



The United Laboratories International Holdings Limited

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

2024

Environmental, Social and Governance Report



Content

01 Performance Highlights in 2024

1. 1 Annual Performance	01
1. 2 Annual Rewards	02

02 About this Report

2. 1 Scope of the Report	03
2. 2 Reporting Framework	03
2. 3 Reporting Principles	03
2. 4 Information and Feedback	03

03 About Us

3. 1 Chairman Statement	04
3. 2 About The United Laboratories	05

04 ESG & Sustainability Governance

4. 1 Board Statement	06
4. 2 ESG & Sustainability Governance System	07
4. 3 Communication with Stakeholders	07
4. 4 Materiality Assessment	09

05 Effective Governance

Excellent Operational Management

5. 1 Corporate Governance	12
5. 2 Risk Management	14
5. 3 Business Ethics	14
5. 4 Information Security	18
5. 5 Protection of Intellectual Property Rights	21
5. 6 Medical Ethics	22

06 Normalising Healthiness

Safeguarding Life and Health

6. 1 R&D and Innovation	24
6. 2 Enhancing Medical Accessibility	27
6. 3 Improving Medical Affordability	29
6. 4 Enhancing Healthcare Standards	31
6. 5 Focus on Rare Disease	32

07 Pursuing Perfection

Building Quality Brands

7. 1 Quality Management	34
7. 2 Product Marketing and Promotion	38
7. 3 Customer Service	41
7. 4 Pharmacovigilance	43

08 Source Tracing

Responsible Supply Chain Management

8. 1 Sustainable Supply Chain Management	45
8. 2 Supplier Risk Assessment and Management	48
8. 3 Supplier Training	52
8. 4 Green Supply Chain	53



09 People-Oriented

Establishing a Solid Foundation for Development

9. 1 Building a Diverse Talent Team	56
9. 2 Talent Cultivation and Development	60
9. 3 Defending Employee Rights and Benefits	68
9. 4 Linking Employee Perspectives	71
9. 5 Caring for Occupational Health and Safety	74

10 Craftsmanship Legacy

Safeguarding a Green Future

10. 1 Environmental Management System	81
10. 2 Addressing Climate Change	82
10. 3 Towards Carbon Neutrality	87
10. 4 Water Resource Management	90
10. 5 Pollution Control and Treatment	93
10. 6 Green Operation	97
10. 7 Protecting Biodiversity	99

11 Collaborate Together

Building a Better Community

11. 1 The “Filial Piety Swallows” Charity	102
11. 2 Supporting Education	104
11. 3 Love-filled Volunteering	105
11. 4 Pet Welfare	106

Appendix

Key Performance Index	107
Content Index of Environmental, Social and Governance Reporting Guide	110
Verification Statement	113



01 Performance Highlights in 2024

1. 1 Annual Performance

Effective Governance--Excellent Operational Management

33

Training sessions on compliance and business ethics were organised during the Year

121

Patents for inventions, utility models and designs

0

Involved in any data leakage cases

Normalising Healthiness--Safeguarding Life and Health

986

RMB million
Annual R&D investment

67

Products
Included in the National Medical Insurance List

31

Products
Included in the National Essential Drugs List

24

Products
Passed Consistency Evaluation

Pursuing Perfection--Building Quality Brands

100%

Response rate to user complaints

0

Incidents of adverse reactions due to defective quality of drug

Source Tracing--Responsible Supply Chain Management

100%

of suppliers receive integrity training provided by the Group

100%

Audit qualification rate of major collaborative suppliers

People-Oriented--Establishing a Solid Foundation for Development

492,686

Total training hours for employees

37.1%

Female management ratio

Employee Share Incentive Scheme grants a total of

3,606,180 Shares

Craftsmanship Legacy--Safeguarding a Green Future

The energy consumption per RMB10,000 of industrial output value decreased by

4.9%

Recycling rate of reclaimed water

100%

The daily water consumption decreased by

10.4%

Collaborate Together--Building a Better Community

RMB 250,000

Cumulative disbursement of federal medical education scholarships in the Year

91,600 ml

Total Amount of Blood Donation by Employees in the Year

26

"Filial Piety Swallows" Charity Activities Conducted in the Year

ESG Rating Performance



MSCI
ESG Rating A

1.2 Annual Rewards



02 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 2024 to 31 December 2024 (the “Year”) in the aspect of supporting sustainable development.

2.1 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 key performance indicators disclosed for the Year are mainly based on the production workshops 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 within the Company’s Annual Report.

2.2 Reporting Framework

The ESG Report was prepared in accordance with the Appendix C2 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, the currency in this report is presented in Renminbi.

2.3 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.

2.4 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.



03 About Us

3.1 Chairman Statement

In 2024, The United Laboratories, as one of the leading companies in the domestic pharmaceutical industry, will continue to cooperate with all parties to fulfil its mission of safeguarding human health. Against the backdrop of the deepening reform of the medical and healthcare system in recent years, The United Laboratories has been adhering to the research and development (R&D) philosophy of "Pragmatic and Rigorous, Scientific and Truth-seeking, Future-focused and Innovative", and has continued to cultivate a team of top-notch talents, increase investment in research and development, and promote the innovation of products and technologies. Through a scientific and efficient management system, we will comprehensively improve the quality of our products and services, and with the spirit of pursuing excellence, we will push The United Laboratories towards a new stage of high-quality and sustainable development.

The United Laboratories continues to focus on its core business of R&D, production and sales of pharmaceutical products, including finished products, bulk medicines, intermediate products, veterinary drugs, pharmaceutical capsules and medical devices, forming a diversified and relatively complete product portfolio. We insist on satisfying people's health needs as our responsibility. Close attention is paid to new molecules and cutting-edge technologies in the field of global new drug R&D. Based on our clinical value and differentiation strategy, we have made forward-looking investments in innovative drugs and high-barrier complex preparations. Continuous promotion of product innovation and upgrades occurs, while high-quality products and services are regularly introduced. These efforts aim to accelerate the establishment of a health protection barrier for the entire population.

In order to better respond to the national call, we are constantly striving to enhance the accessibility and affordability of pharmaceutical products to achieve the strategic goal of "Comprehensively Promoting the Construction of a Healthy China". In view of the differences in economic development across various regions in overseas markets, we have formulated an equitable pricing policy which aligns with the income levels of local communities and is aimed at providing high-quality medicines at affordable prices. The goal is to alleviate the burden of medical treatment on local populations and reduce health disparities in resource-poor regions. In addition, we are committed to expanding our international business and expanding the exposure to the medical insurance and essential drugs lists to further enhance access to medicines. We have joined the National Centralised Procurement Scheme for Pharmaceutical Products to effectively reduce the cost of medicines for patients, and have actively participated in high-level academic forums and conferences on pharmaceuticals to promote the advancement of global healthcare standards.

The Group regards employees as the core pillar of corporate development and deeply understands the critical role of talents in the success of the Group. Adhering to the "People-Oriented" principle, the Group ensures the safety, health, and legal rights of employees while creating a diverse training and development system. This system helps employees at all levels enhance their professional skills and comprehensive abilities, achieving growth alongside the Group. We attach great importance to the physical and mental health of our employees. Through organising a wide range of activities, we help them achieve work-life balance and enhance their sense of belonging. We adhere to the business principle of "Friendship, Equality, and Mutual Development", continue to strengthen our supply chain management, and endeavour to enhance our information security and integrity standards to build a safe and robust leading enterprise in the pharmaceutical industry.

We actively fulfil our social responsibilities and participate in a wide range of public welfare projects. We have continued to invest in various areas such as prevention and treatment of chronic diseases, industry assistance, education development, disaster relief and pet welfare, and encouraged our employees to actively participate in diversified voluntary activities. During the Year, the Group continued to promote the "Filial Piety Swallows" Charity Activities, which had a cumulative total of 89 activities and over 6,700 beneficiaries as at the end of the reporting period.

Looking ahead to 2025, The United Laboratories will embark on a new chapter in the development. We will embrace change with an open and inclusive attitude, continue to consolidate our core competitiveness in the fields of innovative drugs and high-barrier complex pharmaceuticals, and deeply integrate ESG concepts into our corporate strategy. Through new technology and models of digitalisation and intelligence, we will enhance the Group's sustainable development capability. In addition to providing quality products and services to patients, we have been actively implementing the concept of green and low-carbon development, building a diversified development platform and insisting on the development of social welfare undertakings. Relying on our extensive corporate influence, we collaborate with our business partners to jointly build a sustainable industry ecosystem, thereby making a significant contribution to the realisation of the "Healthy China" strategy.

Chairman
Tsoi Hoi Shan

3.2 About The United Laboratories

3.2.1 The Group Introduction

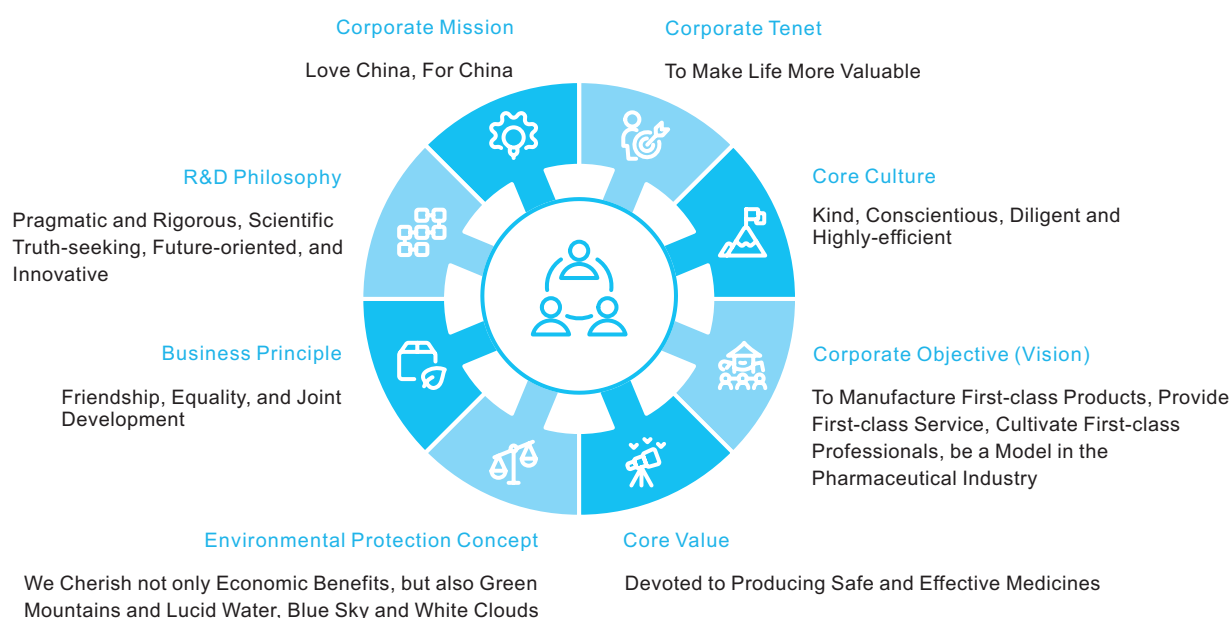
The Group is a comprehensive and modernised pharmaceutical enterprise engaged in the research and development, production and operation, and the products covering pharmaceutical intermediate products, bulk medicines, finished products, veterinary drugs, empty capsules and medical devices. The Group currently has seven 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 Company) Co., Ltd. ("Inner Mongolia Company"), The United Animal Healthcare (Inner Mongolia) Co., Ltd. ("The United Animal Healthcare"), and Kendor Technology (Zhejiang) Co., Ltd. ("Kendor Company"). The total number of employees were approximately 17,000 at the end of the year.

3.2.2 Philosophy and Vision

Since its establishment, the Group has been dedicated to the production of high-quality pharmaceuticals. All our factories have attained the certification of Chinese Good Manufacturing Practice ("cGMP"), 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 self-innovations and possess strong research and development capabilities. Our products cover multiple fields including anti-infective drugs, diabetes drugs, nervous system drugs, ophthalmology drugs, topical dermatology drugs and others. Multiple scientific and technological achievements of the Group have obtained national patents.

Talents are the most important assets of an enterprise. The Group priorities building a high-caliber talent team, 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 philosophy of "To Make 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 social community, 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.



04 ESG & Sustainability Governance

4.1 Board Statement

The Board of Directors (the “Board”) believes that comprehensive governance of ESG and sustainability 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. By virtue of 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.

To establish a comprehensive sustainability management system, the Board has established the Sustainability Committee (the “Committee”) to assist in formulating and updating ESG and sustainable development goals, strategies, and management approaches. The Committee is also responsible for reviewing and monitoring the implementation and outcomes of ESG initiatives as well as reporting to the Board and providing recommendations.

In addition, the Sustainability Committee has established the Sustainability Working Group (the “SWG”), composed of leaders from the Group's subsidiaries, business units, and functional departments. The SWG is responsible for coordinating and implementing ESG initiatives, aiming to fully integrate the ESG framework across all levels of the Group, maintaining close communication with stakeholders, achieving compliant and efficient operations, and promoting corporate sustainability. The SWG oversees, inspects, and reports on occupational health, safety, environmental protection, labor protection, and quality assurance processes within the Group and its subsidiaries. It also sets standards for daily ESG operations, including promoting the implementation and execution of ESG projects and organising relevant ESG training. The SWG regularly analyses and assesses the ESG performance of the Group and its branch companies, reviews relevant situations, and provides recommendations to the Sustainability Committee.

The implementation of ESG initiatives is carried out by an ESG Working Group (the “ESGWG”), composed of leaders from various functional departments. The ESGWG is responsible for practicing, leading, and monitoring policies in accordance with the guidelines set by the SWG, which are then implemented by each unit in their operational processes. To effectively enhance the Group's ESG performance and progress, each department strictly follows the goals they have set, while the SWG monitors the overall fulfillment of these goals and reports to the Board, assisting the Board in evaluating the Group's ESG performance.

By virtue of 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 for 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.

4.2 ESG & Sustainability Governance System

The Group continuously advances its ESG and sustainable development governance system, fully implementing a three-tier governance structure of “governance level - leadership level - execution level”. This system encompasses all production bases and functional departments of the Group, ensuring systematic supervision and management of ESG-related areas to achieve efficient and standardized ESG governance objectives.









Management Level	Management Structure	Members	Main Duty
Governance Level	Sustainability Committee	Chairman: Ms. Choy Siu Chit (ED) Members: Mr. Chong Peng Oon (INED) Prof. Song Ming (INED) Dr. Fu Qiushi (INED) Mr. Leung Wing Hon (ED)	1. Formulating and updating ESG goals, strategies, and management approaches. 2. Reviewing and monitoring the implementation and outcomes of ESG initiatives, and reporting to the Board of Directors and providing recommendations.
Leadership Level	Sustainability Working Group	Heads of functional departments within the Group. Heads of subsidiaries and business units within the Group.	1. Responsible for the daily management of specific ESG tasks. 2. Regularly reviewing key ESG data within the company. 3. Leading the annual aggregation of ESG information and report preparation.
Execution Level	ESG Working Group	Heads of functional departments within each company. Heads of the ESG Working Group.	1. Collecting and submitting ESG information. 2. Implementing specific ESG tasks. 3. Reporting to the Sustainability Working Group.

Notes:

1. INED: Independent Non-Executive Director
2. ED: Executive Director

4.3 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.

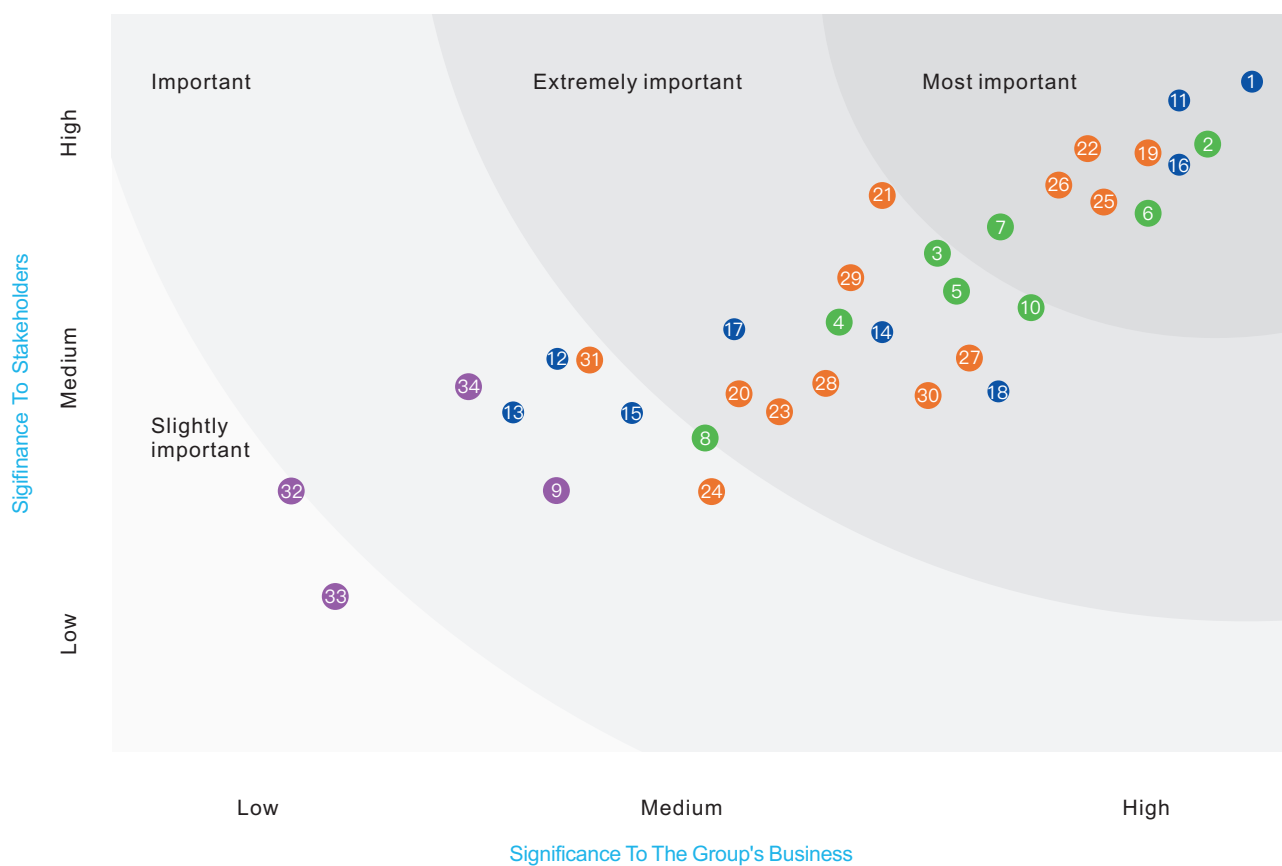
Stakeholders	Expectations and Requirements	Means of Communication and Response
 Government and Regulatory Authorities	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulations • Facilitating local economic development • Promotion of local employment • Regular fulfillment of tax obligations 	<ul style="list-style-type: none"> • Regular information submission • Regular conversation with regulatory authorities • Dedicated reports • Inspection and supervision
 Shareholders and Investors	<ul style="list-style-type: none"> • Investment returns • Operation in compliance • Rise in company value • Information transparency and effective communication 	<ul style="list-style-type: none"> • General meeting • Announcements and circulars of the Group • Email, telephone and Company's website • Dedicated reports • On-site inspections • Listed company roadshow
 Suppliers and Partners	<ul style="list-style-type: none"> • Operation with integrity • Fair competition • Compliance with laws and fulfillment of agreements • Mutual benefits and achievements 	<ul style="list-style-type: none"> • Review and assessment meetings • Business communication • Discussion and exchange of opinions • Negotiation and cooperation
 Customers	<ul style="list-style-type: none"> • Quality products and services • Health and safety • Compliance with laws and fulfillment of agreements • Operation with integrity 	<ul style="list-style-type: none"> • Customer service centre and hotline • Customer opinion survey • Customer meetings • Social media platforms • Return visit • Customer information collection and management
 Environmental Protection Organisation	<ul style="list-style-type: none"> • Up-to-standard discharge • Energy Conservation and Emission Reduction • Ecological protection • Reasonable water consumption 	<ul style="list-style-type: none"> • Communication with local environmental authorities • Communication with local residents • Submission of reports • Investigation and inspection • Third-party assessment and reporting
 Industry Associations	<ul style="list-style-type: none"> • Formulation of industrial standards • Facilitating industrial development 	<ul style="list-style-type: none"> • Communication with local labor authorities • Participation in industry forums • Visits
 Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Employee meetings • Company's internal publications and intranet • Mailbox for employees • Training and workshops • Activities for employees • Workers' congress • Democratic symposium
 Community and Public	<ul style="list-style-type: none"> • Improvement on community conditions • Participation in charity affairs • Information transparency 	<ul style="list-style-type: none"> • Company's website • Announcements • Media interviews • Social media platforms • Community communication meetings

4.4 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:

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





Most important

1. Environmental Compliance
2. Exhaust Gas Management
6. Use of Water Resources
11. Employment Compliance
16. Occupational Health and Safety
19. Operational Compliance
22. Customer Health and Safety
25. Protection of Intellectual Property
26. Research and Development



Extremely important

3. Greenhouse Gas Emission
4. Waste Management
5. Energy Consumption
7. Green Energy Project
10. Prevention and Handling of Environmental Incidents
14. Diversity and Equal Opportunity
17. Training and Development
18. Prevention of Child Labour and Forced Labour
21. Quality Management
27. Information Security
28. Customer Privacy Protection
29. Anti-corruption and Business Ethics
30. Risk Management of Supply Chain



Important

8. Ecological Protection
9. Tackling Climate Change
12. Remuneration and Welfares
13. Working Hours and Rest periods
15. Employment Rights
20. Procurement Practices
23. Responsible Sales and Marketing
24. Customer Service Management
31. Medical Accessibility and Affordability
34. Promotion of the Development of Pharmaceutical Education



Slightly important

32. Charity
33. Promotion of Community Development

05

Effective Governance Excellent Operational Management

Our Focuses

Corporate Governance
Business Ethics

Our Actions

Perfecting Corporate Governance
Building a Culture of Integrity
Ensuring Information Security
Protecting Intellectual Property Rights

Ai

5.1 Corporate Governance

To implement excellent corporate governance, the Board of the Group is responsible for setting the Group's objectives and strategies and monitoring their performance. The Board also makes decisions on annual and interim financial results, major transactions, director appointments, dividends, and accounting policies, among other matters, and oversees the internal control procedures of the Group's operations. The Board has delegated the responsibility and authority for overseeing day-to-day operations to management. All Directors receive regular updates on governance and regulatory matters and may seek independent professional advice in accordance with established procedures to assist them in fulfilling their responsibilities.

