is seventy-five (75) days following of any such suspension; and

(k) use commercially reasonable efforts to cause all shares of Registrable Securities covered by such Registration Statement to be authorized to be listed and authorized for quotation or trading on each securities exchange or automated quotation system, if any, on which the same class of securities issued by the Company is then listed, quoted or traded.

**Section 2.4 Registration Expenses.** All expenses (other than (i) underwriting discounts and commissions incurred in connection with registrations, which discounts and commissions shall be borne by the Holders of the securities so registered *pro rata* on the basis of the number of shares so registered and (ii) the fees and expenses of any attorney representing the Holders) incurred in connection with registrations, filings or qualifications, and the compliance with its other obligations, pursuant to this ARTICLE II, including, without limitation, all registration and filing fees pursuant to any provision of this Agreement (including registrations, filings or qualifications with the SEC, FINRA, any applicable state securities authorities, Nasdaq or any other applicable securities exchange on which the Common Stock is listed or quoted) and the fees and expenses of the Company's counsel and accountants and the fees and expenses of any financial printer with respect to the printing of any preliminary or final Prospectus, shall be borne by the Company. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered or the Holders withdraw a majority of the Registrable Securities requested to be included in such registration statement (in which case all participating Holders shall reimburse the Company for any expenses incurred therewith and bear such expenses *pro rata* based upon the number of Registrable Securities that were to be registered in the withdrawn registration) unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Holders initiating the request were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities initiating the request agree to forfeit their right to one requested registration pursuant to Section 2.1, in which event such right shall be forfeited by all Holders. The Company shall also reimburse counsel for Holders or any underwriters in connection with any underwritten offering for such counsel's fees and disbursements in connection with registration, filing or qualification pursuant to Section 2.3(f) and (h)(ii) hereof which



amount shall be limited to \$20,000 in the aggregate per offering. Except as provided above, all other expenses incurred by any Holder in connection with a registration requested pursuant to Section 2.1 or Section 2.2, including fees and disbursements of counsel for the selling Holder or Holders, shall be borne by such Holder or Holders incurring such expenses.

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Section 2.5      Prospectus Delivery Requirements; Discontinued Disposition

(a) Each Holder covenants and agrees that it will comply with the Prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

(b) By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of (i) a Proceeding, (ii) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (iii) any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (iv) any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

Section 2.6      Indemnification

(a) To the extent permitted by law, the Company will, with respect to any Registrable Securities which are included in a Registration Statement pursuant to Section 2.1 or Section 2.2, indemnify each Holder, each Holder's officers, directors, partners and members, and each person controlling such Holder within the meaning of Section 15 of the Securities Act, and each underwriter thereof, if any, each such underwriter's officers, directors, partners and members and each person who controls any such underwriter within the meaning of Section 15 of the Securities Act (collectively, the "Company Indemnified Parties"), against all expenses, claims, losses, damages and liabilities, joint or several, or actions in respect thereof, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, Prospectus, preliminary prospectus, offering circular or other document, or any amendment or supplement thereto incident to any such registration, qualification or compliance or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation (or alleged violation) by the Company of any rule or regulation promulgated under the Securities Act, Exchange Act or state or federal securities laws applicable to the Company in connection with any such registration, and the Company will reimburse each of the Company Indemnified Parties for any reasonable out-of-pocket legal and any other expenses reasonably incurred in connection with

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investigating, preparing or defending any such claim, loss, damage, liability or action, as such expenses are incurred and within sixty (60) days after a request for reimbursement has been received by the Company together with supporting documentation. The indemnity agreement contained in this Section 2.6 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall the Company be liable to a Holder in any such case for any such loss, claim, damage, liability or action (1) to the extent that it arises out of or is based upon a violation or alleged violation of any state or federal law (including any claim arising out of or based on any untrue statement or alleged untrue statement or omission or alleged omission in the Registration Statement or Prospectus) which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by or on behalf of such Holder or (2) in the case of a sale directly by a Holder of Registrable Securities (including a sale of such Registrable Securities through any underwriter retained by such Holder engaging in a distribution solely on behalf of such Holder), such untrue statement or alleged untrue statement or omission or alleged omission was corrected in a final or amended Prospectus, and such Holder failed to deliver a copy of the final or amended Prospectus at or prior to the confirmation of the sale of the Registrable Securities to the person asserting any such loss, claim, damage or liability in any case in which such delivery is required by the Securities Act.

(b) To the extent permitted by law, each Holder will, with respect to any Registrable Securities which are included in a Registration Statement pursuant to Section 2.1 or Section 2.2, indemnify, severally and not jointly, the Company, each of its directors, officers, partners and members, each underwriter, if any, of the Company's securities covered by such a registration, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, and each other Holder and each of such Holder's officers, directors, partners and members who have signed the Registration Statement and each person controlling such Holder within the meaning of Section 15 of the Securities Act (collectively, the "Holder Indemnified Parties"), against all expenses, claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, Prospectus, preliminary prospectus, offering circular or other document, or any amendment or supplement thereto incident to any such registration, qualification or compliance or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation by such Holder of any rule or regulation promulgated under the Securities Act, Exchange Act or state securities law applicable to such Holder and will reimburse each of the Holder Indemnified Parties for any reasonable out-of-pocket legal or any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, as such expenses are incurred, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) relates to such Holder and is made in such Registration Statement, Prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein, provided, however, that in no event shall any indemnity under this Section 2.6(b) payable by a Holder exceed the amount by which the net proceeds actually received by such Holder from the sale of Registrable Securities included in such registration exceeds the amount of any other losses, expenses, settlements,

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damages, claims and liabilities that such Holder has been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The indemnity agreement contained in this Section 2.6 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the applicable Holder (which consent shall not be unreasonably withheld or delayed), nor shall the Holder be liable for any such loss, claim, damage, liability or action where such untrue statement or alleged untrue statement or omission or alleged omission was corrected in a final or amended Prospectus, and the Company or the underwriters failed to deliver a copy of the final or amended Prospectus at or prior to the confirmation of the sale of the Registrable Securities to the person asserting any such loss, claim, damage or liability in any case in which such delivery is required by the Securities Act.

(c) Each party entitled to indemnification under this Section 2.6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought (including any governmental

action), and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided, however, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld or delayed); provided further, however, that an Indemnified Party (together with all other Indemnified Parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to conflicting interests between such Indemnified Party and any other party represented by such counsel in such proceeding. The failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Section 2.6 if, but only to the extent that, the failure to give such notice is materially prejudicial or harmful to an Indemnifying Party's ability to defend such action. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party (which consent shall not be unreasonably withheld or delayed), consent to entry of any judgment or enter into any settlement which (i) does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation or (ii) includes any statement or admission of culpability or wrongdoing on the part of such Indemnified Party. The indemnity agreements contained in this Section 2.6 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(d) If the indemnification provided for in this Section 2.6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party, other than pursuant to its terms, with respect to any claim, loss, damage, liability or action referred to therein, then, subject to the limitations contained in Section 2.6(e), the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such claim, loss, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other in connection with the actions that resulted in such claims, loss,

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damage, liability or action, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact related to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.6(d) were based solely upon the number of entities from whom contribution was requested or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 2.6(d). In no event shall any Holder's contribution obligation under this Section 2.6(d) exceed the amount of the net proceeds actually received by such Holder from the sale of Registrable Securities included in such registration.

(e) No person guilty of fraudulent misrepresentation (within the meaning of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions of Section 2.6, the provisions in the underwriting agreement will control; provided, however, that to the extent such underwriting agreement does not address a matter addressed by this Agreement, that failure to address such matter shall not be deemed a conflict between the provisions of this Agreement and the underwriting agreement.

(g) The obligations of the Company and Holders under this Section 2.6 shall survive the completion of any offering of Registrable Securities in a Registration Statement, and otherwise.

Section 2.7 Information by Holders, Etc. The Holder or Holders of Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders and their Affiliates, the Registrable Securities held by them and the distribution proposed by such Holder or Holders as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement. It is understood and agreed that the obligations of the Company under Section 2.1 and Section 2.2 are conditioned on the timely provisions of the foregoing information by such Holder or Holders and, without limitation of the foregoing, will be conditioned on compliance by such Holder or Holders with the following:

(a) such Holder or Holders will cooperate with the Company in connection with the preparation of the applicable Registration Statement, and for so long as the Company is obligated to keep such Registration Statement effective, such Holder or Holders will provide to the Company, in writing and in a timely manner, for use in such Registration Statement (and expressly identified in writing as such), all information regarding themselves and such other information as may be required by applicable law to enable the Company to prepare such Registration Statement and the related Prospectus covering the applicable Registrable Securities owned by such Holder or Holders and to maintain the currency and effectiveness thereof;

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(b) during such time as such Holder or Holders may be engaged in a distribution of the Registrable Securities, such Holder or Holders will comply with all laws applicable to such distribution, including Regulation M promulgated under the Exchange Act, and, to the extent required by such laws, will, among other things: (i) not engage in any stabilization activity in connection with the securities of the Company in contravention of such laws; (ii) distribute the Registrable Securities acquired by it solely in the manner described in the applicable Registration Statement; and (iii) if required by applicable law, cause to be furnished to each agent or broker-dealer to or through whom such Registrable Securities may be offered, or to the offeree if an offer is made directly by such Holder or Holders, such copies of the applicable Prospectus (as amended and supplemented to such date) and documents incorporated by reference therein as may be required by such agent, broker-dealer or offeree;

(c) such Holder or Holders shall permit the Company and its representatives and agents to examine such documents and records and will supply in a timely manner any information as they may be reasonably request to provide in connection with the offering or other distribution of Registrable Securities by such Holder or Holders; and

(d) on receipt of written notice from the Company of the happening of any of the events specified in Section 2.3(j), or that requires the suspension by such Holder or Holders of the distribution of any of the Registrable Securities owned by such Holder or Holders, then such Holders shall cease offering or distributing the Registrable Securities owned by such Holder or Holders until the offering and distribution of the Registrable Securities owned by such Holder or Holders may recommence in accordance with the terms hereof and applicable law.

Section 2.8 Assignability; Transfer Restrictions.

