



The United Laboratories International Holdings Limited

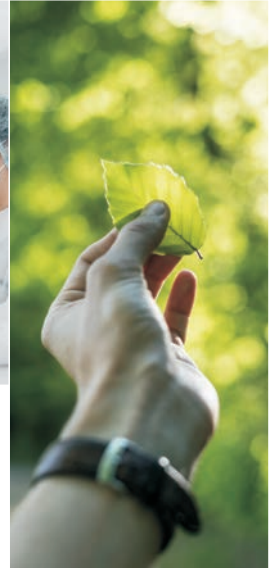
(A company incorporated in the Cayman Islands with limited liability)
(Stock Code: 3933)



2021

Environmental, Social and Governance Report

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ABOUT THIS REPORT

The United Laboratories International Holdings Limited (the “Company”) (Stock Code: 03933.HK) issued the Environmental, Social and Governance (“ESG”) Report elaborating various works and performance of the Company and its subsidiaries (collectively “The United Laboratories” or the “Group” or “We”) from 1 January 2021 to 31 December 2021 (the “Year”) in the aspect of supporting sustainable development.

Scope of the Report

The ESG Report mainly elaborates the environmental and social policies of the Group in pharmaceutical research and development, production and sales business, as well as its performance on environmental and social aspects during the Year. The environmental management key performance indicators disclosed for the Year are mainly based on the production plants of United Laboratories (Inner Mongolia) Co., Ltd., excluding its fossil-fuel power station in Inner Mongolia. The Group will gradually take into consideration other subsidiaries when disclosing its environmental indicators. For further details of corporate governance, please refer to the Corporate Governance Report on pages 28 to 34 of the Company’s Annual Report.

Reporting Framework

The ESG Report was prepared in accordance with the Appendix 27 of the Environmental, Social and Governance Reporting Guide under the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (“HKEX”). Unless otherwise specified, currency units in this Report are denominated in Renminbi.

Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information of the standards, methodologies, references and source of these KPIs are stated wherever appropriate. To enhance the comparability of the ESG Report between years, the Group adopts consistent reporting format and methodologies for calculating KPIs as far as practicable. In case of any changes in methodologies, the Group will present and explain in details in the corresponding sections.

Information and Feedback

For further details regarding the Company’s environmental and corporate governance, please refer to the official website of The United Laboratories International Holdings Limited (<http://www.tul.com.cn/>) and the Annual Report. If you have any opinions or suggestions regarding this report, please feel free to contact us through email: tulir@tul.com.hk.



ANNUAL CORPORATE AWARDS



Emerging Enterprise of Top 50 Biotech Innovation Enterprises in the Fourth Guangdong-Hong Kong-Macao Greater Bay Area

First prize of Zhuhai Science and Technology Progress Award in 2020

Get the subsidy for the project of “Research on the Technology of New Mucus-penetrating Nanocrystal Eye Drops”



Zhongshan Vocational Skills Level Recognition Enterprise

Hong Kong and Macau Young Talent Internship Practice Base



“Enterprise Management Award” – Outstanding Enterprise for Green Development in the pharmaceutical industry during the “13th Five-Year Plan”

The 5th China Excellent IR “Best ESG Award”

2020 Healthy Enterprise

2020 Excellent Supplier and 5A Supplier

2020 Guangdong Province Enterprise of Observing Contract and Valuing Credit

2020 Zhuhai Food, Drug and Equipment Technology Innovation Outstanding Contribution Award

The United Laboratories “Amoxicillin®” was listed in the “2021 China Pharmaceutical Retail Market Brand Ranking in District and County Areas”



2021 Zhuhai Medical Charity Enterprise

Most Charitable Donation Enterprise in the First “Zhuhai Charity Award”

“Advanced Enterprise with Anti-epidemic Courage and Responsibility” in Zhuhai pharmaceutical industry for 2020



Top 100 Enterprises of Synthetical Competitiveness Index of Pharmaceutical Industry in 2020-2021

Ranked 16th in the “China Top 100 Chemical Pharmaceutical Enterprises”

Ranked 20th in the “2020 China Pharmaceutical Industry Top 100 Companies”

2020 High-tech Enterprise of Guangdong Province

Top 10 Enterprise in Pharmaceutical and Healthcare Manufacturing Industry in Zhuhai for 2020

“Enterprise with Outstanding Contribution” in Zhuhai pharmaceutical industry for 2020



“ We believe that sound ESG governance is the key to the long-term development of an enterprise. ”



CHAIRMAN'S STATEMENT

In 2021, COVID-19 pandemic continued to pose severe challenges to all industries. Being the leading pharmaceutical company in China, The United Laboratories joins hands with all sectors and always shoulders the responsibility of safeguarding human health. However, under the common impact of the pandemic and climate change, ESG has gradually become a global consensus as the importance of ESG in corporate development. This year, while staying true to the pandemic prevention and control, we focused on the field of carbon neutrality, health and hygiene, and caring for employees. Yet, we did not forget accomplishing our mission and responsibility. Guided by the direction of sustainability for business development, we actively engaged in charity and strive to establish an outstanding Chinese pharmaceutical brand.

Under the Country's strong promotion of carbon peak, carbon neutrality and ecological civilisation construction, the Group adheres to the sustainable development philosophy of "Priority for Environmental Protection", and the corporate philosophy of "Love China, For China". The Group supports the completion of the national carbon market and clean power generation system, and cooperates with the comprehensive green transformation of the society, while maintaining the long-term development and operation of the Group. Upholding a high sense of social responsibility, we put the environmental impacts caused by our production and operation into our overall consideration. We have been making efforts to construct an environmentally-friendly circular economic system, so as to create a national green factory. The Group has set carbon emission targets, and gradually increased the green electricity deduction emission in the direction of energy conservation and carbon reduction through technological transformation, so as to achieve carbon peak and carbon neutrality. In recent years, we have seen deepening reform of medical and healthcare system. The United Laboratories insists on advancing with the times. In line with the corporate objective of "Production of First-class Products, Provision of First-class Services", we improve the quality of products and services with the help of a scientific management system, and enhance every aspect of production and sales in pursuit of excellence. The Group has established a comprehensive quality management system for pharmaceutical products, from pharmaceutical raw materials and bulk medicine to finished products, so as to ensure product quality. At the same time, we attach great importance to customer evaluation and have established a comprehensive service management system to ensure the patients' safety when administering pharmaceuticals.

The Group considers its employees as the cornerstone of development. We deeply understand the importance of talents for corporate development and abide by the principle of "People-oriented". On the basis of protecting employees' safety, health and legal rights, we have created a diversified employee training and development system to help employees of different positions or levels comprehensively upgrade their professional skills and integrative capabilities so as to mutually develop with the Group. We also care about employees' well-being. By organising various activities, we allow employees to achieve work-life balance and increase their sense of belonging. We adhere to the business principle of "Friendship, Equality, and Mutual Development" and strengthen the management of supply chain continuously. With efforts on enhancing the management of safety information and advocating on integrity, we strive to build a safe, sounding and robust pharmaceutical brand.

At the same time, the Group actively participates in social welfare undertakings to serve the country. We have established "The United Laboratories Scholarships" in many colleges and universities across the Country to promote the development of medical education. At the same time, we have participated in the organisation of a number of professional academic activities to provide a learning platform for medical workers to communicate with each other. In addition, we also focus on social welfare such as disaster relief, poverty alleviation and elderly care, and give back to society with real actions to fulfill our corporate social responsibilities. Despite the easing of the pandemic in China, the Company has not slackened its efforts in pandemic prevention and control, assisted enterprises and communities in pandemic prevention and control, focused on safe and healthy operations, and promoted the progress of the industry and society.

Through the publication of the ESG report, The United Laboratories hopes to deliver the Group's vision of "Making Life More Valuable" and demonstrate the Group's efforts in fulfilling its corporate social responsibilities. In the future, we will, as always, cooperate with customers to create a win-win situation, create value with shareholders, and seek mutual development with employees to create benefits for society. We sincerely invite you to read this report, share your views with us, and walk hand in hand with The United Laboratories.

Tsoi Hoi Shan
Chairman

ABOUT THE GROUP

»» INTRODUCTION OF THE GROUP

The Group is a comprehensive and modernised pharmaceutical enterprise involving in the research and development, production and operation of intermediate, bulk medicine and finished products. The Group currently has six major production sites including The United Laboratories Co., Ltd. (“Hong Kong Company”), Zhuhai United Laboratories Co., Ltd. (“Zhuhai Company”), Zhuhai United

Laboratories Co., Ltd. Zhongshan Branch (“Zhongshan Company”), Guangdong Kaiping Kingly Capsule Co., Ltd., United Laboratories (Inner Mongolia) Co., Ltd. (“Inner Mongolia Company”), and The United Animal Healthcare (Inner Mongolia) Co., Ltd. (“The United Animal Healthcare”), with a total of approximately 13,000 employees.

»» CONCEPT AND VISION

Since its establishment, the Group has been dedicating to the production of high-quality pharmaceuticals. All our factories have passed the certification of Chinese Good Manufacturing Practice (“GMP”), and multiple products have obtained official certifications such as the Certification of Suitability to the Monographs of the European Pharmacopoeia Organisation and the US Food and Drug Administration (“FDA”). We adhere to independent innovations and possess strong research and development capabilities. Our products cover multiple fields including antibiotics, diabetes drugs, nervous system drugs, ophthalmology drugs, topical dermatology drugs and others. Many scientific and technological achievements of the Group have obtained national patents.

Talents are the primary productive force of an enterprise. The Group emphasises high-quality work force construction, continuously improves human resource management, establishes and improves our

talent training, selection and education mechanism, and has gradually formed a “Friendly, Responsible, Hardworking and Efficient” workforce. We always adhere to the vision of “Making Life More Valuable” to promote the development of environmental protection and the charity sector with a high sense of social responsibility. As for environmental protection, we have made huge investment in creating a green enterprise. We actively support charities in multiple fields such as education, poverty alleviation and social welfare. Our efforts have been recognised by all walks of society, which reflected our responsibilities and missions as a modern enterprise.

In the future, the Group will continue to dedicate its efforts to the creation of an outstanding Chinese pharmaceutical brand, promote the development of the national medical and healthcare industry, and create more high-quality and highly effective pharmaceuticals.

- 

Corporate Philosophy
Love China, For China
- 

Business Concept
Friendly, Responsible, Hardworking and Efficient
- 

Corporate Vision
Making Life More Valuable
- 

Business Principle
Friendship, Equality, and Mutual Development
- 

Corporate Objective
Production of First-class Products, Provision of First-class Service, Training of First-class Talents, and Becoming a Model Pharmaceutical Enterprise

»» ESG POLICY

The Group actively fulfils its social responsibility, and understands that excellent governance of ESG matters results in better investment value and the

delivery of sustainable returns to the Group and its shareholders.

» Board Statement

The Board believes that comprehensive governance of ESG matters will benefit the Group's long-term development. ESG reporting has been formally included in the agenda of the Board. This ESG report has been reported to the Board and reviewed and approved before disclosure to strengthen the Board's understanding of the annual ESG achievements, visions and strategies. To effectively supervise the Group's ESG matters, the Board is responsible for developing and approving the overall ESG vision, strategies and programmes and regularly reviewing the Group's ESG performance. Through the Board meetings, the Board is aware of the compliance of ESG-related risks and related issues, and supervises the risk assessment process and corresponding measures.

The Board has established the Sustainable Development Working Group to help the Board develop and implement appropriate ESG management strategies and policies. The working group is comprised of representatives from various departments, with clear structure and responsibilities. It reports to the Board on ESG working results regularly. The management of different departments is responsible for practising, leading and supervising policies set by the working group according to the ESG strategies, which are then implemented by different operational teams. To effectively improve the Group's ESG performance and progress, departments work in strict accordance with their targets, while the Sustainable Development Working Group supervises the overall implementation

of the targets, and assist the Board in evaluating the Group's ESG performance by reporting to the Board.

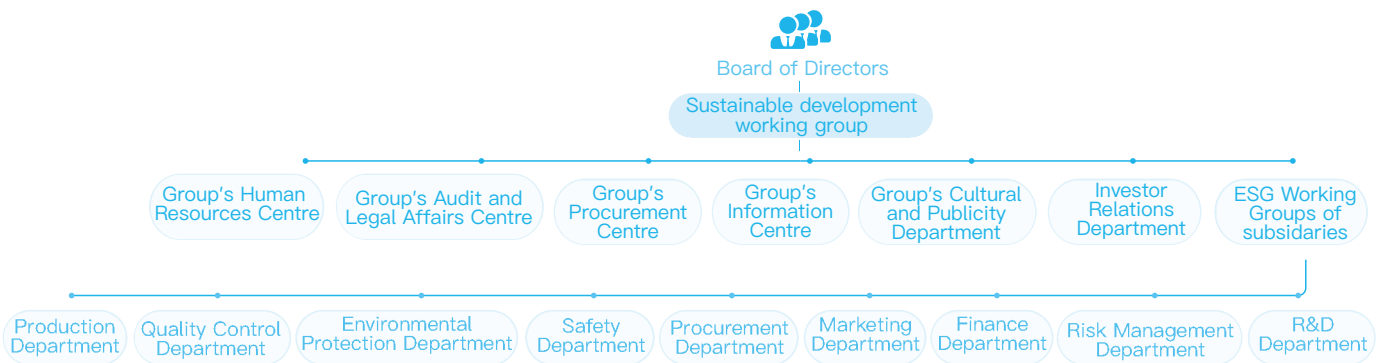
Through the meetings, the Board understands the results of the stakeholder engagement management strategy, and reviews and revises the Group's sustainable development and management policy to effectively meet the expectations and needs of stakeholders. In addition, the Group has delegated a professional third party to help manage the Group's ESG matters, prepare the ESG report and conduct data collection and analysis. Such party also helps the Board to collect and analyse stakeholder's opinions on ESG matters, and carry out materiality assessment to identify the Group's material ESG issues. The materiality assessment is based on surveys collecting opinion from the Group's stakeholders, including the members of the Board. By integrating material ESG issues of the industry, the level of concern of different ESG issues are rated and prioritised in order to identify the material ESG issues. The assessment result is supervised and approved by the Board.

During the Year, the Group's short-term sustainable development goals have been set and regular Board meetings have been held. The process of setting goals and the progress of related goals were supervised by the Board. In the future, the Board will spare no effort to explore more opportunities to help the Group to further its sustainable development achievements.

» ESG System

To better plan and implement ESG works, the Group has established the Sustainable Development Working Group. It aims at introducing the ESG working system at all levels of the Group, maintaining close communication with stakeholders, achieving compliance operation and effective management, as well as promoting sustainable development of the Group. The working group is responsible for supervising, inspecting and reporting on the occupational health, safety and environmental protection, labour security and quality of the Group and its subsidiaries. It also regulates the standards of daily ESG works, which include establishing and

planning the targets of sustainable development strategies, promoting and launching ESG projects of companies, and organising ESG-related training. The working group also regularly analyses and assesses the ESG performance of the Group and its subsidiaries, reviews the work and provides recommendation. In addition, the Group has established a sustainable development working system, covering all production bases and functional departments of the Group for monitoring all ESG-related aspects, so as to achieve effective governance of ESG matters.



» Communication with Stakeholders

The Group is aware of the close link between stakeholders and the development of the Group's business. This ESG report has been prepared with the participation of different stakeholders, enabling the Group to better understand its current level of management in the environmental and social

aspects. We attach great importance to our communication with various stakeholders, and we use a variety of channels to understand their views and needs, so as to review and improve our performance at ESG level.

Stakeholders	Expectations and Requirements	Means of Communication and Response
 <p>Government and Regulatory Authorities</p>	<p>Compliance with national policies, laws and regulations</p> <p>Facilitating local economic development</p> <p>Promotion of local employment</p> <p>Regular fulfillment of tax obligations</p>	<p>Regular information submission</p> <p>Regular conversation with regulatory authorities</p> <p>Dedicated reports</p> <p>Inspection and supervision</p>
 <p>Shareholders and Investors</p>	<p>Investment returns</p> <p>Operation in compliance</p> <p>Rise in company value</p> <p>Transparency and effective communication</p>	<p>General meeting</p> <p>Announcements and circulars of the Group</p> <p>Email, telephone and Company's website</p> <p>Dedicated reports</p> <p>On-site inspections</p> <p>Listed company roadshow</p>
 <p>Suppliers and Partners</p>	<p>Operation with integrity</p> <p>Fair competition</p> <p>Compliance with laws and fulfillment of agreements</p> <p>Mutual benefits and achievements</p>	<p>Review and assessment meetings</p> <p>Business communication</p> <p>Discussion and exchange of opinions</p> <p>Negotiation and cooperation</p>
 <p>Customers</p>	<p>Quality products and services</p> <p>Health and safety</p> <p>Compliance with laws and fulfillment of agreements</p> <p>Operation with integrity</p>	<p>Customer service centre and hotline</p> <p>Customer opinion survey</p> <p>Customer meetings</p> <p>Social media platforms</p> <p>Return visit</p> <p>Customer information collection and management</p>
 <p>Environment</p>	<p>Up-to-standard discharge</p> <p>Energy conservation and emission reduction</p> <p>Ecological protection</p> <p>Reasonable water consumption</p>	<p>Communication with local environmental authorities</p> <p>Communication with local residents</p> <p>Submission of reports</p> <p>Investigation and inspection</p> <p>Third-party assessment and reporting</p>
 <p>Industry Associations</p>	<p>Formulation of industrial standards</p> <p>Facilitating industrial development</p>	<p>Communication with local labour authorities</p> <p>Participation in industry forums</p> <p>Visits</p>
 <p>Employees</p>	<p>Protection of rights</p> <p>Occupational health and safety</p> <p>Remunerations and benefits</p> <p>Career development</p> <p>Humanity cares</p>	<p>Employee meetings</p> <p>Company's internal publications and intranet</p> <p>Mailbox for employees</p> <p>Training and workshops</p> <p>Activities for employees</p> <p>Workers' congress</p> <p>Democratic symposium</p>
 <p>Community and Public</p>	<p>Improvement on community conditions</p> <p>Participation in charity affairs</p> <p>Information transparency</p>	<p>Communication with local residents</p> <p>Company's website</p> <p>Announcements</p> <p>Media interviews</p> <p>Social media platforms</p> <p>Community communication meetings</p>

» Materiality Assessment

During the Year, the Group conducted a materiality assessment to identify the important ESG issues. The materiality assessment helps the Group to ensure that the business objectives and direction of development can meet stakeholders' expectations and needs.

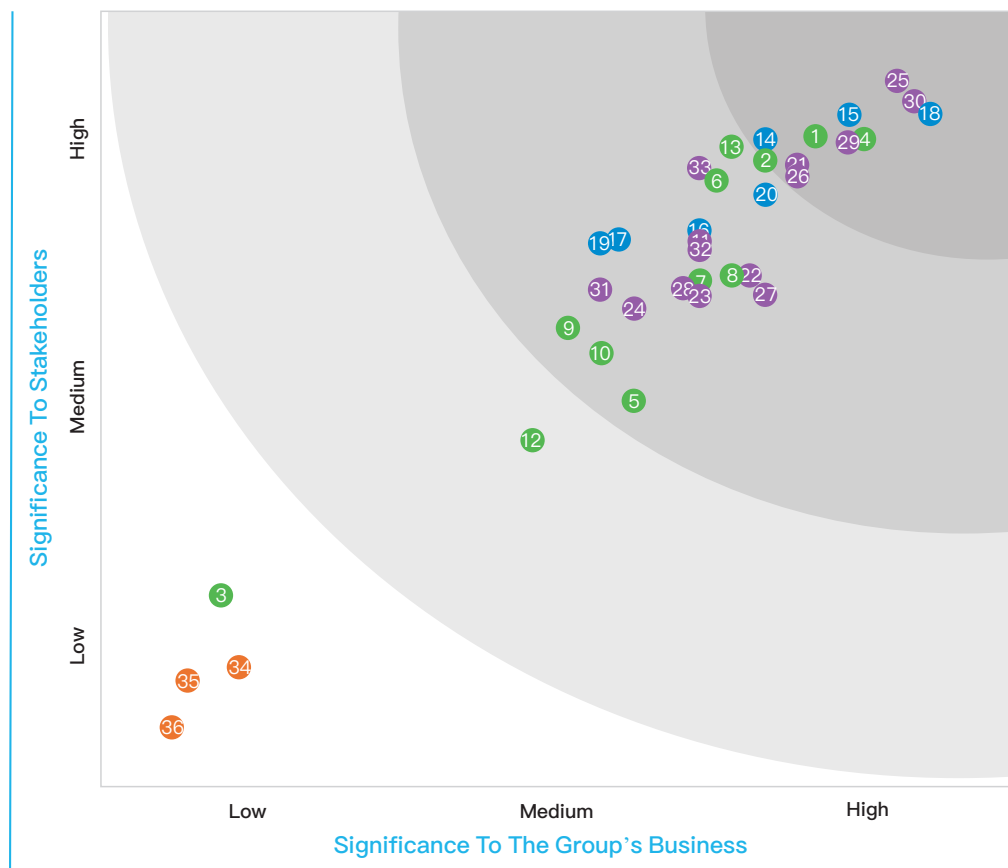
The materiality assessment is carried out in three main phases:

i. Establish a number of ESG-related issues that carry potential impacts on the business or stakeholders based on the industry and business

nature of the Group

ii. Conduct a survey by inviting the internal and external stakeholders of the Group to complete a questionnaire, so as to gather the information showing the level of importance that each stakeholder attaches to ESG-related issues and understand their expectations for the Group's response and disclosure of ESG issues

iii. Analyse the results of valid questionnaires and draw the following importance matrix to establish the priority of ESG-related issues



Environment	Employment and Labour Practices	Operation Practices	Community Investment
1. Environmental Compliance 2. Exhaust Gas Management 3. Fleet Emissions Management 4. Wastewater Management 5. Greenhouse Gas Emission 6. Waste Management 7. Energy Consumption 8. Use of Water Resources 9. Green Energy Project 10. Use of Raw Materials and Packaging Materials 11. Ecological Protection 12. Responding to Climate Change 13. Prevention and Handling of Environmental Incidents	14. Employment Compliance 15. Remuneration and Benefits 16. Working Hours and Rest Period 17. Diversity and Equal Opportunity 18. Occupational Health and Safety 19. Training and Development 20. Prevention of Child Labour and Forced Labour	21. Operational Compliance 22. Managing Environmental Risks of Supply Chain 23. Managing Social Risks of Supply Chain 24. Procurement Practices 25. Quality Management 26. Customer Health and Safety 27. Responsible Sales and Marketing 28. Customer Service Management 29. Protection of Intellectual Property 30. Research and Development 31. Information Security 32. Customer Privacy Protection 33. Anti-corruption	34. Charity 35. Promotion of Community Development 36. Poverty Alleviation

Through the above materiality assessment process, the Group finally identified 11 important ESG issues. The following table lists the major ESG issues determined based

on the assessment conducted by the Group and their corresponding sections in the report.

Perspectives	Material Issues	Corresponding
 Environment	1. Environmental Compliance 2. Exhaust Gas Management 4. Wastewater Management	Dedication to Environmental Protection
 Employment and Labour Practices	14. Employment Compliance 15. Remuneration and Benefits 18. Occupational Health and Safety	Being People-oriented
 Operational Practices	21. Operational Compliance 25. Quality Management 26. Customer Health and Safety 29. Protection of Intellectual Property 30. Research and Development	Outstanding Operation Management Improving Health Accessibility

FOCUS ON STAKEHOLDERS' OPINIONS

The Group communicates with internal stakeholders from different departments and positions to understand their understanding and expectations on issues such as ESG reporting and sustainable development. The interviewed employees generally

have certain awareness of sustainable development, and believe that the Company can only achieve continuous improvement in the future on the premise of ensuring sustainable development.