The Group has established committees responsible for various areas, including the Remuneration Committee, Audit Committee, Nomination Committee, Risk Management Committee, and Sustainability Committee.



Remuneration Committee

- Ensure there is a formal and transparent process for policies setting on Directors' remuneration
- Comprises of 3 INEDs



Audit Committee

- Reviews and monitors the Group's financial reporting system and internal control procedures
- Comprises of 3 INEDs



Nomination Committee

- Ensure fair and transparent procedures for the appointment, re-election and removal of directors
- Comprises of 3 INEDs



Risk Management Committee

- Oversees and reviews the Group's risk management and internal control system
- Comprises of 2 INEDs and 2 EDs



Sustainability Committee

- Develop, review and monitor ESG targets, risks, strategies and management approaches
- Comprises of 3 INEDs and 2 EDs

Notes:

















1. INED: Independent Non-Executive Director

2. ED: Executive Director

Director Skills and Experience

Director	Medical & Pharmaceutical Education Background	Finance, Legal & Risk Management	Business Experience		ESG
			China	Global	
Executive Director					
Mr. Tsoi Hoi Shan	✓	✓	✓	✓	✓
Mr. Leung Wing Hon		✓	✓	✓	✓
Ms. Choy Siu Chit		✓	✓	✓	✓
Mr. Fang Yu Ping	✓	✓	✓	✓	✓
Ms. Zou Xian Hong	✓	✓	✓	✓	✓
Ms. Zhu Su Yan	✓	✓	✓	✓	✓
Independent Non-Executive Director					
Mr. Chong Peng Oon		✓	✓	✓	✓
Prof. Song Ming		✓	✓	✓	✓
Dr. Fu Qiushi	✓	✓	✓	✓	✓
Total	5	9	9	9	9
Percentage	56%	100%	100%	100%	100%

Board Composition

Position	ED	 	INED	
Gender	Male	 	Female	
Race	Chinese	  		
Age Group	40-60	 	>60	 
Terms of Service	1-20 years		20-40 years	 

 ED

 INED

5.2 Risk Management

The Group recognises the importance of risk management to ensure that business operations comply with relevant regulations. Accordingly, the Group has established a Group Risk Management Department, which is accountable to the Risk Management Committee under the Board of Directors. The Group's risk management process includes risk identification, risk assessment, risk response and risk reporting.

The principal duties of the Risk Management Committee include reviewing the Company's risk management policies, examining the risk management systems of the Company and its subsidiaries, and ensuring that the management has fulfilled its responsibility to establish effective systems. In addition, the Committee is required to assess the risks of major decisions, consider solutions and provide guidance, regularly assess the Group's risk profile and management capabilities, and make recommendations for improvement. The Risk Management Committee is required to proactively conduct important investigations or undertake them as delegated by the Board. It should continuously oversee the risk management and internal control systems, checking their effectiveness at least once a year, and report the relevant review results to the shareholders in the "Corporate Governance Report", covering key control areas such as financial, operations, compliance and risk management. Finally, it is also required to review other risk management responsibilities of the relevant committees as defined in the Listing Rules and to examine other relevant topics as determined by the Board.

The Group Risk Management Department, as the executive body of the Risk Management Committee, is responsible for the subordinate risk management functional departments. This department conducts strategic risk tracking and management for the entire Group based on the its strategy, ensuring that the risk control management is in line with the Listing Rules and internal operational requirements. Its main duties include promoting and improving the Group's risk management system and processes, managing and reporting on significant risks, identifying and researching on emerging risks and completing other tasks assigned by the Risk Committee.

5.3 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 behaviors 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.

We continue to conduct audits of all business segments of the Group and have established corresponding audit departments for different business segments.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Business Ethics	<ul style="list-style-type: none"> • Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Anti-Money Laundering Law of the People's Republic of China • Interim Provisions on Banning Commercial Bribery 	<ul style="list-style-type: none"> • The United Laboratories Code of Business Conduct • The United Laboratories Employees' Code of Integrity and Self-Discipline • The United Laboratories Anti-Fraud and Whistleblowing Management Policy • Statement of Integrity • Anti-corruption Agreement • Conflict of Interest Declaration and Management Policy • Legal Department Integrity and Self-Discipline Guidelines • Compliance Incident Reporting Policy • The United Laboratories Measures for the Management of Compliance Review • Code of Business Ethics and Conduct Procedures • Anti-Corruption, Anti-Bribery, Prohibition of Drug Use, and Other Ethical Behaviors Management Procedure • The United Laboratories Anti-Money Laundering Management Policy

In order to cope with the development of the Group, the Group has established and continuously strengthened its institutional framework. It has implemented various internal systems for business ethics management, including "The United Laboratories Anti-Fraud and Whistleblowing Management Policy", "The United Laboratories Employees' Code of Integrity and Self-Discipline", and "Code of Business Ethics and Conduct Procedures". These internal policies establish comprehensive requirements for all employees and stakeholders in areas such as anti-bribery, anti-corruption, and ethical conduct.

Summary of “The United Laboratories Anti-Fraud and Whistleblowing Management Policy”

- In order to safeguard the interests of the Group, prevent fraudulent activities, regulate the management of whistleblowing matters, and reduce operational risks, this policy has been established.
- The purpose of anti-fraud is to regulate the professional behavior of management and all other employees, strictly adhere to relevant laws, regulations, professional ethics, and the Company's rules and regulations, and prevent behaviors that may harm the interests of the Company and its shareholders.
- The term "fraud" in this policy specifically refers to acts where internal or external individuals adopt fraudulent or illegal means to seek improper benefits for themselves or others, including but not limited to:
 1. Employees stealing, attempting to steal, or instigating others to steal company secrets or intentionally disclosing confidential business information.
 2. Employees and related parties (including but not limited to direct relatives) accepting or soliciting bribes from affiliated enterprises, suppliers, channels, and customers, including acts of receiving loans, assets, or other benefits.
 3. Employees exploiting their positions, violating the company's credit management system, colluding with each other, forging or altering false data to secure higher credit limits or favorable return policies for channels or customers, providing false cooperation information, forging or assisting in forging false certificates and documents.
 4. Engaging in business competition or other business cooperation activities with the company without proper filing and authorisation, including but not limited to engaging in businesses that compete with the company or participating in such businesses during employment, engaging in related-party transactions without filing or approval.
 5. Employees embezzling or misappropriating company assets through their positions, including but not limited to requesting customers to make private payments, misappropriating company assets for personal use, illegal use, theft, misappropriation, buying and selling company properties, concealing transaction details, setting up private cash funds, and other behaviours.
 6. Incurring expenses for improper purposes, such as paying bribes or kickbacks.
 7. Transferring company's transaction opportunities or potential profitable projects to other individuals or companies using their positions.
 8. Forging company documents, including forging the company's and its management's seals to falsify company or departmental documents or reports, falsifying or misreporting annual or semi-annual performance data or annual bonus data, falsifying, tampering with, destroying, or hiding accounting records or vouchers.
 9. Engaging in false transactions, including but not limited to purchasing or selling non-existent (unreal) assets, fabricating facts or concealing the truth, causing the company to make payments for false transactions.
 10. Violating the company's relevant expense reimbursement management regulations, issuing false invoices, making unauthorized reimbursements (reimbursements outside the scope defined by the company) to obtain company funds.
 11. Other actions that seek improper benefits for oneself or others, thereby harming the interests of the company.
- The organisational structure of the Company's anti-fraud matter includes the Board of Directors and the Group's Audit Centre.
- The Company provides channels for smooth reporting and disclosure of fraudulent activities. Employees and stakeholders can report internal employees or related fraud cases to the Company through the following means, including whistleblowing or reports regarding violations of professional ethics by the Company and its personnel:
 Whistleblowing hotline: 0760-87133912
 Whistleblowing email: tults@tul.com.cn
 Mailing address: The Group's Audit Centre, No. 12 Jialian Road, Tanzhou Town, Zhongshan City, Guangdong Province, China

5.3.1 Establishing 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 Handbook" and "The United Laboratories Employees' Code of Integrity and Self-Discipline" to ensure fairness, importance 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' violation of the declared behaviour.

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.



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.

Furthermore, in order to effectively enhance employees' awareness of integrity and business ethics, the Group has implemented "The United Laboratories Employees' Code of Integrity and Self-Discipline" in accordance with laws, regulations and the Group's own circumstances. The Code explicitly defines improper behavior and details the procedures for reporting and filing interests related to business or commercial activities. We have also established a mechanism for integrity oversight and penalties to reduce the risk of improper behavior by employees in these activities. Employees must report to their superiors and obtain approval before participating in business or commercial activities. If they encounter a situation where they cannot refuse to accept items during these activities, they must promptly report to their superiors and submit the items to the Administrative Department for registration and safekeeping, and handled in accordance with the system.

5.3.2 Anti-Corruption and Anti-Money Laundering



Compliance Training

33 sessions

Cumulative Learning Attendance
of Compliance Training

2,054

Cumulative Number of Attendances
of Anti-Corruption Training

620

In addition to building an incorruptible culture and encouraging employees to be self-disciplined and abide by the laws, the Group has also implemented “The United Laboratories Anti-Fraud and Whistleblowing Management Policy” to combat all potential fraud in the Company. The Group’s Audit Centre serves as the core department for business ethics and anti-corruption, responsible for the comprehensive monitoring and assessment of corruption risks throughout the Group. This includes key business processes, internal governance mechanisms, and the review of external partners, providing strong support for the company’s development. The audit work is conducted on an irregular basis. When reports or clues on corruption matters are received, the Group will initiate audit procedures that encompass six stages: project initiation, preparation, implementation, reporting, follow-up audits, and documentation. Investigators will conduct in-depth analyses and investigations of the relevant matters, and impose corresponding penalties on the involved employees based on the investigation results and recommendations to ensure fairness and justice in the handling process. Any employees associated with malpractice behaviours, the management will 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 strengthen employees’ awareness of business ethics and compliance with relevant laws, the Group regularly conducts training on laws and regulations and corporate rules and systems at least once a year. The training targets all employees and aims to enhance their professionalism and strengthen their ability to prevent legal risks. During the Year, the Group Legal Affairs Centre organised a total of 33 training sessions on compliance and business ethics, including compliance promotion standard training and new employee induction training. These sessions covered aspects related to the promotion of healthcare products and pharmaceutical products, with a cumulative total of 2,054 attendances. In addition, the Group’s Legal Affairs Centre has conducted online and offline anti-corruption training through office platform system “Smart United Laboratories”, covering the topics such as compliance management for occupational crimes, risk prevention against commercial bribery in pharmaceutical companies, and occupational integrity and compliance risk management. The training was targeted to all employees and suppliers, with a cumulative total of 620 attendances. The Group reviews its anti-corruption policy in a timely manner and conducts annual audits. During the Year, the Group continued to adopt regulatory documents such as “The United Laboratories Anti-Fraud and Whistleblowing Management Policy” and the Integrity Agreement, and continued to implement a series of online anti-fraud thematic trainings, including relevant non-compliant behaviours and case studies, etc. These initiatives aim to enhance employees’ and management’s awareness of integrity in the workplace and increase vigilance against legal and regulatory risks.

To effectively prevent the risk of money laundering, the Group has formulated the “The United Laboratories Anti-Money Laundering Management Policy” applicable to all subsidiaries and employees, aiming to prevent, monitor and combat money laundering. The Board of Directors, as the highest responsible entity for anti-money laundering management, while the Supervisory Board oversees the performance of the Board of Directors and senior management in anti-money laundering and providing recommendations for improvement. The Group’s Finance Department, Treasury Department, and Credit Risk Department serve as the supervisory departments for anti-money laundering management and are responsible for the promotion and implementation of specific task. To ensure the effectiveness of anti-money laundering management, the Group will conduct inspections on a regular or irregular basis, and the results of the inspections will be linked to performance appraisals and management authorisations. Meanwhile, the Group will ensure the compliance and effectiveness of the anti-money laundering management through internal audits to ensure compliance and effectiveness in anti-money laundering management, with the Board of Directors will receive relevant audit reports on a regular basis. In addition, the Group has commissioned an external audit organisation to conduct an independent assessment of the anti-money laundering management to ensure its continuous and efficient operation.

As for the business partners, the Group requires both parties to enter into 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.

Whistleblowing 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 whistleblowing channel on the online mobile office platform system “Smart United Laboratories”. All whistleblowing channels support anonymous reporting. Employees, suppliers, and business-related individuals can directly report unethical or dishonest behaviours to the Group’s Audit Centre.

The Group has clearly defined the working principles of whistleblowing in “The United Laboratories Anti-Fraud and Whistleblowing Management Policy” to keep the whistleblowers’ identity confidential. Complaints or reports made in person should be interviewed by designated personnel in a secret location. All non-related persons are not allowed to participate, question or record the content of the interview. The principle of confidentiality should be strictly adhered to in the receipt, opening, registration, transfer, storage, and verbal handling of written complaints, as well as in the reception, answering, documentation, and recording of telephone complaints. All employees are not allowed to note down, copy, keep, hide or destroy reporting materials without authorisation. Other units and departments of the Group have no right to interfere or disturb the reporting and complaint matters, ensuring the impartiality of the investigation and the privacy of both the complainant and the respondent. In addition, the Group provides full protection to the whistleblowers. We will strictly combat all retaliatory actions if whistleblowers or their family members suffer from damage to person, property or other rights due to reporting. The whistleblowers 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.

5.4 Information Security

Information security infrastructure is an essential method employed by the Group to safeguard internal information and customer privacy. Any leakage of confidential corporate information or customer data can have adverse impacts and lead to losses for the company itself, customers, and other stakeholders. In compliance 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". The Group has established "The United Laboratories Information Confidentiality Policy" and "The United Laboratories Patient Information Protection Policy" to uphold stakeholders' confidence in the Group's operations and services.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Information Security	<ul style="list-style-type: none"> • 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 • Personal Information Protection Law of the People's Republic of China 	<ul style="list-style-type: none"> • The United Laboratories Information Confidentiality Policy • The United Laboratories Patient Information Protection Policy • International Internet Usage Management Policy • Patient Personal Information Protection Policy • Emergency Operation Procedures for Power Outage in the Computer Room • User Agreement • Privacy Protection Policy

During the Year, the Group did not experience any information leakage incidents nor were there any legal disputes related to information security concerning the Group or its employees.

5.4.1 Information System Security

The Group regards information system security as an important responsibility in its corporate operations. The Group's Digital Centre is mainly responsible for promoting the digital transformation of the entire Group. This includes establishing and enhancing the information security system, software product development system, and business process optimisation system as well as promoting the Group's information technology initiatives to ensure that the various tasks are closely aligned with the Group's development strategy.

Information Security Measures

User Security

- Regularly conduct information security awareness training for employees to prevent intentional or unintentional data breaches.
- Office computers are integrated into the domain control system, and unauthorized software installation or connection of portable storage devices is prohibited.
- User accounts require complex passwords, and password expiration is set at 180 days.

Network Security

- Deploy firewall, web behavior management, threat intelligence, zero-trust, bastion hosts, and SD-WAN devices to enhance network security.

System Security

- Equipped with the Sangfor Technologies' Vulnerability Scanning System, which performs regular vulnerability scans on servers and promptly addresses high-risk vulnerabilities.
- All servers are equipped with centralized and managed Endpoint Detection and Response (EDR) software.
- Network security devices and antivirus software are integrated with the original equipment manufacturers' (OEM) network security devices and antivirus software, and the OEM Managed Security Services (MSS) provide continuous 24/7 security support.

Data Security

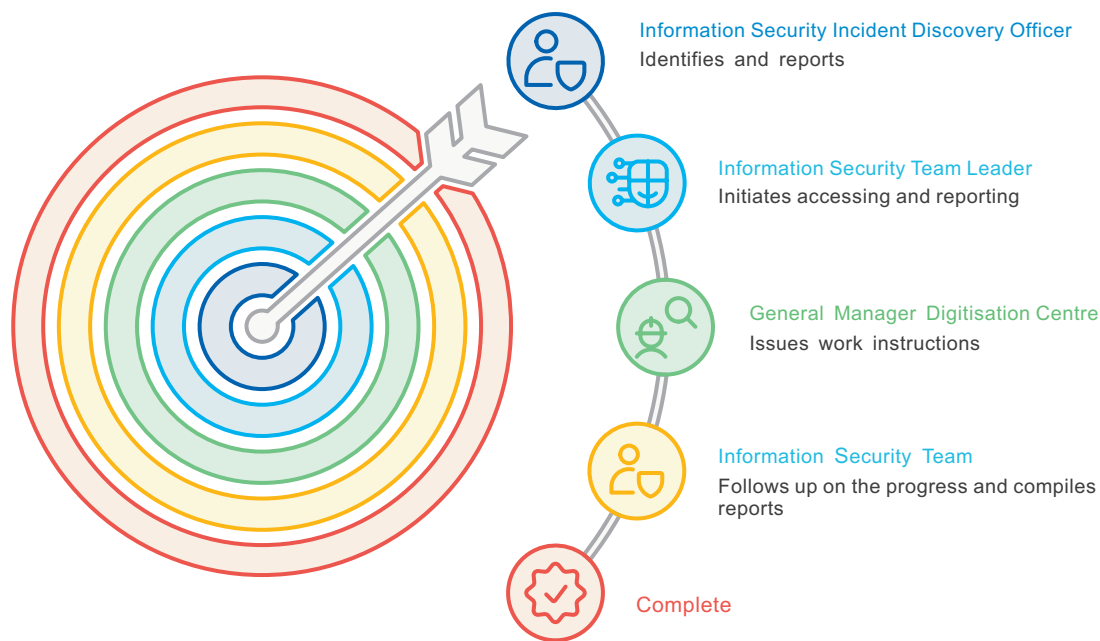
- Utilise document encryption systems to encrypt all data and strictly control the decryption process.
- Adopt a combination of offline and online backups to ensure full and incremental backups of databases and server systems.
- Regular recovery tests are conducted to ensure data availability, integrity, and confidentiality.
- Deploy Continuous Data Protection (CDP) systems to take over business operations and recover or rebuild data in the event of a system failure.

Hardware Security

- Conduct regular inspections of the computer room, equipped with environmental monitoring systems to monitor UPS power supply, cabinet temperature and humidity, lighting, and fire equipment. Any abnormalities are promptly reported through email or app notifications. The computer room is also under 24-hour video surveillance to ensure its security.

The Group has established a clear information security incident handling process to ensure that each step of the incident, from discovery, reporting to handling, is efficiently coordinated. A dedicated team follows up on the progress and compiles reports until the incident is fully resolved within a closed-loop management process, ensuring that the issue is properly addressed.

Information Security Reporting Channels



The Group is aware that the possibility of accidents cannot be completely eliminated even with the implementation of protective measures. Therefore, the Group's Audit Centre conducts regular or irregular audits at least once a year, focusing on confirming the management of established information security facilities and monitoring potential risks in areas that have not been developed. Upon completion of the audit, the audited entity is required to submit a rectification plan, and a confirmation of repairs will be conducted once the rectification is completed. In addition, the Group commissions a third-party independent organisation to conduct an audit of the information system and information security system every year to verify the compliance and effectiveness of the internal management system.

Risk Identification Case - Information System Operational Disruption Risk

During the Year, the Group has identified that operational disruptions in the system may impact the efficiency of related business operations. The probability of this risk occurring has been assessed as medium, while its potential impact on the business is considered high. To address this risk, our short-term measures include the using backup all-in-one appliances to implement a real-time and reliable data protection solution, as well as enhancing the rapid recovery capabilities of data and systems. In our long-term plan, we will progressively examine a number of potential causes that could lead to system disruptions and address them one by one.

