

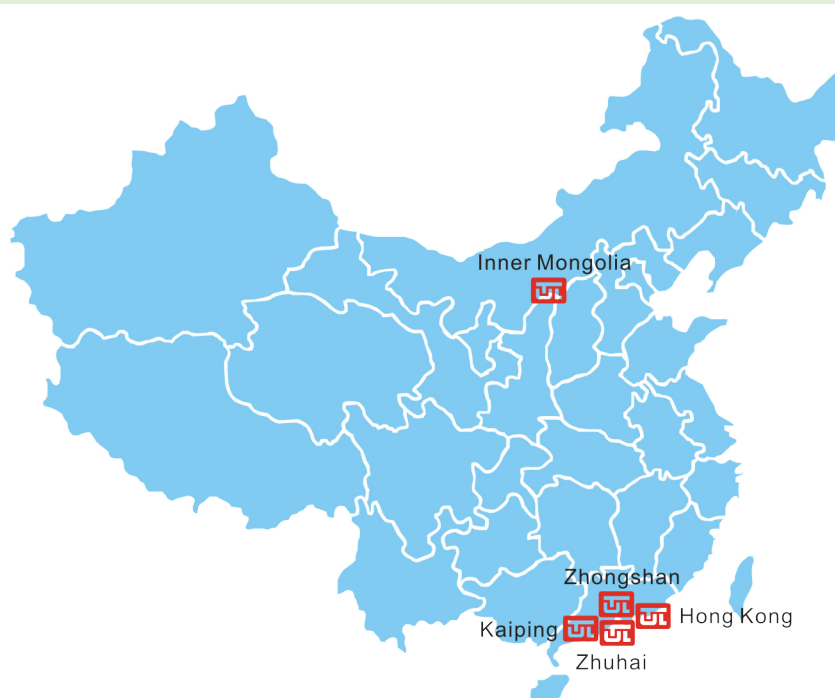
SOCIAL

Employment and Labour Practices

Employment

The Group has 5 production bases in China, including The United Laboratories Co., Ltd., Zhuhai United Laboratories Co.,Ltd., Zhuhai United Laboratories (Zhongshan) Co., Ltd., The United Laboratories (Inner Mongolia) Co., Ltd. and Guangdong Kaiping Kingly Capsule Co., Ltd., and a total of 11,700 staff. Our united, hardworking and energetic staff enables the Group to fully grasp every development opportunities. The Group has always dedicated to cultivate talents and provide fair remuneration, benefits, training and promotion prospect for each staff. In the meantime, the Group assesses its staff remuneration system from time to time to ensure its fairness and competitiveness. The Group implements the national legal working hour system and ensures the employees to possess public holidays. Furthermore, the Group purchases various insurances for its staff, including medical, endowment and maternity insurances.

Product	Production Base
Intermediate products, bulk medicines and finished products	The United Laboratories (Inner Mongolia) Co., Ltd.
Bulk Medicines, biological and finished products	Zhuhai United Laboratories Co., Ltd.
Finished products	Zhuhai United Laboratories (Zhongshan) Co., Ltd.
Finished products	The United Laboratories Co., Ltd.
Empty Capsule casings	Guangdong Kaiping Kingly Capsule Co., Ltd.



Health and Safety

The United Laboratories persists in safe production and devotes itself to providing a healthy and safe working environment for its staff. The Group has put in place safe production SOP for all production-related positions, and organized activities on safety for staff regularly, such as safe production fire drill, workshop safety training and occupational health training. The safety awareness and skills of the staff are constantly improved, ensuring safe operation for the Group and building a satisfying and safe production environment. In addition, the Group regularly arranges full medical check-up for its staff, invites experts to lecture on health and hygiene and provide comprehensive health guidelines and related trainings for our staff.



Fire drill

Development and Training

Staff training and education is key to maintain an energetic enterprise. The United Laboratories considers staff training a constant propeller for the enterprise to improve efficiency and thus provides induction training and a variety of training opportunities for each staff. The Group has included the professional training, team training GMP training and management training into our daily training plan, and in accordance with the training needs of each functional department, the Group formulates annual training program to continually enhance our staff's professional standard. Drug safety concerns the life and health of the public, therefore, The United Laboratories aims to produce the best quality products, foster deeper understanding of each management standard for our staff, prudently handle each step of the drug manufacturing process and ensure the quality and safety of our product.



New employee introduction training

The Group encourages its staff to engage in advanced studies and acquire relevant professional qualifications. As of this date, our staff comprises graduate degree holders, undergraduate degree holders and college degree holders and others, hundreds of which possess licensed pharmacist qualification.

Labor Standards

The Group strictly obeys the national relevant labor laws and regulations and manages its employment practice according to related laws. We are committed to ensuring to avoid forced and child labor in any form in our business.

Operating Practices

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 color represent products of the same series, which will go through the production process of intermediates products - bulk medicine - finished products from upstream to downstream.

Supply Chain Management

We have a perfect internal control system in place. To make sure the quality of all the raw materials, accessories and packing materials, the Group, which strictly in compliance with “Pharmaceutical Administration Law of the People's Republic of China”, GMP and relevant laws and regulations, made the supplier management system. Our selection of suppliers is based on a number of criteria, i.e. demand, price and quality. In selecting our suppliers, we always resort to fair and transparent bidding process and conduct regular audits and values to our cooperated suppliers. 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. In addition, we have a vertically integrated production model, and the pharmaceutical intermediate products and bulk medicine we produce can be directly 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. The Group cooperates with the first-class domestic pharmaceutical distributors, with our own sales and service team, to ensure perfect delivery and after-sales service.



