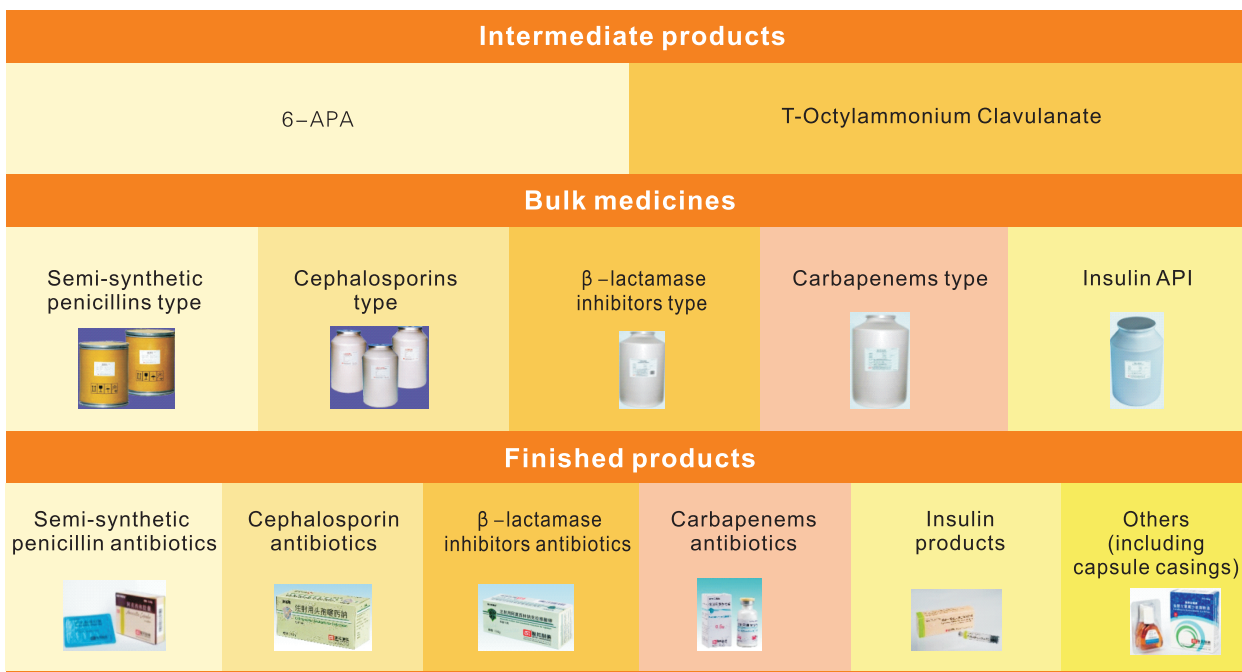


Operating Practices

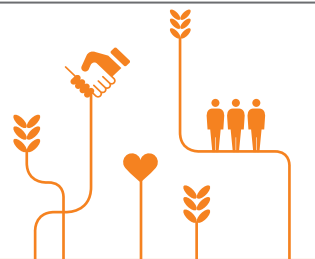
【 Quality Forges Our Corporate Image and Integrity Shapes Our Future 】

Since its inception, the Group has established an operation management and supervision mechanism and has been constantly improving it, so as to ensure its sustainable development. It is the common goal of the United Laboratories people to develop products of superior quality for the benefit of human life, and "making life more valuable" is our perpetual endeavour.

Vertically-integrated Production and Operating Model



Note: areas in the same colour represent products of the same series, which will go through the production processes of intermediates products - bulk medicine - finished products from upstream to downstream.



Supply Chain Management

We have a strict internal control system in place, which is in compliance with the applicable laws and regulations of the state. In selecting our suppliers, we always resort to fair and transparent bidding process. We believe in fair competition under good business practices, and aim to establish long-term cooperation with our suppliers and partners based on mutual trust. Accordingly, our selection of suppliers is based on a number of criteria, i.e. demand, price, quality and reliable service. In addition, we have a vertically integrated production model, and the pharmaceutical intermediate products and bulk medicine we produce can be used in the production of finished products at the lower section of the chain, with which the costs are under good control while the product quality can be assured, giving us remarkable competitive advantages.

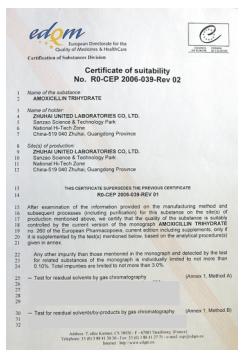
Product Responsibility

We explore the market under the brand of The United Laboratories and secure it with quality. We carry out our production and management in strict compliance with the GMP standards. We have established a complete quality assurance system and after-sales service system, and we are the first pharmaceutical company in China that passed GMP certification. In addition, we have many bulk medicine products which have obtained certification of EU CEP and USFDA as well as the authorities of Japan and Russia. We are committed to providing consumers with safe, effective and high quality drugs.

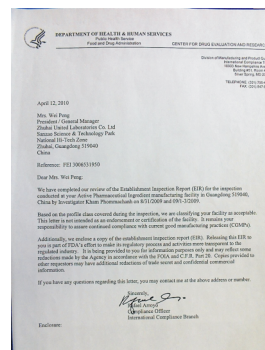
Operating Practices



Certificate of Outstanding Product Award



CEP Certificate of Amoxicillin



Certification of Ampicillin from USFDA

Anti-corruption

We place great emphasis on integrity and impartiality, which is reflected in our policies and operational procedures. We have set up a comprehensive internal control mechanism, which aims to prevent the occurrence of corruption and fraud.

Our internal auditing and supervision departments perform independent audits in a timely manner, conducting in-depth analysis of the causes of events, processes and solutions, and continue to seek and promote preventive and management measures with better effects, and make regular arrangements for the staff to receive training and education in relation to the subjects, which works to make the mechanism more reliable and effective, and protect the assets and interests of our shareholders.