Risk Identification Case – Unauthorised Network Access Risk

During the Year, the Group has identified that network architecture adjustments triggered by business changes may affect the existing network boundary defenses. This could pose challenges related to external connection, external attacks and internal operations, necessitating enhanced network security measures to protect internal data. The probability of this risk occurring has been assessed as medium, while its impact on the business is considered high. To address this challenge, the Group plans to optimise its network architecture by reducing network entry points for unified management. Besides, we will establish new controlled network boundaries through firewalls and other network security measures.

To further strengthen risk management and ensure business continuity, the Digital Centre has formulated the "Emergency Operation Procedures for Power Outage of Server Rooms", which sets out in detail the emergency operation procedures in case of power outage, in view of the possible equipment damage or data loss caused by sudden power outage. The Digital Centre also arranges for security operations and maintenance personnel from both the central and branch offices to conduct drills during planned power outages. This aims to enhance the emergency response capabilities of all personnel in the event of an unexpected power outage. The tests are usually conducted in July and August each year, and the frequency must be in line with the outage fault tests. On the day of notification, all staff should switch off redundant electrical appliances and keep the door of the server room closed. During the power outage, all non-business system equipment is required to be shut down to prioritise the uninterrupted operation of the uninterruptible power supply (UPS) and ensure business continuity.

Meanwhile, the Digital Centre continued to implement the "Smart United Laboratories", which integrates mainstream applications such as mobile platforms, public accounts, instant messaging, work applications based on corporate user licences, corporate telephone and video conferencing. The system provides integrated services for employees, facilitates corporate information symmetry, enhances work efficiency and builds corporate core competitiveness. The office platform system "Smart United Laboratories" passed the National Network Security Level Protection Certification 2.0 in 2021 and will continue to implement information security management with strict reference to this standard in the future.

5.4.2 Information Management

According to The United Laboratories Information Confidentiality Policy, 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 appropriate approval procedures based on the importance level of the information when accessing any information.

Besides, the use of internal documents, advertising and promotional materials, medication instructions, and after-sales service content is strictly regulated by the product data management system. These regulations set clear limitations on the scope, purpose, and audience for data usage, ensuring the security and compliance of information.

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 obtain 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.

5.4.3 Privacy Protection

In business operations, personnel across various departments of the Group may come into contact with different types of personal information, including data from customers, shareholders, employees, and candidates, which creates a risk of personal information and privacy leakage. To effectively mitigate such risks, the Group has established "The United Laboratories Patient Information Protection Policy" and "The United Laboratories Information Confidentiality Policy" to ensure the Group legally obtains and use personal information, protect the legal rights and interests of information providers, and prevent risks from improper management of personal information. The system has regulated the methods on collection, use, transmission and storage of personal information, reducing the likelihood 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 developed the "Smart United Laboratories" mobile office platform system. The system integrates a variety of functions, including big data management capabilities that enable comprehensive utilisation and mobile analysis of data, while the patient data micro-file system further strengthens the management of patient information, facilitating customer follow-ups and enhancing the security of information usage. To ensure data security, the Group has established a Digital Centre and Information Security Auditors responsible for comprehensive data security management. We have implemented multiple measures to prevent the leakage or damage of patient information, including enforcing access controls for personnel who handle patient data, implementing a "User Agreement" and "Privacy Protection Policy," and strengthening cybersecurity to guard against virus attacks and unauthorised database intrusions. Patient information is stored in the platform system according to the length of aftersales service and expired information will be destroyed by the Marketing Department, in which the process is monitored and documented by dedicated personnel.

5.5 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 established The United Laboratories Intellectual Property Management Measures 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, development and innovation.

Aspects	Regulations and Guidelines	Internal Policies
Intellectual Property Management	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• The United Laboratories Intellectual Property Management Measures

The Group's Intellectual Property Department is responsible for the management of intellectual property related matters, including the application and maintenance of patents and intellectual property marks. It supervises the relevant units in stopping, reporting and collecting evidence against infringements, while also cooperating with the national efforts to combat infringement activities. While actively protecting its own intellectual property rights, the Group also strictly complies with the law and does not infringe upon the copyrights of other enterprises or individuals. To further strengthen the protection of patented technologies such as technologies, processes, and formulas, the Group has set up an Intellectual Property Affairs Department to ensure that innovative achievements are fully protected and to provide solid intellectual property support for the Group's sustainable development.

In respect of trademark management, The Group's Legal Affairs Centre is responsible for related registration, renewal management, authorisation and protection of rights. The use of trademarks must be audited by the Legal Affairs Centre to ensure that their use is in compliance with the regulations and under effective control. When printing materials with trademarks (such as product packaging), the Group only collaborates with reputable printing factories and strictly destroys defective products and obsolete trademarks to prevent them from leaking and being misused by unscrupulous manufacturers, thereby protecting the legal rights and brand image of the Group's trademarks.



Invention Patents

88



Utility Model Patents

10



Exterior Design Patents

23

All production processes and technologies developed of the Group are derived from self-developed research and development, and patents will be applied for each innovative achievement. Before submitting new patent applications, relevant departments will conduct detailed technical searches and reviews to fully understand the intellectual property status of the related technologies or products. The Intellectual Property Affairs Department will conduct simultaneous patent and trademark searches during the intellectual property registration process 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 121 patents, including 88 invention patents, 10 utility model patents, and 23 exterior design patents. All patents help to protect the interests of the Group.

5.6 Medical Ethics

The Group has established a clinical research centre. As a quality control system covering the entire process of clinical trials, the centre is mainly responsible for the clinical development strategy and path formulation, research protocol design, clinical trial organisation and implementation, project management and monitoring, quality control and other related work for all clinical trial projects of the Group.

Aspects	Regulations and Guidelines	Internal Policies
Medical Ethics	<ul style="list-style-type: none"> • Civil Code of the People's Republic of China • Drug Administration Law of the People's Republic of China • Measures for the Administration of Drug Registration • Quality Control of Clinical Trials of Drugs Measures for Ethical Review of Life • Sciences and Medical Research Involving Humans • Declaration of Helsinki of the World Medical Association 	<ul style="list-style-type: none"> • The United Laboratories Patient Information Protection Policy • Regulation on Registration, Review, and Management Policy for Pharmaceutical Representatives • Patient Personal Information Protection Policy

All clinical trials of the Group strictly complied with the "Declaration of Helsinki of the World Medical Association", the "Civil Code of the People's Republic of China", the "Drug Administration Law of the People's Republic of China", "Measures for the Administration of Drug Registration", "Quality Control of Clinical Trials of Drugs" and "Measures for Ethical Review of Life Sciences and Medical Research Involving Humans" principles and related ethical requirements, taking the rights and safety of subjects as the primary concern in drug clinical trials. We require all drug clinical trials to obtain a clinical trial license, develop scientific, ethical, compliant and practical clinical trial protocols and work plans, including but not limited to project management plan, inspection plan, data management plan and risk control plan, and set clear provisions for reviewing, verifying and tracing original data, frequency and requirements of inspections, collaborative monitoring, auditing, etc. Clinical trials shall ensure all subjects sign the informed consent forms through examination by the drug clinical trial institution and ethics committee.

We are committed to strictly protecting the personal information security of subjects, ensuring the confidentiality of research project data through measures such as anonymisation or coding, thereby reducing the risks and potential harms associated with privacy breaches.

At the end of the reporting period, the Group is currently conducting 11 clinical trials for new drugs. Besides, clinical trials of several innovative drugs and biosimilars are about to begin. In the process, we will continuously monitor, inspect, provide feedback and make improvement to ensure the quality, completeness and compliance of the clinical trials.

06

Normalising Healthiness Safeguarding Life and Health

Our Focuses

Innovation and R&D
Empowering the Pharmaceutical Industry

Our Actions

Strengthening R&D and Innovation
Enhancing Medical Accessibility
Improving Medical Affordability
Equitable Pricing
Enhancing Healthcare Standards



Pharmaceutical innovation and the issue of medical accessibility continue to receive widespread attention in the global pharmaceutical and intellectual property sectors. They are closely related to the balanced development of public health and the intellectual property landscape. In order to enhance the Group's independent innovation capabilities and market competitiveness, we are persistently committed to innovative research and development. We have established multiple research platforms to continuously develop and improve pharmaceutical products to meet the evolving market demands. The Group is also dedicated to promoting industry development through academic outreach projects aimed at disseminating knowledge and information in the field of medicine. Additionally, while focusing on innovation and research and development, we place great importance on patent protection. The Group has implemented the "Intellectual Property Management Methods of The United Laboratories" to fully safeguard our own brand and pharmaceutical patents and to prevent any infringement activities.

6.1 R&D and Innovation

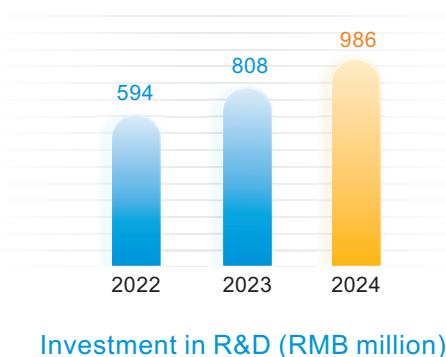
The Group continues to strengthen its research and development (R&D) efforts and invest in innovation, establishing diverse pharmaceutical R&D platforms. We focus on developing and optimizing more high-quality and safe pharmaceutical products to contribute further to the healthcare sector. The Group's pharmaceutical R&D focuses on novel drugs and high-value generic drugs, with key research areas including endocrine medications, autoimmune disease treatments, ophthalmic medications, and more. Besides, our R&D and innovation efforts encompass pharmaceutical production processes, manufacturing technologies, environmental upgrades, and smart transformation. We are committed to utilising superior technologies to provide customers with the highest quality pharmaceutical products.

6.1.1 R&D Platform

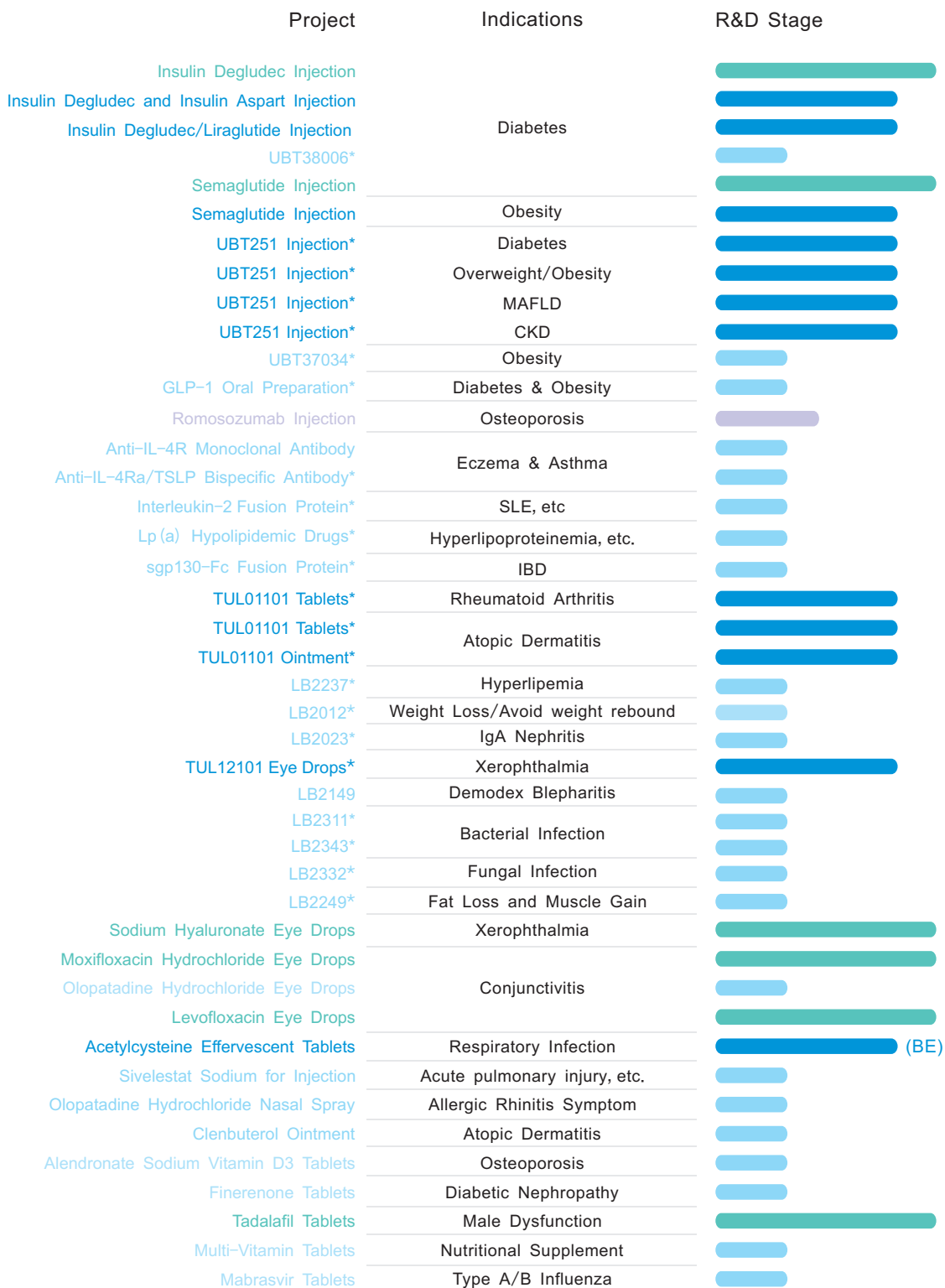
The Group has established the Research and Development Institutes for biological drugs, chemical drugs, innovative (chemical) drugs and animal healthcare, as well as the Clinical Research Centre to collaborate on research and development. These research institutes are equipped with professional scientific research teams and domestically and internationally advanced R&D facilities, with over 1,000 research and technical personnel. We provide comprehensive coverage in the R&D of innovative drugs, generic drugs, animal healthcare, intermediates and bulk medicines including both products and technologies. The Clinical Research Centre is tasked with designing, organising, implementing, quality management, compliance, and other related work for all clinical trial projects undertaken by the Group. It maintains close collaborations with nearly 200 domestic institutions possessing national drug clinical trial qualifications and authoritative treatment in relevant fields. Under the guidance of renowned experts from both within the country and abroad, the Centre has successfully organised and completed more than 110 pharmaceutical clinical trials. Moreover, the Group collaborates with universities, research institutes, and laboratories both within the country and abroad to carry out research and development activities.

6.1.2 R&D Investment and Achievements

The Group persists in innovative research and development, continuously allocating substantial resources to progressively increase the investment in R&D. During the Year, the Group has invested RMB986 million for research and development purposes, representing a year-on-year increase of 21.9%.



R&D Pipeline



R&D Stage: ■ Pre-clinical ■ Clinical Trial Application ■ Clinical Trial ■ Production Application

As at the year end, the Group had a total of 43 projects in the pipeline for the development of generic drugs and new drugs. Among these projects, 11 have entered the clinical stage, 6 are awaiting clinical trial approval for production, and 24 are in the pre-clinical research stage. Furthermore, the Group actively responds to the national requirements for consistency evaluation of generic drugs, with a total of 24 projects having obtained approval for consistency evaluation and an additional 8 projects in progress. The Group currently has several key research and development products, as shown in the chart above (R&D Pipeline), and it is expected that these products will lay a solid foundation for the Group's sustainable development in the future.

In addition, building upon the foundation of excellent product quality, production processes, and equipment, the Group actively seeks breakthroughs and strives for efficiency. We have successfully achieved numerous scientific research outcomes, not only providing the public with more high-quality pharmaceutical products but also enhancing the operational and production efficiency of the Group.

UBT251 Injection Completes Phase Ia Clinical Trial

UBT251 is a long-acting GLP-1/GIP/GCG triple-target receptor agonist with potent activity against glucagon-like peptide-1 (GLP-1), glucose-dependent insulintropic polypeptide (GIP), and glucagon (GCG) receptors. It regulates appetite and energy metabolism, reduces blood glucose and body weight, and improves hepatic steatosis. During the Year, the Phase Ia clinical trial in healthy Chinese subjects has been completed. Results demonstrate that UBT251 exhibits significant weight loss effects, along with favorable safety and tolerability in healthy subjects, suggesting potential for even greater metabolic benefits and weight reduction in obese populations. Currently, the Group is the first enterprise in China and the second in the world to develop such long-acting GLP-1/GIP/GCG triple agonist using chemically synthesised peptide methods.

Insulin Degludec's Marketing Application Accepted by National Medical Products Administration

Insulin Degludec is a new generation of long-acting basic insulin analogues, with an action time of 42 hours and features of stable glucose control and high safety. Currently, Insulin Degludec is classified as a Class B drug in the National Medical Insurance Catalogue (2023 edition).



TUL12101 Eye Drops Completes First Subject Enrollment in Phase IIa Clinical Trial

TUL12101 is a new generation small-molecule RASP (Reactive Aldehyde Species) inhibitor. Its mechanism of action involves trapping harmful aldehydes released during inflammatory responses, thereby alleviating inflammation and breaking the vicious cycle of chronic inflammation. It is being developed for the treatment of ophthalmic such as dry eye syndrome. In May of this year, TUL12101 eye drops successfully completed a Phase I clinical trial in healthy Chinese subjects, demonstrating good safety and tolerability. In October, the first subject was enrolled in the Phase IIa clinical study of TUL12101 in China. Currently, the Group is the first in China and the second in the world to develop a RASP inhibitor for therapeutic use.

Mupirocin Ointment (Specification: 2% (5g:0.1g)) Approved for Marketing

Mupirocin Ointment is a Class A OTC topical dermatological medication indicated for the treatment of primary skin infections caused by Gram-positive cocci, as well as secondary skin infections such as eczema with superinfection and superficial trauma with infection. As a broad-spectrum antibiotic, Mupirocin Ointment demonstrates excellent efficacy against common pathogenic strains and is included in both the National Essential Drug List (2018 edition) and the National Basic Medical Insurance Drug List (2023 edition) as a Class B drug's category. Its characteristics include potent antibacterial activity, minimal local absorption, low tendency to develop cross-resistance, making it a stable-quality, highly effective household topical medication.

The product development efforts of the Group strictly complies with national pharmaceutical laws, regulations and technical guidelines. The research team combines the technical requirements for drug registration and the consistency evaluation of generic drugs to conduct thorough studies on the pharmaceutical quality and bioequivalence of the products. This ensures that the drugs meet the requirements for safety, efficacy, and quality control.

During the Year, the following products of the Group passed the generic drug quality and efficacy consistency evaluation, including: Injectable Imipenem and Cilastatin Sodium (Specifications: 0.5g; 1.0g), Amoxicillin and Clavulanate Potassium Tablets (Specification: 0.375g), Injectable Cefuroxime Sodium (Specifications: 0.75g, 1.5g), Injectable Ceftazidime (Specification: 1.0g), Amoxicillin Granules (Specification: 0.125g) and Mupirocin Ointment (Specification: 2% (5g:0.1g)). The approval of these products in the generic drug consistency evaluation has further enhanced the competitiveness of the Group in the market. As of this year, the Group has accumulated 24 products that have passed (including deemed to have passed) the consistency evaluation. The Group will continue to promote the generic drug consistency evaluation work to provide patients with more high-quality medication options.



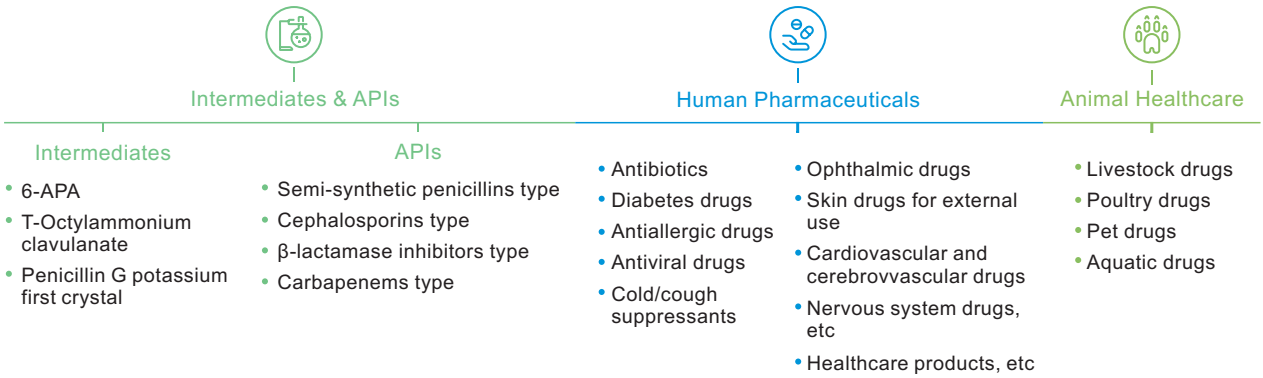
Cyclosporin Oral Solution "Bongpitan"
Approved as National Class V New
Veterinary Drug

Cyclosporin is a selective immunosuppressant that reduces inflammation and allergic reactions by inhibiting T-lymphocyte activation upon antigen stimulation and suppressing the antigen-presenting function of the skin immune system. It is indicated for the treatment of canine chronic atopic dermatitis and feline chronic allergic dermatitis.