(a) During the Lockup Period, the Investor will not, and shall cause each member of the Investor Group not to, without the prior written consent of the Company, Transfer any Shares other than (i) to an Affiliated Entity, so long as such Affiliated Entity agrees in writing, to the satisfaction of the Company at the time of such Transfer, to be bound by and subject to the terms and conditions of this Agreement and the Standstill Agreement as if it were the Investor hereunder, and that it shall immediately Transfer all Shares and all rights and obligations hereunder to the Investor or another Affiliated Entity at such time that it ceases to be an Affiliated Entity (any such transferee a "Permitted Transferee") or (ii) in connection with a third party tender or exchange offer, merger or similar transaction recommended, approved by or not opposed by the Board.

(b) Following the expiration of the Lockup Period, the Investor shall not Transfer any Shares to any third party that would thereafter own greater than ten

percent (10%) of the outstanding shares of Common Stock to the knowledge of the Investor after due inquiry without the prior written consent of the Board. Notwithstanding the foregoing, following the expiration of the Lockup Period, (i) the Investor and any Affiliated Entity is permitted without the prior written consent of the Board to Transfer any Shares on Nasdaq or any other securities exchange on which the Common Stock may be listed or quoted, through normal brokered transactions, even if the purchaser in such Transfer owns or as a result of such purchase will own greater than ten percent (10%) of the outstanding shares of Common Stock, provided that (x) the Investor or such Affiliated Entity does not know the identity of the purchaser in any such Transfer and (y)

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prior to such Transfer, the Investor or such Affiliated Entity had no pre-arrangement with the purchaser to effect such Transfer to such purchaser, (ii) to the extent any shareholder of the Company and such shareholder's Affiliates in the aggregate own a greater percentage of the outstanding shares of Common Stock than the Investor and its Affiliated Entities in the aggregate, the Investor and any Affiliated Entity are permitted to Transfer any Shares to any Person without the prior written consent of the Board, and (iii) to the extent no shareholder of the Company and such shareholder's Affiliates in the aggregate own a greater percentage of the outstanding shares of Common Stock than the Investor and its Affiliated Entities in the aggregate, the Investor and any Affiliated Entity are permitted to Transfer any Shares to any Person without the prior written consent of the Board, provided, however, that following any such Transfer, no shareholder of the Company and such shareholder's Affiliates in the aggregate own a greater percentage of the outstanding shares of Common Stock than the Investor and its Affiliated Entities in the aggregate.

(c) Following the expiration of the Lockup Period, in the event the Investor or any Affiliated Entity seeks to Transfer any Shares such that the Investor and its Affiliated Entities will collectively own less than 5.0% of the outstanding shares of Common Stock immediately following such Transfer (the "Major Transfer"), (i) the Investor shall, and shall cause Fosun Industrial Co., Limited (a Hong Kong private company limited by shares) and any other Affiliated Entities to, sell all of the ordinary shares of Nature's Sunshine Hong Kong Limited (a Hong Kong private company limited by shares) held by such parties to the Company (the "JV Sale") at the fair value of such shares (as determined pursuant to Section 5.03(b) of the Operating Agreement), (ii) the Company shall purchase all of such ordinary shares at the fair value of such shares (as determined pursuant to Section 5.03(b) of the Operating Agreement), and (iii) the closing of the JV Sale and the closing of the Major Transfer shall occur concurrently with each other.

Section 2.9 Termination of Rights. The rights of the Investor and any Affiliated Entity to cause the Company to register securities under this ARTICLE II shall terminate upon the earlier of the date upon which (i) all of such Holder's shares are no longer Registrable Securities or such Holder, if not the Investor, is no longer an Affiliated Entity, (ii) the Company is no longer reporting, or subject to reporting requirements, under the Exchange Act or (iii) less than 500,000 of the Shares issued pursuant to the Purchase Agreement are held by the Investor and any Affiliated Entity.

Section 2.10 Removal of Transfer Restrictions Legend. In the event that any Shares are sold by the Investor pursuant to an effective Registration Statement or in accordance with Rule 144, upon written request by the Investor, the Company shall use its commercially reasonable efforts, within three (3) Business Days after receipt of such written request and upon delivery of the stock certificate representing such sold Shares, issue, cause the registrar or transfer agent for the Company's Common Stock to issue, a new stock certificate for such Shares that shall not have any legends thereon relating to any restrictions on transfer and shall be issued with the CUSIP number this is the same as the CUSIP number for all of the other shares of Common Stock that are freely tradable; provided that the Company shall be entitled to receive from the Investor customary certifications and opinions with respect thereto. Notwithstanding anything in this Agreement to the contrary, this Section 2.10 shall survive the termination of this Agreement.

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## ARTICLE III

### CORPORATE GOVERNANCE AND RELATED COVENANTS

#### Section 3.1 Board of Directors.

(a) Subject to the terms and conditions of this Agreement set forth below, the Investor shall be entitled to designate one director (the "Investor Designee") to serve on the Company's Board who shall be reasonably acceptable to the Board (including that each such person shall have had at least five years of industry experience, generally confirm the Company's mission and strategy and qualify as "independent" in accordance with Nasdaq and the Exchange Act) and shall meet all qualifications required by written policy of the Company, including, without limitation, the Board and the Nominating and Governance Committee of the Board and the Company's Code of Conduct, in effect from time to time that apply to all nominees for the Board, all set forth under "Corporate Governance" on the Company's website at <http://www.naturessunshine.com>. The Investor Designee shall hold such seat until the 2015 annual meeting of the Company shareholders, at which time, subject to applicable law, such Board member's name shall be submitted for reelection to the shareholders. Subject to applicable law, the Company shall nominate and recommend the Investor Designee for election (or re-election) to the Board until the earlier of (i) the time the Investor holds less than 66.6% of the Shares and (ii) the time the Investor holds less than ten percent (10%) of the Company's outstanding Common Stock. Subject to customary background check, the Investor and the Company agree that the initial Investor Designee shall be Mr. Li Dongjiu, and the Company shall appoint Mr. Li Dongjiu to fill a vacant seat on the Board on the Closing Date. In the event that the Investor Designee resigns, dies or is removed (other than by virtue of the Investor Designee's failure to receive sufficient votes for election at any election of directors) from the Board at any time during which the Investor is entitled to designate a director to serve on the Board pursuant hereto, the Board shall cause a replacement Investor Designee designated by the Investor in accordance with the foregoing, and meeting the requirements above, to be appointed to fill the vacancy created by such resignation, death or removal for the remainder of such director's then-current term. Each Investor Designee serving on the Board shall be covered by the Company's directors and officers policies of insurance and the Company shall (x) enter into an indemnification agreement with each Investor Designee serving on the Board to the extent that the Company enters into indemnification agreements with its other directors, the terms of which shall be no less favorable than the terms of such indemnification agreements with its other directors and (y) afford each Investor Designee serving on the Board the same rights to indemnification, exculpation and expense reimbursement under the Company's Articles of Incorporation and By-laws and otherwise as are afforded to the Company's other directors.

(b) The Investor shall, and shall cause any Affiliated Entities to cause all shares of Common Stock with respect to which the Investor Group has the power to vote or direct the voting to be counted as present at such meeting for purposes of establishing a quorum and shall cause such shares of Common Stock to be voted, at such meeting or by written consent, as recommended by the Board in connection with the vote by the holders of Common Stock involving (i) the election or removal of directors to the Board and (ii) compensation matters involving officers, directors or employees of the Company and its Subsidiaries. Except as set forth in the immediately preceding sentence, the Investor and the other Affiliated Entities may

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vote their shares of Common Stock on any other matter in any manner as they shall determine in their sole discretion. The voting requirements of this Section 3.1 will remain in effect until the earliest of (i) the time when the Investor and any Affiliated Entity own less than 10% of the Company's outstanding Common Stock, (ii) a Change in Control of the Company and (iii) the fourth anniversary of the Closing Date, except that, notwithstanding the foregoing, the voting requirements of this Section 3.1 shall not be effective during any period during which no Investor Designee has a seat on the Board.

## ARTICLE IV

### PREEMPTIVE RIGHTS

Section 4.1 Preemptive Rights. If at any time following the date of the issuance of the Shares, the Company proposes to sell, directly or indirectly, any Equity Securities (other than any Permitted Issuances) to any Person (the "Purchase Rights") then it shall give the Investor written notice of its intention to do so, describing the price and the terms and conditions upon which the Company proposes to issue the same. The Investor shall be entitled to acquire, upon the terms applicable to such Purchase Rights, its pro rata share of the Equity Securities proposed to be sold by the Company triggering the Purchase Rights. For purposes of this Section 4.1, the Investor's pro rata share is the ratio that the number of shares of Common Stock then held by the Investor bears to the total number of shares of Common Stock outstanding immediately prior to the issuance of Equity Securities giving rise to such Purchase Right. The Investor shall have fifteen (15) days from the giving of such notice to agree to purchase its pro rata share of the Equity Securities for the price and upon the terms and conditions specified in the notice by giving written notice to the Company and stating therein the quantity of such Equity Securities to be purchased. If the Investor fails to exercise in full its Purchase Rights, the Company shall have ninety (90) days thereafter to sell the Equity Securities in respect of which the purchasers' rights were not exercised, at a price and upon terms and conditions no more favorable to the purchasers thereof than specified in the Company's notice to the Investor pursuant to this Section 4.1. The rights of the Investor under this Section 4.1 shall not be effective any time the Investor and its Affiliated Entities collectively own less than 3.0% of the outstanding shares of Common Stock.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Amendments and Waivers. This Agreement may not be modified or amended except by an instrument in writing signed by the Company and the Investor. The Company or the Investor may (i) extend the time for the performance of any of the obligations or other acts of the other party hereto, (ii) waive any inaccuracies in the representations and warranties of any other party contained herein or in any document delivered by any other party pursuant hereto, or (iii) waive compliance with any of the agreements of any other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party that is giving the waiver. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition

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of this Agreement. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 5.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, or by facsimile to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.2):

If to the Company:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: Chief Executive Officer  
Facsimile: (801) 341-7320

With a copy to:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: General Counsel  
Facsimile: (801) 723-1334

If to the Investor:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Yao Fang, President  
Facsimile: +86 (21) 23138052

With a copy to:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Li Dongjiu, Senior Vice President  
Facsimile: +86 (21) 63325581

Section 5.3 Assignment. This Agreement may not be assigned without the express written consent of the other party and, in the case of an assignment by the Investor, compliance with the following sentence; and any such assignment or attempted assignment without such consent or compliance shall be void. In the event of any assignment by the Investor consented to by the Company, the assignee shall agree as a condition to the effectiveness of such assignment

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in a written instrument in form and substance satisfactory to the Company to assume and agree to be bound by the obligations of such party set forth in this Agreement. Notwithstanding anything in this Section 5.3 to the contrary, the Investor shall be permitted to assign its rights and obligations under this Agreement to any Permitted Transferee to the extent any Shares are Transferred to such Permitted Transferee upon the execution of a written joinder by such Permitted Transferee, satisfactory to the Company, agreeing to be bound by this Agreement as if it were the Investor hereunder. No assignment by any party shall relieve such party from any of its obligations hereunder.