Q

Participated in the research and development of what projects of the Company?

I have been working in The United Laboratories for 14 years since my graduation as a postgraduate, and have participated in the research and development of the projects of recombinant human insulin, insulin glargine, insulin aspart, liraglutide and insulin degludec. While completing the task, my knowledge reserve and work experience have also been enriched and improved. I believe that the spirit of unity is particularly important, especially for an enterprise, which requires the unity and cooperation of the entire team to achieve progress and achievements. Enterprises should pay close attention to and encourage the teams and individuals who make contributions, and give them corresponding career development and promotion, so that they can retain excellent talents and teams, and the experienced teams can continue to make positive contributions to the development of enterprises.

A



Mr. Huang Xiao Quan

From Regulatory Registration Department of Zhuhai United Bio-pharmaceutical Co., Ltd.

Q

What are suggestions for the Company's intellectual property and patent protection?

Research and development is very important, but the importance of maintaining knowledge and patents cannot be ignored. At present, the Group's work on intellectual property rights needs to be continuously strengthened, and the awareness of intellectual property rights protection needs to be further improved. We have to strengthen the protection of intellectual property rights for scientific research projects, strengthen the confidentiality of scientific research projects, and avoid the loss of scientific research results.

A

Q

What is the importance of efficient quality management?
How does risk control contribute to product sales and promotion?

Efficient quality management provides a strong guarantee for the production of efficient and high-quality products, and at the same time accelerates the development of enterprises, laying a more solid foundation for further improving the Company's position in the industry and market competitiveness. At the same time, product quality and safety are the fundamentals of an enterprise's survival, and quality management is a direct factor affecting product quality. Product quality directly reflects the management level of an enterprise. Only by paying attention to quality management can an enterprise stand out in market competition.

Risk management and control can enhance the scientific decision-making of enterprises when facing risks, so that enterprises can minimise losses when facing unpredictable market risks. At the same time, it can enhance the economic profit of the enterprise and ensure the healthy development of the enterprise. Establishing a good corporate image and increasing the competitiveness of an enterprise is more conducive to product sales and promotion.

A



Mr. Liu Jian Xin

From Quality Assurance
Department of Inner Mongolia
Company

Q

How does customer service management improve customer experience and ensure product quality?

Efficient quality management is vital to customer service. There are contracts between enterprises and customers. If an enterprise wants to develop, it must earnestly fulfill the contract, do a good job in quality management, improve the quality of products and services from the perspective of customers, and enhance their value in use, which will eventually be recognised by customers. If an enterprise by virtue of the existing brand, slackens off quality management, the customer's consumption experience will decline, leading to loss of customers.

For The United Laboratories, we can fulfill our tasks in customer service management to improve customer experience and ensure product quality in the following five aspects:

1. Having full enthusiasm and serious work attitude;
2. Skilled business knowledge;
3. Patiently answering questions;
4. Good communication and collaboration skills;
5. Improving service skills.

A



Mr. Gao Yuan

From Quality Assurance
Department of Inner Mongolia
Company

Q

What is sustainable supply chain management?

A

I divided the sustainable supply management into three parts:

1. Information resources sharing. Information is the backbone of modern competition. The supply chain management adopts modern technology methods, and uses the optimal distribution channel to enable rapid and accurate information transmission, so as to achieve resource sharing between suppliers and enterprises.
2. Improving service quality and expanding customer needs. In the supply chain management, we focus on the concept of “customer-oriented” . Most of the customers prefer shorter the lead time for provision of products and services. For this purpose, the supply chain management greatly shortens the circulation cycle of products and accelerates the speed of logistics and distribution through the overall collaboration among the production enterprises, external and process enterprises, so that the personalised needs of customers can be satisfied in the shortest time.
3. Achieving a win-win situation. Supply chain management connects suppliers, distributors and retailers along the supply chain, and optimises the supply chain, so that all relevant enterprises have formed an integrated network. In this network, all enterprises still maintain their individual characteristics. However, they maximise the joint cooperation for overall benefit and achieve win-win results.



Mr. Zhang Lei

From Procurement Department
of Inner Mongolia Company

A

The traditional supply chain model is the supply chain model from raw materials to customers, which is a human-centric model rather than an environmental-centric model. The economic consideration is much higher than the environmental consideration. Under the traditional supply chain model, a green supply chain model has emerged, i.e. achieving the entire product life cycle, and pursuing the minimum pollution and value recovery from the production perspective of forward and reverse logistics. Sustainable supply chain management further integrates energy and efficiency issues in system operation and environmental consideration. In this system, energy and substances are considered to be reusable, and the environment and energy can be transformed together to realise the combination of positive and reverse logistics, internal and external resources, and realise the recycling and reuse of all input raw materials and the transformation of waste.



Ms. Xiang Wen Xin

From Investor Relations
Department of the Group

Q

What is the role of community and social contribution to an enterprise?

A

For an enterprise, contribution to the community and society plays an important role in the following three aspects:

1. Enhance corporate awareness and attract more people who are knowledgeable and willing to join.
2. Realise the synergy between the enterprise and the society, and create a stable and harmonious cultural environment.
3. Demonstrate the value of the enterprise and realise the value of the enterprise's employees.

I am proud of the community engagement activities arranged by the Group, such as poverty alleviation, elderly care and public welfare. I can manage to do this with the Group within my personal capacity.



Mr. Zhou Chang Wei

From Administration Department of Inner Mongolia Company

Q

How do you see the relationship between the pharmaceutical development and community care?

A

Pharmaceutical development and community care are complementary. In terms of social responsibility, the pharmaceutical business is related to well being of every individuals. The development of the pharmaceutical business brings hopes for cure to deadly diseases and more comfortable treatment alternatives. The continuous development of the pharmaceutical business will bring a better life to people. From the perspective of publicity, pharmaceutical companies will also increase the exposure of their products when practicing community care and donating pharmaceutical materials, establish the trust of the public, enhance the brand influence of enterprises, and thus bring benefits to subsequent product sales and enterprise development.



Ms. Fan Mei Li

From Cultural and Publicity Department of the Group

Q

What is the importance of sustainable development for a pharmaceutical company?

Sustainable development is the basic national policy of China. Pharmaceutical enterprises should adhere to the people-oriented principle to achieve sustainable development, and scientifically and reasonably coordinate the relationship among personnel, production and environment to achieve continuous improvement of social and environmental benefits, which is of great significance for enterprises to maintain competitiveness in the market. Environmental protection is the lifeline of an enterprise. Adhering to the in-depth implementation of ecological civilisation thought, resolutely implementing corporate environmental responsibility, vigorously promoting green development, continuously promoting more efficient environmental governance standards, organically combining environmental protection with production development, ensuring the normal operation of corporate production activities, always achieving environmental protection compliance, and continuously seeking cost-saving solutions from the perspective of environmental protection, so as to seize new green market opportunities, which is of great importance to the development of enterprises.

A



Mr. Shi Quan Sheng

From Environmental Protection Department of Inner Mongolia Company

Q

What is the impact of climate change on the Company's operations?

Global climate change may lead to the introduction and update of laws, regulations and relevant policies by the state, change of the industry landscape, and in turn change the existing operation model of The United Laboratories. At the same time, climate change focuses on greenhouse gas emissions. Therefore, climate change will transform the company's business model to low-carbon, green, energy-saving and emission-reduction.

A



Mr. Wan Chao Jun

From Environmental Management Department of Zhuhai Company

Q

What has the Company's green operation projects contributed to environmental and ecological protection?

Zhuhai Company has many risk receptors in the surrounding environment and is close to the living area of residents. In this regard, Zhuhai Company continues to upgrade and renovate environmental protection treatment facilities, and improves the level of deep treatment by employing advanced treatment processes, such as granular activated carbon absorption and desorption devices to treat volatile organic compounds in exhaust gas, introducing internal circulation reactors to increase wastewater treatment capacity, etc. At the same time, in terms of exhaust gas collection, the sewage treatment tank is sealed to achieve unified collection and treatment of sewage treatment exhaust gas, enhance the controllability of unorganised exhaust gas, improve the level of atmospheric environment around the enterprise, and create a good living environment for the public.

A

IMPROVING MEDICAL ACCESSIBILITY

Drug innovation and medical accessibility continue to receive widespread attention from the global pharmaceutical and intellectual property fields, and are related to the development of public health and the balanced development of pharmaceutical intellectual property rights. In order to enhance the Group's innovation capacity and competitiveness on the market, The United Laboratories is committed to innovation, research and development, establishes multiple research and development platforms, and is constantly developing and improving its medicines to meet the needs of an ever-changing market. The Group is also committed to promoting the development of the industry and promoting pharmaceutical academic knowledge and information through academic promotion projects. The Group has formulated The United Laboratories Methods of Intellectual Property Management to protect its brands and pharmaceutical patents from any infringement.





» RESEARCH AND DEVELOPMENT AND INNOVATION

The Group continues to strengthen its investment in R&D and innovation, build different pharmaceutical R&D platforms, and strive to develop and improve more high-quality and safe drugs to make greater contributions to human health. The direction of the Group's research and development of drugs includes new drugs and high-value generic drugs. Key research and development areas involve endocrine

medications, autoimmune disease medications, ophthalmic medications, veterinary medicines, etc. The production process and production technology of drugs, environmental protection transformation and intelligent transformation are also one of the directions of R&D and innovation. We are committed to using better technology to provide our customers with the best quality pharmaceutical products.

» R&D Platform

The Group has established the Chemical Research Institute, the Biological Research Institute and the Department of Clinical Medicine to cooperate in research and development. The research institutes are equipped with research talents and advanced equipment. Taking the Biological Research Institute as an example, there are nearly 240 research and development personnel, and the proportion of personnel with graduate or above academic qualification exceeds 30%. At the same time, it is equipped with more than 100 large-scale research and development equipment with leading technologies in the Country and abroad. The investment in assets exceeds RMB160 million. The Department of Clinical Medicine is responsible for the design, organisation, implementation, quality management and compliance and related work of all clinical trial projects. It also closely cooperates with more than 100 domestic institutions with national drug clinical trial qualifications and authoritative treatment in related fields. Under the guidance of

well-known experts in the Country and abroad, we have organised and completed more than 70 clinical trials of pharmaceuticals. At the same time, the Group's Department of Research and Development also cooperates with universities to carry out research and development work to achieve better research and development results.

In order to actively expand the development of the biopharmaceutical segment and optimise the internal resources of the Company, the Group established Zhuhai United Bio-Pharmaceutical Co., Ltd. (珠海聯邦生物醫藥有限公司) and The United Bio-Technology (Hengqin) Co., Ltd. (聯邦生物科技(珠海橫琴)有限公司) as our biopharmaceutical R&D companies. The Company will rely on its existing technology platform and research team to expand investment in biological fields and high-end R&D talents. At present, a number of products have entered different stages of clinical and pre-clinical research, including diabetes drugs, monoclonal antibody drugs, animal health and biomedicine, etc.



Supporting Pharmaceutical Development in the Greater Bay Area



Against the backdrop of increasing support for the bio-pharmaceutical industry by the state and the Guangdong-Hong Kong-Macao Greater Bay Area, the Group has established a bio-pharmaceutical research and development headquarters, The United Bio-Technology (Hengqin) Co., Ltd. (“The United Bio-Technology”) in the Guangdong-Macao Cooperative Traditional Chinese Medicine Technology Industrial Park (“Hengqin TCM Industrial Park”) in Hengqin New Area, Zhuhai. Located in Hengqin TCM Industrial Park, a national pharmaceutical industrial park, The United Bio-Technology will create a first-class R&D and service platform integrating scientific research, academic and communication, and at the same time, mark another major breakthrough and progress of the Group in the area of biomedicine.

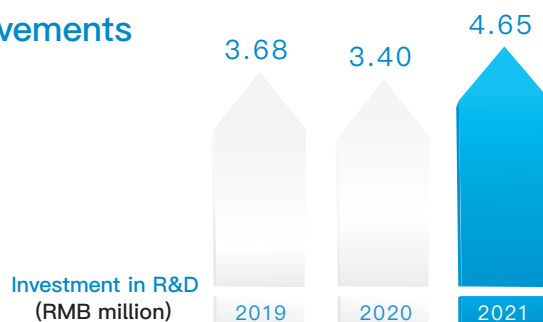
The overall site area of The United Bio-Technology is approximately 2,100 m², of

which the R&D laboratory is approximately 1,600 m², including new drug R&D laboratory, drug screening platform laboratory, cell research laboratory, process development research laboratory and quality control laboratory. After the implementation of the project, about 60 high-end talents joined the project for scientific research. On the basis of the existing technology and research team of some marketed products, the Company expanded the introduction of talents in biological investment and biological R&D, deepened and expanded its development in the fields of diabetes drugs, monoclonal antibody drugs, chronic disease management, cooperation with scientific research institutions in Hong Kong and Macau in the Greater Bay Area, and carried out drug molecular screening, process research and development, clinical trials, application for registration, marketing and production, commissioned production, etc.

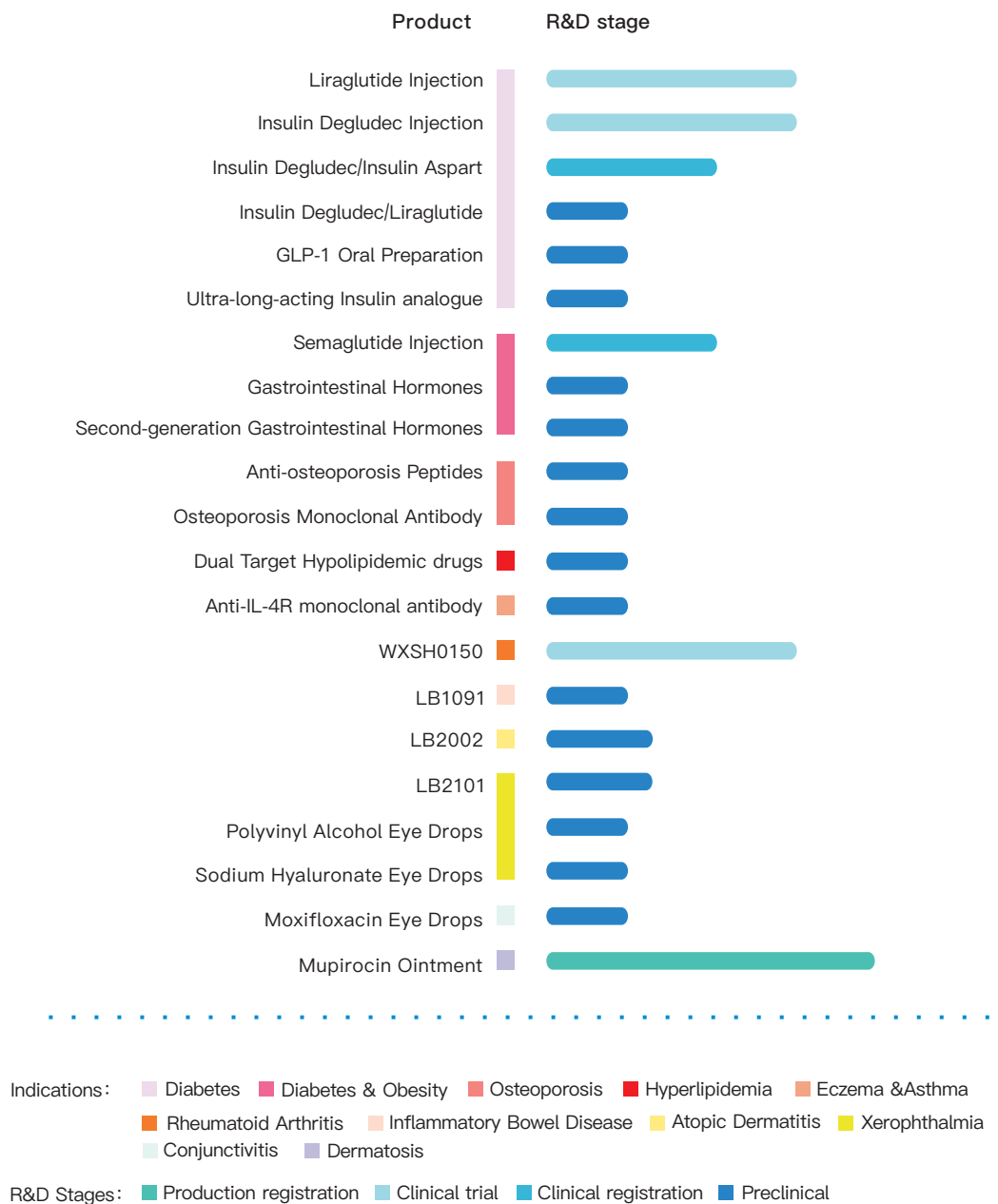


» R&D Investment and Achievements

The Group adheres to innovative research and development, continues to invest a lot of resources, and gradually increases investment in research and development. Investment in research and development during the Year was RMB465 million, representing a year-on-year increase of 36.8%.



» Major R&D Pipeline



As of 31 December 2021, the Group had a total of 23 generic drugs and new drug projects under research, including 10 chemical drugs and 13 biological products, 1 of which was pending approval for production and 3 were in clinical stage, 2 were pending clinical approval, and 17 were in the preclinical stage. In addition, the Group actively responded to the national Quality and Efficacy Consistency Evaluation of Generic Drugs, and carried out a consistency evaluation study for multiple injection generic drugs, with 18 consistency evaluation projects that were in progress. The Group currently has a variety of key research and development products. The product treatment areas

and the corresponding stages of research and development are as shown above (Major R&D Pipeline). It is expected that these products will lay a good foundation for the Group's sustainable development in its future operations.

On the basis of excellent product quality, production process and production equipment, the Group actively seeks breakthroughs and creates benefits. We have successfully achieved a number of scientific research results, not only providing more high-quality pharmaceutical products to the public, but also improving the Group's operation and production efficiency.

» Research and Development Achievements of Diabetes Drugs

The Group has made significant progress in the research and development of diabetic medicines. The United Laboratories USLIN®UBLIN®insulin aspart injection and insulin aspart 30 injection have been approved for marketing by the National Medical Products Administration (NMPA). Insulin aspart is a third generation insulin analogue product and is a fast-acting drug for the treatment of diabetes. Compared with soluble human insulin, insulin aspart has a rapid onset of action and a high safety profile, which can significantly improve the postprandial blood glucose level, and is a relatively important meal-time insulin in diabetes treatment. The insulin aspart 30 injection is a pre-mixed insulin analogue consisting of 30% soluble insulin aspart and 70% glargine insulin aspart. It has obvious advantages in

improving blood glucose control, reducing hypoglycemia risks and improving compliance, and is more suitable for high-risk patients with impaired awareness of hypoglycemia (IAH).

Based on the research of the above drugs, the Group's application for insulin aspart 50 injection has also successfully obtained the approval from the NMPA to commence clinical trials for diabetes. GLP-1 receptor agonist-Semaglutide injection received the notice of acceptance of clinical trial application. The Group will continue to explore anti-diabetic drugs to benefit diabetes patients and make contributions to the management of diabetes treatment in China.

» Multiple Products Passed the Consistency Evaluation

The product research and development of The United Laboratories strictly follows the national laws and regulations on pharmaceutical products and the technical guidance principles. The scientific research team conducts sufficient research on the pharmaceutical quality and bioequivalence of pharmaceutical products in combination with the technical requirements of drug marketing application and generic drug consistency evaluation to ensure that the drugs meet the requirements of safety, effectiveness and quality control.

During the Year, the Group's glipizide tablets and amoxicillin capsules passed the Consistency of

Quality and Efficacy Evaluation for Generic Drugs, while Tenofovir Disoproxil Fumarate tablets obtained the drug registration certificate and was deemed to have passed the Consistency of Quality and Efficacy Evaluation for Generic Drugs. A number of products have passed the consistency evaluation of generic drugs, which gradually enhanced the Group's competitive advantages in the market. Up to now, a total of six products of the Group have passed (including deemed passed) the Consistency Evaluation. The Group will continue to promote the consistency evaluation of generic drugs to provide patients with more choices of high-quality drugs.



» External Cooperation and Other Scientific Research Achievements

The Group is committed to producing high-quality products for the people of the country, and is constantly trying to seek innovation and breakthrough in product research and development model. For the first time, the Group cooperated with the University of Macau in industry-university-research cooperation. Leveraging on its extensive experience in the basic research and application of nano-preparations, the Group created better conditions for product research and development. The joint research and development project of “Research on the technology of New Mucus-penetrating Nanocrystal Eye Drops” for the treatment of Xerophthalmia has passed the strict review of the relevant technology, financial experts and government administrative departments, and obtained the financial assistance for the industry-university-research cooperation and basic and applied basic research project in Zhuhai City. The Group believes that through innovative product research and development models and cooperation with different academic institutions and professional

institutions, it will be able to develop more products with higher quality and enhance the competitiveness of the Group.

The Group also actively carried out innovative research and development in different fields. Other scientific research achievements this year include: the technological development and industrialization project of memantine hydrochloride, a drug for the treatment of neurodegenerative diseases, was awarded the first prize of Zhuhai Science and Technology Progress Award for 2020; the new product, Tazobactam, has passed the relevant verification of process and equipment and has entered the mass production stage; amoxicillin heavy powder obtained domestic sales permit; among them, five new process technology innovations brought direct economic benefits of RMB420 million to the Group; the Group also carried out a number of innovative works such as environmental protection and intelligent transformation.

» FACILITATING THE DEVELOPMENT OF THE PHARMACEUTICAL INDUSTRY

The Group is committed to promoting the development of the pharmaceutical industry, and facilitates the promotion of pharmaceutical academic knowledge and information. During the Year, the Group actively participated in various in a number of online and offline pharmaceutical academic conferences, such as the Annual Meeting of Chinese Society of Endocrinology, Scientific Meeting of the Chinese Diabetes Society, National

Conference of Neurology and Annual Congress of Chinese Thoracic Society, covering a wide range of medical fields to promote academic exchanges and pharmaceutical research. In addition, the Group actively participates in nationwide pharmaceutical forums such as the China County Health Conference, China Pharmacists Week and Xiangya Forum to promote the Group's new products and keep abreast of the latest development in medicine.



“Double Excellence Action” Training Course on Diabetes Prevention and Treatment at the Grassroots level

Cooperation agency: Diabetes Medical Committee of Chinese
Research Hospital Association

During the Year, the Group launched the “Double Excellence Action Training Course on Diabetes Prevention and Treatment at the Grassroots level” in 9 cities. We provided both face-to-face and virtual training to nearly 20,000 medical personnel. The participants was able to learn more about the national guidelines for the prevention and control of diabetes at the grassroots level, enhance the prevention and treatment management standard of diabetes at the grassroots level, and reduce the family and social burden caused by diabetes.



Hospital Field Visit and Exchange

Cooperation agency: The Editing Committee of Chinese
Medical Association's “China Medical News”

During the Year, the renowned hospital study tour and exchange event was held at Chang'an Hospital in Xi'an with a total of 90 medical experts participated in two batches. Through field visits, the activity aimed to exchange management experience, enhance the management standard of hospital managers, and facilitate the reform and development of public hospitals.



Peking University Diabetes Forum

Cooperation agency: Diabetes Center of Peking University;
China Diabetes Magazine Agency

The theme of the forum was “100 years of insulin” . The forum systematically reviewed the history of insulin discovery over a century, and fully demonstrated the research and development and academic issues related to insulin. During the forum, The United Laboratories presented its insulin products and research and development directions to the audience by setting up a booth. The Group will continue to deepen its development in the field of diabetes and strengthen the research and development of new drugs to provide more high-quality products for domestic diabetic patients.

»» PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

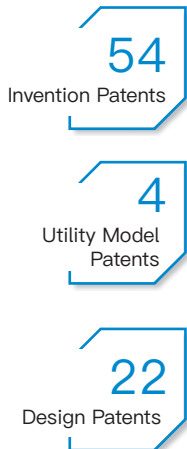
The Group has made continual breakthroughs in the research and development of pharmaceuticals and innovative production technologies, and therefore the protection of our commodities' patents and intellectual property rights has become an indispensable part of the protection of our products and assets. In order to promote the Group's management of intellectual property rights and to fully develop the benefits of patented commodities and assets, we have formulated The United

Laboratories Methods of Intellectual Property Management in accordance with relevant laws and regulations to regulate the patent application and maintenance work. For new technologies, new processes, new formulas, utility models and product packaging designs, the Group will carry out comprehensive patent rights application and maintenance to create favourable conditions for the Group's research and development and innovation.

Realm	Relevant Laws and Regulations
Intellectual Property Management	Patent Law of the People's Republic of China Trademark Law of the People's Republic of China Copyright Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China

The Audit and Legal Affairs Centre and Intellectual Property Affairs Department are responsible for the management of intellectual property, application and management of patents and intellectual property logos, supervision of related units in stopping, reporting and obtaining evidence for the various infringement behaviours found, as well as the coordination with the government in combating infringement behaviours. While protecting the Group's own intellectual property rights, we never infringe the copyrights of the commodities of other individuals or enterprises. The establishment of the Intellectual Property Affairs Department has strengthened the protection of the Group's technology, process, formulation and other patented technologies.

In terms of trademark management, the Audit and Legal Affairs Centre of the Group will be responsible for related registration, renewal management, authorisation and protection of rights. The use of trademarks must be reviewed by the Audit and Legal Affairs Centre to effectively manage and control the use of the Group's trademarks. When printing materials with trademarks, such as product packaging, the Group will only cooperate with reputed printing houses and destroy all defective and obsolete trademarks to prevent their loss and use by unscrupulous manufacturers.



»» Patent Protection and Achievements

The production processes and technologies developed by the Group are all independently developed. We will apply for patents for all self-developed projects. Before proceeding with a new patent application, relevant departments will search and check for new information to fully understand the intellectual property status of the related technology or product. The Intellectual Property Affairs Department will also carry out corresponding patent and trademark search when registering for

intellectual property rights, to enhance the efficiency of patent and trademark registration, and ensure its compliance with laws and regulations and effectiveness.

The Group had obtained a total of 80 patents, including 54 invention patents, 4 utility model patents, and 22 design patents. All patents help to protect the interests of the Group.

BEING PEOPLE-ORIENTED

We believe that employees' contribution is the cornerstone of the Group continuous growth, while establishing a professional, effective and reliable team is the key to success in our business. To consolidate the foundation of business development, we have been striving to build a working environment where employees could work safely and effectively, and where they could keep growing and showcasing their talents since the establishment. Adhering to the philosophy of "People-oriented", The United Laboratories is committed to investing resources in the training and development of our employees, while providing a safe, comfortable and harmonious working environment, so as to continue to drive the sustainable development of the Group in the future through "Professionalism and Efficiency". During the Year, we set the strategic goal of human resources development and focused on the overall development of the Company. The Group optimised team allocation, improved management capabilities, strengthened the reserve of outstanding talents, and introduced high-end talents. The Group was awarded the "Hong Kong and Macao Youth Talent Internship Practice Base" and other related honors.



»» TALENT ATTRACTION

The core competitiveness of the Group is its innovative patent research and development and high-quality products. Employees' knowledge level, creativity and job performance have a significant influence on the Group's competitiveness. In order to attract potential candidates and retain talents, the

Group strictly abides by relevant laws and regulations, has a comprehensive recruitment and employee management system, protects employees' legal rights and benefits, and places emphasis on employee development and safety.

»» Employee Recruitment

Areas	Relevant Laws and Regulations and Internal Guidelines
Recruitment	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China The United Laboratories' Measures for the Management of Recruitment The United Laboratories' Measures for the Management of Labour Contract

The Group has a comprehensive talent acquisition system for recruitment via various channels, including the Company's website, recruitment websites, and job fairs in tertiary institutions. In order to establish a talent base with excellent quality, we have preliminary examination, written examination and re-examination on candidates based on the requirements of different positions. We

also implement practical operating test when necessary, so as to ensure that our employees have reached a certain knowledge and technical level, and meet the requirements of corresponding positions, such as education background, work experience, skills, psychological quality, health condition and professional ethics.

»» Employee Management and Promotion

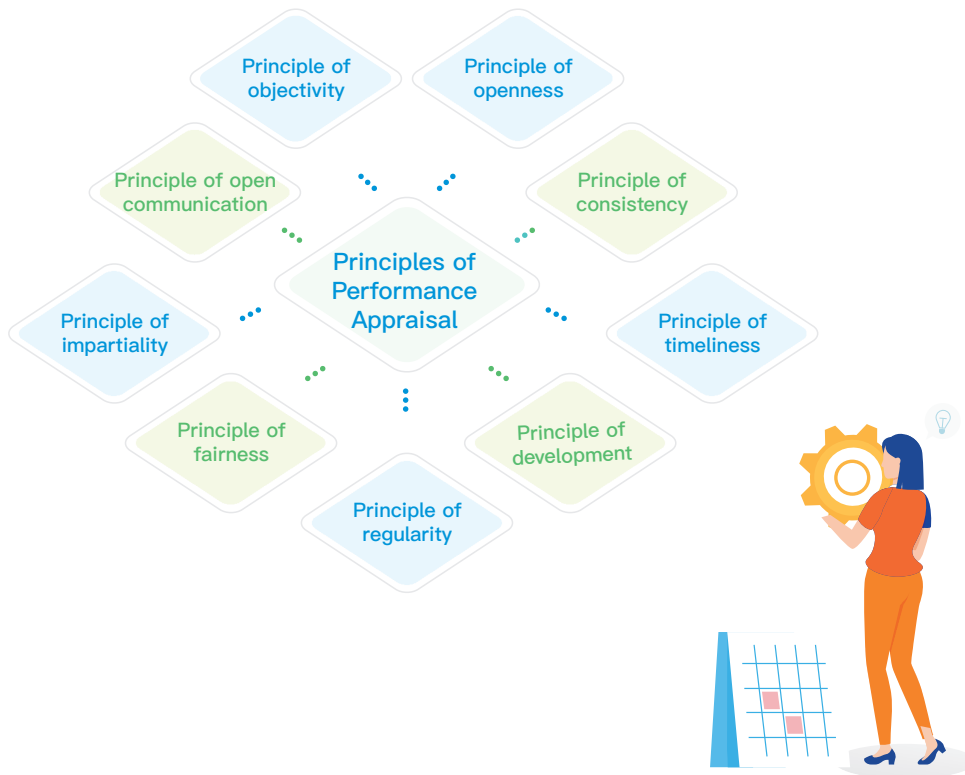
In order to retain professional personnel, the Group has established a dual-channel promotion management system. Under the two-way management system, employees can select management or professional function channels based on their career development direction, which creates an environment where the employees can thrive. The main consideration for promotion via the management channel is the ability of the management personnel, including team management, judgment and decision-making, as well as communication and coordination. Promotion via

professional function channel focuses on seniority, professional knowledge and experience, including job performance, level of professional knowledge, experience and seniority. Upon application for promotion, employees will undergo relevant promotion assessments such as job qualification review, comprehensive evaluation of professional and technical skills or interviews according to his/her grade and promotion channel. Employees will be promoted after he/she passes the promotion assessment and his/her application is approved.

»» Employee Incentive

In order to boost employees' motivation at work and facilitate employees' career development, the Group has established a comprehensive performance appraisal and promotion system. Under the performance appraisal system, the Group will regularly conduct comprehensive evaluations on employees' work performance, training records, personal qualities, etc. based on the nine principles of fairness, consistency and objectivity etc. The performance appraisal leading group is responsible for formulating performance management policies, handling related disputes and appeals, and

monitoring the effectiveness of performance appraisals in accordance with the principles of performance appraisal. Employees' performance appraisal results will be used as the main reference basis for evaluating the employee's ability to take up the post, personal salary adjustment and job promotion, so as to offer employees rewards and promotion opportunities that they deserve. We also provide bonus to employees with outstanding performance or employees who have made special contributions to the Group to strengthen their enthusiasm for work.



Recognition of Outstanding Employees



The Group has established a reward and recognition system for employees and teams with excellent performance, outstanding achievements or significant contribution to the Group. We commend advanced employees, set up a role model, motivate employees to be proactive, and realise the common growth of the Group and employees. During the Year, Zhuhai Company commended the recipients of individual

awards such as the New Seeds Award, Excellent Sales Elite, Excellent Regional Manager, and team honorary awards such as the Advanced Sales Award and Excellent Department Award. Zhongshan Company commends employees and groups that have won the awards of new star employees, excellent employees, excellent safety officers, five-star employees, and advanced team awards.

»» TRAINING AND DEVELOPMENT

Talent cultivation and development are the bases for the continued progress of The United Laboratories. Therefore, the Group has established a comprehensive and diversified employee training system. The system integrates internal and external training in forms of offline and online to form the most suitable training plans for the employees in different departments, positions and levels, so as to

strengthen employees' working capabilities and enhance the Group's operational efficiency. In the meantime, we provide employees with subsidies for continuing education and courses on professional qualifications, so as to encourage employees to improve and foster the development of our team.

»» Training and Development System

Career Development			Self-Improvement	
Induction training	Professional development	Leadership training	Academic promotion	General Vocational Skills Course
To integrate new employees into our company	To acquire necessary professional skills for individual career aspirations	To build and nurture a high-quality talent pool for future management and enhance the leadership skills of managers	To encourage employees to pursue academic and professional qualifications	To organise self-learning courses and facilitate self-improvement
Offline and Online Training				

Every year, each branch of the Group formulates training programmes for its employees. The training content encompasses different areas, such as production safety, environmental protection,

production quality, management ability and professional technology, aiming to provide comprehensive training for employees of all levels and positions of the Group.

Scope and Cases of Training



Production quality

- Production-process-related knowledge
- Inspection and verification methods
- Material and product release procedures
- Product quality investigation process
- Case studies of product test results exceeding standards

- Environmental laws and regulations
- Company pollution control situation
- Hazardous waste storage specifications
- Contingency plans for environmental emergencies



Environmental protection

- Contract management measures
- Promoting code of conduct compliance
- Legal risks in advertising and promotion
- Analysis of the Civil Code of the People's Republic of China



Compliance with laws and regulations

Training for new employees



- Systematic training and lectures
- Visits to production plants
- Military training activities
- Outward bound activities
- Induction outward bound
- Corporate culture training
- Seminars
- Sharing on workplace experience



Production safety

- Production safety laws, regulations and policies
- National and corporate security policy
- Hazardous chemical safety knowledge
- Basic knowledge of fire safety
- Contingency plans of the Company and production plants
- Emergency handling method for laboratory accidents
- Typical accident cases and analysis

- Product specific knowledge
- Content of the latest version of Chinese Pharmacopeia
- Data processing and integrity
- Structure and working principles of equipment
- Purified air conditioning system



Professional technology

- Leadership skills
- Team communication and management
- Talent competitive advantage
- Production management
- Stress relief methods at work



Management ability

» Career Development

> Induction Training

Every year, we attract a large number of talents to join the family of The United Laboratories. To facilitate an effective integration of new employees into the work environment and provide necessary training, our branches and departments arrange a number of orientation programmes and activities each year, tailored to the specific jobs and positions

of the employees, and designed to best facilitate their adaptation and integration into the team. With diversified and tailored training programmes, it is well ensured that all trainees have received the essential information, resources and skills required for the new position.

🔍 Training for New Employees During the Year

🏢 Zhuhai Company

In the Year, when celebrating the 100th anniversary of the Communist Party of China, The United Laboratories also ushered in new vitality and new blood. 70 college students from major universities gathered to Zhuhai Company. The Company has arranged an orientation camp for fresh graduates, which includes training courses, seminars, sharing sessions and development activities. The training covers company profile, corporate culture, management system, research and development of chemical drugs, quality management, workplace awareness and other aspects of knowledge. On the opening day, there was not only a wonderful and self-introduction by students, but also a strong desire and hope that students can take root in The United Laboratories in the future and become the mainstay of the Group.

In order to facilitate the communication and ideas exchange between senior and junior staff members in terms of experience, skills



and work culture, it is necessary to enable students to strengthen their sense of



collective honor and value identity, adapt to the environment and work as soon as possible, and conduct pre-job training for new employees. In the training, not only did the person in charge of the department or workshop assigned by each system made introductions, but also the foremen with certain work experience in the position had in-depth talks with the students and gave lessons. From the history of The United Laboratories and the entrepreneurial history of its founder, to the current pandemic and the new normal faced at home and abroad, the leaders detailed their own experience, encouraged new employees to relax their ideas, focus on long-term development, continuously improve their academic qualifications, and think and focus on learning in work and life.



Training for New Employees of the Year



Group Headquarters and China Sales Department (Headquarters)

During the year, the Human Resources Centre of the Group conducted the Training of the Year for new employees at the Group Headquarters and the Sales Department (Headquarters). The Training included a number of speeches on different topics, and the representatives from the Cultural and Publicity Department, the Human Resources Centre and the Sales Department acted as lecturers. Apart from demonstrating the Company's development and introducing the corporate culture to new employees, the training also covered team communication, self-awareness, presentation skills and thinking. The training adopted a new mode of "online self-learning+offline centralised teaching", and the content and form were more colourful; more interactive sessions were added to make the training style more suitable for the learning characteristics of young groups. Through course learning and outdoor development, we effectively helped new employees adapt to the Company's environment and corporate culture quickly

integrate into the team, clarify their role positioning, and gradually establish career development plans.

In addition, there was a presentation to encourage new staff to showcase themselves freely and to train their presentation and communication skills.

For new employees who were fresh graduates, the training also arranged themed courses such as the Career Planning, the Replicable Communication Workshop and the Psychological Counseling Workshop, to conduct group interactive lectures focusing on occupational positioning, creating workplace scarcity, establishing effective workplace communication, relieving work pressure and other capabilities. Last but not least, new employees also reviewed the learning process of the entire training through a game workshop to consolidate their course knowledge.



Mentorship Programme



Apart from providing induction training for new employees, the Group also provides targeted job training for them, in which senior employees act as mentors and new employees as mentees. Mentors lead and train the mentees, as such the new employees could adapt to their new roles faster and their sense of belonging is increased. Prior to the commencement of the mentorship programme, the Group provides training on teaching objectives, methods and skills to the mentors to enhance their teaching abilities. During the programme, the senior staff will pass on the required skills and points to note to the new staff. The communication with the

new staff will also create a positive working atmosphere, speeding up the new employee's familiarisation with the job skills and enhancing their commitment to work.



› Professional Development

Each of our production sites offers their frontline staff with a training programme tailored to the skills required by their departments and positions. The training is usually delivered by the managers, staff members with professional qualifications or experienced senior employees, and is accompanied by assessments in oral, written or integrated format to ensure that staff master the training content and can apply it in their work.

Safety is the top priority for manufacturers and we provide training in response to various risks for workshop safety production managers and special operators facing greater safety risks. The training covers regulations on the management of hazardous chemicals, fire safety for chemical companies and safety knowledge for special operations. Quality management is also an important part of production, therefore we provide training on quality risk management and quality inspection for workshop supervisors and quality specialists to strengthen their ability to manage and implement quality assurance.

To enhance staff awareness and ability to implement environmental protection, the Environmental Protection Department provides regular training to environmental protection commissioners, covering environmental management system requirements, pollutant discharge standards, hazardous waste disposal requirements, environmental performance assessment schemes and emergency response to environmental emergencies. In addition, for supporting roles such as facility management and engineering staff, we also provide specific training regarding the management and maintenance of modern and special equipment, equipment standards and techniques, construction site hazards and safety signs, and risk analysis of building structures and equipment systems to equip our staff with adequate job skills and competencies to support daily production work.

Sales are vital to the Group's business and we are committed to providing our sales staff with excellent marketing and sales training so that every customer can enjoy the quality of our services. The training covers a wide range of marketing techniques and strategies, such as communication channel building, customer needs analysis and customer service training, so as to enhance the sales capability and customer handling skills of our staff. The Group also pays great attention to the mental health and quality of our sales staff, providing them with a series of psychological and emotional intelligence training to encourage a positive and enthusiastic work attitude.





Quality Inspection Training



The Group also encourages employees at all levels to actively participate in professional training to further improve their skills and relevant professional knowledge. During the Year, the Quality Inspection Department conducted trainings on inspection items and work process for the sales team. The training focused on four aspects, namely the basic situation of the Quality Inspection Department, the inspection items and inspection cycle, the analysis of customer complaints, the guidance for the Quality Inspection Department and the inspection process. The advanced technology, high-end inspection equipment and professional inspection technology talents enabled us to have a more comprehensive understanding and confidence in the Quality Inspection Department. Taking Ceftriaxone Sodium (Chinese Pharmacopoeia 2020 version) as an

example, Mr. Zhu Jiqing, director of the Quality Inspection Department, gave a comprehensive introduction to the inspection items and cycles of the Quality Inspection Department in a shallow, graphical and informative way, so that everyone can better understand that product inspection is complex process. At the same time, he conducted a detailed analysis of four categories of customer complaints. During the training, all business regions actively communicated with Mr. Zhu, who patiently answered questions raised by everyone. This training enabled the sales team to have a deep understanding of the strength of the Company's inspection system, and enabled us to provide customers with high-quality products with more solid foundation and confidence.

In order to strengthen the sales personnel's knowledge of the products produced by the Group and provide professional product sales services for customers, the Human Resources Department and

the Technical Service Department jointly launched a series of product knowledge training.



Series of Professional trainings on Product knowledge



Cefoperazone sodium and Cefoperone sodium and sulbactam sodium mixed powder products are the dominant products of the Group's cephalosporins category, with large production scale and high market share. Therefore, the Group specially arranged professional trainings on product knowledge for sales personnel to comprehensively explain the physical and chemical properties, packaging specifications, labels, quality standards and other knowledge of the relevant products. At the same time, the Group comprehensively introduced the types of antibiotics, the principle and mechanism of antibacterial, the different antibacterial spectrum and toxic side effects of each generation of cephalosporins antibiotics, as well as the advantages of production

equipment and production process in each workshop of Zhuhai Company. The trainings enabled all sales personnel to master these professional knowledge, and also helped sales personnel to demonstrate relevant academic and professional knowledge in marketing, creating a good brand reputation for the Group.

The Group is one of the major manufacturers of potassium clavulanate series of products in the PRC with stable product quality. Therefore, we held product knowledge training on potassium clavulanate (non-sterile) for new sales personnel to strengthen the knowledge of relevant products and enhance their comprehensive capabilities.

› Leadership Training

Management personnel are important decision makers in various matters of the enterprise, and they must exert good leadership, communication, learning, coordination, etc. in the team. Therefore,

regular training for management personnel is essential. During the Year, the Group organised training events for middle and senior management through online training.



Compliance Management Training



In order to respond to the changes in the external regulatory environment and enhance employees' awareness and level of legal risk management, the Audit and Legal Affairs Centre, the Clinical Department of the Group and the Zhuhai Trading Company jointly carry out special trainings on legal risk compliance management in early August 2021. The trainings covered analysis and response to clinical adverse events, review, signing and management of contracts, understanding and application of anti-monopoly guidelines in the field of APIs, etc. The Group's clinical department and personnel of the Zhuhai Trading Company participated in the trainings through on-site and online methods. During the trainings, we conducted in-depth discussions on legal knowledge related to anti-monopoly and legal risk prevention measures in contract review, signing and management. Through face-to-face communication, participants had a deeper understanding of how to implement compliance management and control throughout the business, how to learn from

the characteristics of business practice in the prevention of legal risks, and how to control relevant legal risks in the new regulatory environment. Under the general trend of continuous updating and improvement of national laws and policies and more professional and standardized law enforcement in the future, the Audit and Legal Affairs Centre of the Group will launch more special legal trainings and exchange activities based on the Company's compliance management, combined with the needs of various business segments and functions, promote industrial integration, and ensure the standardised operation of the Company's various businesses.



›› Academic Promotion and Professional Qualification

As a pharmaceutical company, the professionalism of employees is an important factor for the Group to meet the high production demand. In order to enhance the professionalism of employees, the Group assists employees to participate in re-education programmes to upgrade their academic qualifications, such as upgrading from secondary vocational schools to junior college diploma, or from junior college diploma to undergraduate degrees. During the Year, Zhuhai Company cooperated with Guangdong University of Technology, Hunan Normal University, Xiangtan University, Guangzhou University and Guangdong Polytechnic and other colleges and universities to organise classes to provide professional re-education opportunities such as pharmacy, chemical engineering, computer, mechanical and electrical equipment, and

automation for employees in quality, production, equipment and information technology. During the Year, a total of 62 employees entered in undergraduate degree from junior colleges or in junior colleges from secondary vocational schools. To encourage employees to upgrade their academic qualifications and obtain professional and technical qualifications, the Guangdong Federation of Trade Unions subsidised outstanding frontline employees who were successfully enrolled in junior colleges and undergraduate part-time degrees during the Year.

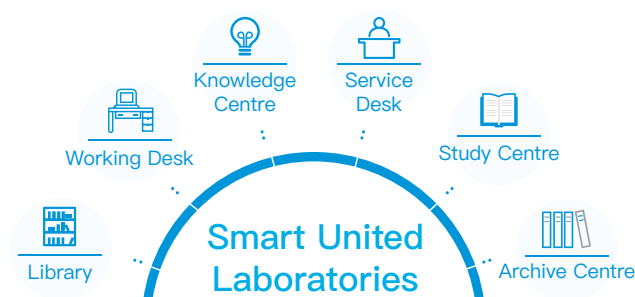
Apart from encouraging and facilitating the upgrade of academic qualifications, the Group also assists employees in obtaining professional and technical qualifications to enhance their professionalism.

» Online Training

Further to the conventional training modes, the Group also set up a learning centre in the online mobile office platform system “Smart United Laboratories” to allow employees to conduct online learning with the help of online videos and documents. The Group’s Human Resources Centre has set up the Micro-Five Classes and A Lesson A Day columns to provide training courses on areas such as interpersonal skills and business etiquette. The Audit and Legal Affairs Centre has self-set up a Legal Training column to provide training courses on relevant laws and regulations in daily operations, covering topics such as contract, antitrust compliance and legal risks in advertising. The Marketing Department, Information Centre and other departments of the Group have also held training courses on product and information security. All departments of the Group can upload and share the training courses in the learning centre after review. This will facilitate mutual understanding among departments, widen the horizons and deepen the knowledge base of employees, and create a good atmosphere for self-set directed learning.

In addition, for the skills and knowledge training of sales staff, the Group has utilised the Xuanxing

Learning Platform to provide various sales and management online training for staff, such as training on sales negotiation, public relations in crisis, emotional intelligence and time management. During the Year, the Legal Department conducted 10 online trainings, on anti-monopoly, anti-unfair competition, information security and contract signing, with a total of 52,451 learning lessons. At the same time, we enhanced employees’ knowledge of site management through online training, thereby improving working efficiency and enhancing corporate profitability.



»» BENEFITS AND WELFARE

Employees are the key to success of an enterprise. The Group has been treating employees by aligning itself with the principle of “Equality, Care and Mutual Development” to guarantee that our employees are entitled to corresponding benefits and welfare and care for their well-being. The Group strictly abides by relevant laws and regulations to secure employees’ legal rights and benefits. While

providing quality career development opportunities and working environment for our employees, we also put emphasis on employees physical and mental development, encourage employees to actively participate in various types of cultural and sports activities held by the Group and enrich their spare time.