6.2 Enhancing Medical Accessibility

The Group's business covers pharmaceutical finished products, active pharmaceutical ingredients (APIs), and intermediates, with product pipeline in the fields of endocrine, metabolism, autoimmune, ophthalmic, anti-infection, etc.

Products



The Group consistently adheres to the mission of providing safe and effective products to patients worldwide, while actively participating in various chamber and association activities to promote industry development and communication. Currently, we serve as an executive director unit of the China Chamber of Commerce for Import & Export of Medicines & Health Products (referred to as "CCCMHPIE"), assisting the chamber in promoting pharmaceutical trade and investment, serving as a bridge between government and enterprises, connecting domestic and international markets to promote the globalisation of China's pharmaceutical and healthcare industry. Furthermore, the Group is also a member of the China Pharmaceutical Industry Association, contributing to the development and communication within the chemical pharmaceutical sector. Through these platforms, we are able to share knowledge and experience with industry professionals, jointly driving progress in the pharmaceutical and healthcare industry, and committing to improving patient access to safe and effective products.

6.2.1 Domestic Market

The Group is primarily engaged in the research, development, production, and sales of APIs and intermediates, finished products, veterinary drugs, pharmaceutical capsules and medical devices. As one of the leading comprehensive pharmaceutical companies in China, the Group's product portfolio includes human pharmaceuticals and animal healthcare. The Group has a well-established sales team for intermediates, APIs, and formulations, with a sales network covering all over China.

Business Progress in Domestic Market

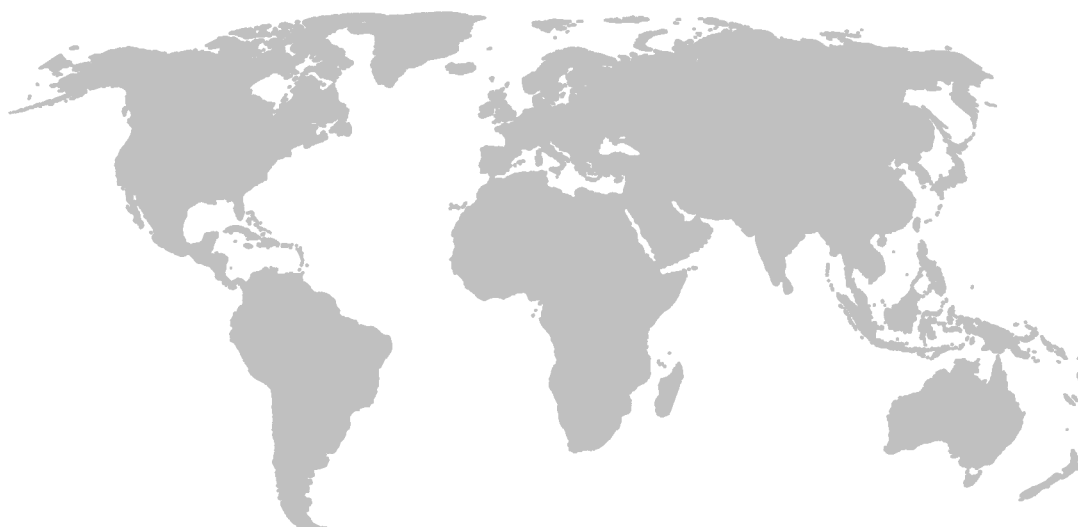


6.2.2 Global Market

The Group actively expands its international business, enhancing its global industrial layout and export operations. During the Year, the Group generated RMB2.64 billion in overseas business revenue, accounting for 19.2% of the Group's total revenue. Currently, the Group's international business covers intermediates and APIs, with a sales network spanning major pharmaceutical markets and emerging markets worldwide, including China, Europe, India, the Middle East, South America, and Africa. It holds a leading position in the upstream industry of penicillin antibiotics globally. The Group's intermediates and APIs have obtained official certifications from multiple countries, such as the European Union Certification of suitability of European Pharmacopoeia monographs (CEP), the United States FDA, Germany, India, Japan, Brazil, and Mexico. Currently, the Group has a total of 39 overseas certifications and 81 overseas registrations.



Additionally, during the Year, the Group secured a tender from the Brazilian Ministry of Health for human insulin injection procurement, marking a pivotal milestone in the internationalization of our finished products. Moving forward, we will prioritize diabetes-focused products and strategically advance the global deployment of human-use finished products, with particular emphasis on countries and regions along the Belt and Road Initiative routes.



At the same time, the Group actively plans and promotes licensing-out and cooperation, and continues to deepen its global strategic layout. The Group is committed to providing more comprehensive treatment options and medication choices for patients around the world, and making positive contributions to improving medical accessibility.

6.3 Improving Medical Affordability

6.3.1 Selected in National Medical Insurance Drug List and National Essential Drug List

The National Healthcare Security Administration (國家醫療保障局) announced the "National Basic Medical Insurance Drug List (2024 edition)" (NMIDL) would be officially implemented on January 1, 2025. During the reporting period, the Group has 67 products included in the NMIDL, with 24 Category A products and 43 Category B products. In addition, the Group also has 31 products in the "National Essential Drug List (2018 edition)" (NEDL).

National Medical Insurance Drug List (NMIDL)

Category A drugs on the NMIDL are clinically necessary, widely used, effective, and low-priced among similar drugs. The costs incurred from the usage of Category A drugs are paid in accordance with the provisions of Basic Medical Insurance.

Category B drugs on the NMIDL are clinically optional, effective, and slightly more expensive than Category A drugs for the same class of drugs. The costs incurred from the usage of Category B drugs are first paid by the enrollee for a certain portion of the costs, then the paid for in accordance with the provisions of the Basic Medical Insurance.

National Essential Drug List (NEDL)

NEDL is the basis for medical institutions to equip and use drugs. The catalog contains 2 parts, which are usage for primary medical and health institutions, and usage by other medical institutions. The drugs in the NEDL are drugs that meet basic medical and health needs, have appropriate dosage forms, reasonably priced, can be ensured supply and are available to the public on an equitable basis. The NEDL came into effect from 21 September 2009.

6.3.2 Participating in the National Centralised Procurement

Currently, there are 140 million diabetes patients in China, and insulin plays a crucial role in controlling blood sugar levels for these patients, holding an irreplaceable position in diabetes treatment. Since insulin requires to be used long-term, the National Healthcare Security Administration organised the batch of national centralised procurement of drugs (Insulin-specific) and the selection results would be implemented from May of 2024. This centralised procurement involves the procurement of approximately over 240 million units of insulin in the first year of the national medical institutions, with an average price reduction of 3.8% compared with those of the first round. The Group's full line of insulin products was selected in this procurement, and through increasing our market share of insulin products, we aim to alleviate the financial burden of medication and benefit a wide range of diabetes patients.

6.3.3 Equitable Pricing

The Group places great importance on the accessibility and affordability of medications in developing countries and has established a fair and reasonable pricing mechanism. The mechanism takes into account factors such as production costs, industry supply and demand, healthcare system coverage and patient affordability, etc. It implements a relatively transparent and consistent pricing policy at the same level in both international and domestic markets to ensure that patients can access to the high quality medicines they need. In addition, the Group has established a Sustainability Committee to oversee the accessibility of healthcare services, further reinforcing our commitment to enhancing patients' access to healthcare services.

To ensure price transparency, the Group actively responds to the domestic policies on the regulation of drug prices and strictly complies with the relevant laws and regulations so as to safeguard the fairness and transparency of drug prices. We have established a "Product Price Management System", the scope of which applies to the sale of all bulk medicines and intermediate products, and sets the price based on market conditions and our own sales and supply situation. In order to effectively reduce the cost of drug supply, the Group has minimised intermediary steps as far as possible. Currently, generic drugs in the market are generally priced at 60-70% of the original branded drugs. In addition, we adjust the prices of similar products in developing and developed countries with a view to enabling more patients to access the treatment they need.

During the Year, the average price of The United Laboratories' bulk medicines of amoxicillin in developing country markets was approximately 14.5% lower than in developed country markets. In countries and regions such as the Middle East and Africa, the average price of amoxicillin's bulk medicines was also about 11.8% lower than in other developing country markets.

During the Year, the Group did not have any quality control issues specifically for non-exclusive licensed drugs or drugs with non-exclusive licenses.

6.4 Enhancing Healthcare Standards

6.4.1 Providing Training for Local Healthcare Professionals

The Group actively promotes the development of pharmaceutical undertakings and is committed to facilitating academic exchange and information dissemination in the pharmaceutical field. The Group continues to provide technical training for healthcare workers in multiple low- and middle-income countries and regions, aiming to strengthen local health systems and enhance medical technical capabilities. During the Year, the Group participated in several high-level pharmaceutical academic forums, including the Annual Conference of the Diabetes Committee of the Chinese Research Hospital Association, the Meeting of the Diabetes and Endocrinology Committee of the Chinese Women Doctors' Association, and the Academic Conference on Diabetes Education and Management of the Chinese Medical Association. During the Year, the Group participated in a total of 21 national advanced academic forums, with the number of participants exceeding 2,000. Furthermore, the national public welfare training activity "Double Excellence Initiative" - Primary Diabetes Prevention and Management Training Program, organised by the Diabetes Committee of the Chinese Research Hospital Association and exclusively supported by the Group, continued to be held in the reporting period, making positive contributions to improving the rational clinical use of diabetes medications.

Adhering to the tenet of "To Make Life More Valuable", the Group places a great importance to public health and supports the provisions of the "Doha Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Public Health" on protecting public health and granting compulsory licences for relevant patents in emergency situations. In addition, as a generic drug manufacturer, the Group supports fair competition for generic drugs and provides the public with more affordable choice of quality drugs.

6.4.2 Assisting Overseas Customer in Achieving International Pharmaceutical Manufacturing Standards

As a raw material supplier, the Group not only provides high quality APIs and intermediates to large pharmaceutical enterprises in developed countries, but also continuously to assist pharmaceutical companies in developing and less developed countries to upgrade their pharmaceutical manufacturing standards. Through the provision of detailed formulation information, shipment of samples and working controls, as well as the provision of technical improvement support, we help our customers, including local pharmaceutical manufacturers, to improve their production efficiency and effectively control the quality and stability of their pharmaceutical products. The Group is committed to assisting its customers in meeting the developed national and international pharmaceutical manufacturing standards and promoting the common progress of the global pharmaceutical industry.

Assisting Customers in Developing Countries to Improve Product Quality

A client of the Group's in Paraguay had used substandard oral Amoxicillin and Cefixime Proxetil, resulting in a serious medical incident and even the death of a child. After investigation, it was found that the original supplier of the customer was a chemical factory with insufficient quality control, and the customer lacked a comprehensive internal quality management system. In order to solve this problem, the Group initiated in-depth communication with the customer, provided detailed information on the preparations, and equipped each shipment with reference standards to help the customer effectively control the quality of the drugs during the production process. Through continuous technical support and quality management guidance, we successfully assisted the customer in upgrading the production standard of the preparation to that of developed countries.

Providing Process Technology Improvement Support to Clients

Our clients in Thailand faced challenges in their production of Amoxicillin's raw materials due to limitations in their manufacturing technology, leading to frequent dissolution issues. Through multiple communications and negotiations, we arranged for free samples and shared relevant production parameters to assist the client in improving production efficiency and ensuring quality stability.

6.4.3 Rational Use of Medications

The Group actively promotes the rational use of antibiotics as the misuse of antibiotics leads to increased antibiotic resistance, which inevitably poses threat to public health. As antibacterial drugs are one of the Group's major product categories, the Group strictly complies with the "Administrative Measures for the Clinical Application of Antibacterial Drugs" promulgated by the government and the "Classification and Management Catalogue of Clinical Application of Antibacterial Drugs" issued in various regions, and actively cooperates to control and reduce the occurrence of antibiotics abuse. To address the issue of antibiotic resistance, the Group is developing class I new drug projects, LB2311 and LB2332, aimed at treating drug-resistant bacterial infections and fungal infections. As of this year, these projects are in the preclinical research stage.

6.5 Focus on Rare Disease

Under the guidance and support of relevant policies such as the "Drug Registration Management Measures" and "Rare Disease Diagnosis and Treatment Guidelines", the Group has fully leveraged the advantages of its own research system, proactively responded to the national call, conducted in-depth analyses of the market demand for rare diseases, and substantially increased the investment in the research and development of medicines for rare diseases. This aims to improve the clinical treatment landscape in our country. The Group focuses on enhancing the accessibility of innovative therapeutic drugs to rare disease patients with rare diseases so as to benefit more patients.

Paroxysmal Nocturnal Hemoglobinuria (PNH)

PNH is an acquired hemolytic disease in which a mutation in the PIG-A gene of hematopoietic stem cells leads to the loss of a group of membrane proteins anchored to the cell surface through glycosylphosphatidylinositol (GPI). This results in changes in cellular properties and sensitivity to complement, leading to intravascular hemolysis, potential bone marrow failure, and thrombosis. The incidence rate of PNH in Western countries is (1-2)/million population/year, with a standardized rate of 1.3/million population/year. In our country, the overall incidence rate is around 1/100,000, which is higher than in Europe and America.

At present, the treatment for PNH is to inhibit complement C3 or C5 monoclonal antibodies, which can effectively reduce their levels in PNH patients. However, these drugs have defects such as injection pain and infection risk. Our research project LB2023, an oral small molecule new drug, which is to develop a compound that inhibits the complement pathway through the CFB target to achieve the inhibitory effect on complement in PNH patients. Compared with C3 and C5 monoclonal antibodies that completely inhibit the complement pathway, this drug will be safer and more compliant with medication. In December 2023, Novartis CFB target drug LNP023 became the world's first monotherapy drug approved by the FDA for treating PNH. Therefore, our new drug targeting the same target has an opportunity to be used for the treatment of rare diseases such as PNH in the future.

07

Pursuing Perfection Building Quality Brands

Our Focuses

Quality Management
Customer Service
Pharmacovigilance

Our Actions

Improving Quality Management System
Enhancing Customer Service

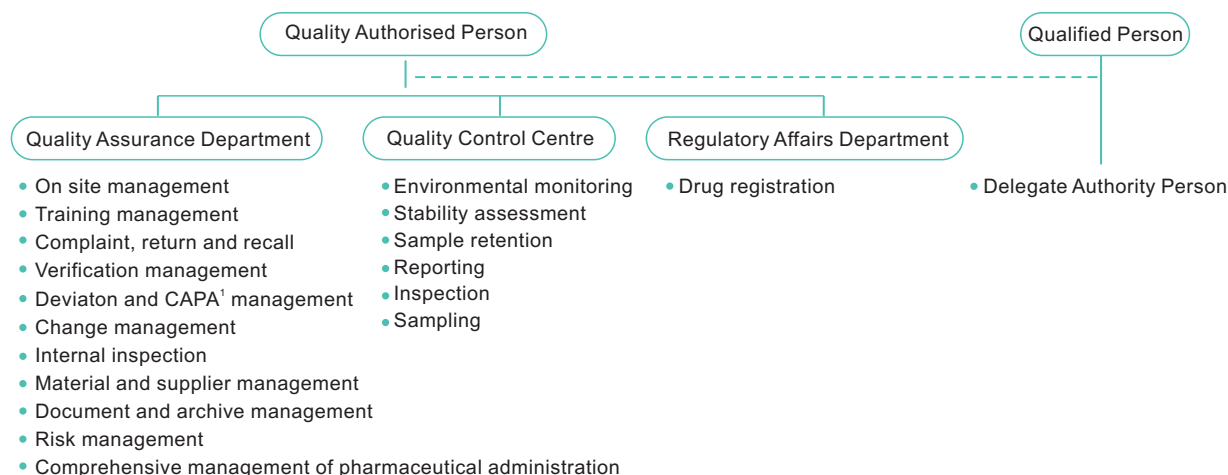
7.1 Quality Management

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. To achieve the highest level of quality assurance, we strictly comply with the relevant laws and regulations on pharmaceutical management and have established a comprehensive and rigorous internal quality management system. From raw and auxiliary materials, and intermediates to finished products, we conduct strict quality control at every stage, including ingredient testing, sample testing, label and packaging verification, as well as transportation and storage management, ensuring the effective implementation of quality control procedures. Through our vertically integrated production and operation model, we achieve full traceability from the entry of raw materials to the export of finished products, ensuring that every production stage and quality control procedure meets relevant standards, thus providing consumers with safe and reliable products.

Aspects	Regulations and Guidelines	Internal Policies
Pharmaceutical Quality	<ul style="list-style-type: none"> • 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 • International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) Guidelines • Guidelines of Quality System Approach to Pharmaceutical cGMP Regulations by FDA • Guidelines of Good Manufacturing Practices for Drug by the European Union • ISO 9001: 2015 Quality Management Systems Certification 	<ul style="list-style-type: none"> • Quality Risk Management Regulations • Document Management Regulations • Deviation Handling Program • Investigation Procedure for Out of Specification (OOS) Inspection Results • Corrective and Preventive Action Management Procedure • Verification Management Regulations • Product Review and Release Management Procedure • Change Control Management Regulations

7.1.1 Quality Management System

Each of the Group's production sites has established a comprehensive quality management system, which is overseen comprehensively by the Quality Authorised Person. Under the guidance of the Quality Authorised Person, the Quality Management Department coordinates and oversees quality assurance, quality inspection, pharmacovigilance, drug registration, ensuring that all processes are strictly executed and providing comprehensive assurance for product quality.



Note:

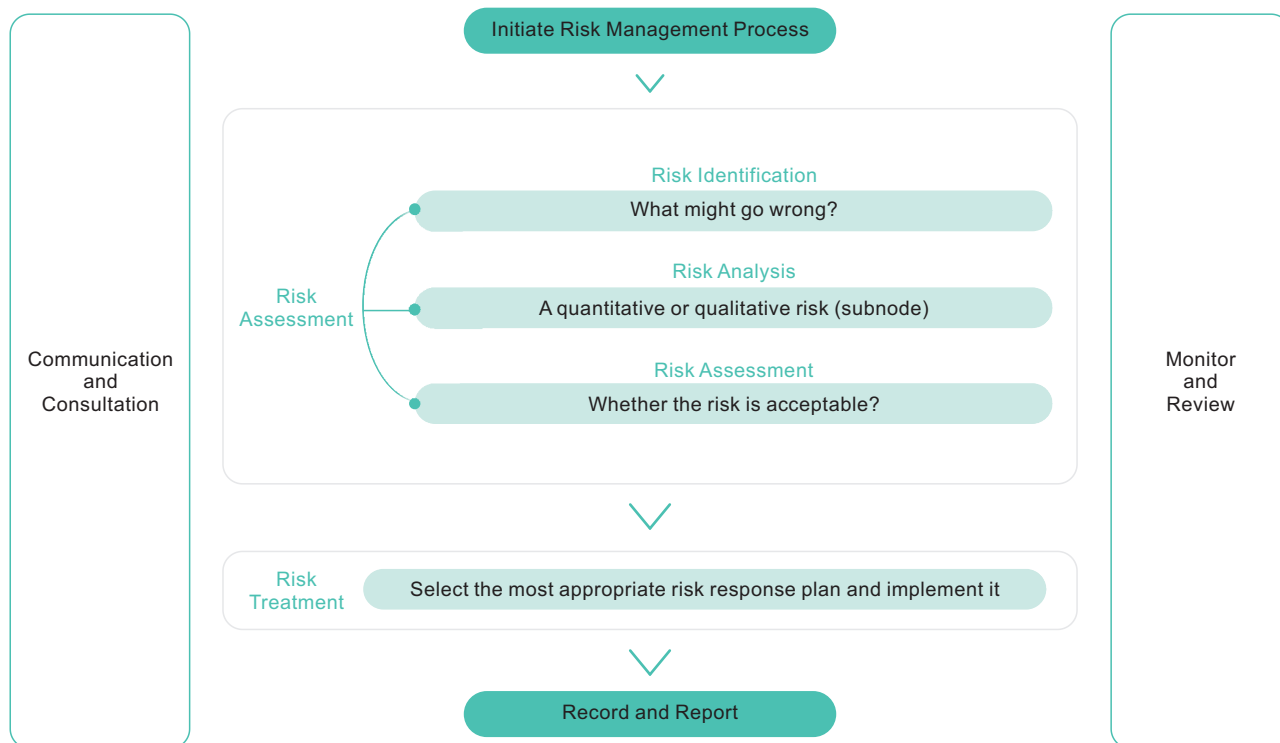
1. CAPA (Corrective and Preventive Actions) management refers to the measures taken to eliminate the occurrence of detected non-conformities or other undesired conditions, as well as the measures taken to eliminate the occurrence of potential non-conformities or other potential undesired conditions.