Section 5.4 Execution and Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or portable document format (“.pdf”)) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 5.5 Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Utah applicable to contracts executed in and to be performed in that State, without regard to the principles of conflict of Laws of the State of Utah or any other jurisdiction. Each of the Investor and the Company irrevocably submits to the exclusive jurisdiction of the State of Utah (and any court before which an appeal therefrom may be properly heard in connection with any such appeal), and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 5.6 Waiver of Jury Trial. EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an enforceable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 5.8 Entire Agreement. This Agreement and the other Transaction Agreements (including the exhibits and schedules hereto and thereto) constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, among the Company and the Investor with respect to the subject matter hereof and thereof.

Section 5.9 Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

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- (a) when a reference is made in this Agreement to an Article, Recital, Section, Exhibit or Schedule, such reference is to an Article, Recital or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;
- (b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;
- (c) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;
- (d) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (e) the definitions of terms contained in this Agreement are applicable to the singular as well as the plural forms of such terms;
- (f) any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor Laws;
- (g) references to a Person are also to its successors and permitted assigns; and
- (h) the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

Section 5.10 Holders’ Obligations and Rights. The obligations of each Affiliated Entity that is a member of the Investor Group shall be joint and several with the obligations of each other such Affiliated Entity, and each such Affiliated Entity shall be responsible for the performance of the obligations of each other such Affiliated Entity hereunder.

Section 5.11 Aggregation of Stock. All securities held or acquired or owned, beneficially or of record, by the Investor Group shall be aggregated together for the purpose of determining the availability of any rights, or the imposition of any obligations or limitations, under this Agreement.

Section 5.12 Further Assurances. Each of the parties will cooperate with the others and use its commercially reasonable efforts to prepare all necessary documentation, to effect all necessary filings, and to obtain all necessary permits, consents, approvals and authorizations of all governmental bodies and other third-parties necessary to consummate the transactions contemplated by this Agreement.

Section 5.13 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity.

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Section 5.14 Termination. Prior to the time the Shares are issued to the Investor pursuant to the Purchase Agreement, this Agreement shall terminate automatically upon the termination of the Purchase Agreement in accordance with the terms set forth in ARTICLE VII thereof.

*[The next page is the signature page]*

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The parties have caused this Stockholder Agreement to be executed as of the date first written above.

NATURE SUNSHINE PRODUCTS, INC.

By: /s/ Gregory L. Probert  
Name: Gregory L. Probert  
Title: Chairman and CEO

By: /s/ Qiyu Chen  
Name: Qiyu Chen  
Title: Chairman

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June 26, 2014

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attn: Yao Fang, President

Ladies and Gentlemen:

1. Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company formed under the laws of China (“Fosun Pharma”), and Nature’s Sunshine Products, Inc., a Utah corporation (the “Company” and, together with Fosun Pharma, the “Parties”), understand and agree that, subject to the terms of, and in accordance with, this letter agreement, the Company has provided, in connection with Fosun Pharma’s investment in the Company and related appointment of Mr. Li Dongjiu (subject to customary background check) to the board of the directors of the Company (the “Board”), and expects to continue to provide, Fosun Pharma with certain information about its finances, businesses and operations (including certain financial information and the information and materials provided or made available to the Board during the time when any person affiliated with Fosun Pharma serves on the Board); provided that nothing in this letter agreement obligates the Company to disclose any information if such disclosure would be unlawful or result in a breach by the Company or one of its subsidiaries of a confidentiality agreement with a third party. Any such information provided by the Company shall be used by Fosun Pharma and its Affiliates (as defined below) solely to enable Fosun Pharma and its Affiliates to make non-publicly disclosed suggestions to the Board regarding the Company’s ongoing business and corporate strategies and policies.

2. All information about the Company or any third party that is furnished by the Company or its Representatives (as defined below) to Fosun Pharma before the date hereof, now or in the future, and regardless of the manner in which it is furnished, is referred to in this letter agreement as “Proprietary Information”. Proprietary Information does not include, however, any information that (i) is or becomes generally available to the public other than as a result of a disclosure by Fosun Pharma, any of its Affiliates or any of their respective Representatives in violation of this letter agreement; (ii) was available to Fosun Pharma, any of its Affiliates or any of their respective Representatives on a non-confidential basis prior to its disclosure by the Company or its Representatives; (iii) becomes available to Fosun Pharma, any of its Affiliates or any of their respective Representatives from a person other than the Company or its Representatives who is not known by Fosun Pharma, its Affiliate, or such Representative, as applicable, to be subject to any legally binding obligation to keep such information confidential; or (iv) was independently developed by Fosun Pharma, any of its Affiliates or any of their respective Representatives without reference to or use of the Proprietary Information.

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For purposes of this letter agreement, (i) “Affiliates” of Fosun Pharma shall mean any current or future person that falls within the definition of “affiliate” under the Securities and Exchange Act of 1934, as amended, (ii) “Controlled Affiliate” mean any Affiliate of Fosun Pharma that is controlled, directly or indirectly by, Fosun Pharma, (iii) “Representative” shall mean, as to any person, its directors, officers, employees, agents and attorneys; and (iv) “person” shall be broadly interpreted to include, without limitation, any corporation, company, partnership, other entity or individual.

3. Subject to paragraph 4 below, unless otherwise agreed to in writing by the Company, Fosun Pharma shall, (i) except as required by law, keep all Proprietary Information confidential and not disclose or reveal any Proprietary Information to any person (other than to its Affiliates, its Representatives and Representatives of its Affiliates who have a need to know such information for purposes of assisting in Fosun Pharma’s evaluation of the Company, provided that each such Affiliate and Representative shall keep confidential all Proprietary Information that is so disclosed or revealed to him or her in accordance with Fosun Pharma’s confidentiality obligations hereunder with respect to such Proprietary Information); (ii) not use Proprietary Information for any purpose other than enabling Fosun Pharma to make non-publicly disclosed suggestions to the Board regarding the Company’s ongoing business and corporate strategies and policies; and (iii) except as required by law or legal process, not disclose to any person the fact that Proprietary Information has been disclosed to Fosun Pharma, provided that, for the avoidance of doubt, the disclosure of the existence of this letter agreement and the filing of this letter agreement as an exhibit to any Schedule 13D or amendment thereto shall not be deemed to be a breach of the foregoing clause (iii). Fosun Pharma will be responsible for any violation of the confidentiality provisions of this letter agreement by its Affiliates, its Representatives and the Representatives of its Affiliates as if they were parties hereto. The obligations of Fosun Pharma contained in this paragraph 3 to keep Proprietary Information confidential shall survive any termination or expiration of this letter agreement solely for a period of 18 months from and after such termination or expiration.

4. In the event that Fosun Pharma, any of its Affiliates or any of their respective Representatives is requested pursuant to, or required by, applicable law or regulation (including, without limitation, any rule, regulation or policy statement of any national securities exchange, market or automated quotation system applicable to Fosun Pharma or any of its Affiliates) or by legal process to disclose any Proprietary Information, Fosun Pharma shall provide the Company with prompt notice of such request or requirement in order to enable the Company (i) to seek an appropriate protective order or other remedy, (ii) to consult with Fosun Pharma with respect to the Company’s taking steps to resist or narrow the scope of such request or legal process or (iii) to waive compliance, in whole or in part, with the terms of this letter agreement. In the event that such protective order or other remedy is not timely sought or obtained, or the Company waives compliance, in whole or in part, with the terms of this letter agreement, Fosun Pharma shall use commercially reasonable efforts to disclose only that portion of the Proprietary Information which is, in the opinion of outside legal counsel of Fosun Pharma, legally required to be disclosed and to ensure that all Proprietary Information that is so disclosed will be accorded confidential treatment. In the event that

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Fosun Pharma shall have complied, in all material respects, with the provisions of this paragraph 4, such disclosure may be made by Fosun Pharma, such Affiliate or such Representative, as applicable, without any liability hereunder.

5. For a period commencing on the date of this letter agreement and ending on the earlier of (x) the later to occur of (i) June 30, 2015 or (ii) (A) the date upon which no persons affiliated with Fosun Pharma are serving on the Board (in the case of subparagraph (a) below) and (B) three months after such date (in the case of subparagraphs (b) through (h) below) and (y) the date that is four years after the Closing Date (within the meaning of that certain Stock Purchase Agreement between the Company and Fosun Pharma dated the date hereof (the “Stock Purchase Agreement”)), none of Fosun Pharma or any Controlled Affiliate of Fosun Pharma shall, without the prior written consent of the Company or the Board, directly or indirectly:

- (a) acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any additional common stock of the Company or direct or indirect rights to acquire common stock of the Company, such that Fosun Pharma and its Controlled Affiliates collectively would beneficially own, directly or indirectly, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 13d-3 thereunder (or any comparable or successor law or regulation), after giving effect to such acquisition, in excess of 19.9999% of the amount of the issued and outstanding common stock of the Company, provided that, for the avoidance of doubt, any increase in percentage beneficial ownership of common stock of the Company beyond 19.9999% that is caused by a reduction in the number of issued and outstanding common stock of the Company from time to time shall not be deemed to be a violation of this subparagraph (a);
- (b) make, or in any way participate in, directly or indirectly any “solicitation” of “proxies” to vote (as such terms are used in the rules of the Securities and

Exchange Commission), or seek to advise or influence any person or entity with respect to the voting, of any voting securities of the Company;

- (c) nominate, or seek to nominate, directly or indirectly, any person to the Board, other than in accordance with that certain Stockholder Agreement between Fosun Pharma and the Company dated the date hereof (the “Stockholder Agreement”);
- (d) make any public announcement with respect to, or submit a proposal for, or offer of (with or without conditions) any extraordinary transaction involving the acquisition or change of control of the Company or any of its securities or assets (including, for the avoidance of doubt and without limitation, a tender offer or the acquisition of all or substantially all of the assets of the Company and its subsidiaries taken as a whole);

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- (e) form, join or in any way participate in a “group” as defined in Section 13(d)(3) of the Exchange Act in connection with any of the foregoing provided that, for the avoidance of doubt, the existence of a group consisting of Fosun Pharma, its Affiliates and other persons affiliated with Fosun Pharma shall not be deemed to be a violation of this subparagraph (e);
- (f) otherwise act or seek to control the Board or the management or policies of the Company provided that the taking of any action described in subparagraph (a) after the expiration of the restrictions thereunder shall not, by itself, be deemed a violation of this subparagraph (f); or
- (g) take any action that could reasonably be expected to require the Company to make a public announcement regarding the possibility of any of the events described in subparagraphs (a) through (e) above provided that the taking of any action described in subparagraph (a) shall not, by itself, be deemed a violation of this subparagraph (g).