Certificates of high-tech products of Guangdong Province

There were ten series of products including the Group's amoxicillin capsules and recombinant human insulin were recognized as high-tech products of Guangdong Province, as well as the recombinant human insulin and memantine hydrochloride were awarded the science and technology progress award of Guangdong Province and Zhongshan Municipality, respectively. We are committed to providing consumers with safe, effective and high quality drugs.

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.

Community

We have adhered to our motto known as "Love China and For China" since the Group's inception. While providing our customers with quality drugs, we got actively involved in the charity cause, repaying the society whole-heartedly. By the end of 2016, we have made over 30 donations, amounting to nearly RMB100 million, mainly for education, disaster relief and social welfare projects.

The United Laboratories Education Scholarship

The United Laboratories always concern and support to the development of Chinese medical education. Since 1998, the Group has donated a total of RMB46 million and set up dedicated "The United Laboratories Education Scholarship" in 38 medical and pharmaceutical universities all over China, benefiting 48,000 students in more than 50 colleges and universities, including China Medical University, Capital Medical University, China Pharmaceutical University, Shenyang Pharmaceutical University, Chongqing Medical University, Tongji Medical College. The Group held "The United Laboratories Education Scholarship" ceremonies in Chongqing Medical University and Fujian Medical University and donated RMB220,000 which benefiting 110 students. We will continue to champion the cause of medical education and support the training of medical personnel in the future.



Scholarship award ceremony

Connection to Disaster-Stricken Areas

For over 20 years from the early days of the Group to 2010, we have donated money and supplies amounting to RMB28 million to the people suffering from serious disasters, such as SARS, the earthquake in Wenchuan and Yushu in Qinghai province. In 2008, we donated RMB12 million to build a United Laboratories Hospital in the eastern earthquake-stricken area of Sichuan, in addition to the medical and supporting equipment including X-ray machines, multi-function anesthetic machine, fully-automatic biochemical analyzer and ambulances worth RMB1.2 million, with an aim to better cater for the needs of the hospital. In 2012, the Group donated RMB1.8 million to help Bayan Nur, Inner Mongolia with flood relief and reconstruction. In 2013, the Group donated medicine worth RMB1 million to the earthquake-stricken area in Ya'an, Sichuan in support of the disaster relief efforts. In 2015, the Group donated the carbapenems drug worth RMB506,000 for the treatment of respiratory tract and skin tissue infection to



The United Laboratories Hospital in Sichuan Province

Dangerous Goods Warehouse in Tianjin Port International Logistic Centre. We adhered to our motto known as "Love China and For China", and won widespread recognition of all the sectors of society.

Repay the Society

Volunteer Activities

As an enterprise enthusiastic about public welfare cause and with a strong sense of social responsibility, The United Laboratories has organized its employees to donate blood for a number of times. According to the statistics, over 120 employees answered the call and donated blood, showing their great love in selfless dedication and serving the community. The Group was dubbed a company with love "enthusiastic at charity and blood donation".

The group organized the staffs to participate in the twelfth "Zhuhai charity hiking" activities, the campaign donations will be used to help poor students and improve the school buildings, etc. We are advocated to the healthy life and low carbon travel, moreover, contribute the society.



Charity hiking

Charity Donation

We advocate the spirit of "Enjoying helping and loving people". In 2015, we initiated the movement of clothing donation to the poverty-stricken areas in Bome, Nyingchi, Tibet for the first time, and a wide range of items totalling over 1,000 pieces were gathered, including clothing, stationery, books and sporting equipment. We were honoured by the Seventh Tibet Support Workgroup of Guangdong Province with the award of "Helping Tibet with Love". The Group continued to encourage employees to participate in the donation and got positive support and response.



Charity donation



Yoga course

Care for Our Staffs

The Group paid special attention to our employees, and we strive the principle of "equality, care, and joint development".

The subordinate units of the Group has in succession set up cultural groups and to organize various activities, seminars and rites of enhancement on a regular basis to help our employees participate and experience the corporate culture. In addition, the Group set up special prize of "Chun Miao Award", "Loyalty Award" and other awards to honor new employees and the outstanding employees. The Group has set up in-house publications since 1997, namely The TUL's People and Pictorials, and registered the corporate blog and wechat official account. Such publications provide a valuable platform to promptly follow news and trends of the enterprise, and enhanced our cohesion in a considerable manner.



The United Laboratories
Kindergarten

The Group attaches great importance to the work-life balance of its staff. In order to enrich staff's leisure time, the Group provide the staffs with the fitness and entertainment venues and assisted in setting up various clubs and hobby groups and has held a variety of cultural and sports activities, such as yoga course, basketball game, Mid-Autumn Festival Garden Party, evening party for New Year. For the female employees, we especially carried out care for women activities. In addition, to effectively meet the education requirements of staffs' children, The United Laboratories (Inner Mongolia) Co., Ltd. invested RMB20 million to build the "The United Laboratories Kindergarten" in staff live region. The kindergarten, covering an area of 8,300 square meters and holding 360 children, has officially opened in September 2016. With reasonable design and completed facilities, the kindergarten has fully met the demand of all the teachers and students.