The Group's quality management system was developed and implemented in accordance with the "National Quality Management System Requirements" (GB/T19001-2016 / ISO 9001:2015). 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 receipts 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 enter into 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. 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 entered into quality assurance agreements with the commissioned logistic company to guarantee the quality and compliance of products upon delivery to market, ensuring the quality of our products from being compromised.

The Group has established an effective quality risk management procedure, applicable to various activities of pharmaceutical product quality management within the company and to various quality risks that exist or may potentially arise throughout the life cycle of the products. This procedure is designed to guide the identification, analysis, evaluation, control, review, and communication of risk factors in the quality management process of pharmaceuticals, covering the entire life cycle from research and development, technology transfer, commercial production, to product discontinuation. Its purpose is to effectively implement risk management, reduce risk damages, and ensure the safety and efficacy of pharmaceutical products. In addition, we have set up procedures for the release 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, effectively eliminating any potential quality hazards.

In order to further improve quality management, the Group conducts irregular risk assessments of the quality of various products each year to identify potential risk points and develop corresponding control measures. The main purpose of testing is to identify potential risks to product quality and safety, covering aspects such as testing frequency, background, subjects, results, and handling methods to ensure comprehensive and effective risk management. Besides, the Group performs an annual review of product quality, thoroughly assessing all quality indicators, deviations during the production process, and changes in production equipment. This process includes proposing improvement measures to continuously optimise the quality management system, ensuring the stability and reliability of product quality.



7.1.2 Quality Supervision

Our core production philosophy is "Be a Quality Enterprise, Prosperous and Strong". Obtaining authoritative quality certification not only ensures the protection of customers' health, but also strengthens customers' trust and confidence in our products. Being the leading comprehensive pharmaceutical enterprises in China that has fully passed the GMP certification, the Group has always strictly complied with the relevant regulations and continuously met the requirements of the certification standards. During the Year, we successfully passed a number of quality certifications from authoritative domestic and international institutions. The Group has a total of seven major production sites, 57.1% of which have obtained GB/T 19001-2016/ISO 19001: 2015 quality management system certification, further consolidating our leading position in the industry. Throughout the year, the Group underwent a total of 25 inspections by external regulatory bodies, both domestic and overseas, covering more than 81 products, and all of the inspections were free from serious defects, which fully demonstrated our excellent performance in quality management.

Inspection of the Group by External Regulators during the Year

● GMP Compliance Status

Zhuhai Company

- Successfully passed the eighth online GMP inspection by the Mexican COFEPRIS.
- Passed the Brazilian GMP inspection with "Zero Deficiency"

Zhuhai United Bio-Pharmaceutical Co., Ltd.

- The Yeast Expression Subunit Vaccine production line is a GMP-qualifies production line.

Inner Mongolia Company

- Successfully completed the first Korea GMP on-site certification.
- Obtained ampicillin production license and passed the GMP compliance inspection of tazobactam and ampicillin production lines.

● Others

- Amoxicillin Sodium Aseptic Drug obtained CEP certificate again.

Inner Mongolia Company successfully completed the Korea GMP on-site certification

During the Year, Inner Mongolia Company successfully passed the GMP certification inspection by the Ministry of Food and Drug Safety (MFDS) of Korea, which was the first time for the company to receive on-site inspection by the Korean pharmaceutical officials. Korea is known for its strict drug regulation, and the inspection covered the production process of Amoxicillin API, quality control, material management, utility systems and personnel training. Through document review, on-site inspection and employee communication, the auditor fully evaluated the company's production environment and quality management system, and highly praised the company's GMP implementation status. This certification marks the international recognition of the company's quality management system and lays a solid foundation for the expansion of the international market. In the future, the company will continue to follow the international GMP standards and provide high quality products for global users.

Zhuhai Company successfully passed the eighth online GMP inspection by the Mexican COFEPRIS

During the Year, Zhuhai Company successfully passed a five-day online GMP inspection by COFEPRIS, an official organisation in Mexico, which is the eighth time that the Company has successfully passed the GMP certification by COFEPRIS. The inspection focused on the production and quality management of the sterile APIs Ceftriaxone Sodium and Cefotaxime Sodium. The inspectors conducted a comprehensive audit of the company's utilities, production and inspection sites, and quality system documentation system through online video. In the concluding meeting, the inspector gave high praise to the company's production site and quality system management, and fully affirmed Zhuhai Company's excellent performance in quality management. In the future, Zhuhai Company will continue to adhere to the international advanced standards, continuously improve the quality of products to meet the needs of global customers, and contribute to the cause of human health.

7.1.3 Quality Management Training

Professional quality management personnel are an important part of the Group's quality assurance of pharmaceuticals. To enhance the professional capabilities of quality management personnel, the Group conducts various training sessions regularly. These sessions help them gain a deeper understanding of the operational mechanisms and critical aspects of various procedures, further strengthening the professionalism and integrity of quality control. The training's scope covers latest edition of Chinese Pharmacopoeia, production process, quality, as well as mastering inspection and verification methods and grasping product release procedures. The training sessions mainly involves centralised lectures, with assessments conducted through oral or written tests to ensure that quality management personnel fully grasp the necessary knowledge, thereby maintaining a high standard of quality management within the Group. In addition, the Group has set up a section, namely "Quality in The United Laboratories", on our corporate website. The section includes legal knowledge, the Group's quality requirements, training information and a forum to provide all our employees with an online knowledge base and a platform for learning and communication on quality, and to optimise the channels and effectiveness of quality training.

Quality Management Training

To enhance employees' quality management capabilities and awareness, the Group has organised a series of quality training sessions aimed at strengthening employees' understanding and application of quality standards. For example, the Zhuhai Company conducted a total of 10,070 internal training sessions this year, including 8,053 planned training sessions and 2,017 unplanned sessions, along with 26 external training sessions. These training programs primarily cover regulatory knowledge, job competencies, operational skills, and management abilities, thereby comprehensively improving employees' professional quality and practical work capabilities.

7.1.4 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.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Pharmaceutical Description and Labelling	<ul style="list-style-type: none"> • Provisions on the Administration of Pharmaceutical Directions and Labels 	<ul style="list-style-type: none"> • Product Manual Modification Management Procedure • Product Manual Acceptance Standards • Product Label Acceptance Standards

The Group has formulated strict 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. Besides, 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. Moreover, 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.

7.2 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.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Product Marketing and Promotion	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Compliance Department Unannounced Inspection Process (Marketing Promotion Category) • Sales Code of Conduct • Compliance Promotion Guidelines • Regulation on Registration, Review, and Management Policy for Pharmaceutical Representatives • Compliance Unannounced Inspection Policy • Compliance Incident Reporting Policy

7.2.1 Promotion

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 Legal Affairs Centre for systematically audit before being released.

7.2.2 Responsible Marketing

The Group has established a comprehensive 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 being the "Sales Code of Conduct" and "Compliance Promotion Guidelines", in order to eradicate any violation of regulations regarding sales and promotion, ensuring the Group only conducts responsible marketing. The Group's sales teams cover all regions nationwide, 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 all management and frontier promotion employees have received necessary training to achieve the same professional level so as to provide customers with the best service.

During the Year, responsible marketing training was conducted for all sales personnel, focusing on the "Compliance Promotion Guidelines" and "Health food onboarding compliance training ". Through these trainings, our goal was to enhance the sales team's understanding of compliance requirements and improve their professional competence and sense of responsibility during the promotion process. During this training initiative, a total of 356 sales employees were trained, with a cumulative training duration of 217 hours. The training covered compliance guidelines, regulatory requirements, and Special considerations for health product promotion. Through these trainings, sales employees not only strengthened their understanding of regulations but also learned how to effectively promote products in special circumstances. We believe that through this series of training measures, the sales team's professional capabilities and compliance awareness will be further enhanced. During the Year, the Group did not receive any complaints or legal proceedings related to misleading or deceptive consumer advertising content.

We will continue to provide ongoing comprehensive training opportunities for our sales staff to ensure that they are following best practices in their work to deliver high quality products and services to our customers.

Summary of "Sales Code of Conduct"

- To strengthen employee management, regulate the behavior of sales personnel, and improve employee quality, the Group has formulated this policy.
- Comply with and uphold national laws, regulations, and policies. Adhere to the relevant rules and regulations established by the company. Show care for the company and have a passion for one's job.
- Strive for continuous learning and improve personal comprehensive qualities. Approach work with initiative, enthusiasm and professionalism. Maintain a polite and respectful attitude towards customers.
- Familiarise oneself with the company's product knowledge and sales management system. Combine market analysis to identify the market positioning of products and enhance awareness of sales risk control, maximizing the promotion of company products for optimal profitability.
- During the course of conducting business, if sales personnel violate laws, regulations, or the company's established rules and regulations, and their actions harm the company's interests, penalties or termination of employment will be imposed based on the severity of the situation.
- Adhere to the principle of customer orientation and safeguard the collective interests of the company.
- Strictly prohibited to intentionally provide false market information or handle incidents beyond one's authority. Depending on the severity of the situation and the losses incurred by the company, warnings or demotions will be given as disciplinary measures.

Summary of “Compliance Promotion Guidelines”

- Employees engaging in academic activities and after-sales service must comply with relevant national laws, regulations, and policies.
- Organising academic conferences requires submitting an application specifying the conference type, scale, time, location, theme, participants, and budget. The conference budget should be confirmed by department heads and approved by the finance department.
- For organised academic conferences, supporting documents such as the conference agenda, attendance list, and on-site photos should be provided for inspection. Expenses related to the conference should be supported by legitimate and valid receipts.
- Equipment placement shall be based on legitimate purposes, such as collecting product feedback, improving usage efficiency, and conducting patient education, with ownership clearly stipulated in contracts. Tracking procedures shall be established and supporting documents retained to ensure proper usage. It is prohibited to use equipment placement to stipulate purchase quantities or amounts, procure at inflated prices, circumvent tender procedures, or facilitate illegal benefit transfers.
- When conducting retail terminal sales, promotion agreements and integrity compliance agreements shall be signed with retail pharmacies, clearly specifying legal operation requirements. Discounts and promotion fees shall be paid according to agreements with transparent accounting records. It is prohibited to induce retail terminals through cash rebates or other benefits to provide preferential treatment, or to collude in obtaining prescription information or transferring benefits, thereby influencing product allocation and prescription review.
- Promotional materials must undergo the Brand Culture Department's application process for production and can only be distributed after approval by both the Marketing Department and Legal Department. Under normal circumstances, regional offices or departments are not permitted to independently produce promotional materials.
 - 1. Promotional materials used for public display, publicity at business events, and exhibitions require the company to apply for advertising approval.
 - 2. Unverified data or descriptions, as well as promotional statements beyond the scope, should not be used
 - 3. Unauthorised fonts or images from third-party collaborators should not be used
 - 4. Assertions or guarantees regarding efficacy or safety should not be included.
 - 5. Content related to free giveaways, sales with prizes, bundled sales, or gift promotions should not be included.
- 1. All promotional materials should be displayed and used according to the approved content, purpose, and usage, without arbitrary alterations.
- 2. Prescription drug advertisements should not be publicly displayed in promotional materials.
- 3. Promotional materials for over-the-counter drugs and health products with approved advertising license numbers may be displayed in permitted scenarios.
- 4. Promotional materials used solely for internal training, academic conferences, and similar purposes should be promptly retrieved after the event.
- During the collection, storage, transmission, and deletion of patient information, employees must comply with national laws and regulations, as well as the company's management system and relevant statements regarding personal information protection.
- Charitable donations are limited to organisations or entities with legal personalities. Donations to departments or individuals within any organisation are not allowed.
 - 1. Donations should be made in the company's name and require a donation agreement signed between the company and the recipient organization. The agreement should specify the type, quantity, quality, value, purpose of the donated property, as well as the rights and obligations of both parties.
 - 2. If the donated items are pharmaceutical products, relevant national regulations on quality control must be followed to ensure that the quality of the drugs meets manufacturing standards and that the remaining shelf life is at least 6 months.
 - 3. Charitable donations should not be linked to the company's sales business. It is strictly prohibited to use recommendations, procurement, usage of company products, or any other form of benefits as a condition for donation.
- All sales and marketing personnel are required to receive compliance training and comply with the compliance system, and the Compliance Department is responsible for training and record keeping. The Compliance Department will conduct inspections of promotional behaviours and the compliance performance will be included in the performance assessment. For the person who has illegal behaviours such as commercial bribery, the company will restrict the appraisal and promotion, and in serious cases, the company will terminate the labour contract and pursue compensation responsibility, delete the information of the medical representative record and disclose the reasons.

7.2.3
Unannounced Compliance Audit

To fulfill the compliance requirements for daily promotional activities and academic events and promptly identify and correct compliance issues, the Group has implemented “Compliance Unannounced Inspection Policy” and “Compliance Incident Reporting Policy”, aimed at ensuring that all work is conducted in accordance with legal and regulatory requirements. The compliance department conducts systematic audits regularly, without prior notice of the audit schedule. The audit covers but are not limited to promotional activities conducted by the company and commissioned sales personnel in different regions, activity notifications, academic exchanges, and adherence to compliance standards during interactions with relevant organisations and personnel. Besides, the audits will access daily operational norms and key compliance points. Flight audit are typically conducted by a team of 1-2 auditors led by a team leader who is responsible for the entire audit process, follow-up corrective actions, and any subsequent penalties.

The audit methods include:

- Accompanying sales personnel during their daily work.
- Conducting on-site audit at workplaces or offices.
- Reviewing daily work reports and specific job responsibilities on the OA platform.
- Conducting interviews, surveys, or written examinations.

Within 5 working days after the completion of the audit, the audit report, records, and related documents are uploaded to the compliance department for filing. The audited department or personnel should make necessary adjustments and submit a written corrective action report to the compliance department within 7 working days from the date of receiving the audit results or report. The compliance department will promptly follow up on the progress of the corrective actions.

Summary of Sales Personnel Unannounced Audit Checklist

Pharmaceutical Advertising and Promotion	Pharmaceutical Good Supply Practices (GSP)	Compliance of OTC Daily Promotional Activities
<ul style="list-style-type: none"> • Whether there are instances of advertising prescription drugs on the OTC side. • Whether the content used in promotions complies with relevant laws and regulations, and whether there are any violations of advertising laws. • Verification of the sources of promotional materials and whether they have been reviewed, including whether the promotional materials were produced locally. • Whether the use of promotional materials is compliant, and whether there is reuse of promotinal materials, such as the reuse of academic conference scene materials on the OTC side. • Whether the promotional methods and types of activities carried out are compliant. 	<ul style="list-style-type: none"> • Instances of tampering with product distribution. • Violations related to unauthorized allocation and resale of pharmaceutical products. • Promoting pharmaceutical products at end-points without the necessary qualifications. 	<ul style="list-style-type: none"> • Instance of improper exchanges of benefits with store personnel. • Non-compliant promotional activities, such as impersonating doctors or conducting work under the guise of being doctor. • Compliance of the venues for promotional activities and instances of conducting promotions in locations not authorized for OTC business. • Compliance of the types of promotional activities conducted, such as buy-one-get-one promotions.

7.3
Customer Service

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. If we encounter 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.

7.3.1 Customer Feedback

The Group has established a comprehensive system of procedures for handling user complaints, which enables co-ordinated acceptance, communication, evaluation and response to complaints amongst various departments. Upon receipt of a customer complaint, the person in charge of complaint handling will first contact, understand and analyse the complaint to determine the type of complaint. The relevant departments will then conduct internal and external investigations and collate the findings to determine the direction of further investigation such as inspection of production records, quality of raw and auxiliary materials or environmental factors in the production process, etc. Corrective and preventive measures will then be formulated and approved by the Quality Officer. Upon completion of complaint handling, the person in charge of complaint handling is required to reply to the customer and track the results of complaint handling, and file the complaint records. In addition, the Group has formulated the "Customer Satisfaction Survey Procedures" with the aim of assessing customers' satisfaction with the quality of products and the level of services, identifying and resolving potential problems in a timely manner, and continuing to satisfy customers' needs and expectations so as to further enhance the quality of services and customers' experience.

During the year, the Group received a total of 31 complaints about the quality of products directly attributable to the Group's production and quality factors, and did not receive any service complaints relating to the Group. We investigated and responded to all customer complaints and achieved a response rate of 100% to customer complaints.

User Complaint Processing Procedures

Customer	Person in Charge of Complaint Processing	Relevant Department	Person in Charge of Quality	Person in Charge of Complaint Processing
<ul style="list-style-type: none"> Complaint information 	<ul style="list-style-type: none"> Contact, thoroughly understand and grasp the relevant information Identify the type of complaint 	<ul style="list-style-type: none"> Carry out internal and external investigations Sort out the investigation and suggest solutions Formulate corrective and preventive measures 	<ul style="list-style-type: none"> Approve suggested solutions/ corrective and preventive measures 	<ul style="list-style-type: none"> Reply to customers Track the results of complaint processing Track the effectiveness of assessment and corrective and preventive measures File the complaint record

7.3.2 Product Recall Regulations

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Products Recalls	<ul style="list-style-type: none"> Administrative Measures for Drug Recalls 	<ul style="list-style-type: none"> Recall Management Procedures

The Group strictly complies with the "Administrative Measures for Drug Recalls" issued and implemented by the National Medical Products Administration. We have established a drug recall system to monitor drug safety, investigate or assess any potential safety risks, and initiate recall procedures when necessary. The Group enforces stringent safety regulations on the drugs produced to ensure the safety of public medication.

During the Year, the Group was not involved in any adverse reactions incidents due to defects in the quality of pharmaceutical products. Accordingly, the Group did not have any drug recalls during the Year and was not required to submit adverse drug reaction reports or drug recall summary reports.

Product Recall Procedure

Quality Assurance Department	Quality Authorised Person	Recall Working Group
<ul style="list-style-type: none">• Collect information on adverse product reactions and potential product safety hazards• Provide safety hazard investigation and assessment report or recall notice latter• Complete the “Product Recall Application”	<ul style="list-style-type: none">• Review and approve “Product Recall Applications”• Decide whether to recall• If a recall is decided, the type of recall shall be determined and a Recall Working Group shall be formed	<ul style="list-style-type: none">• Develop a recall plan• Implement procedures according to the severity of recall• Follow up on the final outcome• Complete the “Product Recall Record”• Evaluate the effectiveness of the recall and submit a recall summary report to the drug regulatory authority

7.4 Pharmacovigilance

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Pharmacovigilance	<ul style="list-style-type: none">• Pharmacovigilance quality management practices	<ul style="list-style-type: none">• Pharmacovigilance System Documentation, Records and Information Management Procedures

7.4.1 Pharmacovigilance Management

The Group continues to improve its pharmacovigilance management system to ensure the safe, rational and effective use of medicines by the public. All of the Group's drug marketing licensees have set up independent pharmacovigilance departments, the main duties of which include: systematically collecting, processing and reporting information on suspected adverse drug reactions; identifying, evaluating and controlling potential risks of drugs; conducting post-marketing safety studies to ensure the safety of long-term use of drugs; and organising education and training related to pharmacovigilance while preparing relevant management documents to enhance overall management levels. All team members have backgrounds in medicine, pharmacy and other related disciplines to ensure professionalism and reliability. In addition, the Group has implemented a comprehensive set of pharmacovigilance system documents and opened up efficient and smooth channels for the collection of information on adverse reactions.

The Group has also set up a Pharmaceutical Safety Committee, which is composed of multiple relevant departments and is primarily responsible for assessing major drug risks, addressing significant or urgent drug safety events, formulating risk control decisions, and deliberating on other important matters related to pharmacovigilance. All departments maintain efficient long-term cooperation and communication to monitor, identify, evaluate, and control adverse drug reactions and other harmful reactions related to the use of medicines.

7.4.2 Reporting of Adverse Drug Reactions

The Group has established effective information collection channels for doctors, pharmacists and patients, and proactively collects information on clinical applications, academic research and adverse drug reactions by means of interaction between sales employees and medical institutions or drug distributors, provision of contact telephone numbers and facsimiles in product literature, setting up of an email box for feedback on suspected adverse drug reactions on the Company's official website, dedicated staff to answer and handle feedback calls on adverse drug reactions, and regular searches of relevant academic literature. The Company actively collects information on clinical applications, academic research and adverse drug reactions from relevant websites or forums.

In respect of risk identification and control, the Group conducts safety analyses on the monitoring of adverse reactions for each product each year and compiles corresponding analysis reports. In addition, the preparation and submission of periodic safety reports are completed within the prescribed timeframe in accordance with the internally formulated periodic safety report submission schedule and annual plan.

For adverse drug reaction events, the Group conducts comprehensive recording, analysis and handling, and reports to the relevant national adverse drug reaction regulatory authorities, or drug supervision and management departments and health administration authorities within the prescribed timeframe, depending on the extent of the impact of the event. In the event of serious adverse drug reactions or mass incidents, the Group will activate the drug recall procedures and make public announcements to the community, followed by the submission of a final report on the drug recall to ensure public safety and health.