For the avoidance of doubt, if Mr. Li Dongjiu or any other person affiliated with Fosun Pharma serves on the Board, the provisions of this paragraph 5 are not intended to be construed to impose any limit on any action taken by Mr. Li Dongjiu or such other person in his capacity as a director of the Company or upon any confidential communications by Mr. Li Dongjiu or such other person with the Company or the Board in his capacity as a member of the Board.

Nothing in this Section 5 shall prevent the Investor or any Controlled Affiliate from voting any of its shares of common stock or other securities, to the extent such securities have voting rights, with respect to any matter submitted to the shareholders of the Company for approval.

6. Notwithstanding anything to the contrary herein, Fosun Pharma may, in its sole discretion, terminate the provisions of paragraph 5 of this letter agreement (including all restrictions thereunder on the activities in which Fosun Pharma, its Affiliates and other persons affiliated with Fosun Pharma may engage with respect to the Company) by delivering written notice of such termination to the Company at any time:

- (a) any sale of more than 20% of the assets of the Company and its subsidiaries, taken as a whole;
- (b) the beneficial ownership (as defined by Rule 13d-3 under the Exchange Act) by any person or “group” as defined in Section 13(d)(3) of the Exchange Act, together with any affiliates of such person or group, of more than 20% of any class of outstanding equity securities of the Company, and the commencement or announcement of any equity issuance, tender offer, exchange offer or other transaction or series of transactions that, if consummated, would result in any person beneficially

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owning more than 20% of any class of outstanding equity securities of the Company; or

- (c) any merger, consolidation or other business combination involving the Company or any of its subsidiaries and a third party, or any privatization transaction by the Company other than any such transaction where (i) the holders of equity securities of the Company outstanding immediately prior to such transaction continue to hold a majority of the equity securities of the surviving or resulting company or its ultimate parent immediately after giving effect to the transaction, and (ii) does not otherwise involve either (A) any sale of more than 20% of the assets of the Company and its subsidiaries, taken as a whole or (B) where no person after such transaction will beneficially own (within the meaning of Rule 13d-3 under the Exchange Act) more than 20% of any class of outstanding equity securities of the Company.

7. To the extent that any Proprietary Information may include material subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or threatened legal proceedings or governmental investigations, the Parties understand and agree that they have a commonality of interest with respect to such matters and it is their desire, intention and mutual understanding that the sharing of such material is not intended to, and shall not, waive or diminish in any way the confidentiality of such material or its continued protection under the attorney-client privilege, work product doctrine or other applicable privilege. All Proprietary Information provided by the Company that is entitled to protection under the attorney-client privilege, work product doctrine or other applicable privilege shall remain entitled to such protection under these privileges, this letter agreement, and under the joint defense doctrine. Nothing in this letter agreement obligates the Company to reveal material subject to the attorney-client privilege, work product doctrine or any other applicable privilege.

8. Fosun Pharma acknowledges that neither the Company nor any of its Representatives makes any express or implied representation or warranty as to the accuracy or completeness of any Proprietary Information, and Fosun Pharma agrees that none of such persons shall have any liability to any of Fosun Pharma, any of its Affiliates or any of their respective Representatives relating to or arising from the use of any Proprietary Information.

9. At any time, upon the request of the Company, Fosun Pharma shall promptly deliver to the Company or destroy provided that any such destruction shall be certified by Fosun Pharma) all Proprietary Information and all copies, reproductions, summaries, analyses or extracts thereof or based thereon (whether in hard-copy form or on intangible media, such as electronic mail or computer files) in the possession of Fosun Pharma, any of its Affiliates or any of their respective Representatives; provided that Fosun Pharma, its Affiliates and their respective Representatives shall be permitted to retain a copy of such Proprietary Information to the extent such person believes in good faith that the retention of such copy is required under applicable law (including the

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recordkeeping requirements under the Investment Advisers Act of 1940, as amended). Fosun Pharma acknowledges that the Company reserves the right, in its sole discretion and without giving any reason therefor, to request the return or destruction of Proprietary Information pursuant to this paragraph 9.

10. Fosun Pharma is aware of the restrictions imposed by the United States securities laws on the purchase or sale of securities by any person who has received material, non-public information from the issuer of such securities and on the communication of such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information.



11. Without prejudice to the rights and remedies otherwise available to either party hereto, the Company shall be entitled to equitable relief by way of injunction or otherwise if Fosun Pharma, any of its Affiliates or any of their respective Representatives breaches or threatens to breach any of the provisions of this letter agreement.

12. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

13. This letter agreement shall be governed by and construed in accordance with the laws of the State of Utah. Each Party hereby irrevocably and unconditionally consents to the exclusive institution and resolution of any action, suit or proceeding of any kind or nature with respect to or arising out of this letter agreement brought by any Party in the U.S. federal and Utah state courts located in the State of Utah. Each Party hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this letter agreement in such court, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. The Parties agree that a final judgment in any such dispute shall be conclusive and may be enforced in other jurisdictions by suits on the judgment or in any other manner provided by law.

14. This letter agreement and the Stock Purchase Agreement and that certain Stockholder Agreement, dated the date hereof, between Fosun Pharma and the Company contain the entire agreement between the Parties regarding its subject matter hereof and thereof and supersedes all prior agreements, understandings, arrangements and discussions between the Parties regarding such subject matter.

15. No provision in this letter agreement can be waived, modified or amended except by written consent of the Parties, which consent shall specifically refer to the provision to be waived, modified or amended.

16. If any provision of this letter agreement is found to violate any statute, regulation, rule, order or decree of any governmental authority, court, agency or

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exchange, such invalidity shall not be deemed to affect any other provision hereof or the validity of the remainder of this letter agreement, and such invalid provision shall be deemed deleted herefrom to the minimum extent necessary to cure such violation.

17. This letter agreement shall inure to the benefit of, and be enforceable by, the Company and its successors and assigns. Fosun Pharma agrees and acknowledge that this letter agreement is being entered into by the Company on behalf of the Company and its affiliates, subsidiaries and divisions and that they shall be third party beneficiaries hereof, having all rights to enforce this letter agreement. Fosun Pharma further agrees that, except for such parties, nothing herein expressed or implied is intended to confer upon or give any rights or remedies to any other person under or by reason of this letter agreement.

18. This letter agreement shall terminate automatically upon the later to occur of (i) June 30, 2015 or (ii) the date upon which no persons affiliated with Fosun Pharma are serving on the Board; provided that Fosun Pharma's obligations under paragraphs 3 and 5 shall terminate as provided for therein and in paragraph 6.

19. Capitalized terms used but undefined herein shall have the meaning ascribed to them under the Stock Purchase Agreement and the Stockholder Agreement.

20. This letter agreement may be executed in two or more counterparts (including by fax and .pdf), which together shall constitute a single agreement.

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Please confirm your agreement with the foregoing by signing and returning this letter agreement to the undersigned, whereupon this letter agreement shall become a binding agreement.

Very truly yours,

NATURE'S SUNSHINE PRODUCTS, INC.

By: /s/ Gregory L. Probert

Name: Gregory L. Probert

Title: Chairman and CEO

ACCEPTED AND AGREED as of the date first written above:

SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD.

By: /s/ Qiyu Chen

Name: Qiyu Chen

Title: Chairman

[Signature Page to Letter Agreement]

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**SHARE SUBSCRIPTION AGREEMENT**

by and among

**NATURE'S SUNSHINE PRODUCTS, INC.,**

**FOSUN INDUSTRIAL CO., LIMITED**

and

**NATURE'S SUNSHINE HONG KONG LIMITED**

**Dated June 26, 2014**

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## SHARE SUBSCRIPTION AGREEMENT

This SHARE SUBSCRIPTION AGREEMENT (this “Agreement”), dated as of June 26, 2014, is entered into by and among

**Nature’s Sunshine Hong Kong Limited**, a private company limited by shares incorporated under the Laws of Hong Kong with company number 2113072 (the “Company”),

**Nature’s Sunshine Products, Inc.**, a company incorporated under the Laws of the state of Utah, having its principal executive offices at 2500 West Executive Parkway, Suite 100, Lehi, Utah (“NSP”), and

**Fosun Industrial Co., Limited**, a company incorporated under the Laws of Hong Kong with company number 923961 (“Fosun Industrial”).

### RECITALS

A. NSP and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海复星医药(集团)股份有限公司), a stock company incorporated under the Laws of the PRC, having its registered address at 9/F, 510 Caoyang Road, Shanghai and 100% owner of Fosun Industrial (“Fosun Pharma”), have entered into a Stock Purchase Agreement, dated as of the same date herewith (the “PIPE Agreement”), pursuant to which NSP will issue to Fosun Pharma, and Fosun Pharma will purchase, common shares of NSP upon the terms and subject to the conditions set forth therein.

B. NSP owns all of the outstanding capital stock of the Company immediately prior to the Closing (as defined below). Corporate details of the Company immediately prior to the Closing are set out in Part 1 of Schedule I hereto.

C. NSP and Fosun Industrial (individually an “Investor” and collectively, “Investors”) wish to subscribe for certain shares to be issued by the Company, pursuant to the terms and subject to the conditions of this Agreement.