» Protecting Employees’ Rights

Realm	Relevant Laws and Regulations
Protect legal rights	Labour Law of the People’s Republic of China Labour Contract Law of the People’s Republic of China Law of the People’s Republic of China on the Protection of Women’s Rights and Interests Special Rules on the Labour Protection of Female Employees Provisions on the Special Protection for Underage Employees Labour Dispute Mediation and Arbitration Law of the People’s Republic of China Trade Union Law of the People’s Republic of China
Employee welfare	Order of the Ministry of Human Resources and Social Security Social Insurance Law of the People’s Republic of China

The Group attaches great importance to human rights and forbids any discrimination in the aspects of gender, age, race, religion, disability, marital status, etc., so as to ensure all the candidates are entitled to fair, justified and open employment opportunities. We protect the legal rights and interests of all employees in accordance with laws and strictly abide by relevant laws and regulations. We have laid down strict regulations that all employees working at any position must be aged 18 or above, and child labour with an age below 16 is forbidden. Therefore, during the recruitment process, the Group will require applicants to provide identification documents to verify their age and avoid hiring child labour by mistake. Employees must sign a labour contract before on boarding. The contract clearly enumerates the employees' job duties, salary, insurance, welfare, working hours and holidays to avoid any circumstance of forcing employees to work. In case of misemployment of

child labour or forced labour, the Group will immediately suspend the work of the relevant person, take remedial measures and find out the causes to prevent the recurrence of similar situation. Any employee proposing a resignation shall make an application based on related procedures, so the Group could understand his/her reasons of leaving in detail and provide proper resignation arrangement, such as salary payment.

The Group applies a five-day work week and eight hour work day, except for employees working in specified production plants. To guarantee employees attainment of work-life balance, the Group does not encourage overtime work. In case of inevitable overtime work, the Group restricts the maximum overtime hours per day and the overtime wages will be paid strictly according to the related regulations.



Staff Union



Zhongshan Company formally held the first meeting of the first session of the trade union members (representatives) on 22 November. Factory managers and other factory leaders of the Company attended the meeting, and more than 80 representatives of union members and candidates attended the meeting. The first chairman of the labour union, members of the committee and members of the fund review committee of the Company were elected at the meeting in accordance with the law.

On the day of the meeting, members' representatives voted unanimously to pass the election method of the meeting, and the chairman of the labour union expressed sincere gratitude to everyone for their trust and support, and expressed that in future work, they will earnestly abide by the rights and obligations conferred by the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》) and the Articles of

Association of Chinese Trade Union (《中國工會章程》), and strive to build a labour union team that serves employees wholeheartedly. The labour union is the bridge and link between employees and the Company. It will play an active role in future work, care about the life of employees and promote the harmonious development of the Company.





Feedback Mechanism for Employees' Opinions and Suggestions



In order to further facilitate the communication between employees and the management of the Company, The United Laboratories (Inner Mongolia) has established a sound mechanism for handling employees' opinions and feedback, guiding and helping employees to solve relevant problems, and better serving employees. The feedback channels include messages from the "Complaint and Suggestion" column of the logistics service of the WeChat public account of Inner Mongolia Company, suggestion boxes (set up in the office guard room, the elevator entrance on the first floor of the administrative building, the office building of the factory, the east gate guard room of the living area, the restaurant and the staff dormitory, etc.), e-mail and feedback phone.

Any dissatisfaction or reasonable suggestions related to the development and construction of the Company, including management, life and work, can be responded. The Party Committee Office, the Labour Union and the Human Resources Department are responsible for management and daily maintenance. Opinions and suggestions are timely summarised and reported to the Company's leaders, and relevant departments are coordinated to handle and solve them. The Company hopes that employees can freely express their opinions through the above communication channels, effectively listen to their voices, and solve their concerns.

> Providing Generous Welfare

All employees of the Group are entitled to statutory holidays and leaves, such as annual leave, sick leave, marriage leave, maternity leave, compassionate leave and work injury sick leave, in accordance with the requirements of laws and regulations. The Group

also provides employees with "five insurances and one housing provident fund" and allowance for high temperature according to the laws and regulations to fully protect employees' basic welfare.

Apart from the statutorily required basic welfare, in order to care for the employees and enhance employee cohesion, the Group provided the following benefits to employees during the Year:

 <p>Anti-pandemic support</p>	 <p>Updated the enterprise's Weibo account, WeChat Public Account, etc., enabling employees to keep abreast of the latest news of the Group at all times</p>
<p>Provided free meals</p> 	<p>Distributed festive (such as Chinese New Year, Women's Day, Mid-Autumn Festival) gifts</p>  <p>Regularly issued the enterprise journal, "The TUL's People" and "The TUL's Pictorials"</p>
 <p>Employee Mutual Fund</p>	 <p>Annual comprehensive free health examination</p>  <p>Provided birthday cake coupons for employees</p>

🔍 Special Illness Insurance for Female Employees ⋮

In recent years, the overall incidence of women's two cancers in the whole society has shown an increasing trend year by year. In order to better take care of the health of female employees, and taking into account the continuous increase in medical costs, Inner Mongolia Company decided to increase the reimbursement amount for in-patient medical treatment this year, and at the same

time, increased the proportion of medical reimbursement, and paid reasonable medical expenses within the scope of social insurance at a rate of 100%. In addition, the labour unions at all levels will also strengthen the guidance for female employees to improve their awareness of health insurance, and voluntarily participate in special disease insurance.

» Work-Life Balance

The Group values the physical and mental well-being of its employees and is committed to helping them achieve work-life balance. We believe cultural and sports activities help enhance the physical and psychological quality of employees, establish the teamwork spirit among them and increase their sense of belonging to the Group. Therefore, the Group, including its various production sites and subsidiaries, has established cultural activity teams, and regularly organised employee activities, thereby

providing employees with a platform to enrich their spare time. The Group has organised numerous cultural and sports activities during the Year, such as sports competitions, staff travelling, departmental team building, film watching activities and festival activities. The Group will continue with the good corporate culture of having employees actively participating in activities, enabling all employees to attain work-life balance and stay both physically and mentally healthy.

🔍 Parent-Child Themed Activities ⋮

Zhuhai United Laboratories Trading Company Limited (珠海聯邦制藥銷售有限公司) pays great attention to the family and parent-child relationship of employees, and holds parent-child themed activities during Children's Day every year. During the year, the sales company took parents and children to complete their works together as the theme of the activity, and collected a variety of parent-child works such as dance, painting, handicraft and singing. The parent-child activities reflect the Company's care for employees' families and effectively promote the healthy development of parent-child relationship and family relationship.





Seminar on Family Education



In order to help parents transform their educational concepts, improve their family education standards, and guide parents to face various problems in the growth process of children with a positive attitude. On 7 September, the Labour Union of Zhuhai Company invited the attending physician of Children's Psychology Division/Clinical Psychology Division of Zhuhai Maternity and

Child Health Hospital to give a family education lecture on "Be Smart Parents" for employees. In just 100 minutes, more than 120 parents learned from a new perspective to the big wisdom in family education. The attending physician explained in detail how to prevent and respond to children's psychological crisis, and attached importance to children's psychological needs.



Yoga Club



To promote the physical and mental health of employees and enable them to combine work and rest, the Group's headquarter established a yoga club in March this year. During the yoga exercise, employees can temporarily relax their busy work and life, and relax their physical and mental health



between calls. At the same time, members of the community also regularly study courses under the organisation of the president, insist on practice and card-making every week, and communicate in their spare time. While achieving good exercise results, sports have also become part of life.

» OCCUPATIONAL HEALTH AND SAFETY

Production safety is the operating principle of the Group. The Group has formulated a sound occupational health and safety management system to ensure the health and safety of employees. During the Year, the Group organised a series of activities related to production safety and fire safety to raise the safety awareness of employees. In addition, the physical and mental health of employees is also the

concern of the Group. The Group held a number of mental health seminars and trainings for employees during the Year. At the same time, the Group actively responded to the epidemic prevention requirements of the local municipal government and organised nucleic acid testing for employees in an orderly manner to safeguard the health and safety of employees in all aspects.

» Production Safety Maintenance

The United Laboratories adheres to the objective of “Safety First, Prevention Upmost”, sees production safety as our operational focus, carefully enforces and implements occupational-health-and-safety-related regulations and systems, and strives to reduce the occurrence of safety accidents. The Group has formulated a comprehensive occupational health and safety management system and obtained the OHSAS18001:2007 certification. Inner Mongolia Company has also passed the level two production safety standardisation review and obtained the ISO45001:2018 certification on Occupational Health and Safety Management Systems. With the

management system, all departments have to strictly comply with the relevant laws and regulations and related internal regulations, regularly analyse the condition of work safety and figure out the dangerous factors and potentials risks, and hence to formulate improvement measures. At the same time, the person in charge of the production department or the safety management committee are responsible for conducting regular safety inspections and enforcing safety education to strengthen employees’ awareness of safety and reduce the potential risks of accidents.

Realm	Relevant Laws and Regulations
Safety Regulations	Work Safety Law of the People’s Republic of China Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases Fire Protection Law of the People’s Republic of China Rules for Fire Prevention and Control of Buildings
Management of Hazardous Chemicals and Work-related Injuries	Regulation on the Safety Management of Hazardous Chemicals Regulation on Work-Related Injury Insurance

In regard to the management of hazardous chemicals, the Group strictly complies with laws and regulations of hazardous chemical management, and highlights the risks and damages brought by the maltreatment of hazardous chemicals. The Group has formulated strict regulations in the areas of warehouse management, material safety management in warehouse and upon entering and leaving to monitor the storage and transportation of various types of chemicals. Inner Mongolia Company has also introduced strict hazardous waste collection facilities and procedures for hazardous waste

treatment. Each type of hazardous waste has to undergo harmless treatment to secure the health and work safety of employees. The Group has also developed treatment procedures for the issues of safety and work injures, to equip employees with sufficient knowledge in case of injuries, and enable them to promptly respond in an effective manner, so as to minimise the casualties and financial loss. For the injured employees, the Group strictly enforces the relevant provisions of wages, subsidies and fees related to work injury to protect the basic rights and interests of our employees.



Production Safety Month



In response to the national policy and the theme of “Eliminating Accident Hazards and Building Safety Defences” formulated by the Country for production safety, the Group held a series of Production Safety Month activities

in various departments and factories during the Year to strengthen the publicity and education work of production safety, so as to raise employees’ safety awareness.

Special Training on Fire and Emergency Facilities

From 8 to 23 June, the safety department organised a total of 515 employees from 30 workshops/departments involved in hazardous materials or risky operations to participate in special training and practical assessment activities on fire-fighting equipment and emergency facilities skills. According to the

assessment results, the practical skills of participating employees have been greatly improved. Among them, the pass rate of fire-fighting facilities was 96%, the pass rate of air respirator was 82%, and the pass rate of cardiopulmonary resuscitation was 60%.

Fire Fighting Skills Competition

During the competition, 3 team members of the United Laboratories team worked hard and bravely demonstrated a good spirit and competitiveness. In the project of connecting two water belts, Mr. Luo Shengjun in the power workshop led the whole field with a score of 9.04 seconds, and won the first place in the enterprise group; In the local fire-fighting protective clothing and exercise project, Mr. Liu Zejun of the safety management department completed the competition in 9 seconds with skillful technology, far ahead of the competitors and won the first place in the enterprise group; In the dry powder fire extinguisher fire extinguishing project, Zhang Anbo of twenty-three workshops won the competition for 20.285 seconds and won the first place in the enterprise group. The speech of the “United Laboratories Representative Team” was



heard four times at the award ceremony, and the team’s guard of the Representative Team of The United Laboratories won the competition.

Safety Knowledge Contest

In order to improve the safety knowledge level of personnel involved in special operations and their understanding of relevant systems and standards, Inner Mongolia Company organised the “2021 Safety Month WeChat Knowledge Competition Q&A” throughout the plant, with a total of 4,600 employees

participated. The safety department rewarded 25 workshops, departments and top 500 outstanding individuals with excellent participation rates and passing rates in the event. Through this contest, the staff’s expertise in special operations was enhanced to ensure production safety.

» Fire Safety Management

To enhance the awareness of fire safety among employees, the Group actively conducts fire safety education and organises fire emergency drills to equip every employee with basic fire fighting skills.

The Group has also strengthened employee safety training and increased inspection efforts to eliminate fire safety hazards in a timely manner.



Fire Safety Operations



Mini Fire Station

Inner Mongolia Company established a mini fire station in 2014. It is now equipped with 18 professional fire-fighters and a foam fire truck. A 24-hour execution system has been implemented, so that fire remedy can be conducted once there is an emergency in the Company and neighbouring companies to protect the Company's assets and employees' safety. Inner Mongolia Company was awarded

the title of "Key Unit for Advanced Fire Safety". The fire station actively cooperated with all the production plants and departments to carry out integrative fire emergency drills. There are more than 20 fire drills every year, which effectively enhances employees' capability to handle and evacuate in fire emergencies.



Emergency Rescue Training and Practical Operation Competition

On 25 June, the safety department organised full-time safety officers of all workshops and departments of the whole plant and full-time safety officers of the safety department to conduct special training on emergency rescue facilities and practical operation competition. A total of 46 safety management personnel participated in the competition. In the end, Mr. Wang Meng, the safety officer of the 202 workshop, won the first place with the outstanding results of 2 points and 43 seconds.

Fire Safety Awareness Month Campaign

November is the national "Fire Safety Awareness Month". The Group supported the local government's activities to promote the message of "Attention to Fire Safety, Protect Lives". During the Year, the representative team of Zhuhai Company outperformed other teams and won the championship of the Fire Service Skills Competition in Jinwan District.



» Caring for the Physical and Mental Health of Employees

The health and safety of our employees are always our top priority. Therefore, in addition to the above safety measures and practices, we have arranged

various seminars and trainings to care for the physical and mental health development of our staff.



Women's Mental Health Education Seminar



In order to widely popularise the knowledge of women's mental health and actively promote the concept of scientific prevention, Zhuhai Company held the "Blooming Glamors-Seminar for Being a Working Woman in the New Era" to guide female employees to quickly restore confidence, improve psychological elasticity, shape a strong inner mind, and comprehensively interpret and analyze the correct attitude of workplace

women in terms of career, workplace, love, family, etc. Through this lecture, the Company's female employees understand that as women in the new era, they must improve their knowledge reserve, continuously enrich themselves, pursue career and ideal, pursue family happiness, and pursue personal care and health.



Mental Health Training



In order to care for the mental well-being of employees and guide them to make correct psychological adjustments, thereby effectively alleviating psychological pressure, the labour union of Zhuhai Company held a special lecture on mental health knowledge. Through wonderful and vivid explanations, it not only plays a role in humanistic care and psychological counseling for employees, but also improves the importance of mental health and psychological adjustment ability of all employees. At the same time, employees also expressed that they learned how to deal with psychological pressure through lectures, so as to better relax mood and put into work and

life with a healthy and upward attitude, making positive and beneficial contributions to the future development of the Company.



Nucleic Acid Testing for All Employees



Zhuhai Company actively responded to the decision of Zhuhai Epidemic Prevention and Control Headquarter, fully implemented the normalized prevention and control requirements, and organised nucleic acid testing for all employees. During the inspection process, employees actively cooperated with doctors and took the initiative to accept sampling and screening to ensure that the inspection should be fully inspected. Party member volunteers actively measured body temperature, test guidelines, publicity of epidemic prevention and order maintenance for the employees who came to test, and a total of 1,450 employees accepted the test. As a responsible and responsible enterprise, the Group has closely followed the requirements of the government since the outbreak of the COVID-19 pandemic, and implemented various anti-pandemic policies and measures on a regular basis to ensure the safety and health of employees.

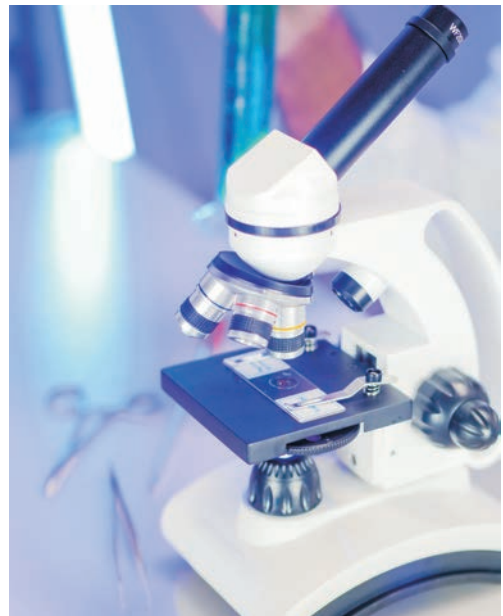
BUILDING A QUALITY BRAND

The United Laboratories is committed to ensuring an efficient and excellent business operating model to provide excellent products and high-quality services for customers. The safety and effectiveness of medicines concerns the lives and health of the public, and the quality of medicines is undoubtedly a top priority for The United Laboratories. The government also sets high quality standards on the pharmaceutical industry and attaches great importance to the quality management of pharmaceutical companies. The Group will closely follow the development of national policies and the latest pharmaceutical quality requirements, and continue to enhance its internal quality control procedures to improve the Group's products and service quality.



»» QUALITY MANAGEMENT

As a professional pharmaceutical manufacturer the Group understands the importance of pharmaceutical quality and its impacts on public health. The Group has always considered quality assurance to be one of the top priorities in its business. In order to achieve the highest level of quality assurance, the Group strictly complies with the relevant laws and regulations on pharmaceutical management. We have established a comprehensive quality management system while abiding by the law, which helps realise effective quality control procedures through composition test, sample test, label and packaging inspection, transportation and storage management as well as strict control and testing over every process from raw and auxiliary materials, unfinished products to finished products. Through our vertically integrated production and operation model, every production process and quality control procedure, starting from the entry of raw materials to the export of finished products, is traceable so as to ensure all the products meet relevant standards.



Realm	Relevant Laws and Regulations
Pharmaceutical Quality	Pharmaceutical Administration Law of the People's Republic of China Regulations for the Implementation of the Drug Administration Law of the People's Republic of China Good Laboratory Practice for Non-Clinical Laboratory Studies Standards for Quality Control of Pharmaceutical Production Measures for the Supervision and Administration of Drug Production ICH Guidelines Guidelines of Quality System Approach to Pharmaceutical cGMP Regulations by the FDA Guidelines of Good Manufacturing Practices for Drug by the European Union ISO 9001: 2015 Quality Management Systems Certification
Pharmaceutical Description and Labelling	Provisions on the Administration of Pharmaceutical Directions and Labels
Pharmacovigilance	Administrative Regulations of Quality of Pharmacovigilance Practice

» Quality Management System

Each of the Group's production sites has established a comprehensive quality management system, which is managed comprehensively by a quality officer. Under the lead of the quality

officer, the Quality Management Department coordinates the work of quality assurance, quality inspection, pharmacovigilance, GMP information regulations, drug registration, etc.



The Group's quality management system was implemented in accordance with the national Quality Management System Requirements. The management system includes a series of comprehensive procedures, such as the warehousing, storage and distribution procedures of raw and auxiliary materials and finished products, so as to implement strict quality control of all types of raw and auxiliary materials and finished products. During the acceptance of raw and auxiliary materials, the acceptance personnel must confirm that the supplier is a qualified supplier, and shall check the completeness of the packages, batch number, specifications, storage condition and production date of the batch of raw and auxiliary materials item by item. To ensure the health and safety of raw materials, we would sign quality assurance agreements with suppliers and require them to provide relevant safety evaluation reports. Storage of materials is also an important step in the production process. To ensure proper storage of materials, the Group has also formulated relevant regulations on warehouse storage, temperature and humidity control, etc., so as to arrange a suitable storage environment according to the features of materials. As for transportation, we have signed quality assurance agreements with the commissioned

logistic company to guarantee the quality and compliance of products upon delivery to market.

We have set up procedures for the transfer of products. The procedures stipulated that only raw materials, semi-finished and finished products that have passed quality tests could be passed to the next procedure to avoid the use of any raw materials, semi-finished and finished products that are non-conforming to standards and specifications for production or sale. For non-conforming raw materials and finished products, we will identify, investigate, return or collectively destroy them based on the relevant management procedures for non-conforming products. In order to further improve quality management, the Group would conduct annual review of product quality every year, and carry out evaluation and propose improvement methods for all the quality indicators, deviations in production process and changes of production equipment. This helps to continually refine the Group's quality management system. Inner Mongolia Company also successfully passed the certification audit of quality, environment and occupational health and safety management system during the Year of 2021 to ensure the comprehensive and effective operation of the management system.

» Quality Certification and Awards

The obtainment of a credible quality certification can ensure the pharmaceuticals contribute to customers' health and increase customers' confidence in the products. The Group is a leading comprehensive pharmaceutical enterprise in China that has obtained the integrative GMP certification. We always strictly comply with the relevant requirements to continuously meet the related standards in the certification. Besides, the Group's multiple products of active pharmaceutical ingredients have obtained certifications from official authoritative institutions, such as China Quality Certification Centre, CNAS, Certificate of Suitability to the Monographs of the European Pharmacopoeia, FDA, Germany BVG Hamburg and Mexico COFEPRIS. We attach great importance to quality-certification-related work and also passed several quality certifications during the year: the quality inspection centre of Zhuhai Company has passed the authoritative certification of the CNAS national laboratory for 11 consecutive years; the amoxicillin production line of Inner Mongolia Company obtained the Veterinary Drug GMP Certificate (《獸藥GMP證書》) and the Veterinary Drug Production License (《獸藥生產許可證》); the 12 production lines of the animal protection department of The United Laboratories also passed the new GMP inspection for veterinary drugs.

“Be a Quality Enterprise, Prosperous and Strong” is the Group's production philosophy. We guarantee the quality of our medicines, contribute to the development of Chinese pharmaceuticals, and have won widespread praise in the industry and society. During the Year, Zhuhai United Laboratories was awarded a total of 12 outstanding brand certificates, including the Excellent Enterprise Brand of Bulk Medicine Export and Excellent Enterprise Brand of Pharmaceutical Products Export by China Pharmaceutical Industry Association. In addition, the Group is also deeply engaged in the lower-tier markets to protect the health of consumers with high-quality products and services. In the evaluation of the retail market brand list of China's pharmaceutical districts and counties initiated by the organising committee of the China Pharma& Healthcare Conference and Fair (CPHCF), The United Laboratories' Amoxicillian[®] was included in the 2021 China's pharmaceutical districts and counties retail market brand list. The selection criteria of this brand list are based on four core evaluation indicators, namely brand strength, penetration, penetration and brand loyalty in the regional and county markets. The Group's Amoxicillian[®] was included in the brand list, which fully reflected that the Group's high-quality drug brand has become a leading brand in the lower-tier market.

» Quality Management Training

Professional quality management personnel are an important part of the Group's quality assurance of pharmaceuticals. The Group regularly organises various types of quality management training to familiarise quality management personnel with the operation and foci of different procedures, enhance their professionalism in quality control, and strengthen the integrity of quality management. The comprehensive training content are covered including the requirements in the latest edition of Chinese Pharmacopoeia, production process, quality, as well as mastering inspection and verification methods and grasping product release procedures. The training sessions are mainly conducted in a teaching format, with oral or written test as the assessment method, so as to ensure that the quality management personnel are equipped with the required knowledge, and safeguard the standard of the Group's quality management. In addition, the Group has created a section, namely “Quality in The United Laboratories”, on our corporate website. The section includes legal knowledge, the Group's quality requirements, training data and a discussion area to provide our employees with an online knowledge base and a platform for learning and communication on quality, and to optimise quality training channels.