08

Source Tracing Responsible Supply Chain Management

Our Focuses

Supply Chain Management

Our Actions

Ensuring Sustainability of Supply Chain

8.1 Sustainable Supply Chain Management

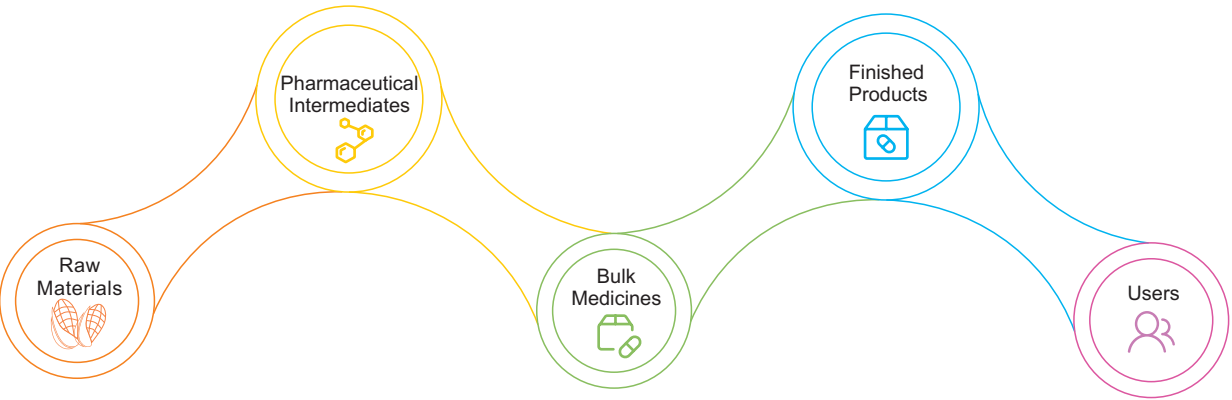
Efficient supply chain management is an important foundation for manufacturing enterprises to ensure stable operations. For the Group, the sustainable operation of the supply chain is not only a prerequisite for business operation, but also an excellent opportunity to enhance productivity.

The Group is committed to improving the supply chain structure, optimising the procurement process and making continuous efforts in the development, monitoring, evaluation and management of suppliers. We maintain a healthy and sustainable supply chain system through the implementation of material supplier management practices. In terms of contract management, the Group's procurement contracts have clearly stipulated items such as requirements on quality of goods, delivery standards, delivery terms, intellectual property terms and integrity clauses, etc. to ensure the quality of goods supplied by suppliers and to reduce the legal and social risks in the supply chain.

Aspects	Relevant Laws, Regulations	Internal Policies
Supply Chain	<ul style="list-style-type: none">Standards for Quality Control of Pharmaceutical ProductionMeasures for the Supervision and Administration of Drug ProductionContract Law of the People's Republic of ChinaMeasures for the Supervision and Administration of Circulation of Pharmaceuticals	<ul style="list-style-type: none">Sustainable Procurement PolicySupplier Code of ConductSupplier Management and Review ProcessAnti-corruption AgreementProcurement Process Management DocumentSustainable Procurement Policy and Green Engineering

8.1.1 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 bulk medicines, 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.

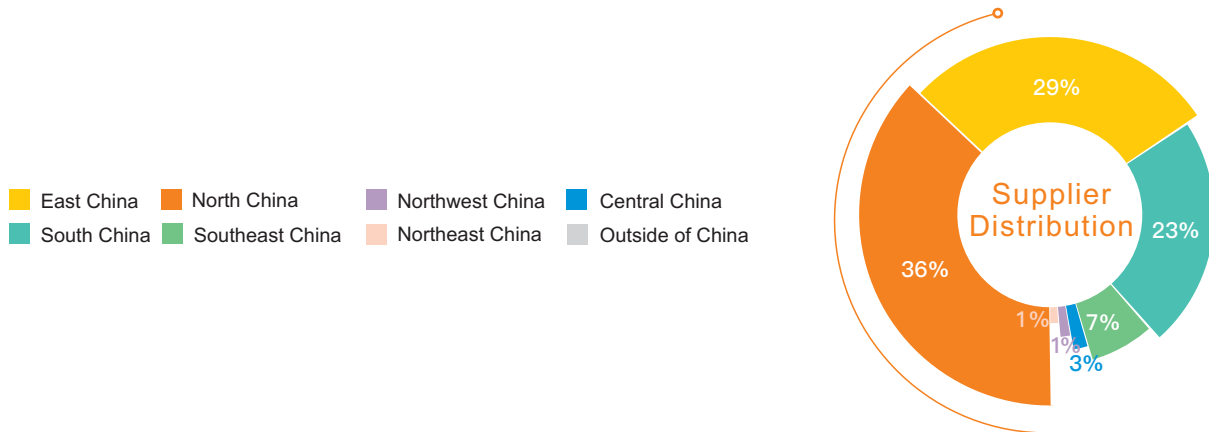


This production and operation model helps the Group to reduce the external demand for major raw materials used in the production process, lower the risk of unstable supply and market price fluctuations on the supply chain, so that we can effectively control production costs and ensure product quality. Besides, comprehensive control over the supply chain enables us to implement traceability management of production processes, allowing for the timely identification of potential issues and continuous optimisation, further enhancing the sustainability of the supply chain.

As a raw material supplier for numerous antibiotic companies, the Group has been giving the highest priority to quality. The pharmaceutical intermediates and raw materials produced have passed several international authoritative certifications such as China GMP, EU CEP, and US FDA.

8.1.2 Supplier Distribution

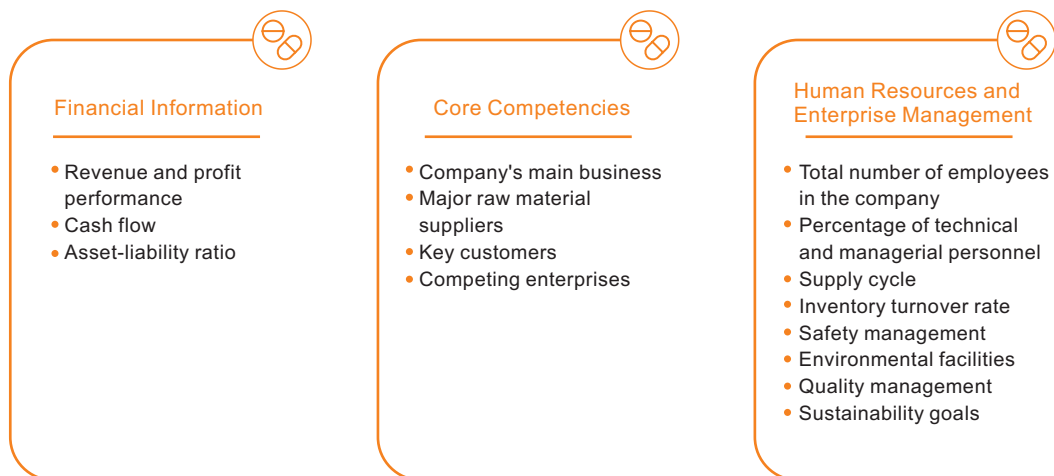
During the Year, the Group had a total of 139 major suppliers in terms of purchase amount, providing the Group with raw materials, auxiliary materials and packaging materials.



8.1.3 Supplier Admission

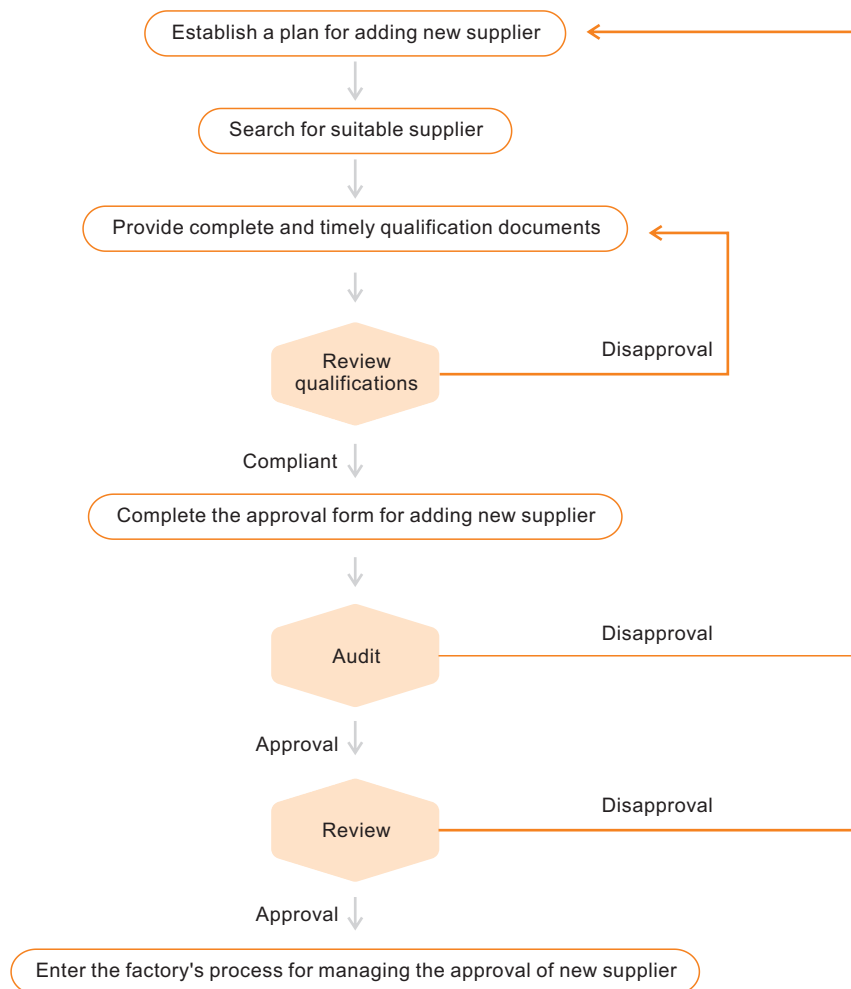
All suppliers are required to provide qualification documents and complete the Potential Supplier Assessment Form during the selection process. These documents are then reviewed and approved by the department head of the Procurement Department, the procurement officer of the Group Procurement Centre, and the General Manager of the Group Procurement Centre to assess the overall qualifications of the suppliers before they can be included in The United Laboratories' Potential Supplier Database.

Supplier Admission Assessment Contents



To ensure the continuous supply security and cost reduction, the Procurement Department selects new sources of supply based on procurement needs. Suppliers who meet the initial assessment and evaluation criteria are included in the Potential Supplier Database and can be benchmarked against qualified suppliers. In addition to searching for suitable sources of supply through relevant websites, exhibitions, and other channels, procurement personnel may also request other suppliers to fill out forms based on actual conditions through information inquiries. The reviewed forms serve as a basis for adding new suppliers and also assess the suppliers' level of cooperation and integrity. When selecting new sources of supply, procurement personnel may add two or more suppliers simultaneously. Each supplier is compared horizontally according to the information requirements, so that the relevant information of the newly added suppliers can be compared in one list during the review process.

Supplier Admission Process



8.1.4 Supplier Chain Stability

The Group is committed to building a stable, reliable, and flexible supply chain to meet customer demands and ensure product quality and delivery reliability. To ensure the stability of the supply chain, The Group has formulated the "Group Procurement Process Management Document", which clearly indicates that there should be at least three suppliers for core materials, with a preference for direct procurement from manufacturers. This approach aims to avoid the additional impacts on price or quality caused by intermediaries and to reduce reliance on a single supplier, thereby enhancing the flexibility of the supply chain. For materials with a relatively limited number of manufacturers, we allow a supplier range to be one or two, in order to ensure the stability and reliability of the supply chain.

The Group will continue to closely monitor the operation of the supply chain and make corresponding adjustments based on market changes and demand fluctuations. We strive to establish strong cooperative relationships with suppliers, ensuring timely communication and information sharing to effectively address any potential supply risks. Meanwhile, we will actively explore new suppliers and technologies, continuously expanding and optimising the supply chain to ensure a stable supply of products and consistent quality.

8.2 Supplier Risk Assessment and Management

8.2.1 Supplier Risk Management

We regularly monitor and evaluate suppliers' corporate social responsibility (CSR) performance according to their risks exposure. Suppliers are classified into three risk levels, namely low, medium and high, based on a set of criteria including procurement amount, industries with high risks of labour issues and environmental pollution, the locations of operations, as well as third-party certifications of relevant CSR management systems. All suppliers are required to sign the Supplier CSR Agreement, pledging to comply with our Supplier Code of Conduct and Conflict Minerals Policy. Such obligation is also stated in our standard purchasing agreement. Various measures are also implemented to mitigate the supplier's risks depending on our risk level assessment of the relevant suppliers, including submission of supplier CSR self-assessment and CSR audit.



To further enhance the sustainability of the supply chain, we are also actively researching the establishment of a supply chain risk management organisation and joining pharmaceutical supply chain organisations such as the Pharmaceutical Supply Chain Initiative (PSCI), to establish recognised cooperative relationships with other companies in the industry. Together, we will evaluate supply chain and contractors risks, and undertake risk mitigation programs. All procedures are laid out in the Supplier CSR Risk Assessment Manual, in which our procurement teams assess the risk level of suppliers and closely monitor their performance regularly.

To enhance the effective governance of supplier behavior, Inner Mongolia Company has developed and implemented the "Supplier Code of Conduct" at its Inner Mongolia Company. This code primarily outlines the social responsibility and environmental management requirements for suppliers, providing clear guidance on compliance with national and local laws and regulations, relevant international standards such as SA8000 for corporate social responsibility, and International Labour Organisation conventions. Suppliers are also expected to extend these requirements to their own supply chains and fulfill their social responsibilities accordingly.

Summary of “Supplier Code of Conduct”

- Supplier shall not employ individuals under the age of 16, unless permitted by national or local laws and in accordance with the principles of the International Labour Organisation. When employing individuals who are 16 years of age but under 18, the Group shall ensure that their working environment and hours comply with national or local laws and regulations.
- Supplier shall fairly remunerate and provide benefits to all employees in accordance with applicable laws, ensuring fairness and impartiality.
 1. Supplier shall ensure that all paid working hours meet at least the minimum legal wage or the higher local industry wage standards.
 2. Supplier shall pay overtime and bonuses as required by law.
 3. Supplier shall provide all legally mandated benefits without any unlawful deductions.
 4. Supplier shall communicate verbally or in writing with all employees regarding their wages, rewards, benefits, and bonuses, as well as their rights under applicable laws and the terms of their employment.
- Supplier shall refrain from any form of physical, sexual, psychological, verbal, or other types of harm. Additionally, all employees shall be treated with respect and dignity. The employment terms at supplier, including hiring, training, working conditions, compensation, benefits, promotions, discipline, termination, or retirement, shall be based on individual qualifications, performance, skills, and experience. Supplier shall ensure that the workplace is free from discrimination based on race, age, gender, social class, political affiliation, religion, marital status, sexual orientation, disability, pregnancy, or any other factors unrelated to job performance.
- Supplier shall respect the rights of employees to form and join industry or trade unions and have the right to engage in peaceful and lawful collective bargaining in accordance with applicable laws.
- Supplier shall employ workers on a voluntary basis, refraining from using prison labor or forced labor, and shall not subject employees to physical harm or any other form of compulsory labor.
- Supplier shall comply with applicable national or local environmental health and safety laws and regulations. Supplier shall continuously strive to improve environmental health and safety performance.
 1. Supplier shall provide a safe and healthy working environment, ensuring appropriate living spaces, lighting, temperature, ventilation, and restroom facilities if accommodations are provided by the company.
 2. Supplier shall manage the handling of hazardous materials and equipment properly.
 3. Supplier shall provide systems and training to help prevent accidents and injuries.
 4. Supplier shall take appropriate measures to conserve resources, energy, and avoid waste.
 5. Supplier shall handle and dispose of hazardous substances and waste in a reasonable, safe, and lawful manner.
- Intentional provision of false market information or unauthorized handling of events resulting in losses to the company shall be strictly prohibited, and depending on the severity of the circumstances, warnings and demotions shall be imposed.

8.2.2 Annual Review

The Group also implements a supplier classification and rating system, conducting monthly assessments of our cooperative suppliers. The evaluation criteria include supply quality, pricing, delivery capability, financial strength, and service capability. This assessment is scored on a scale of 100, and suppliers with identified areas for improvement are deducted points based on the severity of the issues. These suppliers are then required to implement corrective measures for improvement. After this year's supplier evaluations, all suppliers meeting the qualification standards. This reflects the Group's commitment to maintaining high standards for our suppliers.

In addition to completing monthly assessment forms for suppliers, we also conduct regular written or on-site audits of their facilities, processes, and daily operations. The Group assigns employees or third-party auditors to conduct on-site or investigative evaluations of indirect/sub suppliers' facilities and processes. The audit covers areas such as resource management, quality management, design and development management, production and procurement management, and warehouse management. After the evaluation, the auditor provides a report and recommendations based on the audit findings. In our routine operational audits, we focus on checking suppliers' qualifications and licenses, personnel qualifications, factory environment, equipment condition, material management, production processes, product transportation, and quality control. This ensures that their operations meet the strict standards of the Group.

Supplier Monthly Assessment Form

Comprehensive Indicators	Management Indicators	Additional Indicator
<ul style="list-style-type: none"> • Whether there are material returns or exchanges that affect the quality acceptance rate • Whether there have been complaints arising from product use due to quality issues • Compliance with the company's qualifications, transportation services, delivery documentation requirements, etc. • Timeliness and quantity of deliveries in accordance with specified requirements • Whether the lead time for commonly used materials exceeds one month 	<ul style="list-style-type: none"> • Whether there have been instances where the supplier was unable to accept orders due to financial constraints or only partially fulfilled orders • Timely and accurate issuance of invoices • Instances of delayed after-sales service, communication difficulties, lack of honesty and integrity, etc. 	<ul style="list-style-type: none"> • Willingness to independently provide energy-saving and environmentally friendly materials, collaborative development, and energy-saving measures to enhance factory efficiency

Supplier On-Site Evaluation Form Contents



Qualification Audit

- Completeness and validity of business license, operating permits, production permits, authorised agencies, etc.

- Company scale: financial situation, personnel, organisational structure, etc.
- Sales revenue in the recent three years, market share of the product, industry position
- Percentage of The United Laboratories' annual order volume in relation to the supplier's annual revenue
- Any legal disputes over the recent three years, with a brief description of the reasons and judgment outcomes



Resource Management



Production and Procurement Management

- Understanding the origin of raw material sources and whether the supply can guarantee stable production
- Number of production lines, specialisation or shared lines, batch quantities, monthly production volume
- Compliance of production site management and sophistication of equipment
- Existence of environmentally friendly facilities and advanced technologies to meet national (or local) environmental requirements

- Establishment of a comprehensive quality control system: process specifications, production records, deviation management, change management, batch management, quality standards, inspection methods, stability testing, quality reviews, etc.
- Complaints, returns and exchanges, rework rates, product acceptance rate



Quality Control



Warehouse Management

- Adequate inventory management for normal operations
- Sound warehouse management systems for raw materials, packaging materials, and finished products, including proper zoning
- Management and handling procedures for non-conforming products

- Acquisition of patents, specific patent projects, and provision of patent documentation
- Improvement projects related to The United Laboratories
- Company development plans and vision, research and development of new projects



Design and Development Management

Besides, the Group conducted a total of 1,696 online and offline audits for all major collaborative suppliers, achieving a 100% qualification rate.

Supplier Classification	Audit Frequency Requirements	2024 Online Audit		2024 Offline Audit	
		Amount	Qualification Rate	Amount	Qualification Rate
Raw Materials and Auxiliary Materials	Annually/Once every three years	561	100%	63	100%
Reagents	Irregular	13	100%	6	100%
Packaging Materials	Regular/Irregular	116	100%	13	100%
Hardware, Labour Protection Tools	Annually/Irregular	535	100%	40	100%
Equipment	Annually	281	100%	64	100%
Logistics	Annually	2	100%	/	/
Testing	Annually	2	100%	/	/

8.3 Supplier Training

8.3.1 Supplier Quality Training

After monthly assessments and regular on-site audits of suppliers, the Group provides feedback to the suppliers. If any non-compliance is identified during the audit process, the suppliers must provide corrective measures along with a timeframe for implementation. Suppliers found with any non-conforming performance are marked as "high risk" and required undergo monthly on-site training as a quality assurance measure to ensure improvements are made until their performance aligns with our standards. Our procurement team will continuously monitor the implementation of corrective measures to ensure non-compliance issues are addressed and resolved properly. The Group reserves the right to terminate business relationships with suppliers who seriously violate these guidelines and fail to correct within the specified timeframe.

8.3.2 Supplier Integrity Training

We also set up reporting channels to encourage relevant personnel in the business to report any suppliers suspected of violating the practices and conditions outlined in these guidelines. The Group has signed the "The United Laboratories Anti-Corruption Cooperation Agreement" with all collaborative suppliers, clearly stating the Group's requirements for integrity and the respective obligations of both parties in complying with integrity regulations. Complaints and reports can be made through various channels, such as telephone, email, and mail, to effectively reduce the risk of corruption and ensure the integrity of all collaborative suppliers. During the Year, the Group conducted integrity training for all suppliers.