D. It is the intention of NSP and Fosun Industrial that the Company will establish two direct wholly-owned Subsidiaries under the Laws of Hong Kong (the “HK Holdcos”), and the HK Holdcos will in turn each establish a wholly-owned Subsidiary under the Laws of the PRC that will engage in (a) the marketing and distribution (including wholesale, retail and e-commerce, but excluding the Direct Selling) of NSP-branded and other designated products in the PRC (the “Retail Subsidiary”) and (b) the Direct Selling of Synergy-branded and other designated products in the PRC (the “DS Subsidiary”), respectively (the DS Subsidiary, together with the Retail Subsidiary, the “PRC Subsidiaries”, and together with the Company and HK Holdcos, the “JV” and each a “JV Company”).

NOW, THEREFORE, the Parties agree as follows:

## ARTICLE I

### SUBSCRIPTION FOR SHARES AND CLOSING

Section 1.01 Subscription of Shares. Subject to the terms and conditions of this Agreement, at the Closing, each of NSP and Fosun Industrial agrees to subscribe for and purchase, and the Company agrees to allot, sell and issue to such Investor, that number of the Company’s Shares with the rights and privileges as set forth in the Company Charter Documents, indicated opposite such Investor’s name in Schedule II attached hereto, for the amount of consideration set forth therein (such consideration in the aggregate, the “Subscription Price”). Upon Closing, NSP and Fosun Industrial will own 80% and 20%, respectively, of the total issued and outstanding share capital of the Company.

Section 1.02 Closing. Subject to the terms and conditions of this Agreement, the allotment and issuance of the NSP Subscribed Shares and the Fosun Industrial Subscribed Shares shall take place at a closing (the "Closing") to be held at 9:00 a.m. (Pacific time) at the offices of Latham & Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, on the third (3rd) Business Day after the date that the Parties have received notice that each of the conditions set forth in Section 3.01 have been satisfied or waived, or at such other date, time and place as the Investors may mutually agree upon in writing (the date upon which the Closing occurs is referred to herein as the "Closing Date"). On the Closing Date:

- (a) NSP and Fosun Industrial shall each pay its respective portion of the Subscription Price set forth in Schedule II hereto, in each case, by wire transfer in immediately available funds to a bank account of the Company to be designated by the Company in a written notice to each Investor prior to the Closing;
- (b) The Company shall:
  - (i) allot and issue the number of shares subscribed by NSP as set forth in Schedule II hereto (the "NSP Subscribed Shares"), to NSP and the number of shares subscribed by Fosun Industrial as set forth in Schedule II hereto (the "Fosun Industrial Subscribed Shares"), to Fosun Industrial, free from any Encumbrance;
  - (ii) duly register in the Company's register of members, the NSP Subscribed Shares in the name of NSP and the Fosun Industrial Subscribed Shares in the name of Fosun Industrial;
  - (iii) deliver to NSP a share certificate representing the NSP Subscribed Shares, duly completed in the name of NSP, and to Fosun Industrial a share certificate representing the Fosun Industrial Subscribed Shares, duly completed in the name of Fosun Industrial; and
  - (iv) make available the statutory and minute books and share certificate books of the Company for inspection by the Investors.
- (c) the Company shall pass the necessary board and shareholders resolutions to:
  - (i) adopt the Company Charter Documents in form and substance consistent with the Operating Agreement and satisfactory to both Investors;

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- (ii) authorize the allotment and issuance of the NSP Subscribed Shares and the Fosun Industrial Subscribed Shares to NSP and Fosun Industrial respectively;
  - (iii) approve the execution of the operating agreement in the form attached hereto as Exhibit A (the "Operating Agreement") by the Company; and
  - (iv) appoint as Directors the Persons designated by NSP and Fosun Industrial pursuant to Section 2.01 of the Operating Agreement; and
- (d) each Party shall deliver to each other Party the Operating Agreement duly executed by such Party.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.01 Common Representations. Each Party hereby represents and warrants to each other Party that as of the date hereof and as of the Closing Date:

- (a) It is duly organized, validly existing and in good standing (where such concept is applicable) under the Laws of the jurisdiction of its formation.
- (b) It has all requisite corporate right, power and authority to enter into each Transaction Document to which it is a party and to consummate the transactions contemplated thereby. Each Transaction Document to which it is a party has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and (ii) rights of acceleration, if any, and the availability of equitable remedies may be limited by equitable principles of general applicability (regardless of whether considered in an Action in equity or at law).
- (c) Except as set forth on Schedule 2.01(c), none of the execution, delivery or performance of this Agreement or any other Transaction Document to which it is a party, or the consummation of the transactions contemplated hereby and thereby, will require (with or without notice or lapse of time, or both) any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Authority.
- (d) Its execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party do not and will not violate any of its constitutive documents, or any other agreement, authorization, license, approval or applicable Law to which it is a party.
- (e) There are no pending or, to its Knowledge, threatened, legal or governmental Actions against it, which, if adversely determined, would be reasonably likely to materially and adversely affect its ability to enter into this Agreement or any of the other Transaction Documents or to perform its obligations hereunder or thereunder.

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- (f) It is in compliance with, and conducts its businesses in conformity with, in all material respects all applicable Law (including applicable Law of the United States and those countries in which such Party or its Subsidiaries conduct business). It has not received notice or otherwise has any Knowledge that it is charged with, threatened with or under investigation with respect to, any violation of any applicable Law that would reasonably be likely to materially and adversely affect its ability to enter into this Agreement or any of the other Transaction Documents or to perform its obligations hereunder or thereunder. Such Party has complied in all respects with any PRC or other applicable anti-bribery laws or regulations applicable to it and its industry and is not aware of any pending, threatened or ongoing investigation related thereto
- (g) Its operations are and have been conducted at all times in compliance with the money laundering statutes of applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental agency (collectively, the "Money Laundering Laws") and no action, suit, claim or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving such Party with respect to the Money Laundering Laws is pending or, to such Party's Knowledge, threatened. Further, neither such Party, its Affiliates, nor any of its directors, officers, employees and agents or other Person acting under and with its express authorization have been placed on the US Treasury Office of Foreign Asset Control ("OFAC") Specially Designated Nationals List, or other OFAC sanction lists.

(h) Neither such Party nor any of its Affiliates is a party to any contract, agreement or understanding with any Person that would give rise to a valid claim against any other Party for a brokerage commission, finder's fee or like payment in connection with the issuance and sale of the NSP Subscribed Shares or Fosun Industrial Subscribed Shares.

Section 2.02 NSP Representations. The Company and NSP hereby jointly and severally represent and warrant to Fosun Industrial that as of the date hereof and as of the Closing Date:

(a) Immediately prior to the Closing, the issued share capital of the Company shall be as set forth in Part 1 of Schedule I hereto. Immediately following the Closing, the issued share capital of the Company shall be as set forth in Part 2 of Schedule I hereto.

(b) The minute books of the Company which have heretofore been made available to Fosun Industrial contain complete and accurate records, in all material respects, of all meetings and other corporate actions of the directors and shareholder of the Company, and correctly reflect all actions taken by the directors and shareholder of the Company since the date of incorporation of the Company.

(c) The Company has never engaged in or undertaken any business operations or in any activities of any sort or assumed any liabilities other than its obligations in respect of its incorporation, the appointment of its officers and the filing of documents pursuant to the laws of Hong Kong and accordingly the Company:

(i) does not have, and never has had, any indebtedness, mortgages, charges, debentures, guarantees or other commitments or liabilities (present or contingent) outstanding;

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(ii) does not have, and never has had, any employees;

(iii) is not, and has never been, a party to any contract;

(iv) has never given any power of attorney;

(v) is not, and has never been, a party to any litigation or arbitration proceedings;

(vi) is not, and has never been, the lessee of any property; and

(vii) is not and has never been, the owner of, or interested in, any assets whatsoever including, without limitation, the share capital of any other body corporate that is engaged in carrying on any trade or business.

(d) The Company does not own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association or other entity.

(e) The Company is not insolvent or unable to pay its respective debts as they fall due. The Company has not passed any resolution for its voluntary winding up nor is it subject to any winding up petition or analogous proceeding in its jurisdiction of incorporation or establishment.

(f) The record books of the Company have been properly kept, are in its possession and contain an accurate and complete record of the matters which should be dealt with in those books in accordance with the laws of Hong Kong and no notice alleging that any of them is incorrect or should be rectified has been received.

(g) All returns, particulars, resolutions and other documents required to be filed with the Registrar of Companies under the Companies Ordinance by the Company have been duly filed and all legal requirements in connection with the formation of the Company and issues of its shares have been satisfied.

(h) Save as expressly provided for or contemplated by this Agreement, there are no outstanding rights, warrants, options, subscriptions, agreements or commitments giving anyone any right to subscribe for or acquire any share capital or other securities of the Company.

(i) NSP will have on the Closing Date sufficient funds in United States dollars for NSP to fund in full its portion of the Subscription Price set forth in Schedule II hereto.

Section 2.03 Fosun Industrial Representations. Fosun Industrial hereby represents and warrants to NSP and the Company that as of the date hereof and as of the Closing Date:

(a) Fosun Industrial is a wholly-owned Subsidiary of Fosun Pharma.

(b) Fosun Industrial will have on the Closing Date sufficient funds in United States dollars for Fosun Industrial to fund in full its portion of the Subscription Price set forth in Schedule II hereto.

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### ARTICLE III

#### CONDITIONS TO CLOSING

Section 3.01 Closing Conditions. The obligations of the Investors under Section 1.02 of this Agreement, unless otherwise waived in writing by the Investor for whose benefit the condition exists, are subject to the fulfillment on or before the Closing of each of the following conditions:

(a) The representations and warranties of each of the Parties contained in this Agreement shall be true, correct and complete when made, and shall be true, correct and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

(b) Each of the Parties shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

(c) Each of the Parties shall have obtained all authorizations, approvals, waivers or permits of any competent Governmental Authority that are required in connection with the lawful issuance of the Shares pursuant to this Agreement and the consummation of all of the transactions contemplated by this Agreement or the other Transaction Documents, and all such authorizations, approvals, waivers and permits shall be effective as of the Closing.