Pharmacovigilance Quality Management Standard Training



In order to regulate pharmacovigilance activities throughout the life cycle of drugs, the National Medical Products Administration of the PRC issued and required the implementation of the Good Pharmacovigilance Practice ("GVP"). The GVP clearly regulates that drug marketing authorization holders and drug registration applicants shall establish and continuously improve the pharmacovigilance system as required, and carry out pharmacovigilance activities.

In order to effectively implement the preparation work related to the GVP, the quality department of the Group invited experts in the pharmacovigilance field to provide employees with training on the establishment and operation of the GVP system and related content of the GVP. Mr. Liu Defu, the Group's Quality Director, and leaders and employee representatives from factories and different departments attended the training. Experts popularised the knowledge of pharmacovigilance from various aspects such as the interpretation of pharmacovigilance system in the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》), the Vaccine Administration Law of the People's Republic of China (《中華人民共和國疫苗管理法》), the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》), the origin of pharmacovigilance concept, the introduction of the Good Pharmacovigilance Practice (《藥物警戒質量管理規範》), the exchange of views and thinking, and

analyzed how to do a good risk control from the perspective of pharmacovigilance with reference to actual work experience. The training provided employees with solid pharmacovigilance knowledge, and played an active role in promoting all employees to participate in product quality assurance.

The Group will continue to enhance the awareness of pharmacovigilance of all employees, actively implement the main responsibility of drug marketing authorization holders, build a pharmacovigilance team, formulate a sound pharmacovigilance system, establish a pharmacovigilance quality system covering information collection, data analysis, signal management, risk control, adverse reaction monitoring, identification, evaluation and reporting, and continuously improve the operation efficiency of the pharmacovigilance system to ensure that pharmacovigilance activities continue to meet the requirements of relevant laws and regulations.



» Product Labelling and Description

The Group has formulated and implemented relevant management systems for label packaging materials in accordance with laws and regulations. All package inserts and labels comply with the requirements in

the Provisions on the Administration of Pharmaceutical Directions and Labels and are subject to examination, filing and approval by the National Medical Products Administration.

The Group has formulated internal policies, stipulating that pharmaceutical labels and package inserts must meet relevant requirements. Pharmaceutical labels must itemise the drug name, ingredients, use of drug, directions and dosage, production date and other relevant information to let users understand the usage and risks of the pharmaceuticals. Apart from pharmaceutical labels, the Group also formulates requirements for packaging labels on transportation, storage use and active pharmaceutical ingredients. For example, such packaging labels must indicate the pharmaceutical name, number of packages, expiration date, storage and transportation precautions and other necessary information to avoid incidents affecting drug quality due to improper transportation and storage. Besides, package inserts must contain details of the pharmaceutical's directions, data and information showing its safety, effectiveness and adverse drug reactions, so as to guide users to take the

pharmaceuticals correctly and reasonably. The Group will constantly monitor the use of the pharmaceuticals, and will submit applications to the National Medical Products Administration to amend package inserts when necessary, so as to provide users with the best pharmaceutical information and description.

At the same time, the Group has also set up management procedures for plate making, printing, and acceptance of product labels, manuals, and printed packaging materials. The Quality Management Department will carry out acceptance and inspection work at every step, from the drafting, sample printing to printing of product labels, manuals and packaging materials. This ensures that all the materials will be put into the factories for use without errors, and minimises the possibility of product quality problems caused by printing errors.

》》》 PRODUCT MARKETING AND PROMOTION

Pharmaceutical sale is a key sector of the Group's business, while requirements for pharmaceutical promotion information are much higher and more stringent than those of general commodities. In light

of this, the Group regulates the distribution and promotion of pharmaceuticals in strict accordance with relevant laws and regulations.

Realm	Relevant Laws and Regulations and Guideline
Product Marketing and Promotion	Advertising Law of the People's Republic of China Standards for the Examination and Publication of Drug Advertisements Measures for the Examination of Drug Advertisements

The Group has formulated relevant systems that clearly enumerate the Group's advertising requirements, application procedures of advertisement and promotion data feed, precautions for use, etc. All pharmaceutical promotion information released by the Group is based on scientific evidence, complies with the principles of accuracy, objectivity, and completeness, and contains corresponding package inserts to clarify the correct medication methods. All these comply with legal requirements. In order to ensure that the Group's advertisements comply with relevant laws and regulations, the samples of the advertising materials must be submitted to the Group's Audit and Legal Affairs Department for review before being released.

The Group has established a pharmaceutical preparation sales distributor or distributor management system, which is implemented by the Credit Risk Management Department to reduce the

risk of bringing a negative reputation to the Group during the process. When selecting new dealers or distributors, the Group will evaluate the company's qualifications, storage conditions, business scope permits and other criteria, and sign sales contracts with qualified dealers or distributors. The storage conditions of dealers or distributors must strictly comply with the pharmaceutical storage conditions and requirements stated in the manuals for storage and use. At the same time, when quality problems emerge, they must cooperate with the Group to report and investigate the problem, collect evidence, and carry out follow-up work to guarantee the quality of products. The Group will establish archives with the cooperating dealers and distributors to completely record information, such as corporate qualification documents, signed contracts and inventory turnover. The collected data will be used for analysing, evaluating and rating dealers and distributors to effectively manage product sales.

When conducting product sales activities, we require all staff at all departments to abide by relevant laws and regulations and ethics of the industry. All sales personnel must sign the Letter of Commitment for working according to laws and be committed to complying with national regulations as well as the regulations and rules of the Group in order to eradicate any violation of regulations regarding sales and promotion. The Group's sales team spread all over the Country, and the management of sales personnel, including recruitment, performance appraisal, training and occupational safety are

collectively handled and supervised by the Group's Head Office. This ensures that the related management personnel and frontier promotion personnel have received necessary training, and all the sales personnel have reached the same professional level so as to provide customers with the best service. During the Year, the Audit and Legal Department conducted 4 training sessions on marketing or advertising compliance, involving business promotion and anti-unfair competition, with a total of 15,028 online learning sessions accumulatively.

»» CUSTOMER SERVICE MANAGEMENT

Users' opinions are the source of the Group's continuous improvement and advancement. Therefore, we attach great importance to users' feedback and suggestions, take users complaints seriously, and follow the established procedures to

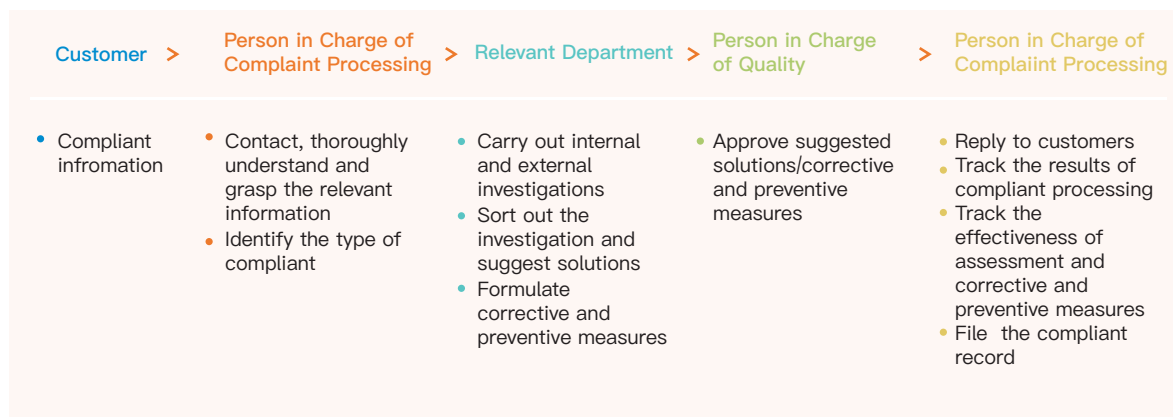
respond and improve. In the events of adverse drug reactions and other incidents, the Group must deal with it in strict accordance with relevant regulations and systems to protect the health and safety of users.

» User Feedback

The Group has established a comprehensive user complaint system based on the related handling procedures to enable various departments to coordinate the acceptance, communication, evaluation and response of the complaints. After receiving complaints from users, the person in charge of complaint processing will first contact with users to understand and grasp the complaint information to identify the type of complaint. Relevant departments then carry out internal and external investigations, sort out the investigation to decide the subsequent investigation directions, such as inspecting the production record, quality situation of raw and auxiliary materials, and environmental

factors of manufacturing process, and hence formulate corrective and preventive measures to be approved by the person in charge of quality. Upon completion of complaint processing, the person in charge of complaint processing must reply to the customer, track the results of the complaint processing, and file the complaint record. During the Year, the Group received a total of 5 product quality related complaints directly caused by the Group's production and quality factors, and 1 complaint related to the Group's services. We investigated and replied to all user complaints, reaching 100% response rate on user complaints.

User Complaint Processing Procedures



» Products Recall Requirements

The Group strictly complies with the Administrative Measures for Drug Recalls issued and implemented by the National Medical Products Administration, and has established a drug recall system in accordance with laws and regulations to understand the safety of drugs, investigate or evaluate

pharmaceuticals that may cause potential safety risks, and recall pharmaceuticals with relevant problems when necessary. The Group implements strict safety supervision on the manufactured pharmaceuticals to ensure the drug safety of the public.

» Reporting of Adverse Drug Reactions

According to the Measures for the Reporting and Monitoring of Adverse Drug Reactions issued by the Ministry of Health of the People's Republic of China, the Group has set up relevant reports and monitoring management systems to deal with adverse reactions caused by different drugs to individuals. The Quality Management Department is responsible for handling adverse drug reaction events. The concerned processing personnel have relevant expertise in medicine and statistics. They can scientifically analyse the adverse reactions of drugs, and undertake the Group's reporting and monitoring of adverse drug reactions. As for adverse drug reaction events, the Group will record, analyse and handle them in detail, and report to the national drug adverse reaction supervision information

agency or the drug supervision and management department and the department of public health administration within the prescribed time according to the impact of the event. If serious adverse drug reactions or group adverse events emerge, the Group will carry out drug recall, publish and submit a drug recall summary report to the public to protect the safety and health of the general public.

During the Year, the Group was not involved in any adverse reaction events due to drug quality defects. Therefore, the Group has not conducted any drug recall in the Year and did not need to submit adverse drug reaction reports or drug recall summary reports.

Product Recall Procedures

Quality Assurance Department	> Person in Charge of Quality	> Working Group on Recall
<ul style="list-style-type: none"> • Collect information about product adverse reactions and product safety risks • Provide a safety risk investigation and assessment report or a product recall notice • Fill in the Product Recall Application form 	<ul style="list-style-type: none"> • Approve Product Recall Application • Decide whether to recall the product • If he/she decides to recall the product, he/she must determine the type of recall and form a working group on recall 	<ul style="list-style-type: none"> • Develop a recall plan • Implement processing procedures according to the recall level • Track the final processing results • Fill in the Product Recall Record • Evaluate the effect of recall and submit the recall summary report to the Drug Regulatory Department

OUTSTANDING OPERATION MANAGEMENT

The United Laboratories strives to secure efficiency and excellence in business operation model, actively identifies and eliminates environmental and social risks in its operations, so as to build a safe and robust pharmaceutical enterprise. To ensure the quality and stable supply of raw materials, the Group established a vertically integrated production and operation model, carefully selected new suppliers and conducted auditing regularly on the cooperating suppliers. Meanwhile, the Group has established the Information Confidentiality System of The United Laboratories and the Information Protection System for Patients of The United Laboratories to reduce the risk of information leakage and protect the Group's internal information and customer privacy. During the Year, in order to continuously prevent the spread of the epidemic, each of the Group's major production bases has been managed in various aspects as needed to effectively protect the health and safety of employees.



»» SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Superior supply chain management is the basis for production enterprises to maintain stable and efficient production. The United Laboratories sees sustainable operation of the supply chain as a prerequisite for ensuring business operations, and it is also seen as a great opportunity to boost productivity.

The Group has been persistent in optimizing the supply chain system, procurement process, and supplier development, supervision, evaluation, and

management. Through the implementation of material supplier management procedures, the Group maintains a healthy and sustainable supply chain system. In terms of contract management, the Group's procurement contracts will enumerate items such as quality requirements of goods, delivery standards, delivery terms, intellectual property rights, and integrity clauses to guarantee the quality of suppliers' supply and lower the legal and social risks of the supply chain.

Realm	Relevant Laws and Regulations
Supply Chain	Standards for Quality Control of Pharmaceutical Production Measures for the Supervision and Administration of Drug Production Civil Code of the People's Republic of China Measures for the Supervision and Administration of Circulation of Pharmaceuticals

»» Production and Operation Model

The Group has established a vertical integration of production and operation model of "pharmaceutical intermediates-bulk medicines-finished products". Inner Mongolia Company purchases major raw materials for the production of pharmaceutical intermediates and active

pharmaceutical ingredients, and then delivers them to the Group's other production sites for the production of bulk medicines and finished products, which are finally sold to end users through various channels.



This production and operation model helps the Group to reduce the external demand for major raw materials used in the production process, lower the risk of unstable supply and market price fluctuations on the supply chain, so that we can effectively control production costs and ensure product quality. In addition, full control of the supply chain also helps the Group to retroactively manage the production process, so as to find the root cause of potential

problems, continue to explore room for improvement, and enhance the sustainability of the supply chain. In addition, as a raw material supplier for many antibiotic companies, the Group has been giving the highest priority to quality that the pharmaceutical intermediates and bulk medicine produced by the Group have passed many authoritative certifications such as Chinese GMP, EU CEP, and US FDA.

» Supplier Management

» Supplier Qualification

When selecting new suppliers, we conduct a comprehensive evaluation on the suppliers' industrial standard, reputation, product price, quality of samples, etc. based on the internal principles of "5S", namely suitable price, suitable place, suitable quality, suitable quantity and suitable time, so as to ensure the overall quality and material quality of the supply chain. Only the suppliers who meet the related requirements can be included in the list of qualified suppliers. In terms of environmental

protection, the Group follows the principle of proximity for procurement. Suppliers are concentrated in nearby provinces, which effectively reduces transportation costs and carbon emissions during transportation. At the same time, the Group encourages the selection of suppliers who provide energy-saving products and environmentally friendly products promoted by the state to reduce the impact on the environment.

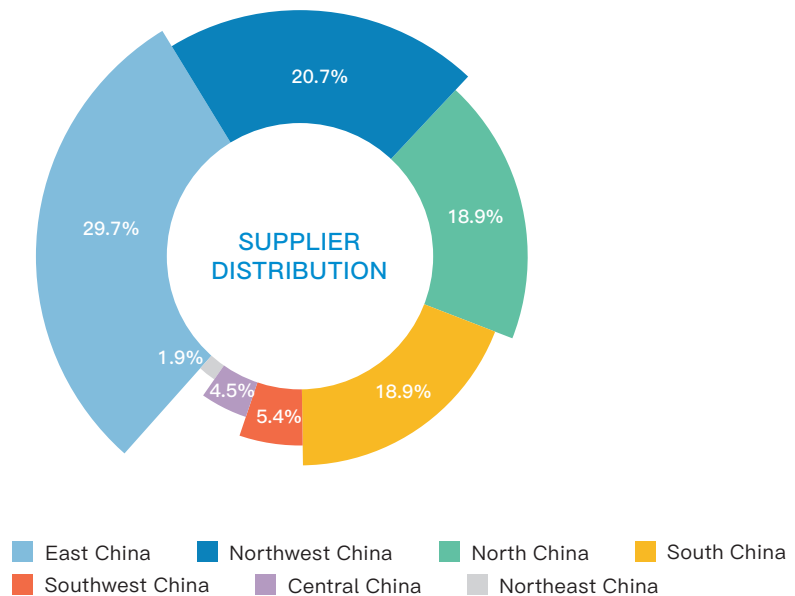
Supplier Selection Principles	Contents
"5S" Principles	Suitable price, suitable place, suitable quality, suitable quantity and suitable time
Environmental Protection Principles	Observing the principle of proximity during procurement Purchasing energy-saving products and environmentally-friendly products promoted by the Country

We conduct written or on-site audit on the suppliers regularly. The audit content includes qualification certificates, personnel qualifications, environment and factories, equipment quality, material management, production management, shipping logistics and quality management. In addition, the Group will confirm whether the suppliers have established health records for their employees and whether they have verified the air purification

equipment to identify and promptly eliminate the social and environmental risks of the supply chain. Regular audits help the Group to further determine the performance and service standard of its suppliers, eliminate inappropriate suppliers, so as to avoid any suppliers without related qualifications or with unstable product quality from entering the supply chain of the Group and affecting the product quality of the Group.

Supplier Distribution

During the Year, the Group had a total of 111 major suppliers in terms of purchase amount, providing the Group with raw materials, auxiliary materials and packaging materials.



WORK AND INFORMATION SECURITY

Information security construction is an important method for the Group to protect its internal information and customer privacy. Leakage of an enterprise's confidential information or customer information would lead to adverse effects and loss to the enterprise itself, customers and other stakeholders. The Group has established the United Laboratories Information Confidentiality System and the United Laboratories Patient Information

Protection System in accordance with relevant laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Cybersecurity Law of the People's Republic of China, Information Security Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China to maintain different parties confidence in the operations and services of the Group.

Information Management

According to The United Laboratories Information Confidentiality System, all the information of the Group is classified into five categories by their level of importance, namely Top Secret, Secret, Confidential, Internal and Public. All personnel need to pass different levels of approval procedures according to the importance level of the information when accessing the information. The use of

different information, such as information for internal use, advertising and promotion, medication instruction and after-sale service, is subject to the relevant regulations regarding the use of product information. The purpose and target of the use of information is subject to strict requirements and limitations under related systems.

Regarding employees, the employee confidentiality system implemented by the Group requires all the employees to bear confidentiality obligations on our business secrets such as information on technology and operation, and not to allow any third parties to know our business secrets in form of disclosure, release or publishing. In order to further secure the interests of the Group and stakeholders, all

employees should bear his/her confidentiality obligations for three years after resignation. On the other hand, when cooperating with suppliers, customers and other partners, the Group shall sign confidentiality agreements with them to ensure that the information of both parties are not disclosed, and the privacy rights are not infringed.

» Privacy Protection

In the process of business operation, the Group's employees of various departments will be in contact with different personal information such as information of customers, shareholders, employees and employment candidates, thus there is a risk of personal information and privacy leakage. In order to reduce the relevant risks, the Group has formulated The United Laboratories Patient Information Protection System and The United Laboratories Information Confidentiality System to ensure the Group legally obtains and uses personal information, protects the legal rights and interests of information providers, as well as prevents the risks incurred from improper management of personal information. The system has regulated the methods on collection, use, transmission and storage of personal information, lowered the risks of employees violating relevant laws when processing personal information, and avoided bringing negative impacts to stakeholders.

In order to improve the efficiency and effectiveness

of patients' information management, the Group has created a mobile office platform "Smart United Laboratories" which integrates a variety of functions. Among them, big data management allows data utilisation and analysis to be mobilised and fully popularised among staff. The patient data micro-file system effectively strengthens patient data management, making it easier for customers to pay return visits and use information more securely. The Group's Information Centre will manage and maintain the platform system and take different management measures to prevent leakage or destruction of patient information, such as managing access rights for patient information personnel, and strengthening network security to prevent cyber attacks and intrusion of personal information database. Patient information is stored in the platform system according to the length of after-sales service and expired information will be destroyed by the Marketing Department, in which the process is monitored and documented by dedicated personnel.

» PANDEMIC PREVENTION AND CONTROL

The Group has always put the safety and health of our employees first. We established various pandemic prevention measures since the resumption of work to maintain effective infection control internally while supporting the society's anti-pandemic work. The Group's Quality Inspection Department published the "General Requirements by the Quality Inspection Department on the Prevention of the Coronavirus Disease" and "Handbook by the Quality Inspection Department

on the Prevention and Control of the Novel Coronavirus Disease". Knowledge and requirements on pandemic prevention are included to allow employees effectively carry out the anti-pandemic work. The Group's major production plants have also done multiple work according to their needs for pandemic prevention, such as sanitizing, promotion and monitoring to protect the health and safety of employees comprehensively and effectively.

Pandemic Prevention and Control



Boosting Disinfection and Cleaning

Establish a task force for the prevention and control of COVID-19 for arranging deep cleaning and disinfection, and trace the source of ingredients of foods provided in canteen and conduct hygiene inspection regularly.

Health Inspection

Strengthen inspection and information checking on employees returning to work, establish a record on the flow of personnel and the health of working employees, keep the temperature records of employees and visitors.



Observation Rooms

In response to possible suspected cases, observation rooms were set up for temporary isolation and reporting.

Promotion of Pandemic Prevention

Put up and distribute notices, banners and posters about the prevention of the coronavirus in production units and departments, and spread common knowledge on infection control and prevention among WeChat groups.



Home Quarantine

Following the government requirement, employees returning from most affected areas were subject to quarantine. All employees returning from other areas were also subject to home quarantine, those who could not do so shall quarantine at staff quarters.

Anti-pandemic Special Arrangement

To avoid unnecessary gatherings, meals were distributed in batches, and scattered outdoor dining was arranged.



» Pandemic Prevention Contingency Plan

Facing the complex COVID-19 situation at home and abroad, in order to effectively strengthen the organisation and leadership of the Group's epidemic prevention and control work, improve the ability to respond to public health and safety emergencies, and ensure the safety of employees' lives and properties, the Group has formulated an emergency plan for epidemic prevention and control. The plan was prepared in accordance with the Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases, the Law of the People's Republic of China on Emergency Response, the Regulations on the Urgent Handling of Public Health Emergencies, the Regulations on Domestic

Communications Health Quarantine, the Implementation Plan of Domestic Communications Health Quarantine Regulations and other relevant laws and regulations, as well as relevant national and local prevention and control regulations and guidelines. Adhering to the principle of "prevention first, combination of prevention and control, scientific compliance with laws and classification", the Company strengthened the precise prevention and control of each workshop and department, aiming to timely discover the scattered cases and the clustered pandemic and effectively protect the life safety and health of employees.

» Pandemic Prevention and Control Management

It is everyone's responsibility for epidemic prevention and control. In order to prevent the spread of the epidemic, the Group has formulated management regulations for the prevention and control of COVID-19, standardised the process of goods and personnel entering the factory, and effectively carried out epidemic prevention and control and risk management. In case of the epidemic, the residential area is closed, controlled and alerted, and employees who directly or indirectly contact with

suspected or confirmed cases will not return to work temporarily. It is determined that the returning personnel need to hold a valid nucleic acid test negative certificate within 24 hours. External logistics drivers and passengers are required to provide a 14-day trip card. If the itinerary shows that they are from high-risk areas or arrived through medium-and high-risk areas, they are required to present a health code/green code and hold a negative nucleic acid test certificate within 72 hours.



»» BUSINESS ETHICS

The Group has always been striving to establish a high-integrity and law-abiding corporate culture, and holds a “zero tolerance” attitude towards illegal behaviours such as bribery, extortion, fraud and money laundering. We strictly comply with the Criminal Law of the People’s Republic of China, the

Anti-unfair Competition Law of the People’s Republic of China, Interim Provisions on Banning Commercial Bribery and other related laws and regulations. We have entered into a statement of integrity, and have relevant rules and regulations for practicing integrity.