Summary of "The United Laboratories Anti-Corruption Cooperation Agreement"

- Suppliers shall comply with relevant laws, regulations, departmental rules, and other normative documents related to anti-corruption and anti-unfair competition.
- Suppliers shall not engage in the following behaviors in order to obtain opportunities to provide products or services to the demand side or to gain preferential treatment in competition with other suppliers:
 1. Offering any form of improper benefits, including but not limited to cash, gifts, favors, or opportunities, to any individual or entity.
 2. Reimbursing expenses that should be borne personally by employees of the demand side or other interested parties.
 3. Providing free or significantly discounted housing, motor vehicles, or facilitating housing renovations, job arrangements for relatives, as well as facilitating foreign travel or trips for employees of the demand side.
 4. Engaging in the buying and selling of goods related to cooperative projects with employees of the demand side and their relatives, or acting as intermediaries.
 5. Violating the requirements of procurement bidding management of the demand side.
- Complaint channels:
 Report hotline: 0760-87133973
 Email: tults@tul.com.cn
 Mailing address:
 No. 12 Jialian Road, Tanzhou, Town, Zhongshan City, Guangdong Province, China

We are committed to building long-term cooperative relationships with suppliers based on mutual trust, promoting the sustainable development of our supply chain. To achieve this, we continuously implement a supplier management system that helps suppliers meet our corporate social responsibility requirements and assess their performance through a supplier scoring system. We work closely with suppliers to enhance the energy efficiency of their production facilities and improve the social responsibility performance of upstream suppliers. Besides, we provide ongoing training for all suppliers, covering topics such as integrity and ethical conduct, quality management, and safe operations. This support assists them in implementing optimisation measures, further enhancing the overall performance of the supply chain.

8.4 Green Supply Chain

Supplier management is crucial in promoting sustainable development. When selecting new suppliers, the Group follows the internal "5S" principles: suitable price, suitable place, suitable quality, suitable quantity and suitable time. We conduct a comprehensive evaluation of suppliers based on industry standards, reputation, product pricing, and sample quality to ensure the overall quality of the supply chain and materials. Only suppliers that meet relevant requirements are included in the qualified supplier list.

In terms of environmental protection and social responsibility, the Group adheres to the principle of local procurement, prioritising suppliers from nearby provinces to reduce transportation costs and carbon emissions during transit. We also encourage the selection of suppliers that offer energy-efficient and environmentally-friendly products promoted by the state, further minimising environmental impact. Besides, we verify whether suppliers have validated air purification equipment and established health records for their employees to identify and mitigate environmental and social risks within the supply chain.

To achieve this, the Group has implemented systematic management policies to ensure the sustainability of the supply chain. Additionally, each unit has progressively developed corresponding policies based on its operational nature. For example, Kendor Company prioritises suppliers with product COA/certification documents/MSDS, while Inner Mongolia Company has established the "Sustainable Procurement Policy and Green Engineering", highlighting the importance of corporate social responsibility in supply chain management.

Summary of " Sustainable Procurement Policy "

- We strive to select and utilise suppliers' products and services in a manner that minimises adverse impacts on society and the environment, thereby contributing to social well-being.
- We choose suppliers who can effectively utilise resources and implement robust supplier management systems to address environmental and social risks.
- We ensure the quality of procured products and services and strengthen communication with suppliers. Where feasible, we provide feedback on their social and environmental performance.
- We procure and use more energy-efficient products and services that support sustainable procurement practices.
- We are committed to enhancing suppliers' awareness of sustainable procurement and encouraging innovation by widely adopting new technologies and designs.
- Throughout our collaboration with suppliers, we adhere to ethical standards and responsible codes of conduct, seeking to establish long-term relationships based on trust and cooperation.

09

People-Oriented Establishing a Solid Foundation for Development

Our Focuses

Talent Development
Occupational Health

Our Actions

Building a Diverse Training System
Increasing and Ensuring Employee Diversity
Optimising a Sound Labour Union System
Implementing Employee Safety Systems for Manufacturing



9.1 Building a Diverse Talent Team

We have always believed that the contribution of our employees is the cornerstone of the Group's sustainable growth and that building a professional, efficient and reliable team is the key to the success of our business. In order to consolidate the foundation of our development, since our establishment, we have been committed to creating a safe and efficient working environment with full growth opportunities for our employees to realise their full potential and self-worth. Adhering to the "People-Oriented" principle, the Group insists on investing resources in staff nurturing and development, while providing a safe, comfortable and harmonious working atmosphere, so that "Professionalism and Efficiency" will continue to drive the sustainable development of the Group in the future. During the Year, we have set strategic objectives for human resources development, focusing on the overall development of the enterprise. By optimising team configuration, enhancing management capabilities, strengthening the reserve of outstanding talents and introducing high-end talents, we were awarded the "Hong Kong and Macao Young Talent Internship and Practice Base", which further demonstrated the Group's outstanding performance in talent cultivation.

As an enterprise with innovative research and development and high-quality products as its core competencies, the knowledge, creativity and performance of our employees are crucial to the Group's competitive edge. In order to attract new recruits and retain excellent talents, the Group strictly complies with relevant laws and regulations and has established a comprehensive recruitment system to reserve talents for corporate development. In addition, we have established a performance appraisal and promotion system to provide our employees with clear career development paths and promotion opportunities to motivate them to make continuous progress.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Recruitment	<ul style="list-style-type: none"> • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China 	<ul style="list-style-type: none"> • Measures for the Management of Recruitment • Measures for the Management of Labour Contract • Employee Handbook • The United Laboratories Cadre Management System • The United Laboratories Organisational Management System • The Group's Retirement Management System • Employee Re-Employment Management System

9.1.1 Employee Recruitment

The Group has a well-established recruitment process and utilises various channels to attract talents, including official websites, recruitment platforms and university recruitment activities. In order to build up a high-quality talent pool, we conduct preliminary interviews, written tests and retests for candidates according to the needs of different positions, as well as practical tests where necessary, to ensure that the new recruits possess the basic knowledge and skills required for the positions and meet the various standards of academic qualifications, work experience, competence, psychological qualities, health conditions and professional ethics.

In order to strengthen its talent pool and expand its talent pipeline, the Group actively cooperates with multiple universities to sign talent cultivation agreements and holds regular recruitment talks on campus at universities to recruit quality graduates who meet the Company's needs. In addition, the Group has launched an internship training programme with the aim of nurturing and reserving future talents for the Company.

Industry-University Collaboration - Promoting Win-Win Cooperation in "Industry, Academia, and Research"

Leaders from the School of Chemistry and Chemical Engineering of Lanzhou University visited Inner Mongolia Company, and both parties started in-depth communication on organic synthesis of pharmaceutical intermediates, raw materials and innovative drugs, and reached a consensus on long-term scientific research cooperation. Leaders of the college introduced in detail the faculty strength, talent cultivation mode and the results of industry-academia-research cooperation, while The United Laboratories shared the company's production and operation, product network, R&D demand and talent development plan. The two sides fully explored the optimisation of intermediate synthesis route, process improvement, technology upgrading and talent introduction and training, and formed a preliminary cooperation plan.

Through this exchange, both sides agreed that there is a wide space for cooperation in the fields of pharmaceutical intermediates synthesis, raw materials research and development, innovative drug development and joint training of talents, etc. The university-enterprise cooperation will give full play to their respective strengths, focus on scientific research and the transformation of results, establish a long-term cooperation mechanism, jointly promote the deep integration of industry, academia and research, and help enterprises restructuring and upgrading and high-quality development. This visit has laid a solid foundation for deepening the cooperation between the two sides, and also provided strong support for the implementation of subsequent specific projects.

In addition, the Group has implemented a management trainee program to recruit trainees from the community and schools in order to select suitable talents as reserves for future management. For instance, at the Inner Mongolia Company, the Director of Human Resources will be responsible for the recruitment and deployment of the program and the establishment of a corresponding development mechanism and program for the trainees. Managers and directors of various departments will be responsible for the appraisal of the trainees. The "Management Trainee Development System" at the Inner Mongolia Company clearly outlines three main types of training:

Three-year program

Through three years of "learning through practice and combining training," trainees are cultivated to become candidates for grassroots management positions and enter the talent reserve pool.

Mentoring program

Designated mentors are assigned to sign development agreements with trainees and assume corresponding responsibilities. The three-year program involves guidance and follow-up to facilitate the rapid growth of trainees, enabling them to shoulder corresponding responsibilities.

Goal-oriented program

Defining overall goals and phased objectives, mentors develop training plans based on the phased objectives. Talent development and selection are accomplished through assessments.

Looking ahead, we hope that through the continuous improvement and development of the management trainee system, we will be able to nurture more excellent management talents and inject continuous momentum into the sustainable development and growth of the Group.

In order to fully support the implementation of the Group's talent strategy, we have introduced the "Measures for Internal and External Recommendation and Points Incentive for Clinical Research and Development Positions". This mechanism aims to encourage employees to recommend outstanding talents who meet the requirements of their positions by means of bonus points and cash incentives. Through this innovative measure, we hope to further expand the channels for talent introduction and enhance recruitment efficiency.

The Group actively promotes employment and makes positive contributions to social development and economic prosperity. During the Year, we signed the "Employment Promotion Commitment" to activate our employment promotion program, details of which are set out below:

Strengthening internal and external resource integration

We will collaborate with government departments at all levels to jointly formulate and implement employment-friendly policies, actively participate in relevant activities and projects. We will cooperate with other enterprises and institutions, leveraging advantages in human resources, information, and other aspects, to promote employment together.

Actively expanding employment channels

We will seek and create employment opportunities through various channels, increase efforts in talent introduction, and attract outstanding talents from both domestic and international sources. At the same time, we will actively participate in campus recruitment and talent markets, providing more job opportunities for graduates and job seekers. Additionally, we will pay attention to issues related to rural labor transfer, providing opportunities for migrant workers to start businesses in their hometowns and find employment in urban communities.

Providing a favorable employment environment and benefits

We will create a good working environment and provide generous remuneration and benefits to our employees. By strengthening employee training and career planning guidance, we aim to enhance their professional competence and employability. We will also adopt various methods to motivate employees for innovation and entrepreneurship, providing them with more development opportunities.

Addressing employment issues faced by vulnerable groups

We will pay high attention to the employment issues faced by vulnerable groups and actively promote inclusive employment. We will collaborate with disability welfare organizations to provide customized employment positions and training opportunities for people with disabilities. Similarly, we will also focus on employment issues faced by veterans, providing them with support and assistance.

Strengthening social responsibility

We will actively fulfill our social responsibilities and contribute to social stability and development. In addition to promoting employment, we will participate in community welfare activities, donate educational resources, and make further contributions to society.

9.1.2 Talent Retention

To align with the strategic development requirements of the Group, we have set up a selection mechanism that comprehensively considers employees' capabilities and performance. The career development paths for employees fully adhere to a multi-channel concept, broadening the development space for professional talent and meeting diverse development needs. Based on the nature of the positions and the scope of responsibilities, we have divided roles into five main sequences: management, R&D, professional, marketing, and operations. Among these, the R&D, professional, marketing, and operations sequences are collectively referred to as the "Professional Technical Sequence". Promotion requires a multi-faceted assessment through qualifications, professional technical abilities, interviews, etc. Management personnel are selected through organisational nominations, internal competitions, and external recruitment. We actively encourage employees to fully leverage their expertise while supporting them in expanding their skill sets to achieve mutually beneficial growth for both individuals and the Group.

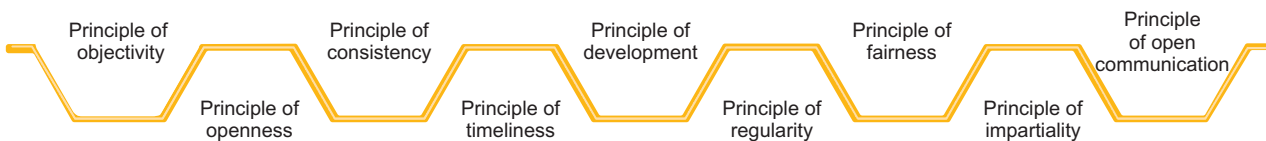
In addition, we have formulated the "Integration Plan for New Employees of Group Clinical Research Centres". The program clearly defines the specific procedures and division of labor for each stage of the pre-employment, onboarding day and probationary period to ensure that new employees can quickly adapt to the work environment and integrate into the team culture. Through systematic guidance and support, new employees are helped to pass the probationary period smoothly and enhance their job satisfaction, thereby retaining more excellent talents for the Group.

During the Year, the Group's employee turnover rate was 17.6%, an decreased by 0.2 percentage point compared to 17.8% in 2023. The average length of service of the Group's male employees for the year was 7 years, while the average length of service of the Group's female employees was 6 years.

9.1.3 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 position competency, 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.

Principles of Performance Appraisal



The Group is also implementing an employee share award scheme, providing the employees that have demonstrated excellent performance with benefits such as ownership in the company, financial rewards, retirement benefits, and tax incentives to motivate and reward employees for their contributions to the Group.

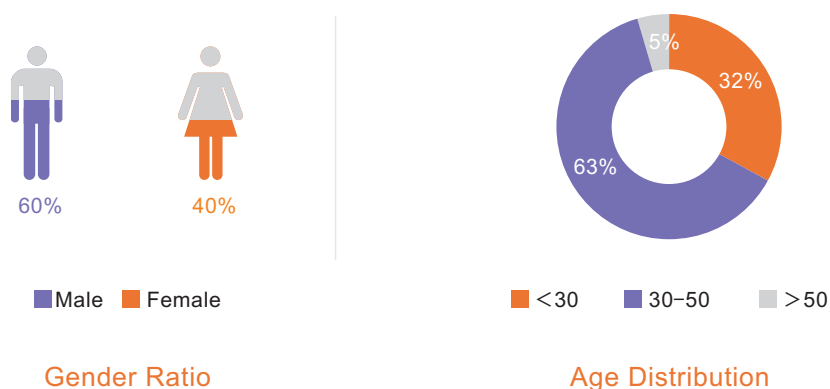
During the reporting period, a total of 3,606,180 awarded shares were vested to the respective grantees on 13 November 2024, based on the terms of the 2023 Share Award Scheme and the achievement of the relevant performance targets.

9.1.4 Employee Diversity

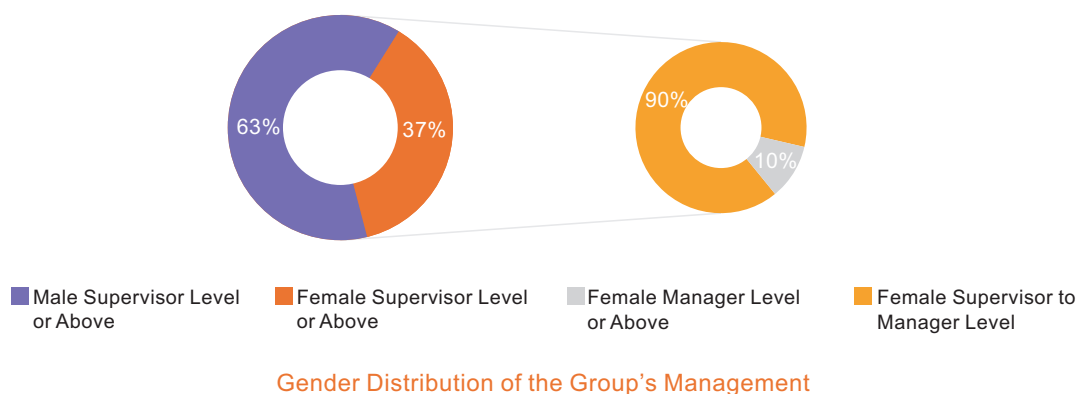
The Group is committed to building a diversified team. The Group makes good use of talents and applies them according to their abilities, and arranges suitable positions for its employees based on their different vocational skills, professional knowledge, industry experience, background, race, age and gender, etc., in order to create a team of highly efficient, service-oriented, learning and innovative talents.

The Group is committed to building a diversified and inclusive team and adheres to the principle of “employing the right person for the job” by arranging suitable positions for its employees based on their occupational skills, professional knowledge, industry experience, background, ethnicity, age and gender, so as to create a highly efficient, service-oriented, learning and innovative team of talents. To further promote diversity and inclusion, we actively recruit retirees, elderly employees and people with disabilities, and provide necessary facilities and assistance to disabled or chronically ill employees to ensure that every employee can realise their potentials in a fair and inclusive environment, and to achieve mutual growth of the individual and the company.

Employees of the Group, categorised by gender and age, are as follows:



The Group also focuses on the proportion of women in the management level of the company, with the goal of avoiding gender homogeneity and ensuring gender equality and diversity in the company's workforce. Our aim is to progressively increase the level of participation of female employees and to create a more gender-balanced work environment. Information on the gender distribution of the Group's management and the hierarchical distribution of female in the management level is as follows:



To ensure the diversity of our employees, we are committed to building a diverse working environment and providing training on diversity to make the Group and society stronger and more harmonious. The Group is committed to supporting working women and ensuring women's health. During the Year, we have organized health knowledge seminars specifically for our female employees.

Women's Health Knowledge Seminar

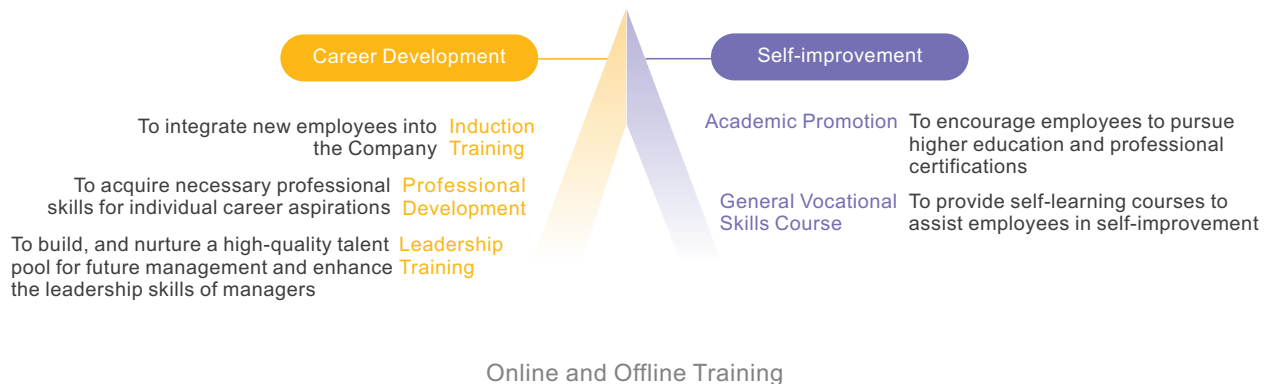
To enhance the health awareness and self-care abilities of female employees, the Inner Mongolia company invited the Director of the Health Education Department from the Linhe District Maternal and Child Health Hospital to conduct a two-day women's health knowledge seminar. During the seminar, the director shared valuable insights based on extensive clinical experience, explaining the development of common gynecological diseases, methods for self-examining early symptoms of cervical and breast cancer, and treatment plans. Practical measures for disease prevention were emphasised, along with the importance of regular health check-ups. The director advocated for a health philosophy of "prevention first, treatment as a supplement," urging female employees to pay attention to their health. Through interactive exchanges, the female employees not only gained professional health knowledge but also further strengthened their self-care awareness.