(d) The Investors shall have delivered to each other a copy of the resolutions of its board of directors or equivalent governing body approving the entry and delivery of this Agreement and each other Transaction Document to which it is a party, the performance of its obligations hereunder and thereunder and consummation of the transactions contemplated hereunder and thereunder; and

(e) The closing of the purchase and sale of the common shares of NSP pursuant to the PIPE Agreement shall have occurred prior to or concurrently with the Closing.

Section 3.02 Actions Before Closing

Each Party shall use its commercially reasonable efforts, on a cooperative basis, to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement and the other Transaction Documents as soon as practicable, including but not limited to the following:

(i) Each Party shall use its respective commercially reasonable efforts to obtain and maintain all necessary actions or nonactions, filings, registrations, waivers, consents and approvals, including all Governmental Approvals as may be required for the performance of such Party's obligations and consummation of the transactions contemplated by the Transaction Documents to which it is a party;

(ii) Each Party shall defend any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or any of the other

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Transaction Documents or the consummation of the transactions contemplated hereby or thereby; and

(iii) Each Party shall execute and deliver such documents and take such further actions as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement or the other Transaction Documents to which it is a party.

(b) Subject to applicable Law, each Party shall cooperate with and keep each other fully informed as to the status of the satisfaction of each condition precedent to Closing set forth in Section 3.01 and the actions or activities required pursuant to this Section 3.02.

(c) Each Party shall deliver to the other Parties a copy of each Governmental Approval obtained by it or any of its Affiliates in respect of this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby promptly after the receipt thereof.

**ARTICLE IV**

**CONFIDENTIALITY AND RESTRICTION ON ANNOUNCEMENTS**

Section 4.01 General Obligation. Each Party undertakes to the other Parties that it shall not reveal, and that it shall cause that its respective directors, professional advisors, officers, employees, agents and auditors (which shall further include, in the case of the Fosun Industrial solely, Fosun Pharma and its directors, professional advisors, officers, employees, agents and auditors) (collectively, "Representatives") do not reveal, to any third party any Confidential Information without the prior written consent of the Company or the concerned Party (each a "Disclosing Party"), as the case may be, or use any Confidential Information in such manner that is detrimental to the JV or the concerned Party, as the case may be. The Party receiving the Confidential Information (the "Receiving Party") on its own behalf and on behalf of each of its Representatives agrees to comply in full with the confidentiality obligations set forth herein and to undertake and ensure that, by its actions, neither the Receiving Party nor any of its Representatives to whom Confidential Information may be disclosed by the Receiving Party will breach the terms of the confidentiality obligations assumed herein and that the Receiving Party will be liable for any breach by its Representatives of the confidentiality obligations hereunder. The term "Confidential Information" means, (a) any information concerning the business, operations, technology (including know-how), formulas, investment, finance, transactions, marketing plans and strategies or affairs of any Party or its Affiliates or any JV Company or any of their respective Representatives (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this Agreement); (b) the terms of this Agreement; and (c) any other information or materials prepared by a Party or its Affiliates or any JV Company or any of their respective Representatives that contains or otherwise reflects, or is generated from, Confidential Information.

Section 4.02 Exceptions. The provisions of Section 4.01 shall not apply to:

(a) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by or at the direction of a Party or any of its Representatives in violation of this Agreement;

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(b) disclosure by a Party to a Representative; provided that such Representative (i) is under a similar obligation of confidentiality or (ii) is otherwise under a binding professional obligation of confidentiality;

(c) disclosure, after giving prior notice to the other Parties to the extent practicable under the circumstances and subject to any practicable arrangements to protect confidentiality, to the extent required under the rules of any stock exchange on which the shares of a Party or its parent company are listed, or by applicable Law or any Governmental Authority with authority or jurisdiction to require such disclosure, or in connection with any judicial or arbitral process regarding any legal action, suit or proceeding arising out of or relating to this Agreement; or

(d) disclosure to the extent required in connection with a bona fide financing or other corporate transaction of a Party (and provided that the Party obtains an agreement from the party to whom it intends to disclose such information to hold such matters confidential or is otherwise acting in conformity with custom and practice of a "roadshow").

Section 4.03 Publicity. Except as required by applicable Law in the reasonable opinion of legal counsel of a Party, by any Governmental Authority, by any relevant stock exchange on which the shares of a Party or its parent company are listed or otherwise agreed by all the Parties, no publicity release or public announcement concerning the relationship or involvement of the Parties shall be made by any Party without the prior written consent of all the other Parties. Each Party shall have the right to review and comment on any such publicity release or public announcement of each other Party prior to making any such publicity release or public announcement.

Section 4.04 Return/Destruction of Confidential Information. If a Disclosing Party so requests in writing at any time following the termination of this Agreement, the Receiving Party shall at its election immediately (a) return to such Disclosing Party all the Confidential Information of such Disclosing Party received by the Receiving Party, or (b) destroy or permanently erase all Confidential Information of such Disclosing Party in tangible form (whether in written form, electronically stored or otherwise).

Section 4.05 Term. The confidentiality obligations set forth in this ARTICLE IV shall continue to be effective for a period of two (2) years from the earlier of:

(x) the date of termination of this Agreement, or (y) the date of the termination of the Operating Agreement.

## ARTICLE V

### TERMINATION; POST-CLOSING MATTERS

Section 5.01 Termination. This Agreement may be terminated in its entirety (subject to Section 5.02) at any time prior to the Closing:

(a) by the mutual written consent of both Investors;

(b) by NSP, if (i) Fosun Industrial shall have breached any representation, warranty, covenant or agreement set forth in this Agreement or the other Transaction Documents to which Fosun Industrial is a party, (ii) such breach or misrepresentation is not cured within twenty (20) days after Fosun Industrial receives written notice thereof from NSP (or such shorter period between the date of such notice and the Closing), and (iii) such breach

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or misrepresentation would cause any of the conditions set forth in Section 3.01 not to be satisfied;

(c) by Fosun Industrial, if (i) NSP shall have breached any representation, warranty, covenant or agreement set forth in this Agreement or the other Transaction Documents to which it is a party, (ii) such breach or misrepresentation is not cured within twenty (20) after NSP receives written notice thereof from Fosun Industrial (or such shorter period between the date of such notice and the Closing), and (iii) such breach or misrepresentation would cause any of the conditions set forth in Section 3.01 not to be satisfied;

(d) by either Investor if the Closing shall not have occurred within ninety (90) days after the date hereof (the "Termination Trigger"); provided, however, that if all of the conditions to the Closing set forth in Section 3.01 shall have been satisfied or waived as applicable or shall then be capable of being satisfied (other than the condition set forth in Section 3.01(c)), the Termination Trigger may be extended by either Investor by written notice to the other Investor to such date that is thirty (30) days following the initial Termination Trigger; and provided further, that the right to terminate this Agreement under this paragraph (d) shall not be available to any Investor whose failure to fulfill any obligation under this Agreement shall have been the principal cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(e) by either Investor in the event the PIPE Agreement is terminated; or

(f) by either Investor in the event that any Governmental Authority shall have issued an order or taken any other action restraining, enjoining or otherwise prohibiting, or altering, materially and adversely (to either Investor), the material terms of the transactions contemplated by this Agreement, and such order shall have become final and nonappealable.

Section 5.02 Effect of Termination. Upon termination, this Agreement will cease to have effect with respect to each Party, provided that (a) the termination shall not relieve any Party from liability for any breach of this Agreement that occurred before such termination and (b) following termination the Parties shall continue to be bound by the provisions of ARTICLE IV (Confidentiality and Restriction on Announcements), this ARTICLE V, ARTICLE VI (Notices), Section 7.02 (Expenses), and ARTICLE VIII (Governing Law and Arbitration).

Section 5.03 Survival of Representation and Warranties. The representations and warranties made by each Party hereto shall survive the Closing for a period of two (2) years following the Closing Date.

Section 5.04 Indemnification. Each Party, (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other Party or Parties and their respective Affiliates and their respective officers, directors, agents, employees, Subsidiaries, partners, members and controlling persons (each, an "Indemnified Party") to the fullest extent permitted by Law from and against any and all losses, litigation, or written threats thereof (including any litigation by a third party), damages, expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Indemnified Party in any action between the Indemnifying Party and the Indemnified Party or between the Indemnified Party and any third party or otherwise) or other liabilities (collectively, "Losses") resulting from or arising

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out of any breach of any representation or warranty, covenant or agreement by the Indemnifying Party in this Agreement.

## ARTICLE VI

### NOTICES

Section 6.01 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, or by facsimile to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.01):

If to NSP:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: Chief Executive Officer  
Facsimile: +1 (801) 341-7320

with a copy to:

Nature's Sunshine Products, Inc.  
2500 West Executive Parkway, Suite 100  
Lehi, Utah 84043  
Attention: General Counsel  
Facsimile: +1 (801) 723-1334

If to Fosun Industrial:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Hu Jianglin, Vice President  
Facsimile: +86 (21) 6332-5581

with a copy to:

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.  
No. 2 East Fuxing Road  
Shanghai 200010, P.R. China  
Attention: Chen Xingzhong  
Facsimile: +86 (21) 6332-5581

If to the Company:

to the registered office of the Company in Hong Kong

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with copies to:

NSP (at the address specified in or pursuant to this [Section 6.01](#)); and

Fosun Industrial (at the address specified in or pursuant to this [Section 6.01](#))

## ARTICLE VII

### MISCELLANEOUS

#### Section 7.01 Definitions; Interpretation.

(a) Certain Definitions. Capitalized terms used but not defined in the main body of this Agreement shall have the meanings assigned to them in [Appendix A](#).

(b) Treatment of Ambiguities. The Parties acknowledge that each Party has participated in the drafting of this Agreement, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) References; Construction. Unless otherwise indicated herein, with respect to any reference made in this Agreement to a Section (or Article, Subsection, Paragraph, Subparagraph or Clause), Appendix, Exhibit or Schedule, such reference shall be to a section (or article, subsection, paragraph, subparagraph or clause) of, or an appendix, exhibit or schedule to, this Agreement. The table of contents and any article, section, subsection, paragraph or subparagraph headings contained in this Agreement and the recitals at the beginning of this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any reference made in this Agreement to a statute or statutory provision shall mean such statute or statutory provision as it has been amended through the date as of which the particular portion of the Agreement is to take effect, or to any successor statute or statutory provision relating to the same subject as the statutory provision so referred to in this Agreement, and to any then applicable rules or regulations promulgated thereunder. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed, unless the context clearly indicates to be contrary, to be followed by the words "but (is/are) not limited to." The words "herein," "hereof," "hereunder" and words of like import shall refer to this Agreement as a whole (including its Appendices, Exhibits and Schedules), unless the context clearly indicates to the contrary (for example, that a particular section, schedule or exhibit is the intended reference). Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate. Where specific language is used to clarify or illustrate by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict the construction of the general statement which is being clarified or illustrated.