Realm	Relevant Laws and Regulations
Business ethics	Criminal Law of the People’s Republic of China Anti-Unfair Competition Law of the People’s Republic of China Interim Provisions on Banning Commercial Bribery The United Laboratories Employees’ Code of Honesty and Self-Discipline The United Laboratories Anti-Fraud and Complaint Reporting Management System Statement of Integrity Anti-corruption Agreement

»» Building a Culture of Integrity

The development of The United Laboratories is inseparable from the sincere support of all partners. The Group advocates the business principles of friendship, equality and mutual development, and expects to establish a fair and just cooperative relationship with all partners. We believe that commercial bribery not only violates the law, but also violates basic business principles, disrupts the market economic order, brings about unfair competition and waste of resources, hinders the healthy development of both parties and seriously

affects both parties’ credibility in their respective industries. Thus, the Group has always upheld the principles of business ethics and gave primacy to integrity so as to ensure that the business operates in compliance. At the same time, commercial bribery also fuels corrupt practices, triggers economic crimes, and corrodes the foundations of corporate employees and corporate development. Therefore, we expect employees and partners to abide by the law and strictly adhere to principles of business ethics, and hereby we make the following statement:

Advocate a “Friendly, Responsible, Hardworking and Highly Efficient” team atmosphere, maintain a clean and healthy working environment, and encourage employees to abide by the laws and behave morally and honestly.

Employees are required to abide by the relevant work ethics regulations such as the Employee Hand book and The United Laboratories Employees’ Code of Honesty and Self-Discipline to ensure fairness, impartiality and transparency in the cooperation process between the two parties.

Employees are forbidden from setting up of barriers, or collecting “service fee” and other illegal operations involving commercial bribery, unfair competition or seeking personal improper benefits. The partners of The United Laboratories have the responsibility to resist and report The United Laboratories employees’ violations of the declared behaviour.

Partners are required to abide by the laws and regulations related to anti-corruption and anti-unfair competition and the Integrity Cooperation Agreement, and firmly oppose the transmission of improper benefits for the opportunity in terms of provision of products or services, or for any preferential treatment in competitions. If there is a violation, the cooperative relationship will be immediately terminated and the company will be blacklisted.

Encourage polite behaviour in business interactions and resolutely oppose commercial bribery that imposes or attempts to improperly affect the relationship between the parties through the provision of gifts or commissions or other form of private benefits.



Furthermore, in order to effectively enhance employees’ awareness of integrity and business ethics, the Group has established The United Laboratories Employees’ Code of Honesty and Self-Discipline in accordance with laws, regulations and the Company’s own circumstances. The Code clearly defines improper conduct and itemises the declaration of interest and filing procedures of operating business or commercial activities. We have also established a clean supervision mechanism and penalties to reduce the possibility of

employees performing misconduct when operating business or commercial activities. Before participating in business or commercial activities, employees need to report to their superiors’ and get approvals. If the receipt of gifts cannot be rejected during the event, the employee must report to their superiors, and the received items should be handed over to the Administrative Department for registration and storage, and handled in accordance with the system.

» Anti-corruption

In addition to building an incorruptible culture and encouraging employees to be self-disciplined and abide by the laws, the Group has also established The United Laboratories Anti-Fraud and Complaint Reporting Management System to combat all potential fraud in the Company. The Group's Audit and Legal Affairs Centre is the anti-corruption department responsible for organising the Group's corruption risk assessment, establishing maintenance reporting channels, and accepting and investigating corruption cases. When reports or clues on corruption matters are received, the Group will arrange investigators for analysis, evaluation and investigation, and penalise the employees involved based on the investigation results and opinions on its handling. In order to enhance deterrent effect, for any employees that are associated with malpractice behaviours, the Company shall impose corresponding internal economic and administrative disciplinary penalty regardless of whether the case constitute a criminal offence. If the case is serious, the Group reserves the right to terminate the labour relationship and pursue criminal responsibility according to law.

In order to further enhance our staff's awareness of complying with business ethics and related laws, the Group regularly organises training sessions on laws and corporate regulations for our staff to enhance their professionalism and strengthen the prevention of legal risks. During the Year, the Group's Legal Affairs Department organised a total of 10 online training sessions on compliance and business ethics, covering topics such as compliance promotion guidelines, contract training, data security, personal information protection, legal risks of advertising and promotion, anti-unfair competition compliance and anti-monopoly, with a total of 52,451 participants.

As for the partners, the Group requires both parties to sign the Incorruptible Cooperation Agreement, which itemises the integrity compliance that both parties shall comply with, and provides telephone, email and post complaint reporting methods to effectively reduce the risk of corruption and ensure the interests of both parties. During the Year, the Group was not involved in any cases of corruption litigation.

» Complaint Reporting and Confidentiality

The Group provides various channels for employees or any of the Group's partners to report corruption and malpractice, such as direct phone calls, e-mails, post, or the complaint reporting channel on the online mobile office platform system "Smart United Laboratories". All reporting channels allow employees to directly report immoral or dishonest behaviours to the Group's Audit and Legal Affairs Centre anonymously.

The Group has clearly defined the working principles of complaint and reporting in The United Laboratories Anti-Fraud and Complaint Reporting Management System to keep the complainant's identity confidential. Complaints or reports made in person should be interviewed by designated personnel in a secret location. All persons not connected are not allowed to observe, question or record the content of the interview. The principle of confidentiality should be strictly complied with in sending, receiving, opening, filing, transferring, keeping and mentioning of written complaints, and the reception, answering, documentation, and voice

recording of telephone complaints. All employees are not allowed to note down, copy, keep, hide or destroy reporting materials without authorization. Other units and departments of the Group have no right to interfere or disturb the reporting and complaining matters to safeguard the independence of the investigation and the privacy of the complainant and the person complained against. In addition, the Group gives full protection to the complainant. We will strictly combat all retaliatory actions if complainants or their family members suffer from damage to person, property or other rights due to reporting. The complainant is also entitled to inform his/her senior managers for timely protection. The entire reporting procedure is protected by law, and serious breaches of the rules will be referred to the judicial authorities. To encourage employees to report corruption or malpractices, the Group will commend and reward the complainant if the complaint is substantiated after investigation. The reward will be given to complainants whose identities have been verified upon the closing of the investigation.



DEDICATION TO ENVIRONMENTAL PROTECTION

Despite the ongoing pandemic in 2021, The United Laboratories persist in environment and ecology protection, mitigate climate change, and is dedicated to pollution prevention and control, energy conservation and emission reduction. In response to the national overall goal of “lucid waters and lush mountains are invaluable assets”, The United Laboratories sternly comply with the concept of co-prosperity between enterprise development and environmental protection, and is dedicated to ultimate mission of carbon neutrality through carbon emission reduction from production, technology and procedures, meanwhile, the Company is committed to achieving carbon neutrality together with global enterprises in the future without neglecting business operations.

2021 is the first year of China's 14th Five-Year Plan. It is also a crucial year for actuating the synergy and efficiency enhancement of pollution reduction and carbon emission, promoting the comprehensive green transformation of economic and social development, and achieving the improvement of ecological environment quality, from quantitative to qualitative. At the 26th Conference of Parties to the United Nations Framework Convention on Climate Change, governments around the world discussed global topics such as climate change response plans and actions. President Xi Jinping also expressed to the United Nations that China will strive to reach the peak of carbon emissions by 2030 and achieve carbon neutrality by 2060.

In coordination with the Country's reduction targets, the local government of Inner Mongolia launched the 14th Five-Year Plan for Addressing Climate Change in Inner Mongolia Autonomous Region to strengthen the collaborative control and efficiency improvement of pollution reduction and carbon emission, reinforce the coordinated promotion of greenhouse gas emission reduction and pollution prevention, establish and improve the working mechanism of pollution reduction and carbon emission, and promote the overall integration of climate change response and ecological environment. As the production base with the largest scale and the greatest production of the Group, the operation and development of Inner Mongolia Company is closely

related to the above policies. Therefore, the Group always sees environmental protection as the top priority, and continues to implement the corporate environmental policy of "Law-abiding Integrity, Preventive Control, Environmental Protection, Continuous Improvement, and Harmonious Development". Inner Mongolia Company actively responds to the national environmental protection policies, and strengthens environmental protection in its operation and production process during the Year to save energy and reduce carbon emissions, fully cooperating with the Country to respond to the challenges brought about by climate change.

Inner Mongolia Company is a modern comprehensive pharmaceutical factory integrating pharmaceutical intermediates and bulk medicines into one. Since the establishment of the plant, environmental protection has been the first priority. It has continuously introduced new environmental protection technologies and new equipment to treat wastewater and exhaust gas generated during the production process, and implemented a number of key environmental protection projects during the Year to fully support the construction of ecological civilisation. Inner Mongolia Company has passed the ISO14001: 2015 "Environmental management system-Requirements with guidance for use" certification. All construction projects have obtained environmental assessment approval and passed the environmental protection completion acceptance.

»» STEPS TO CARBON NEUTRALITY

In response to the Paris Agreement and the national goal of achieving carbon neutrality by 2060, the Group has promoted a series of carbon reduction efforts during the year, hoping to align with the pace of the Country and reach carbon peak by 2030 and carbon neutrality by 2060. The Group regards net zero emission as its ultimate goal and believes that carbon reduction must be persistent and

progressive, and cannot be achieved without any urgency, so as to avoid affecting the Group's development in other aspects. During the Year, the Group was determined to set up strategies and annual targets in five directions to gradually reduce and offset carbon emissions and achieve carbon neutrality.

The following table summarises the results of carbon reduction for the year. Please refer to the corresponding sections for details:

Strategies	Carbon Emission Targets of the Year	Key Achievements of the Year
<p>Promoting Low-Carbon Development Carry out low-carbon activities to become a conservation-oriented enterprise</p>	Reduce carbon emission in workshops and offices to meet the target of energy conservation	Actively carry out energy saving, consumption reduction, pollution reduction and efficiency enhancement in energy-saving publicity week and tree planting activities to reduce and offset carbon emissions
<p>Use of Renewable Energy Increase the use of green electricity</p>	Increase green electricity to offset emission reduction (medium-term target)	Developed definite green electricity goals and plan to increase the proportion of green electricity to 15% in 2022
<p>Improving Energy Efficiency Increase energy-saving projects, improve technology, eliminate high-consumption and low-efficiency equipment</p>	Reduce energy consumption per unit of product produced	<p>Comprehensive energy consumption per unit output value decreased by 13.85%</p> <p>Added 4 optimisation equipment, saving 3,970,000 kWh of electricity per year</p>
<p>Improving Water Efficiency Increase water-saving projects, improve technology, increase recycling rate and reduce new water consumption</p>	Increase water reuse rate to reduce water consumption	<p>Comprehensive reuse of reclaimed water, which accounts for 62.06% of total water consumption</p> <p>Added 2 water recycling optimisation projects, saving 63,900 tonnes of water per year</p>
<p>Align With State Performance of national carbon emission trading plan</p>	Support and fulfil the national carbon emission trading scheme	Conduct carbon trading account opening and trading test and purchase carbon quota for the first performance period.

» Promoting Low-carbon Development

In the production and daily operations of the Group, the main sources of greenhouse gas emissions include: i. direct greenhouse gas emissions, including stationary combustion sources such as fuel combustion of boilers used for production and heating, mobile combustion sources like vehicle fuel combustion, and use of refrigerants; ii. indirect greenhouse gas emissions of energy, including purchased electricity; and iii. other indirect greenhouse gas emissions, including the carbon emissions generated when employees are taking aircrafts for business trips, methane emitted from the disposal of wastepaper, and indirect emission generated from water and sewage treatment. The Group has been adopting a multi-pronged approach and striving to reduce greenhouse gas emissions. The energy-saving and water-saving measures implemented by Inner Mongolia Company, as well as various innovative energy-saving and emission-reduction projects can not only reduce energy

consumption, but also minimise greenhouse gas emissions and help slow down the rate of global warming.

During the Year, the Group focused on reducing carbon emissions in the direction of energy conservation. The Energy Conservation Office organised and launched activities for the Energy Conservation Week to cultivate employees' awareness of energy conservation, eliminate energy waste, and achieve "energy conservation, consumption reduction, pollution reduction and efficiency enhancement". Tree planting is a way to offset carbon emissions. Even if the effect cannot be compared with active carbon reduction, it can take the effect of long-term absorption of carbon emissions. During the Year, the Group also held the Tree Planting Day to contribute to the low-carbon development.



Tree Planting Day



The Party Committee of Inner Mongolia Company organised some young volunteers from Party members to carry out voluntary tree planting activities in living areas and office areas. The youth members of the Communist Party of China have worked together on shovels, excavation, seedling, filling and compaction of soil, and contributed their own strength to the construction of green communities with practical actions. The Tree Planting Day not only shows the federal unity, but also reduces carbon and adds green to the community. The tree planting has completed the planting of more than 300 peach trees, plums and apricots, demonstrated the vitality and building a beautiful federal.



» Improving Energy Efficiency

Energy consumption is crucial to pharmaceutical enterprises, and the derived environmental impacts cannot be ignored. In the production and daily operations, Inner Mongolia Company needs to use different energy sources, including purchased electricity, steam, and motor vehicle fuel. In response to the Country's implementation of energy conservation in major industrial segments, Inner Mongolia Company has improved energy efficiency to achieve sustainable development according to the Energy Conservation Law of the People's Republic of China. In order to effectively manage energy consumption and reduce carbon emission, Inner Mongolia Company has formulated a comprehensive energy management system according to the National Requirements on Energy Management System and Energy Management System Implementation Guide, including the electricity consumption management system and steam consumption management system. Inner Mongolia Company has also set up an enterprise energy management organisation to coordinate energy consumption and energy conservation measures of each production plant or department. In the meantime, to effectively foster energy conservation, Inner Mongolia Company has formulated control measures of energy consumption, so that targets

and plans of energy conservation can be delivered to production plants, teams and even individual positions, prompting employees from all plants employees to jointly perform energy-saving work, reducing emission and mitigating global warming. During the Year, the Group also set a long-term target for production to gradually reduce energy consumption per unit of product. The target for this year has been successfully achieved, and the comprehensive energy consumption per unit of production value of the Company has decreased by 13.85%.

In terms of power management, Inner Mongolia Company has specially set up a demand side management platform for power, installed with electricity monitoring devices at the distribution network gateway, power distribution cabinet and main power equipment to collect data in power strength and power quality indicator to monitor electricity consumption. Inner Mongolia Company will analyse the data collected by the management platform to understand the overall situation of electricity consumption and sources where power is wasted, so as to optimise the distribution network and power consumption facilities, hence reduce electricity consumption and save energy.

» Corporate Energy Management Bodies

Task Force on Energy Consumption

- Supervise the implementation of energy conservation and environmental protection strategies, policy regulations, standards and related instructions
- Conduct regular audits of the entire factory's energy use to formulate energy conservation plans, technical renovation plans, etc.
- Supervise the monitoring devices for fuel, water, electricity, steam and other metering devices and environmental protection facilities
- Assess the energy conservation and protection work according to the related responsibilities and reward-and-punishment system of various departments

Energy Saving Office

- Divide the energy consumption indicators and deliver them to relevant departments and sections on a case-by-case basis, and supervise their implementation.
- Hold monthly meetings for energy conservation analysis to analyse the results and existing problems of energy conservation, and propose improvement measure.
- Analyse the causes and propose corrective measures when the energy supply is abnormally fluctuating.
- Supervise the implementation of reward and punishment for energy conservation and acknowledge the individuals and departments that contribute to energy conservation.

Control Centre of Energy and Raw Material

- Focus on monitoring the transportation and use of energy and raw materials in Inner Mongolia Company
- Data analysis of energy consumption, material consumption and pollution generation through technical means such as automation and information technology

Under a well-established energy management system, Inner Mongolia Company implements energy conservation work from different aspects every year. Through regular inspections of the factories' machinery operation, investigation of the feasibility of various technological updates and transformations and practical implementation of energy conservation measures, the efficiency of energy consumption has been enhanced. During the Year, apart from continuing the strict implementation of regular energy conservation measures in factories and offices, Inner Mongolia Company also implemented different types of energy-saving optimisation projects to improve energy efficiency and provide new ways of reducing consumption and conserving energy.



Energy Conservation Measures in Production Plants

- Innovated the production processes to reduce energy consumption, such as:
 - ✓ Adopt advanced “Smart Pharmaceutical Company Special Device” to ensure fermentation productivity and save electricity;
 - ✓ Adopt the “Ternary Flow” technology to ensure the best energy-saving effect of the water pump by improving the delivery efficiency;
 - ✓ Installation of “Electric Superman” to ensure smooth and stable voltage of the current flow, safe and electricity-saving; and
 - ✓ The environmentally friendly workshop has also installed a magnetic levitation centrifugal blower, achieving an energy saving rate of over 30%
 - ✓ Formulated feasible and rigorous performance assessments, and refined the company's energy saving and consumption reduction assessment and reward mechanism through analysis of energy consumption in production plants
- Formulated feasible and rigorous performance assessments, and refined the company's energy saving and consumption reduction assessment and reward mechanism through analysis of energy consumption in production plants
- Incorporated energy consumption indicators into the annual assessment of each production plant
- Acknowledged the production plants or individuals with outstanding performance in carrying out energy conservation work

Energy Conservation Measures in Offices

- Carry out energy and water conservation publicity activities to strengthen employees' awareness of energy conservation
- Prioritised the purchase of the energy conservation equipment or products with national certifications, adopted environmentally-friendly and energy-saving electrical appliances and equipment, and gradually eliminated the equipment with high energy consumption and low efficiency
- Reduced the power consumption of lighting equipment, turned on lighting only when necessary, and no lighting was turned on persistently, under the absence of workers, or during daylight
- Set computers, printers, copiers and other office equipment to low-consumption sleeping mode automatically when they were not in use, so as to reduce standby power consumption
- Made requirements on the operating temperature of the air conditioner, and not turning on air conditioning during holidays or when there were only few people working overtime

Energy Conservation Optimisation Projects of the Year

- The 10 vacuum pump control circuits achieve remote start and stop through technical transformation and the single-cone drying control cabinet in the clean area, synchronising with the drying process, and avoiding the power consumption of waiting time between different batches, saving approximately 970,000 kWh of electricity per year.
- Install energy-saving devices for 34 vacuum pump motors, saving approximately 1,000,000 kWh of electricity each year.
- Replacement of direct-drive motors for 110 seed can motors, saving approximately 500,000 kWh of electricity annually, which will be subsequently applied to other tanks.
- Replaced the magnetic levitation motor for 5 typhoon machines, saving about 1,500,000 kWh of electricity per annum.

» Improving Water Use Efficiency

Linhe District, where Inner Mongolia Company is located, has a diverse natural ecological environment, and ecological environment care and remediation has always been the main task of the provincial government. The comprehensive aquatic ecology governance action is an important part of the construction of ecological environment protection in Inner Mongolia. In this connection, Inner Mongolia Company actively coordinates with the policy to reduce water consumption in every step of its production and daily operation in different ways. In addition, greenhouse gas will be generated in the process of sewage treatment, leading to carbon emission. Therefore, the consumption of water resources is closely related to climate change. Inner Mongolia Company thoroughly understands the details of the use of water resources and strives to reduce the consumption or waste of water resources in every detail, so as to reduce greenhouse gas emission and its impacts on climate change.

In order to promote water conservation work, Inner Mongolia Company fully implemented the key environmental protection project for reuse of reclaimed water and set the goal of reusing all reclaimed water during the Year. The treated wastewater is discharged to the reclaimed water reuse system for treatment, achieving zero discharge of wastewater and reducing new water consumption. At the same time, Inner Mongolia Company implemented water conservation measures in production plants and offices and carried out water conservation optimisation

projects in the plants, bringing an increase in water reuse rate and reduction in unnecessary water consumption. The water reuse of Inner Mongolia Company is satisfactory, with 10,440,600 cubic meters of water reclaimed, accounting for 62.06% of the total water consumption.





Key Consumption Reduction and Optimisation of the Year-Zero Discharge Reclaimed Water Reuse Process Optimisation Project

Background

To implement the philosophy of “Ecology First, Strive for Green Development”, Bayannur City, where Inner Mongolia Company is located at, has made every effort to foster the integrative management of Ulansuhai Nur according to the comprehensive management ideas of “Ecological Water Replenishment, Pollution Control and Reduction at Source, Restoration and Treatment, Resource Utilisation, and Sustainable Development”. In the past, the wastewater generated by Inner Mongolia Company was discharged into the industrial park centralised sewage treatment plant for further treatment after internal treatment “pre-treatment+hydrolytic acidification+UASB/IC+CASS+catalytic oxidation+secondary sedimentation tank”, and was then discharged into Ulansuhai Nur after meeting the discharge standard through the further treatment. Inner Mongolia Company has actively carried out reclaimed water reuse work since the second half of 2017 to utilise water resources, reduce fresh water intake and achieve the goal of zero wastewater discharge, controlling and reducing pollution at source. At this stage, the zero-emission reclaimed water reuse system has been officially put into operation in mid-2020, and the wastewater of the comprehensive recycling

company has been treated up to 37,000 tonnes of wastewater per day. After treatment of the reclaimed water reuse project, the wastewater meets the standards of The Reuse of Urban Recycling Water-Water Quality Standard for Industrial Uses (GB/T19923-2005), and will be used to replenish the circulating water in the company's cooling tower and in some production processes.

During the Year, Inner Mongolia Company finally achieved full-year zero wastewater discharge, which not only prevented pollution of water resources, but also further reduced the water withdrawal. However, due to the long-term use of the reclaimed water reuse system and the impact of fluctuations in the quality of incoming water, there are problems such as damage to the life of membrane cores and siltation of high-pressure membrane components, which restrict the production and treatment volume and may reduce its effectiveness in the long run. Therefore, Inner Mongolia Company carried out a new round of optimisation project for zero-emission reclaimed water reuse process, reviewed and planned to implement a series of technological transformation projects.

Project Status

In order to prevent the membrane system from further aggravating by siltation, Inner Mongolia Company plans to add an ultrafiltration device to pre-treat incoming water, reduce the waste congestion of incoming water to high-pressure membrane, and extend the service life of high-pressure membrane. At the same time, Inner Mongolia Company plans to add a filtering device for concentrated plate and frame to treat the backwashing water from ultra filtration and saline

sludge water generated during the operation process, filter the supernatant, and finally recycle it back to the second and third phases of zero discharge system for treatment, so as to ensure that there is no external discharge of wastewater. The investment project also includes reverse osmosis membrane device, installation, civil construction and other projects, with a total investment of RMB26,000,000.

Objectives and Effectiveness

The implementation of the technical transformation project will reduce the operating pressure of the environmental-friendly biochemical system. After the completion of the concentrated plate and frame filtration system, Inner Mongolia Company is expected to reduce the amount of discharged water by approximately 1,000 cubic meters per day, saving RMB4,320,000 of environmental waste water treatment fees per

year. After the ultrafiltration pre-treatment facility is improved, the use time of filter cartridges in the screening process will be extended, which will reduce the consumption of filter cartridges and extend the service life of high-pressure reverse osmosis membrane, saving approximately RMB2,160,000 in the replacement cost of filter core and membrane core annually.



Water Conservation Measures in Production Plants

- Innovated the production processes to reduce water consumption, such as:
 - ✓ Recycle and reuse the condensate water of the whole plant, including steam pipeline condensate, machine seal cooling water, condensate water from material concentration, etc.;
 - ✓ Recycling and reuse of bacteria residue filter fluid; and
 - ✓ The low-temperature secondary dialysis solution is heated by the high-temperature product benzene acetic acid delivery solution to save steam.
- Incorporated consumption reduction indicators into the annual assessment of each production plant

Water Conservation Measures in Offices

- Increased the awareness of water conservation among employees through strengthening the publicity of laws and regulations related to water-saving by means of meetings, videos and display boards
- Strengthened the management of regular maintenance of water equipment to prevent leakage or dripping, so as to practice turning the faucet off at will

Water Conservation Optimisation Projects of the Year

Steam condensate recycling

- The production plants carried out technical transformation to promote the reuse of steam condensate, and the monthly consumption of potassium salt was reduced from approximately 5,000 tonnes to 200 tonnes. It is estimated to save 57,600 tonnes of water each when running full capacity.