Section 7.02 Expenses. Except as otherwise noted herein, each Investor shall bear the expenses incurred by it in connection with the negotiation and execution of this Agreement and the performance of its obligations hereunder. Notwithstanding the foregoing, the Parties agree that the documented expenses and fees incurred by NSP or its Affiliate on behalf of or for the benefit of the Company and in an aggregate amount not to exceed US\$100,000, including the fees paid or to be paid in connection with the incorporation of the

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Company and establishing the business contemplated to be operated by the Company, shall be deducted from the portion of the Subscription Price to be paid by NSP on the Closing. If any legal action, including, without limitation, an action for arbitration in accordance with [Section 8.02](#), injunctive relief, or enforcement of any award or decision rendered thereto, is brought relating to a Dispute, the prevailing Party in any final judgment or arbitration award, or the non-dismissing Party in the event of a voluntary dismissal by the Party instituting the action, shall be entitled to the full amount of all reasonable expenses, including all court costs, arbitration fees and actual attorneys' fees paid or incurred in good faith in connection with such action.

Section 7.03 Assignment. Without the prior written consent of the other Parties (other than the Company), no Party may assign, or suffer or permit an assignment (by operation of law or otherwise) of, its rights or obligations under or interest in this Agreement other than in the case of an Investor, to its wholly-owned Subsidiaries (in the case of Fosun Industrial, to Fosun Pharma or its wholly-owned Subsidiaries), provided that in the event that any Investor assigns its rights or obligations under or interest in this Agreement to any of its wholly-owned Subsidiaries (or in the case of Fosun Industrial, to Fosun Pharma or any of its wholly-owned Subsidiaries), such assignment shall not relieve such Investor of its obligations hereunder (and such Investor shall be jointly and severally liable with such wholly-owned Subsidiary for any violation or breach hereof from the effective date of such assignment). Any purported assignment or other disposition without the prior written consent of the other Parties (other than the Company) other than by an Investor to its wholly-owned Subsidiaries (in the case of Fosun Industrial, to Fosun Pharma or its wholly-owned Subsidiaries) shall be null and void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 7.04 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument executed by each Party hereto.

Section 7.05 Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a Party of any



breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

Section 7.06 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, among the Parties.

Section 7.07 Severability.

(a) Each and every obligation under this Agreement shall be treated as a separate obligation and shall be severally enforceable as such.

(b) If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, that will not affect (i) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement or (ii) the

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legality, validity or enforceability in any other jurisdictions of that or any other term of this Agreement.

(c) If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, it shall be replaced by a mutually acceptable provision, which being valid, legal, enforceable and in compliance with applicable government policy comes closest to the intention of the Parties underlying such illegal, invalid or unenforceable provision.

Section 7.08 Counterparts. This Agreement may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment or telecopy shall be an effective mode of delivery.

Section 7.09 Consent to Specific Performance. The Parties declare that it is impossible to measure in money the damages that would be suffered by a Party by reason of the failure by any other Party to perform any of the obligations hereunder, and that irreparable damage would occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise breached. Therefore, if any Party shall institute any action or proceeding to enforce the provisions hereof, any Party against whom such action or proceeding is brought hereby waives any claim or defense therein that the other Parties have an adequate remedy at Law.

Section 7.10 Language. This Agreement shall be executed in English and such language shall be controlling in any interpretation or dispute.

Section 7.11 Support. As soon as practicable following the date hereof, the Investors shall use their commercially reasonable efforts to consult with MofCom in respect of the feasibility of the structure of the JV contemplated in Recital D hereto to enable the DS Subsidiary to obtain all Governmental Approvals necessary to engage in Direct Selling in the PRC. If the Investors obtain an indication from MofCom that the contemplated structure of the JV is not feasible, the Investors shall use their respective commercially reasonable efforts to agree on an alternative JV structure achieving as closely as possible the goals and benefits of the holding and governance structure, and terms and conditions set forth in this Agreement and Operating Agreement to the extent permitted by applicable Law and in order for the DS Subsidiary to obtain all Governmental Approvals necessary to engage in Direct Selling in the PRC.

## ARTICLE VIII

### GOVERNING LAW AND ARBITRATION

Section 8.01 Governing Law. This agreement shall be governed by, and construed in accordance with, the Laws of Hong Kong without regard to the principles of conflicts of Law of any jurisdiction.

Section 8.02 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof (each a "Dispute"),

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shall be settled by arbitration at the Hong Kong International Arbitration Centre ("HKIAC") under the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "Arbitration Rules") in force when the Notice of Arbitration (as defined by the Arbitration Rules) is submitted in accordance with these Arbitration Rules. The number of arbitrators shall be three. The arbitration proceedings shall be conducted in English. Each Party hereto shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on such Party. Any award made by the arbitral board shall be final and binding on each of the Parties that were parties to the Dispute. Either Party shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

*[The remainder of this page is intentionally left blank]*

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IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

**Nature's Sunshine Hong Kong Limited**

By: /s/ Gregory L. Probert  
Name: Gregory L. Probert  
Title: Director

**Nature's Sunshine Products, Inc.**

By: /s/ Gregory L. Probert

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Name: Gregory L. Probert  
Title: Chairman and CEO

**Fosun Industrial Co., Limited**

By: /s/ Chen Qiyu  
Name: Chen Qiyu  
Title: Chairman

[Signature page of Share Subscription Agreement]

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**APPENDIX A**

**DEFINITIONS**

In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“Action” means any claim, action, suit, arbitration, inquiry, grievance, proceeding, hearing, investigation, or administrative decision-making or rulemaking process by or before any Governmental Authority.

“Affiliate” means, with respect to any Person or group of Persons, a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person or group of Persons; provided, however, that for purposes of this Agreement, (x) the Affiliate of Fosun Industrial shall mean Fosun Pharm and any Person or group of Persons that are directly or indirectly controlled by Fosun Pharma; and (y) the Company shall not be considered an Affiliate of NSP or Fosun Industrial with respect to the period following the Closing.

“Board” means the board of directors of the Company.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the city of New York, New York, Hong Kong or Beijing, China. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

“Company Charter Documents” means the Articles of Association of the Company, as amended from time to time.

“control” means (i) ownership of more than 50% of the outstanding shares or other existing interests or registered capital of such Person or (ii) the power to direct the management or policies of such Person, whether through the ownership of more than 50% of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise.

“Direct Selling” means direct selling of goods or services in accordance with the Administrative Regulation on Direct Selling (直销管理条例, “ARDS”) promulgated by the State Council of the PRC on August 23, 2005 (as amended from time to time) and pursuant to a direct selling license (直销经营许可证) issued under ARDS.

“Director” means a director of the Company.

“Encumbrance” means any lien, mortgage, pledge, license, covenant not to sue, claim, charge, security interest or other encumbrance, option or defect on title or any similar arrangement or interest in real or personal property, but excluding restrictions on transfer created by applicable securities Laws.

“HK\$” means Hong Kong dollars, the lawful currency of Hong Kong.

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“Governmental Authority” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Knowledge” means the actual knowledge of any executive officer, without independent inquiry.

“Laws” shall mean all applicable statutes, laws, regulations, rules, rulings, ordinances, orders, restrictions, requirements, writs, judgments, injunctions, decrees and other official acts of or by any Governmental Authority.

“Material Adverse Effect” means a material adverse event, change, development, condition or occurrence on or with respect to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of any Party and its Subsidiaries, taken as a whole; provided, however, that in determining whether there has been a Material Adverse Effect, any event, change, development, condition or occurrence attributable to, arising out of, or resulting from any of the following shall be disregarded: (i) changes in the economy or the financial, securities or currency markets in the United States, China or elsewhere in the world (including changes in prevailing foreign exchange rates or interest rates), (ii) changes generally affecting companies in the industries in which such Party and its Subsidiaries engage in business, (iii) the announcement or the existence of, or compliance with, the Transaction Documents or the transactions contemplated thereby, (iv) any taking of any action at the written request of any Party, (v) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any Law of or by any international, national, regional, state or local Governmental Authority, independent system operator, regional transmission organization or market administrator, in each case having general applicability, (vi) any generally applicable changes in generally accepted accounting principles or accounting standards or interpretations thereof, or (vii) any weather-related or other force majeure event or outbreak or escalation of hostilities or acts of war or terrorism, except, with respect to clauses (i), (v), (vi) and (vii), to the extent that the effects of such changes or events are disproportionately adverse to the business, condition (financial or otherwise), assets, liabilities, operations or results of operations of such Party and its Subsidiaries, taken as a whole.

“Party” means any signatory to this Agreement and any Person that subsequently becomes a party to this Agreement as provided herein.

“Person” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate

legal personality).

“PRC” means the People’s Republic of China and solely for purposes of this Agreement shall exclude Hong Kong, Taiwan and the Special Administrative Region of Macau.

“Secretary” means the Person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any Person appointed by the Board to perform any of the duties of the Secretary.

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“Shares” means the Company’s ordinary shares.

“Subsidiary” means, with respect to any Person, any Affiliate of such Person that is not a natural person and is directly or indirectly controlled by such Person.

“Transaction Documents” means this Agreement and all documents, instruments or certificates delivered in connection herewith, the Operating Agreement and the Company Charter Documents.

“US” or “United States” means the United States of America.

“US\$” means United States dollars, the lawful currency of the United States.

<b>Term</b>	<b>Section</b>
<u>Agreement</u>	Preamble
<u>Arbitration Rules</u>	Section 8.02
<u>Closing</u>	Section 1.02
<u>Closing Date</u>	Section 1.02
<u>Company</u>	Preamble
<u>Confidential Information</u>	Section 4.01
<u>Disclosing Party</u>	Section 4.01
<u>Dispute</u>	Section 8.02
<u>DS Subsidiary</u>	Recitals
<u>Fosun Industrial</u>	Preamble
<u>Fosun Industrial Subscribed Shares</u>	Section 1.02(b)(i)
<u>Fosun Pharma</u>	Recitals
<u>HKIAC</u>	Section 8.02
<u>HK Holdcos</u>	Recitals
<u>Indemnified Party</u>	Section 5.04
<u>Indemnifying Party</u>	Section 5.04
<u>Investor</u>	Recitals
<u>JV</u>	Recitals
<u>JV Company</u>	Recitals
<u>Losses</u>	Section 5.04
<u>Money Laundering Laws</u>	Section 2.01(g)
<u>NSP</u>	Preamble
<u>NSP Subscribed Shares</u>	Section 1.02(b)(i)
<u>OFAC</u>	Section 2.01(g)
<u>Operating Agreement</u>	Section 1.02(c)(iii)
<u>PIPE Agreement</u>	Recitals
<u>PRC Subsidiaries</u>	Recitals
<u>Receiving Party</u>	Section 4.01
<u>Representatives</u>	Section 4.01
<u>Retail Subsidiary</u>	Recitals
<u>Subscription Price</u>	Section 1.01

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NATURE'S SUNSHINE

FOR IMMEDIATE RELEASE

FOSUNPHARMA  
复星医药

**NATURE'S SUNSHINE ANNOUNCES STRATEGIC ALLIANCE WITH FOSUN PHARMA**

- *Nature's Sunshine enters China, the fastest growing direct selling market in the world, with local strategic partner*
- *Companies will form a joint venture to market and distribute Nature's Sunshine and Synergy products in China through an innovative multi-channel approach*
- *Fosun Pharma will acquire approximately 15% stake in Nature's Sunshine, underscoring confidence in its global growth opportunities*
- *Proceeds of Fosun Pharma investment will fund China market entry and \$1.50 per share special one-time cash dividend upon transaction closing*

LEHI, Utah, June 26, 2014 — Nature's Sunshine Products, Inc. (NASDAQ: NATR), a leading natural health and wellness company engaged in the manufacture and direct selling of nutritional and personal care products, and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma"; stock code: 600196-SH 2196.HK), a leading healthcare company in the People's Republic of China ("China"), announced today the signing of definitive agreements with respect to the formation of a China joint venture to market and distribute Nature's Sunshine and Synergy products in China and an investment by Fosun Pharma of approximately \$46.3 million in Nature's Sunshine common stock to be issued pursuant to a private placement transaction. Nature's Sunshine intends to use the net proceeds of the private placement transaction to fund its share of the China joint venture and pay a special one-time cash dividend of \$1.50 per share contingent upon transaction closing. The parties anticipate closing the joint venture and private placement transaction in the third quarter of 2014, subject to customary closing conditions including the receipt of required regulatory approvals.

"I am pleased to announce a multi-faceted strategic alliance with Fosun Pharma," commented Gregory L. Probert, Chairman and Chief Executive Officer of Nature's Sunshine Products. "Our agreement represents the first transaction in which Fosun Pharma has coupled a major ownership position with the formation of a joint venture. The joint venture is also the first of its kind between a U.S. company and a Chinese company for direct selling products in China, and represents a significant competitive differentiator in the marketplace. We view this joint transaction as both a testament to the strength of our existing business as well as Fosun Pharma's confidence in our ability to establish a substantial business in China. It marks a significant step forward in our transformation to a global organization with multiple brands and distribution channels."

Mr. Probert continued, "Entering the Chinese market is a logical next step in our growth strategy. Our alliance with Fosun Pharma gives Nature's Sunshine access to this important

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market through an innovative, differentiated model with a strong local partner. The \$15.6 billion vitamin, mineral and supplement ("VMS") category in China is experiencing tremendous growth. Through our joint venture with Fosun Pharma, we will enter both the Chinese direct selling market, the third largest and fastest growing direct selling market in the world, with our Synergy brand, as well as the Chinese retail channel with our Nature's Sunshine brand.

Mr. Probert concluded, "We believe that the net present value of the joint venture combined with the return of excess capital to shareholders will be highly accretive to shareholder value. Partnering with Fosun Pharma instead of entering China independently will maximize shareholder value through a more robust revenue and lower cost model, faster speed to market and reduced execution risk. While we expect the business will take two to three years to reach critical scale, we expect that China will be an essential driver of our long-term growth and be one of our top two markets within 5 years."

Mr. Chen Qiyu, Chairman of Fosun Pharma commented, "Our partnership with Nature's Sunshine highlights our commitment to investing in companies that can deliver value in rapidly growing business segments in China and internationally. Similar to Fosun Pharma, Nature's Sunshine is dedicated to R&D and science-based innovation. Over their 42-year history, Nature's Sunshine has developed an extensive product portfolio aimed at addressing a number of health issues and ailments afflicting people around the world. We look forward to bringing their high-quality products to China."

Mr. Chen continued, "Our partnership with Nature's Sunshine is unique, bringing together our U.S. and Chinese multi-national organizations to enter the Chinese VMS market. Through a multi-brand, multi-channel approach, we will offer Nature's Sunshine products through our Fosun Pharma retail locations and Synergy products through a direct selling model. This approach best positions us to capture the significant opportunity in one of the largest and fastest growing markets in China."

**Joint Venture**

Nature's Sunshine and Fosun Pharma have agreed to enter into a joint venture in China which will be owned 80% by Nature's Sunshine and 20% by a wholly-owned subsidiary of Fosun Pharma. The joint venture will be capitalized initially with \$16 million from Nature's Sunshine and \$4 million from Fosun Pharma. The launch of the joint venture is subject to customary conditions, including regulatory approvals by the Chinese government.

The joint venture, known as Nature's Sunshine Hong Kong Limited, expects to begin marketing and distributing Nature's Sunshine products in China following the receipt of required regulatory approvals. Nature's Sunshine Hong Kong Limited currently anticipates deploying a multi-brand, multi-channel go-to-market strategy that offers select Nature's Sunshine branded products through Fosun Pharma's existing retail locations across China, and select Synergy branded products through a direct selling model. The time to market will be dependent upon regulatory processes including product registration and permit approvals.

**Private Placement of Common Stock**

Pursuant to a private placement transaction, Nature's Sunshine has agreed to issue approximately 2.86 million shares of unregistered common stock to Fosun Pharma at a price of \$16.19 per share, representing aggregate proceeds to Nature's Sunshine of approximately \$46.3 million. The purchase price represents an approximate 10% premium to Nature's Sunshine's average stock price over the trailing 30 business day period. Upon the closing of

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the sale, Fosun Pharma will own approximately 15% of Nature's Sunshine outstanding common shares. Nature's Sunshine has granted Fosun Pharma certain registration rights with respect to the private placement shares. In addition, Nature's Sunshine has agreed to appoint one director designated by Fosun Pharma to its board of directors. The issuance and sale of the shares is subject to customary closing conditions, including the consummation of the joint venture transaction and is expected to close

concurrently with the joint venture transaction.

Moelis & Company acted as exclusive financial advisor and placement agent and Latham & Watkins LLP acted as legal advisor to the Company in connection with the transaction.

#### **About Nature's Sunshine Products**

Nature's Sunshine Products (NASDAQ:NATR), a leading natural health and wellness company, markets and distributes nutritional and personal care products through a global direct sales force of over 700,000 independent Managers, Distributors and customers in more than 40 countries. Nature's Sunshine manufactures most of its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. The Company has three reportable business segments that are divided based on the characteristics of their Distributor base, similarities in compensation plans, as well as the internal organization of NSP's officers and their responsibilities (NSP Americas, Asia Pacific and Europe; NSP Russia, Central and Eastern Europe; and Synergy WorldWide). The Company also supports health and wellness for children around the world through its partnership with the Sunshine Heroes Foundation. Additional information about the Company can be obtained at its website, [www.naturessunshine.com](http://www.naturessunshine.com).

#### **About Shanghai Fosun Pharmaceutical (Group) Co., Ltd.**

Established in 1994, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") is a leading listed company in China's pharmaceutical industry and was listed on Shanghai Stock Exchange in August 1998 and on the Main Board of the Stock Exchange of Hong Kong Limited in October 2012 (stock code: 600196-SH, 02196-HK). Its main business includes pharmaceutical manufacturing, distribution and retail; healthcare services; diagnostic products and medical devices. For more information, please visit [www.fosunpharma.com](http://www.fosunpharma.com).

#### **Cautionary Statement Regarding Forward-Looking Statements**

Certain information included or incorporated herein by reference in this release may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to Nature's Sunshine Products' objectives, plans and strategies. All statements (other than statements of historical fact) that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments and business decisions to differ materially from forward-looking statements are more fully described in this release, but include the following:

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- the receipt of required regulatory approvals with respect to the transactions with Fosun Pharma and the compliance with the other conditions precedent to the closing of the transactions;
  - any negative consequences resulting from the economy, including the availability of liquidity to Nature's Sunshine Products, its customers and its suppliers or the willingness of its customers to purchase products;
  - the Company's relationship with, and its ability to influence the actions of, its Distributors;
  - improper action by Nature's Sunshine Products' employees or Distributors;
  - negative publicity related to its products or direct selling organization;
  - changing consumer preferences and demands;
  - the Company's reliance upon, or the loss or departure of any member of, its senior management team which could negatively impact its Distributor relations and operating results;
  - the competitive nature of Nature's Sunshine Products' business;
  - regulatory matters governing the Company's products, its direct selling program, or the direct selling market in which it operates;
  - legal challenges to the Company's direct selling program;
  - risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with its third party importers, pricing and currency devaluation risks, especially in countries such as Venezuela, Ukraine, Russia and Belarus;
  - uncertainties relating to the application of transfer pricing, duties, value-added taxes, and other tax regulations, and changes thereto;
  - the Company's dependence on increased penetration of existing markets;
  - the Company's reliance on its information technology infrastructure;
  - the sufficiency of trademarks and other intellectual property rights;
  - changes in tax laws, treaties or regulations, or their interpretation;
  - taxation relating to its Distributors;
  - product liability claims;
  - share price volatility related to, among other things, speculative trading.

All forward-looking statements speak only as of the date of this release and are expressly qualified in their entirety by the cautionary statements included in this release. Except as is required by law, we expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this release.

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