Recycling of secondary membrane water

- The production plants collect the secondary cleaning membrane water to the drinking water storage tank for the process section, which is used for the first cleaning operation of the nanofiltration membrane, saving 6,300 tonnes of water each year.

Maintenance accident pool

- Maintenance ponds eliminate leakage and pollution of groundwater, and avoid the risk of mixing up pressure on the discharge pipelines and freezing in winter

» Align with Country

Inner Mongolia Company actively responds to the national carbon emission plan and participates in the verification to verify its carbon emission. During the Year, Inner Mongolia Company opened an account for carbon trading and opened different systems, including the national carbon emission registration system and trading system, and the national voluntary emission reduction registration system and trading system, which laid the foundation for contract performance. In 2019 and 2020, although the emissions of Inner Mongolia Company were

higher than the free quota, the quota gap was approximately 25.64% and 14.49% of the current year's emissions, respectively, with significant improvement. During the Year, Inner Mongolia Company conducted the first carbon trading for the quota gap in 2019 and 2020, paid approximately RMB30,000,000, paid the quota for 2 years and completed the performance cycle. In the meantime, Inner Mongolia Company proactively reduced emissions by promoting the work of the carbon trading quota in 2021.

» Responding to Climate Change

The Group actively pays attention to the potential climate-related risks of the business operation, and strives to implement energy saving and emission reduction measures, as well as formulate contingency plans for environmental emergencies, so as to mitigate and adapt to the potential impacts on the business brought by climate change. In order to respond more accurately to climate change, we have

identified the risks associated with climate change, some of which involve potential physical and transition risks to production operations and facilities of the Group. Moreover, tightened compliance and disclosure obligations, also create transition risks for the Group in terms of legal liability and increased operating costs.

Climate Issues	Physical Risks
More severe extreme weather events	<ul style="list-style-type: none"> ● Potential natural disasters, resulting in transportation difficulties, damage to facilities, increased capital and operating costs ● Possible exposure to increase in insurance premium ● Possible decrease in the amount of water or other raw materials, resulting in an increase input costs
Changes in rainfall patterns and extreme changes in weather patterns	
Sea level rise	

Climate Issues	Transition Risks
More severe extreme weather events	<ul style="list-style-type: none"> ● Increased investment in new low-carbon technology development ● Uncertainties such as higher maintenance costs may be faced ● Increase in legal liability and compliance costs ● Increase in costs due to the purchase of carbon emission quota
Increase in discharge responsibility	

As the production base with the largest scale of the Group, Inner Mongolia Company strives to reduce the risks brought by climate change by saving energy and water and reducing greenhouse gas emission, with an aim to contribute to the international community on mitigating climate change through the efforts of The United Laboratories. Also, Inner Mongolia Company formulated a contingency plan for environmental emergencies to strengthen the preventive and control measures for extreme weather events and enhancing the coping capacity.

The Group has identified climate-related physical risks and taken mitigation measures to mitigate their impacts on the business. Inner Mongolia Company has formulated a contingency plan for environmental emergencies in accordance with relevant laws and regulations of the Country, including Environmental Protection Law of the People's Republic of China and Emergency Response Law of the People's Republic of China. Inner Mongolia Company strives to improve the capability of its every department to prevent, response and handle environmental emergencies among all position levels, so as to reduce the risk of loss to corporate operations due to climate change. The contingency plan itemises precautionary measures during flood seasons, which can help combat floods and other disasters during the seasons. The plan also clearly stipulates the

response plan corresponding units should take when extreme weather events hit, and the emergency rescue system and procedures corresponding units should implement to prevent the leakage of hazardous materials. If the sewage station is being flooded, relevant departments must immediately close the inlet and drain valves of the sewage station and stop the system from operating, so as to prevent large-scale pollution caused by sewage overflow.

In order to coordinate emergency rescue work, Inner Mongolia Company has established an emergency rescue command centre, which has strengthened Inner Mongolia Company's ability to cope with extreme weather events, crisis resolution, and response emergencies. For hazardous chemicals, Inner Mongolia Company has specially set up detailed treatment methods for hazardous chemical leakage to minimise the risk of disasters. During the Year, Inner Mongolia Company organised training in contingency planning for environmental emergencies, which enabled employees at all positions to understand and familiarise themselves with the procedures and responsibilities of emergency management. In addition, Inner Mongolia Company also held emergency response drills for sudden soil pollution accidents, so that employees can conduct simulation exercises and evaluate and review the performance of the drills.



»» POLLUTION CONTROL AND TREATMENT

While making good use of resources, Inner Mongolia Company also pays attention to emission reduction and proper handling of emissions generated in production and daily operations. The Group strictly abides by the relevant laws and regulations on air

pollution, water pollution and solid waste, and has established an internal emission management system to systematically manage and reduce emissions to reduce the impacts on the environment.

Category	Relevant Laws, Regulations, Guidelines and Technical Specifications
Wastewater treatment	Law of the People’s Republic of China on the Prevention and Control of Water Pollution Integrated Wastewater Discharge Standard Technical Guidelines for Environmental Impact Assessment-Groundwater Environment
Exhaust Gas Treatment	Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution Emission Standard of Air Pollutants for Thermal Power Plants Emission Standard of Air Pollutants for Pharmaceutical Industry Standard for Fugitive Emission of Volatile Organic Compounds Technical Guidelines for Environmental Impact Assessment Atmospheric Environment
Waste disposal	Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Technical Code for Seepage Prevention in Petrochemical Engineering Technical Guidelines for Solid Waste Treatment and Disposition Engineering Standard for Pollution on the Storage and Disposal Site for General Industrial Solid Wastes



Innovation and Optimisation Project of the Year

Wastewater treatment-Crystallised mother liquor wastewater treatment reconstruction project

- For the 2020 crystallised mother liquor waste water treatment new process project of Inner Mongolia Company, to further reduce the environmental protection disposal cost, the old tube heat exchanger was transformed into a dual-effect evaporator, which reduced the treatment cost of mother liquor concentrates and benzene acetic acid concentrates. The project not only brings environmental protection effect, but also brings economic benefits of more than RMB18 million.

Exhaust Gas Treatment-Solid Incinerator Backup Desulfurization Tower Expansion Project

- The old tank body in the workshop of Inner Mongolia Company was renovated to improve the design drawbacks of the original boiler flue gas desulfurization tower, so as to avoid the impact of frequent maintenance on production and online monitoring of environmental protection flue gas.

Waste Treatment-Ceramic membrane concentration technology Recovery clavulanate acid process

- Inner Mongolia Company invested RMB278 million to recycle clavulanate acid in the bacteria with special ceramic membrane system. At the same time, the concentration and reduction of bacteria residue reduced the cost of environmental protection disposal. The project achieved economic benefits of over RMB10 million.

Waste Treatment-Change packaging from full-paper barrels to corrugated cartons

- Inner Mongolia Company invested approximately RMB300,000 to change the outer packaging of domestic amoxicillin orders from full-paper barrels to corrugated cartons by using automatic packaging lines, saving approximately RMB50 million of packaging materials cost annually.

» Wastewater Treatment

The complicated production process of pharmaceutical intermediates and active pharmaceutical ingredients involves different kinds of emissions. As such, Inner Mongolia Company has implemented sewage treatment system that integrates biochemical, physicochemical, aerobic, and anaerobic feature to handle different wastewater produced such as acidic wastewater, cloth washing water, phenylacetic acid wastewater, crystallised mother liquor, circulating cooling water, and equipment cleaning water. Since 2007, Inner Mongolia Company has built a sewage treatment station, and has been expanding and renovating it according to the demand during operation, covering a total area of 500 acres. Through the treatment process of “pretreatment+hydrolytic acidification+Upflow Anaerobic Sludge Blanket (UASB)+Cyclic Activated Sludge System (CASS)+catalytic oxidation+secondary sedimentation tank”, the sewage treatment station can effectively treat various water pollutants generated during the production processes in Inner Mongolia Company.

The sewage treatment station is operated by professional technicians. The three systems are able to treat nearly 50,000 m³ of wastewater per day. The treated wastewater is then discharged to the reclaimed water reuse system for treatment, and the wastewater is fully reused to achieve zero wastewater discharge and completely avoid the risk of environmental pollution caused by wastewater discharge.

In addition, Inner Mongolia Company has established an online monitoring system on water pollutants to strictly monitor chemical oxygen demand (COD) and ammonia nitrogen (NH₃-N) concentrations of the wastewater in the wastewater treatment system, preventing underground water pollution triggered by the “running, emitting, dropping and leakage” of wastewater during the wastewater treatment process. Furthermore, Inner Mongolia continues to implement wastewater pollutant reduction projects to reduce the pressure on wastewater treatment facilities.



Emission Reduction Project- Acidic Wastewater MVR Project



In order to mitigate the impact to sewage treatment system brought by the production of pharmaceuticals, Inner Mongolia Company has invested in and completed two phases of MVR projects to improve the efficiency of sewage treatment and safeguard the effectiveness of the biochemical system. MVR technique is an energy-saving and environmentally-friendly technology that compresses the flash steam produced by the system itself to increase thermal energy, and circulates heat to the evaporation system to reduce the demand for steam production. Last year, Inner Mongolia Company carried out renovation and expansion on the original acidic wastewater MVR processing project, which allowed efficient acidic wastewater pretreatment, more stable operation, higher degree of automation and effectively reduced the burden on the sewage biochemical

treatment equipment. With its capability of reducing the use of fresh water by about 4,200 m³ per day, the whole project not only lowers the concentration of wastewater, but is also conducive to the reuse of reclaimed water and the realisation of the treatment and reuse of condensate.

Currently, the acidic wastewater MVR system has a processing capacity of 12,000m³ per day, and acidic wastewater generated can be completely treated. The project also performed evaporation and concentration of acidic wastewater to reduce the chemical oxygen demand (COD) of acidic wastewater from 15,000 mg to 1,500 mg per liter, reaching a 90% decline, and effectively mitigated water pollution resulted from the production process of pharmaceuticals.



» Exhaust Gas Treatment

Inner Mongolia Company generates air pollutants in the production process, including exhaust gas with a peculiar smell generated from sewage treatment process, exhaust gas generated from production process, phenylacetic acid exhaust gas generated from the fermentation process of phenylacetic acid recycling, smoke of coal-fired boiler and the exhaust gas emitted by the used motor vehicles. In regard to the various types of exhaust gas, Inner Mongolia Company has set corresponding treatment facilities and systems to undergo recycling or purification treatment, and has implemented organic exhaust gas treatment projects, so as to ensure that all exhaust gas have reached the national emission standard before being emitted. In order to ensure that the

amount of emission does not exceed the legal standard, Inner Mongolia Company has formulated systems relating to pollutant monitoring. In addition to maintaining the automatic monitoring systems for relevant exhaust gases, the company has also commissioned a third party monitoring institution to regularly monitor the gas from pollution sources in every month or quarter, so as to ensure that the emission of exhaust gas complies with the Pollution Control Standard for Hazardous Wastes Incineration (GB18484-2001). During the Year, Inner Mongolia Company has conducted 4 quarterly monitoring of exhaust gas outlets, all of which met the standards, and no excessive gas emissions occurred.

Removal of odours from sewage treatment processes

For the exhaust gas with peculiar smell generated in the sewage treatment process, the factories adopt a measure to collect the odour source in a sealed way. The collected exhaust gas is deodorised through the process of “multi-level alkali spraying+ozonation” to reduce the impacts on the surrounding environment.



Treatment of exhaust gases from different workshop processes

In regard to the technical processes of different factories and the exhaust gas released, Inner Mongolia Company handle them by adopting treatment measures such as active carbon regeneration adsorbing, active carbon fibre absorbing, low-temperature plasma, alkali spraying and catalytic oxidation, so as to greatly reduce the emission of pollutants.



Control of odours from fermentation plants

In order to control the phenylacetic acid generated from fermentation plants and the peculiar odour emitted from the phenylacetic acid recycling process, Inner Mongolia Company adopts treatment processes such as the “cooling+alkali spraying+carbon fibre absorbing” to effectively prevent peculiar odour from spreading.



Air purification project of the Year-ultra-low emission transformation project of boiler flue gas

Background

The circulating fluidised bed boiler of Inner Mongolia Company has been put into operation since 2014. It adopts bag dust collectors, limestone-gypsum wet desulfurization, SNCR denitration and other technologies for exhaust gas treatment. The concentration of the main discharge outlet of the chimney meets the requirements of the Emission Standard of Flue Gas Pollutants for Thermal Power Plants. Since the release of the “2020 Action Plan of Bayannur City to Win the Blue Sky Defense War”, the emission of the workshop of Inner Mongolia Company has been required to meet the emission standards set out in the plan, and

the emission concentration of sulfur dioxide is not more than 35mg/Nm³, the emission concentration of dust is not more than 10mg/Nm³ and the emission concentration of nitrogen oxides is not more than 50mg/Nm³. In order to comply with and cooperate with the action plan, Inner Mongolia Company actively implemented the transformation of ultra-low emission technology, transformed the flue gas treatment facilities in the workshop, and reduced the emission concentration of flue gas pollutants to improve the air quality of the environment in Bayannur.

Project Status

Inner Mongolia Company invested in the design, installation, commissioning and construction of ultra-low flue gas emission civil engineering. The project transformed the boiler desulfurization system and induced fans in five 260-tonne circulating fluidised bed boilers, and added 5 sets of external SCR denitrification equipment and supporting facilities. In addition, the Company also allocated funds for the procurement, installation and commissioning of online monitoring equipment. The total investment of the project was RMB64 million. Environmental protection measures are in place during the

construction process, including the treatment of boiler flue gas emissions, the discharge of production wastewater to the Company's reclaimed water reuse system for recycling, and the use of silica acid aluminum sound insulation in the flue.

Objectives and Effectiveness

After the renovation project is implemented, the emission from the production plants will be cleaned, the air quality of the area will be improved, and the national and local environmental objectives will be achieved. The transformation of boiler flue gas system is in line with the Company's operation, and its annual operating cost will not cause economic burden. The unit pollutant emission reduction cost is only RMB6.27 per kilogram. This project is a demonstration of Inner Mongolia Company Ltd. to build an environmental-friendly circular economy, and has contributed to the sustainable development of the local society and economy.



Odour control project of the Year-waste gas incineration project

Background

Inner Mongolia Company currently adopts the “Alkali Tower Spray + Plasma Oxidation + Ozone Oxidation” process to treat exhaust gas emissions. In case of abnormal weather, poor exhaust gas diffusion may lead to odor disturbance. The Company believes that it is

imperative to solve the problem of odor in exhaust gas. It is determined to improve the treatment facilities in the production plants, and burn the exhaust gas in the boiler to completely solve the problem of odor.



Project status

Inner Mongolia Company transformed the organised waste gas boiler combustion project through technology, and collected 20,000 m³/hour of organic waste gas generated from the anaerobic area of the sewage treatment station, 10,000 m³/hour of organic waste gas generated from the four sets of MVR evaporation system in the concentration workshop and 2,000 m³/hour of

organic waste gas generated from the three-effect evaporation system, which was then transported to the Company's self-owned power plant boiler for incineration treatment. The construction includes fan system, pipeline transmission system, flammable gas safety inspection system and combustion system.

Objectives and Effectiveness

The project has a designed capacity of 40,000 m³/hour. The annual operating cost will decrease by nearly 12 times before and after the implementation of the technical renovation project. In addition, the treated

exhaust gas solved the problem of odour, with significant environmental benefits and economic benefits, which effectively enhanced the environmental protection image of the enterprise.



Emission Reduction Project- Organic Exhaust Gas Treatment Project



To prevent volatile organic solvents used in the production process from being emitted to the surrounding atmosphere and affecting air quality, Inner Mongolia Company continued to

carry out environmental improvement work and configured exhaust gas treatment facilities in each project. The related production plants have different types of exhaust gas activated carbon adsorption regeneration devices installed, which can recycle the volatile organic solvent adsorbed in the activated carbon, and at the same time reduce the loss caused by volatilization. In addition, Inner Mongolia Company has two secondary alkali spray towers to enhance the efficiency of dust treatment. The current dust treatment efficiency is as high as 95%. Also, the dust generated in the production plants needs to be processed through the low-efficiency non-woven fabric screening process, medium-efficiency chemical fiber non-glue cotton material screening process, and the new alkali spray tower to further prevent pollution to the surrounding atmosphere. The process of “condensate collection+ activated carbon adsorption” adopted in the organic exhaust gas treatment project can recover up to 90% of the volatile organic matter, and the recycled butyl acetate, acetone and ethyl acetate can be applied for production. While treating volatile organic exhaust gas, the economic benefits generated from the project are expected to be RMB1 million per year.



Emission Reduction Project- Liquid Waste Incinerator Project



In order to fully deal with the harmful concentrated solution produced by the MVR system, Inner Mongolia Company has two liquid waste incinerators. The treatment capacity of the liquid waste incinerators is 120 tonnes per day, effectively strengthening the ability to treat harmful concentrated solution harmlessly. The liquid waste incinerator utilises natural gas to incinerate the concentrated solution at a high temperature of 1100°C, the

hazardous solid waste then undergoes harmless treatment without producing additional hazardous waste during the process. At the same time, the flue gas generated during incineration will be treated with SNCR denitration, flue gas quenching device, venturi scrubber and wet electrostatic precipitator to reduce the amount of air pollutants generated during the incineration process.



» Waste Disposal

The Group has strict monitoring and control on the wastes generated during the production process. Apart from complying with the national laws and regulations, Inner Mongolia Company also formulates management measures and emergency plans for handling different types of wastes. The wastes generated by Inner Mongolia Company could be classified into two types, namely non-hazardous wastes and hazardous wastes.

The non-hazardous wastes include waste diatomite, sludge and glass generated during production, as well as the general garbage generated in daily operation. Inner Mongolia Company considers recyclable wastes as resources, and we collect and deliver them to the qualified units for reuse, so as to effectively minimise the amount of wastes disposed. For example, waste diatomite and sludge could be used to produce organic fertiliser and waste glass could be used for recycling.



Waste Management Project- Fly Ash and Waste Salt Storage Yard



Industrial solid wastes such as fly ash, slag, desulfurization gypsum, inorganic sludge, and waste salt are produced during the production process and power generation of Inner Mongolia Company. Therefore, a fly ash and waste salt storage yard were built to unify the storage of solid waste and avoid causing environmental pollution. The storage

yard project strictly adheres to the Country's laws and regulations. It is equipped with specific atmospheric and wastewater pollution prevention and treatment measures and ecological environmental protection measures, which can safely store fly ash and waste salt.

Inner Mongolia Company complies with the “Guiding Opinions on Improving the Capabilities of Environmental Monitoring, Utilisation and Disposal, and Environmental Risk Prevention for Hazardous Wastes” and has formulated strict treatment procedures to handle hazardous wastes, including hyphae slag, waste activated carbon, waste enzyme, concentrated solution of phenylacetic acid, used mineral oil and concentrated liquid in Mechanical Vapor Recompression (MVR). In order to reduce the amount of waste discarded, Inner Mongolia Company has reused the recyclable hazardous wastes, such as concentrated phenylacetic acid, for production. For the hazardous wastes that could not be recycled, such as waste activated carbon, waste

enzyme, and concentrated liquid in MVR, treatment for turning them into harmless wastes was made through the boiler comprehensive treatment system of Inner Mongolia Company. The used mineral oil, which was sealed in barrels to ensure zero leakage, was transferred to the unit qualified for hazardous waste treatment for subsequent treatment. The fermented fungi residue was delivered to the qualified unit to produce organic fertilisers. During the Year, the Group set a goal to dispose or utilise all wastes in a safe and harmless manner to minimise the harm to the environment. Zhuhai Company also vigorously promoted waste sorting in response to the Group’s goal.

» Cleaner Production

In order to better manage the Group’s sewage discharge process, reduce pollutant emissions and avoid causing adverse effects to the environment, Inner Mongolia Company has developed cleaner

production management measures to further improve cleaner production strategies, which include four foci:

1

Incorporate the results of cleaner production audit into the daily management of the company, and integrate the cleaner production awareness and methods into the company’s production and quality management.

2

Through the implementation of performance appraisal and post duty system, we establish a cleaner production incentive mechanism, and link the reward and punishment measures such as employee bonuses, wage distribution, criticism and recognition to cleaner production performance, so as to enhance employees’ eagerness to participate in cleaner production.

3

Establish a special fund for cleaner production of enterprises, and use the economic benefits generated by the implementation of cleaner production for cleaner production in the future, so as to secure the source of funds for cleaner production. This can continuously facilitate the work of cleaner production.

4

Establish long-term cleaner production planning, and further reduce material consumption and energy consumption according to the specific conditions of the enterprise, and hence gradually recycle various energy and waste generated in the production process. Production, energy conservation and environmental protection can be equally valued.

Inner Mongolia Company insists on strictly implementing clean production management methods, and maintaining production quality while gradually reducing resource consumption and

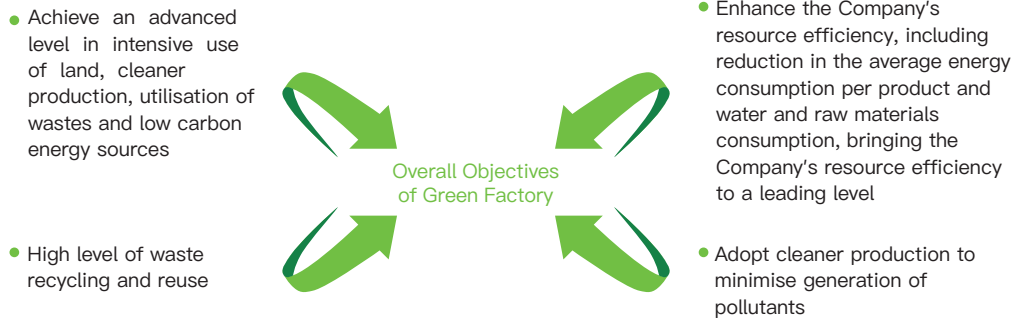
pollution. We also raise employees’ awareness of cleaner production, and incorporate relevant awareness into daily operations to reduce the impacts on the environment.

» GREEN OPERATIONS

The Group regards water as the source of life, electricity as the development leverage, and at the same time, it gives back to nature. The Group always keeps in mind the environmental impacts triggered by each action in the course of business operations and production, so as to conceive corresponding response strategies and implement effective solutions to reduce the impacts. The Group attaches great importance to the performance of Inner Mongolia Company in environmental governance and strongly supports Inner Mongolia Company to follow the corporate environmental policy and promote the construction of ecological and environmental protection. Inner Mongolia Company has adopted an environmental management system verified by ISO14001:2015, executed the environmental protection policies and achieved higher environmental goals. Inner Mongolia Company has become a national “Green Factory” and actively promoted green production. With the expansion of the Group’s development scale, the amount of electricity and water consumption also

increased inevitably. During the Year, with the slogan of “Saving Electricity, Starting from Scratch”, Zhuhai Company continued to advocate water and electricity conservation, and has zero tolerance for waste. It actively carried out electricity and water conservation activities, and advocated a fashionable and civilised green and low-carbon lifestyle. The Group also realises the recycling of resources through the circular economy industrial chain. Zhuhai Company also promotes the classification of domestic waste, strengthens the recycling of resources, and cultivates employees’ daily habits of waste classification. To cope with climate change, the Group has strengthened the prevention and control measures for extreme weather events, strengthened environmental education and training to enhance the Group’s resilience, and to establish the company’s overall environmental culture. At the same time, Inner Mongolia Company also held a tree planting festival, planting more than 300 trees to support low-carbon development and strive to build a green community.

» Green Factory



Inner Mongolia Company is a national “Green Factory”, which vigorously promotes cleaner production, improves production processes, formulates emergency plans for environmental emergencies and provides training on environmental protection. It actively promotes environmental protection, and gradually incorporates the concept of green production into its corporate culture. Inner Mongolia Company has established an implementation plan for the construction of green factories. It has invested a lot of resources in the realms of “intensive land use, turning raw materials into harmless, cleaner production, waste recycling, and low-carbon energy” to systematically formulate corresponding work measures and targets,

normalise green factory operation mode and green development management, hoping to reach the advanced level of the industry in the various objectives of green factories. In order to effectively manage and maintain the characteristics of green factories, the Company has implemented assessment and reward methods for employees to carry out green environmental protection work in an orderly and efficient manner. The Group will guarantee the investment of funds in Inner Mongolia Company, strengthen technological innovation, and ensure that production technology, equipment, inputs of energy resources, products, environmental protection emissions, performance, etc. all meet the standards of national green factories.

Inner Mongolia Company has always attached great importance to energy measurement management, and advocated energy conservation, emission reduction and energy consumption control. From the standardised collection network to the measurement and flow of internal audit energy, Inner Mongolia Company adopts a rigorous attitude and establishes a sound energy management system. During the

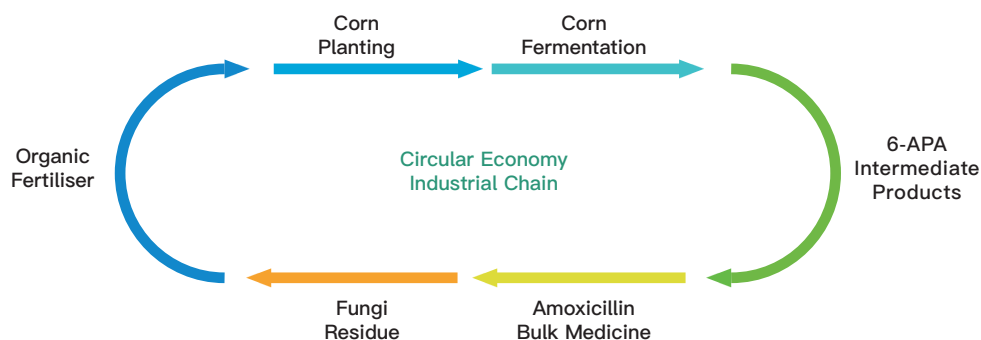
Year, the energy measurement review group, which was jointly formed by the Institute of Measurement and Testing of Inner Mongolia Autonomous Region and the Administration for Market Regulation of Bayannur City, conducted on-site review of the energy measurement of Inner Mongolia Company, which highly affirmed the Company's energy measurement management.

» Circular Economy Industrial Chain

The adoption of the "Corn fermentation-6-APA intermediate products-amoxicillin bulk medicine" circular economy industry chain has always been an important operational strategy of the Group. Our self-designed circular economy industrial chain converts the fungi residue generated during production into organic fertilisers, and re-invests in corn planting to achieve resource recycling, which can simultaneously reduce the environmental impacts of resource consumption and waste disposal. As the products of Inner Mongolia Company are mainly pharmaceutical ingredients, they require fewer packaging materials throughout the production chain. Inner Mongolia Company is

also committed to reducing the use of packaging materials and optimising the use of resources, subject to the relevant packaging requirements.

Inner Mongolia Company continues to conduct research and application of production technology optimisation on the circular economy industrial chain, and strives to reduce resource consumption and enhance energy resource use efficiency while increasing output. Regarding the 6-APA fungus growing, Inner Mongolia Company has gradually applied it to various plants, successfully shortened the fermentation cycle of the fungi, and reduced the energy and resource investment in the fermentation cycle.



» Training in Environmental Protection

Employees' awareness of environmental protection is an important part of the Group's efforts to maintain green operations. Therefore, Inner Mongolia Company attaches great importance to the environmental protection training of employees, and carried out environmental protection education and training according to the annual environmental

protection training plan during the Year. This enabled employees to understand the environmental impacts that may be triggered by the company's business and corresponding mitigation measures, and strengthened employees' awareness of environmental protection.

According to the plan, each new employee will be arranged to receive new employee training in environmental protection knowledge, so as to let them acquire the most fundamental knowledge of Inner Mongolia Company's environmental issues. For environmental protection specialists, Inner Mongolia Company provides targeted training. The content covers the interpretation of legislation and related emission standards such as Emission Standard of Air Pollutants for Pharmaceutical Industry, pollution control situation, hazardous waste storage standards and emergency plans for environmental emergencies. For the methods of pollution treatment and sampling, Inner Mongolia Company also arranges relevant training such as the standardised setting of exhaust gas sampling ports, explanation of wastewater treatment process and emergency response drills for sudden soil pollution accidents to ensure that personnel understand the treatment process and reduce the pollution of the business to the environment. Through written and oral examinations, Inner Mongolia Company can clearly understand the learning outcome of employees. Upon completion of the training, Inner Mongolia Company will issue a training outcome evaluation questionnaire to employees to collect opinions and analyse the training content and effectiveness in order to make improvement on the course. In addition, there are written and oral assessments at the factory level to ensure that employees can grasp and apply their knowledge of environmental protection. During the Year, in order to support the national carbon reduction target, Inner Mongolia Company also arranged training for employees on



carbon asset management strategies and practices to understand the knowledge of carbon emission rights. In addition, Inner Mongolia Company also held the second environmental knowledge competition and encouraged outstanding employees with various awards to enhance their environmental awareness and knowledge and skills.



Waste Sorting and Recycling



In response to the Zhuhai municipal government's requirements on domestic waste classification, Zhuhai Company is committed to encouraging all employees to carry out waste classification to maximise the use of resources. During the Year, Zhuhai Company carried out a series of waste classification management and publicity work. Firstly, the Company divided and set up waste classification bins on the waste site, and carried out training on domestic waste classification for personnel of various departments. Then, the Company carried out Q&A activities on domestic waste classification, which greatly improved the classification awareness of employees. Effective waste sorting can reduce waste treatment costs and enhance the value of waste. Zhuhai Company attaches great

importance to and solidly promotes the classification of domestic waste to build a green enterprise.

Zhuhai Company invited the head of Zhuhai City Sanzao Town Management Leading Group for Urban and Rural Domestic Waste Classification to conduct training on the knowledge of domestic waste classification, and guided the personnel of various departments to understand the hot issues such as waste classification knowledge, waste classification system and legal liabilities. The launch of the Q&A activity on domestic waste classification knowledge has also received enthusiastic response and support, which is believed to effectively improve the knowledge, participation rate and accuracy rate of domestic waste classification of employees.



EMPOWERING THE COMMUNITY

Since its establishment, The United Laboratories has been adhering to the corporate philosophy of “Love China, For China” , bearing social responsibilities in mind while pursuing economic development, promoting the development of China’s medical and health industry, and creating more high-quality medical products for the society. At the same time, the Group also actively participates in social welfare undertakings and gives back to the society with practical actions. The Group held a number of charity events during the Year, covering many fields such as education donation, anti-epidemic and disaster relief, poverty alleviation, taking care of the needs of different people in the society and actively promoting a healthy lifestyle in the community to foster positive community development.

»» ACTIVE SUPPORT FOR EDUCATION

The United Laboratories has been focusing on pharmaceutical education undertaking for many years. Since 1998, Mr. Choy Kam Lok, the founder of the Group, has initiated the establishment of the “The United Laboratories Medical Education Scholarship” program to support the development of national medical education undertaking. Over the years, the public welfare program has benefited more than 50 universities, with a total donation of nearly RMB50 million.

During the Year, the Group entered into the fifth

phase of the “The United Laboratories Medical Education Scholarship” donation program with Central South University, with an accumulated donation amount of RMB1,000,000, which will be granted in four years to encourage outstanding students and teachers and help the development of pharmaceutical education and pharmaceutical undertaking. During the Year, the Group has granted scholarships of RMB430,000 in total to several universities such as Central South University, Chongqing Medical University and Anhui Medical University.



Dreams Come True in the Universities



The donation ceremony of the fifth “Dreams Come True in the Universities” student assistance activity was held at Victory Plaza, Linhe District, Bayannur City. In this public welfare activity for supporting students, the labour union of the United Laboratories (Inner Mongolia) Co., Ltd. donated scholarship of more than RMB10,000 to subsidise the first-year students of 2021. The activity funded 12 enterprises and public institutions including the Municipal Civilization Office and the Red Cross Society. All the donation funds raised from the activity were used to fund the college students from seven families in

difficulties in our city. On the date of the activity, Bayannur Emergency Broadcast and the Red Cross Society of Linhe District awarded the honorary title of “Caring Enterprise” to The United Laboratories.



》》 ANTI-EPIDEMIC AND DISASTER RELIEF

After the outbreak of the COVID-19 pandemic in 2020, The United Laboratories organised a number of charity donations and material donations to support the fight against the pandemic with funds, and provided protective supplies to the epidemic prevention areas and the areas in need and regions to support anti-pandemic actions. At the same time, the Group cared about the safety of the community and partners, and donated materials and disinfection supplies required for epidemic prevention to the government and committees, schools and partners to tide over the difficulties together with the community. In addition, the Group also actively engaged in public welfare activities and we donated medical masks to social welfare centres through the “Re-feeding Swallows” activity to protect the health of the elderly, and provided public facilities and anti-epidemic supplies such as masks and disinfectants covering the elderly in the community based on daily life.

“One person has difficulties and eight parties

support”. Henan was experiencing a critical period of epidemic prevention and control after rainstorms and floods. Preventing the spread of the epidemic is a key task for post-disaster reconstruction, and a large number of disinfectants are urgently needed in the disaster areas. After connecting with the Agricultural and Rural Bureau of Anyang City, Henan Province, the United Laboratories immediately arranged the production of disinfection materials and assigned a special vehicle to deliver the materials to Anyang. The value of the donated disinfection materials was RMB200,000, providing strong support for the local communities to effectively reduce the risk of the post-disaster epidemic. The Group adheres to the corporate spirit of “Love and Dedication”, actively fulfills its corporate social responsibility, and gives back to the society with practical actions. In this extraordinary period, the Group is willing to contribute its strength within its capacity, and jointly win the battle of epidemic prevention and control with the disaster areas.



》》 POVERTY ALLEVIATION

Poverty alleviation needs to be promoted together with the power of all sectors of society. The United Laboratories has been insisting on participating in community poverty alleviation for many years. The Group actively supported poverty alleviation. On the occasion of the 12th “Guangdong Poverty Alleviation Day”, Zhuhai Company held the “One Yuan Care” fundraising activity in the Year. This donation activity took an online and offline approach, and set up charity donation points in the canteens and storage cabinets. The employees of the company took action and all the donations were deposited into the Red Cross Society of Jinwan District in Zhuhai. In the meantime, Zhuhai Company donated RMB170,000 in the name of the enterprise for “consolidating the achievements of poverty

alleviation and helping rural revitalization”, so as to help more people in need in the society to solve their living difficulties and help consolidate the achievements of poverty alleviation.



»» ELDERLY CARE

Caring for the elderly and children is a key objective of the public welfare undertaking of the Group. The “Re-feeding Swallows”, a charity activity that shows care to the elderly hosted by Zhuhai Company, aims at “Paying Close Attention to the Elderly and Giving Back to the Society”. The “Re-feeding Swallows” public welfare activity was launched officially in 2019, and during the period we have donated daily necessities, food, epidemic prevention materials, facilities and equipments to various old people’s homes, home-based elderly care service centres, children’s welfare homes and rehabilitation parks for the disabled, which improved the shortage of materials in various websites. A total of over 100 employees and their families participated in the public welfare activity. During the Year, the Company organised the employees to visit the Social Welfare Centre of Baiteng Street and the Comprehensive Service Centre of Sanzao Town in Zhuhai City to express their care and condolences to the elderly, and provided the welfare centre with



working aids and small portable mobile tabletops that can be used when the elderly is inconvenient. In addition, the employees gave condolences such as fruits and beverages to the elderly to enrich their living needs while improving their health and physical quality. During the Year, the “Re-feeding Swallows” carried out a total of 12 activities such as visiting home-based elderly care service stations, rehabilitation parks for the disabled of old people’s homes and social welfare centres.

»» ANIMAL PROTECTION

It is everyone’s responsibility to care for animals. The United Laboratories pays attention to animal safety and hazards, encourages the employees to

carry out voluntary activities related to animal protection, and arranges veterinary drug products to care for the needs of animals.



Rescuing National Second-Class Protected Animals



During the safety inspections by the employees of Inner Mongolia Company at the workshop site, they found 3 injured young eagles successively and immediately contacted the police station and protected wildlife rescue station. As confirmed by the staff of the Zoo of Linhe District People’s Park, the young eagles are kestrels, a kind of national second-class protected animal. The

leaders of Linhe District Branch of Forestry and Grassland Bureau of Bayannur City issued an honorary certificate and a commendation letter to the employees, thanking them for their warm-hearted and selfless rescue of wild animals. At the same time, the labour union of Inner Mongolia Company also gave rewards.



»» CARE FOR THE COMMUNITY

Concerning about the needs of the community is an important part of leading enterprises towards sustainable development. The Group has always regarded the communities where its subsidiaries and production bases are located as important stakeholders of the Group. The Group has always been very concerned about the medical needs of the community. In addition to focusing on the research and development and popularisation of various drugs, the Group is also enthusiastic about the blood donation in the community, and encourages employees to personally help people in need in the community. During the Year, Zhuhai Company actively participated in the voluntary blood donation public welfare activity of “Love without Border and Unlimited Hearts” in Zhuhai. A total of 149 employees participated in the activity and donated more than 46,400 mL of blood. It was awarded the title of “Voluntary Blood Donation Promotion Award” as a caring enterprise, commending the Group’s employees’ care for others and giving back to the society.

Volunteering is in the heart, and dedication is in the deed. During this year, Inner Mongolia Company organised the “Inner Mongolia Federal Voluntary

Service Association”. The voluntary service association has received strong support and confirmation from the leaders of the Company. Since its establishment, more than 180 volunteers participated in the association voluntarily, with dedication, friendship, mutual help and progress as their service objectives, making full use of their spare time to actively participate in various voluntary service activities organised by the Party Committee, Youth League Committee and labour union of the Company. The activities included online “Micro-volunteering” activities such as “Epidemic Prevention and Control” publicity and “Flea Market” promotion. In addition, a series of colourful offline voluntary service activities were organised, including youth voluntary tree planting, maintenance of order in factory cafeterias, epidemic prevention and control publicity, information feedback from vaccination sites and volunteer blood donation. The volunteer service activities showcased youthful vitality and conveyed positive corporate energy, enabling volunteers to increase their experience and feel the joy of helping others, as well as find a sense of value in their own development.

»» CULTIVATING A HEALTHY LIFESTYLE

As a pharmaceutical manufacturer, the Group attaches the greatest importance to public health. The Group has established a number of associations such as the Badminton Association, Basketball Association, Mountaineering Association, and organised a number of internal sports events, athletics and other activities to promote a sporty and healthy culture within the Company. For example, Zhuhai Company organised a hiking activity and Inner Mongolia Company organised a basketball contest and a billiards contest during the year to encourage the employees to develop a good habit of loving sports, health and life. In addition, Zhongshan Branch also organised a healthy weight loss competition and a scientific running lecture to



help the employees to stay away from obesity, work happily and be healthier and energetic every day.



“Enjoying Slimming” Cup Challenge



The labour union of Zhuhai Company launched the “Enjoying Slimming” Cup Healthy Weight Loss Challenge, which received widespread attention and active participation from everyone. A total of 79 weight loss participants were recruited for the challenge. The activity last for three months and the top three “Monthly Winners” for weight loss were selected every month. In order to achieve the goal of healthy weight loss, the participants insisted on healthy diet and exercise, exchanged their weight loss experience and encouraged each other. Through their unremitting efforts, 79 participants lost a total of 350 catties. Among them, 30 persons lost more than 5 catties and 11 persons lost more than 10 catties. After the weight loss, the participants showed a

new healthy and positive new look and were able to be engaged in work and life in a better way.



»» KEY PERFORMANCE INDICATORS

» Employment

As at 31 December 2021, the Group employed 13,368 employees, representing a decrease of 1.1% compared with the same period last year. During the Year, the Group did not have any confirmed violations or complaints relating to human rights, labour practice, occupational health and safety that have significant impact on the Group.

Indicator	2021	2020
Number of Employees		
By gender		
Male	7,898	7,999
Female	5,486	5,244
By age group		
<30	4,477	4,620
30 to 50	8,437	8,187
>50	470	436
By geographical region		
Mainland China	13,297	13,142
Hong Kong, China	86	100
India	1	1
By employment type		
Full-time staff	12,974	12,990
Interns	410	253

Indicator	2021	2020
Employee Turnover Rate (%)		
By gender		
Male	21	20
Female	16	16
By age group		
<30	33	33
30 to 50	12	11
>50	15	14
By geographical region		
Mainland China	19	19
Hong Kong, China	20	1
India	0	0

Indicator	2021	2020	2019
Occupational Health and Safety ¹			
Number of work-related deaths	1	0	0
Number of working days lost due to work-related injuries	653	1,494.25	-

1. The number of work-related deaths for the past three years was disclosed from the beginning of the current year, while the number of working days lost due to work-related injuries was disclosed from the beginning of the previous year.

Indicator	2021	2020
Average number of training hours (hours) and percentage of employees trained (%)		
Total number of hours (hours) and percentage (%)	548,728 (95)	417,105 (99.3)
By gender		
Male	7,542 (95)	7,944 (99.3)
Female	5,125 (93)	5,208 (99.3)
By employee level		
Senior	147 (100)	145 (97.3)
Middle level	1,055 (100)	1,296 (99.8)
General level	11,465 (94)	11,711 (99.3)

» Supplier Management

Indicator	2021	2020 ²
Number of Major Suppliers ¹	111	97
By geographical region		
East China	33	29
South China	21	18
Central China	5	4
North China	21	18
Southwest China	6	6
Northwest China	23	21
Northeast China	2	1

1. Major suppliers are identified by purchase amounts of the suppliers for all the production sites of the Group.

2. The number of major suppliers for 2020 has been recalculated and presented.

» Environmental Management

Unless otherwise stated, environmental data covers only the production plants of Inner Mongolia Company as it is the Group's production base of largest scale and production. We will continue to monitor the environmental impacts of related operations and will include relevant environmental data in future reports as appropriate. During the Year, the Group did not have any confirmed violations or complaints relating to environmental protection that had a significant impact on the Group.

Indicator	Parameter Standard ¹	2021	2020
Exhaust Gas (tonnes) ²			
Nitrogen oxides (NO _x)	820	522	520
Sulphur oxides (SO _x)	805	401	391
Particulate Matter (PM)	246	64	59
Waste (tonnes)			
Total non-hazardous waste ³	-	38,828	40,003
Total non-hazardous waste per tonne of products	-	0.91	1.05
Total hazardous waste ⁴	-	246,950	210,842
Total hazardous waste per tonne of products	-	5.81	5.53

Indicator	Parameter Standard ¹	2021	2020
Greenhouse Gas (tonnes of CO₂e)			
Total emission	-	1,481,113	1,176,808
Scope 1-direct emissions ⁵	-	1,245,851	979,680
Scope 2-energy indirect emission ⁶	-	232,415	194,041
Scope 3-other indirect emission ⁷	-	2,847	3,086
Emission of greenhouse gas per tonne of products	-	34.83	30.89
Energy Consumption (MWh) ⁸			
Total consumption ⁹	-	4,107,517	3,251,101
Direct energy consumption	-	3,844,693	3,031,672
Fuel combustion for stationary sources	-	3,844,271	3,031,510
Fuel combustion for vehicles ¹⁰	-	423	162
Indirect energy consumption	-	262,823	219,429
Purchased electricity	-	262,823	219,429
Energy consumption per tonne of products	-	96.59	85.33
Water Consumption (m³)			
Total consumption ¹¹	-	5,900,247	6,422,744
Water consumption per tonne of products	-	138.74	168.58
Amount of reclaimed water	-	13,686,190	11,953,995
Amount of purchased water saved ¹²	-	9,393,307	8,125,005
Packaging materials Consumption			
Total consumption (tonnes) ¹³			
Plastic products	-	499	444
Paper products ¹⁴	-	2,132	1,496
Metals ¹⁵	-	51	68
Consumption of packaging materials per tonne of products (kg)			
Plastic products	-	11.73	11.65
Paper products	-	50.13	39.26
Metals	-	1.20	1.77

1. The standard of exhaust gas follows the amount of air emission stated on the pollutant discharge license.

2. The sources of exhaust gas emission includes the exhaust gas emission from production and vehicles. The data is calculated based on the actual amount of emission and the Reporting guidance on Environmental KPIs published by HKEX.

3. The data refers to the actual amount of non-hazardous wastes generated.

4. The data refers to the actual amount of hazardous waste generated. During the Year, Inner Mongolia Company made more significant changes to its wastewater treatment system, which resulted in an increase in some hazardous wastes such as phenylacetic acid concentrate. At the same time, Inner Mongolia Company also conducted reduction disposal on some of the remaining hazardous wastes in order to contain the increase. Overall hazardous waste production was still higher than the previous year due to the significant increase in production for the Year.

5. Sources of Scope1-direct greenhouse gas emission includes the fuel combustion for stationary sources and vehicle, and the consumption of refrigerants, while the reduction of greenhouse gas comes from tree planting in the production plant. The data is calculated based on the Chinese national standards GB/T32151.10-2015 Requirements of the greenhouse gas emissions accounting and reporting-Part 10: Chemical production enterprise and the Reporting guidance on Environmental KPIs published by the HKEX.

6. Sources of Scope2-indirect greenhouse gas emission of energy includes the greenhouse gas emission involved in purchased electricity. The data is calculated based on 2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China issued by the National Development and Reform Commission of the People's Republic of China.

7. Sources of Scope3-other indirect greenhouse gas emission includes the greenhouse gas emission generated from employees'business travels, water and wastewater treatment and disposal of paper to landfills. The data is calculated based on the Carbon Emissions Calculator of the International Civil Aviation Organisation and the Reporting guidance on Environmental KPIs published by HKEX.

8. The calculation of total energy consumption includes fuel combustion for stationary sources and vehicle, and purchased electricity. The data is calculated based on the conversion factors provided in the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Road Transport Corporation (Trial) issued by the National Development and Reform Commission of the People's Republic of China, the Chinese national standards GB17930-2016 Gasoline in Vehicles and the Chinese national standards GB/T32151.10-2015 Requirements of the greenhouse gas emissions accounting and reporting-Part 10: Chemical production enterprise.

9. Energy consumption increased significantly during the Year as a result of increased production efficiency of Inner Mongolia Company and no production downtime for maintenance throughout the year.

10. During the previous year, Inner Mongolia Company had fewer business travels and customer audits due to the epidemic. The epidemic subsided during the Year, so the number of business travels began to return to the original level and vehicle fuel consumption increased significantly from the previous year.

11. The data refers to actual water consumption record. With the efforts of Inner Mongolia Company in process improvement and dedicated promotion in water recycling, the total water consumption did not increase with increased production and full production.

12. The saved volume of purchased water is the amount of water saved through water reuse. During the Year, Inner Mongolia Company operated a water reuse system throughout the year and the volume of water reused was higher than that of the previous year, resulting in an increase in the saved volume of purchased water.

13. The data is based on the Group's actual usage records of packaging materials.

14. The consumption volume of paper packaging materials fluctuated significantly due to the change in carton packaging specifications and the increase in the production volume of products.

15. Inner Mongolia Company started to adopt steel barrels as the packaging materials for new products from 2019 and the trend of increased consumption started to be evident and was therefore disclosed from the Year.

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Our mission is to make life more valuable