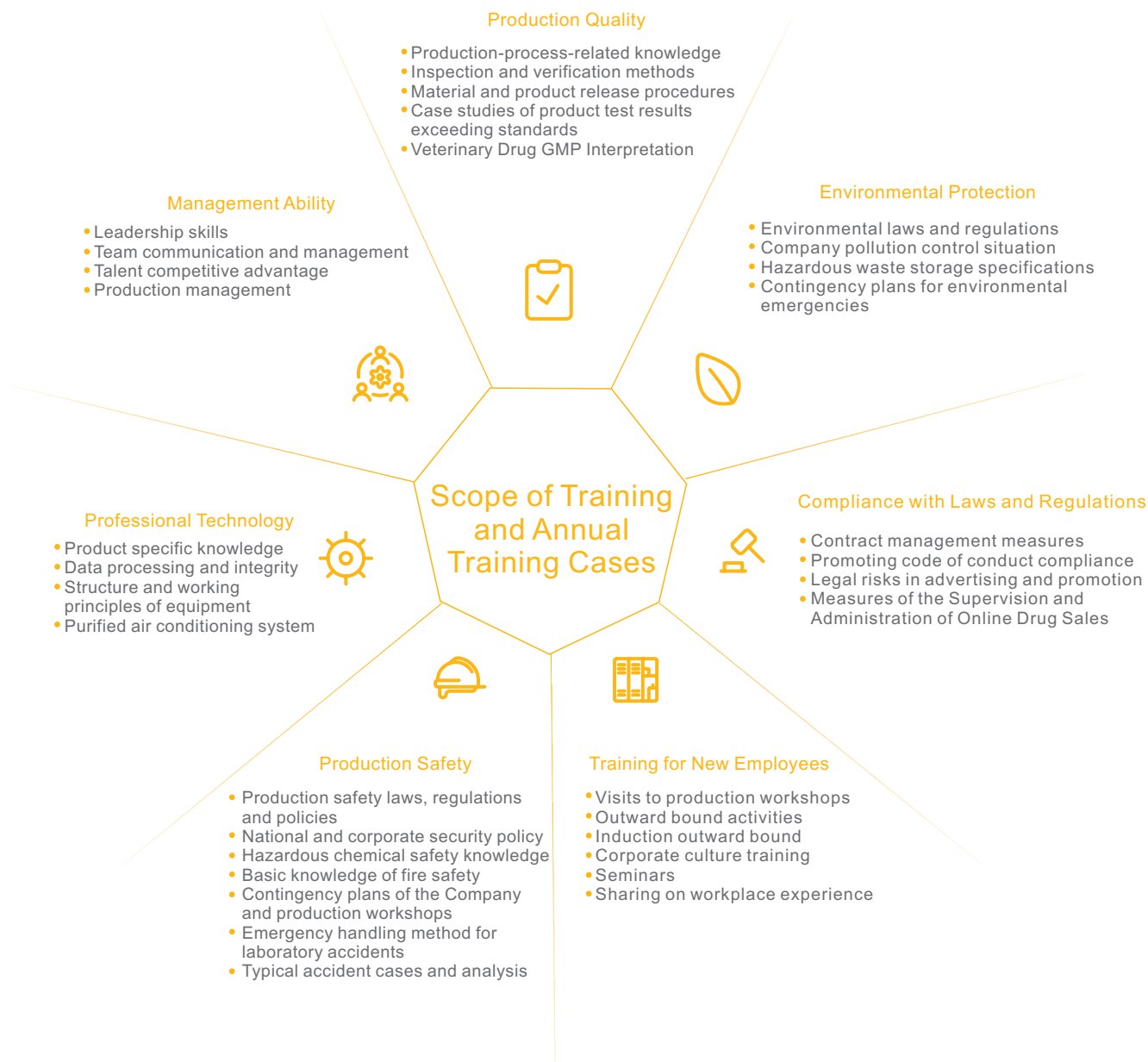
9.2 Talent Cultivation and Development

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



Each year, the Group's subsidiaries tailor training programs for employees, covering various areas including safety production, environmental protection, production quality, management skills, and professional technical expertise. The aim is to provide comprehensive capacity-building opportunities for employees at all levels and positions within the Group.



9.2.1 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.

New Employees Training - "Launch Plan" During the Year

On July 17, the Group held a grand ceremony for new employee orientation training themed "Set Ambitious Goals and Be a Striver," welcoming over 500 new employees from various divisions from the Group, the China Sales Department, Zhuhai Sales Company, Zhuhai Company, Zhongshan Company, Inner Mongolia Company, The United Animal Healthcare, The United Bio-Technology, The United Livestock Company, and Zhuhai United Animal Healthcare. This training ceremony combined both online and offline formats, ensuring that all new employees, regardless of location, could participate and experience the warmth and vitality of The United Laboratories family.



The Human Resources Center introduced four key segments: Understanding The United Laboratories, Development, Innovation, and Talent, providing new employees with a comprehensive overview of the Group's history, core values, and future strategic direction. Through engaging interactive sessions, new employees deepened their understanding and recognition of the Company. A representative of the new employees expressed confidence and determination to quickly integrate into the team, work diligently, and strive for success, showcasing the youthful spirit of the new generation of The United Laboratories' employees. Meanwhile, veteran employee representatives shared their workplace experiences and growth stories, offering valuable guidance and inspiration to the newcomers.



Since early July, various departments have been rolling out training courses for new employees, covering topics such as corporate culture, regulations, workplace etiquette, career development, and team building. The goal is to help new employees quickly adapt to their new environment, transition into their roles, and build momentum. These training sessions not only laid a solid foundation for the career development of new employees but also infused the Group with youthful energy and innovative drive for sustainable growth.

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. This mentorship training enables new employees to adapt to their new roles faster and their sense of belonging is increased. Before the mentorship training begins, the Group offers specialised training for mentors on teaching objectives, methods and skills to the mentors to enhance their teaching abilities. During the mentorship process, mentors share the necessary skills and experiences with mentees, fostering a positive work atmosphere through two-way communication. This not only accelerates the new mentees' mastery of job skills but also strengthens their engagement and sense of belonging in the workplace.

Apprenticeship Training

In the second quarter, Zhuhai Company successfully hosted four "Apprenticeship Training" sessions, with 721 new employees participating alongside experienced mentors. This training aimed to enhance the teaching levels and mentoring abilities of the mentors, ensuring that new employees receive systematic guidance and development. During the training, mentors learned about the roles, methods, and specific steps involved in mentoring. They engaged in various formats, including lectures, case studies, and interactive discussions, to master key mentoring techniques. These included understanding the mentee's background and abilities, developing detailed training plans, providing ample guidance and support, encouraging self-directed learning, giving timely feedback and evaluations.

After the training, Zhuhai Company held a sharing session where outstanding mentors shared their teaching experiences. This event aimed to extract valuable insights from exemplary mentors and gather suggestions for improving the existing "Apprenticeship Program." The sharing session further strengthened communication and learning among mentors, providing important references for enhancing the training mechanism.

As an effective talent development model in the industry, the "Apprenticeship Program" not only helps new employees quickly integrate into the team and adapt to their roles but also offers mentors opportunities to acquire new knowledge and refine their teaching skills. This reciprocal learning approach fosters individual growth and provides solid support for the Company's sustainable development.

Professional Development

To address the skill needs of frontline production staff, the Group's production bases develop tailored training programs based on the specific requirements of different departments and positions. Training is typically conducted by management, qualified employees, or experienced senior employees, using methods such as oral exams, written tests, or comprehensive assessments to ensure employees fully grasp the training content and can apply it in practice.



Safety Production Training

Safety is a core requirement in manufacturing. Therefore, we provide targeted training for workshop safety management personnel and high-risk special operations staff. This training includes regulations on hazardous chemical management, fire safety techniques for chemical enterprises, and safety knowledge for special operations, equipping employees to handle various potential safety risks.



Quality Management Training

Quality management is equally crucial in production. We offer training on quality risk management and quality inspection for workshop supervisors and quality personnel to enhance their capabilities in quality management and execution, ensuring that product quality meets standards.



Environmental Protection Training

To strengthen employees' awareness and execution capabilities regarding environmental protection, our Environmental Protection Department regularly conducts training for environmental specialists. The training covers requirements of environmental management systems, pollutant discharge standards, hazardous waste disposal regulations, environmental performance assessment plans, and emergency response to environmental incidents, enhancing overall environmental management levels.



Technical Support Training

For support positions such as equipment management and engineering employees, we provide specialised technical training to ensure employees possess sufficient technical skills to effectively support daily production operations.



Sales Capability Training

Sales are key to the Group's business development. We strive to provide exceptional marketing and sales training for our sales personnel, ensuring that every customer experiences our high-quality service. Training covers a wide range of marketing techniques and strategies, including communication channel development, customer demands analysis, and customer service training, enhancing employees' sales abilities and customer interaction skills.

Technical Knowledge Seminar

Inner Mongolia Company invited experts from partner manufacturers to hold a seminar on distillation knowledge, sharing insights on the principles and related technologies of distillation. The seminar featured participation from the Company's deputy general manager and management personnel from relevant workshops and departments, along with technical employees. The seminar covered various topics, including fluid transport, heat transfer, distillation and absorption techniques, equipment introductions, classic process analyses, and applications of new distillation technologies. Attendees actively engaged in discussions, and through the experts' in-depth explanations and case studies, they deepened their understanding of distillation technology and enhanced their skills in equipment operation and maintenance, while also keeping up with the latest industry developments. This training not only strengthened employees' professional skills but also laid a solid foundation for the Company to optimise its process workflows and improve product quality.



Collaborative Training

To enrich the training content, the Group has partnered with external professional training institutions to provide employees with more comprehensive and diversified training programs, enabling them to better adapt to the ever-changing work environment and market demands. In the Year, we have launched the "Human Resources Workshop" and "Mountain and Sea Plan" which provide employees with more opportunities and resources to enhance their success in their work.

Human Resources Workshop

In March, The United Laboratories held a Human Resources workshop at the Zhongshan Company, attended by over 50 Human Resources leaders and key personnel from various units. During the workshop, external experts shared insights on the topic of "Human Resources Market Practices", covering trends in human capital and talent development within the healthcare industry. The experts emphasised the need for Human Resources management to balance control with diverse talent and to create talent profiles that align with corporate needs, identify high-potential individuals, and provide essential training to enhance organisational intelligence.

Besides, managers from the Group's Digital Centre and Legal Affairs Centre presented on the topics of "Exploring Digital Transformation in Enterprises" and "Human Resources and Compliance". Various units shared their innovative practices in organisational development, talent acquisition, and corporate culture, while also discussing the challenges they face and future considerations. The discussion sessions focused on "Digital Exploration", "Talent Development" and "Employer Branding", with participants actively offering constructive suggestions.

Finally, to align with the development goals of each business unit and to leverage Human Resources management capabilities effectively, the Human Resources leaders participated in a closed-door meeting.



"Mountain and Sea Plan" Youth Leadership Program – Session One

During the Year, The United Laboratories held the first session of the "Mountain and Sea Plan" Youth Leadership Program at the Zhongshan Company, themed "Competing Vigorously Together, Courageously Embracing the Future". The program aims to enhance the management capabilities of young leaders and attracted 58 participants from 13 different units.

During the opening ceremony, the Chairman of the Board, Mr. Tsoi Hoi Shan, emphasised the importance of Human Resources for the core capabilities of the enterprise and noted that young leaders are a vital force in the Company's development. To better support their growth, the program featured training from both internal instructors and invited external experts. Course topics included "Strategic Decoding and Empowerment", "Strategic Leadership and Management Innovation in the Digital Economy" and "Human Resource Management for Non-Human Resources Managers", encouraging participants to apply what they learn. The program also featured interactive sharing sessions where participants discussed their key takeaways and professional growth insights based on practical work experience, receiving on-site guidance from the Group's leadership. At the graduation ceremony, the Chairman presented certificates of honour to outstanding participants, who pledged to take on responsibilities, pursue excellence, and contribute to the Company's development.



Multiple Training Platforms

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 “Five Micro-Classes” and “A Lesson A Day” columns to provide training courses on areas such as interpersonal skills and business etiquette. The Group’s Legal Affairs Centre has self-set up a Legal Training column to provide training courses on relevant laws and regulations in daily operations, providing topics such as contract, antitrust compliance and legal risks in advertising. The Marketing Department, Digital 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.

Smart United Laboratories



9.2.2 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 encourages and 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, in order to comprehensively meet the needs of pharmaceutical production, enhance employee professional capabilities, and optimise the company's talent structure, Zhuhai Company collaborated with universities such as Xiangtan University, Hunan University of Technology, and Shunde Polytechnic to offer courses on pharmacy, chemical engineering, bioengineering, electrical engineering and automation, mechanical design and manufacturing, and automation, among others, for on-the-job employees in quality, production, equipment, and IT-related fields.

9.2.3 Succession Planning and Leadership Development

In order to establish a comprehensive mechanism for selecting, cultivating, and managing successors, the Group has formulated the "Succession Personnel Management Policy". For individuals who have been selected and included in the successor list through assessment and evaluation, the Group will provide additional attention and support by conducting specialised training to help them quickly enhance their capabilities and prepare adequately for taking on greater responsibilities.

Summary of the "Succession Personnel Management Policy"

Successor Selection and Nomination

- Pathways for successor nomination: incumbent position, supervising leaders, recommendations from the human resource department, etc.
- Every incumbent middle-level and above managerial staff has the responsibility to develop successor candidates to meet the company's development needs. Each managerial staff member who is approaching retirement within three years or has special circumstances preventing them from performing their duties should recommend at least two successor candidates.
- Adhering to openness, fairness, and advocating for public supervision.
- Generally, successor candidates are determined at a ratio of 1:2.

Successor Development

- Identify the direction and plan for development, implement training measures, evaluate the effectiveness of the development, and conduct tailored development based on individual circumstances.
- Strengthen practical exercises for successors. Implement job rotation and assign them to important positions.

Successor Tracking and Management

- The Group's Human Resources department should timely grasp the situation of potential retirees and successor candidates within the entire Group. The Human Resources department should follow up and understand the development of successors. If the responsible department in charge of the organization conducts investigations on eligible successors, they should focus on evaluating the candidates' leadership abilities, management potential, job performance, values, and cultural adaptability, and submit assessment reports.
- The Human Resources department should establish successor files. The successor files include the successor list, resumes, investigation materials, development plans, annual assessment records, learning and training materials, etc.

Leadership Development

In a company, management personnel play a critical role in decision-making and must demonstrate exceptional leadership, communication, learning and coordination skills. Therefore, regular training for them is particularly important. During the Year, the Group organised offline training activities specifically for project managers.

Project Management Practical Training

To strengthen the talent pipeline for project managers, the Project Management Department of Zhongshan Company organised a three-day practical training session, attracting nearly 80 R&D personnel. The training covered the entire project management process, including initiation, planning, execution, monitoring, and closure, focusing on key stages. Emphasising hands-on practice, participants engaged in team discussions, role-playing, and five rounds of simulated project practical drill, actively enhancing their problem-solving abilities. A comprehensive evaluation segment was included to encourage healthy competition among participants, leading to the selection of three outstanding teams and two exceptional individuals.

Moving forward, the Project Management Department will continue to offer high-quality project management training courses to meet varying learning requirements, enhance management effectiveness, and build efficient teams, contributing further to the R&D efforts of The United Laboratories.



9.3 Defending Employee Rights and Benefits

Employees are the key to success of an enterprise. The Group upholds the principles of "Equality, Care and Mutual Development" dedicating itself to providing employees with fair treatment and benefits while caring for their well-being. We strictly adhere to relevant laws and regulations to safeguard employees' legal rights and welfare. In addition to offering quality job opportunities and a comfortable working environment, we actively organise various cultural and sports activities to enrich employees' leisure lives, enhance team cohesion and sense of belonging, and create a harmonious and inclusive working atmosphere.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Protect Legal Rights	<ul style="list-style-type: none"> • 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 • Articles of Trade Union of the People's Republic of China 	<ul style="list-style-type: none"> • Appeals and Dispute Resolution Policy • The United Laboratories Code of Business Conduct
Employee Welfare	<ul style="list-style-type: none"> • Order of the Ministry of Human Resources and Social Security • Social Insurance Law of the People's Republic of China 	<ul style="list-style-type: none"> • Regarding the Caring Subsidy and Consolation Mechanism for Group and Headquarters Employees • Team Building Activities Funding System

9.3.1 Protecting Employee Rights

To protect employee rights, the Group has established a Code of Business Conduct, which clearly defines the standards for business behaviour within the organisation. The Group established the "The United Laboratories Code of Business Conduct" during the Year, which explicitly outlines the business conduct standards for The United Laboratories. The Group attaches great importance to human rights and prohibits all discrimination on the basis of race, colour, religion, sex, nationality, age, pregnancy, physical disability or illness, marital or family status, sexual orientation, political opinion, social status, etc. In addition, the Group actively encourages the establishment of a diverse workforce, ensuring that every employee is treated fairly in personnel activities, including compensation, training opportunities, work arrangements, promotions, disciplinary actions, and dismissals. We also respect each employee's personal development and dignity, safeguarding their rights to participate in independent unions, collective bargaining, and freedom of association. Furthermore, we strictly implement equal pay regulations, ensuring that male and female employees receive equal treatment for the same positions.

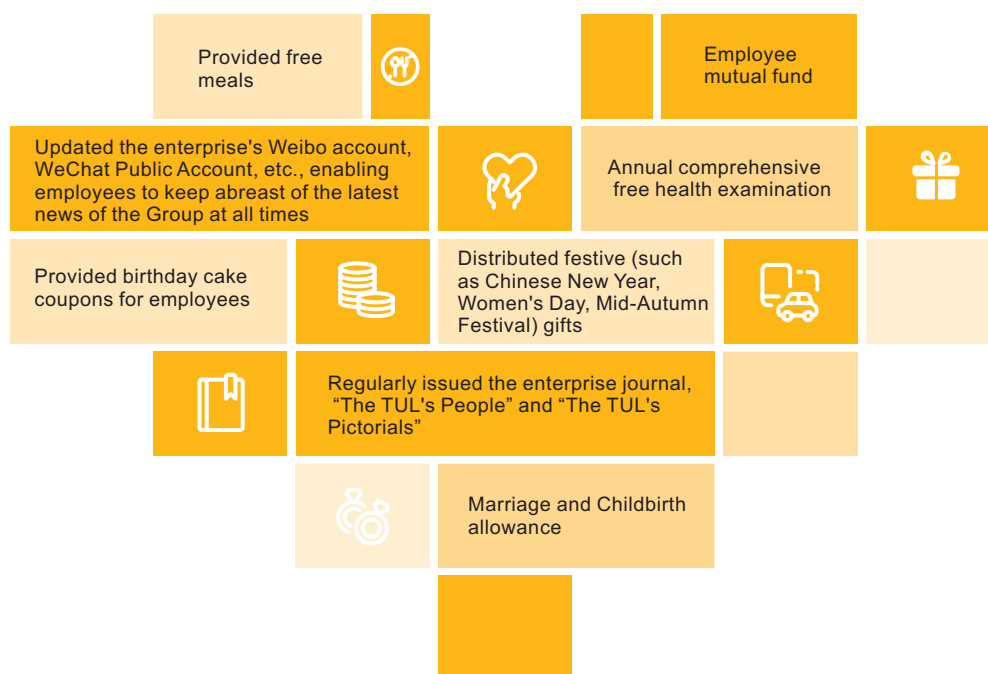
We protect the legitimate rights and interests of all employees in accordance with the law and strictly abide by relevant laws and regulations. We oppose slavery, exploitative child labour and human trafficking, and ensure that we will not knowingly do business with organisations involved in such activities. We have established strict rules that employees must be at least 18 years old to work in any position in the Group, and it is strictly prohibited to employ children under 16 years old. For this reason, the Group requires applicants to provide proof of identity during the recruitment process to verify their age and avoid wrongful employment of child labour. Employees are required to sign a labour contract before induction, which should clearly state the employee's work content, salary, insurance, benefits, working hours and holidays to avoid the situation of forced work. If child labour or forced labor occurs by mistake, the Group will immediately stop the work of the relevant persons, take remedial measures and trace the reasons to avoid the recurrence of similar situations. Employees who propose to leave office must apply according to the relevant procedures, so that the Group can know the reasons for their resignation in detail and provide proper resignation arrangements, such as salary payment.

The Group applies a five-day work week and an eight-hour work day, except for employees working in specified production workshops. We pay highly attention on employees attainment of work-life balance, the Group does not encourage overtime work. In case of inevitable overtime work, the Group limits the maximum daily overtime hours, with the length of overtime hours varies depending on the job position. Overtime pay is strictly issued in accordance with legal regulations and calculated based on the employee's regular wages.

9.3.2 Benefits and Welfare

All employees of the Group are entitled to statutory holidays, such as annual leave, sick leave, marriage leave, maternity leave, breastfeeding leave, paternity leave, childcare leave, nursing leave, compassionate leave, and work-related injury leave, in accordance with legal requirements. The Group also provides employees with "Five Insurances and One housing provident fund" and high-temperature subsidies in compliance with relevant laws and regulations, ensuring comprehensive protection of 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:



Warm Holiday Wishes that Touch the Heart

Mid-Autumn Festival Benefits: Mooncakes Convey Blessings

To express gratitude for the hard work of employees, the Zhuhai Company has initiated a program to send mooncakes to employees' families. Each beautifully packaged box of mooncakes comes with a letter of appreciation from the company, conveying heartfelt blessings to the families of employees. Besides, the Group has prepared a variety of Mid-Autumn Festival benefits for every employee to enhance the festive joy. To further strengthen the connection between the company and employees' families, the Zhuhai Company will also host the "2024 TUL Voice Peak Night and Mid-Autumn Gala," inviting employees and their families to join in witnessing exciting performances and sharing the joy of the festival on this reunion night.



Lantern Festival: Caring for Employees

To celebrate the Lantern Festival, the Zhuhai Company hosted a complimentary movie screening for all employees. The company thoughtfully prepared beverage and popcorn packages for each attendee, creating a warm and enjoyable atmosphere for a memorable holiday. This event not only provided employees with a chance to relax but also strengthened team cohesion, allowing everyone to feel the care and warmth of the Company.



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 and its subsidiaries, have 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.

Employee Activities

Archery Activity

To enrich employees' leisure time and promote physical and mental well-being, the Zhuhai Company organised a special archery event. This activity allowed employees to gain insight into the history and cultural background of archery while enjoying the fun and skill of shooting arrows. In addition to providing a relaxing experience, the event helped employees improve their strength and physical coordination, fostering a sense of community and teamwork.



Table Tennis Competition

The table tennis competition organised by the Zhuhai Company provided participants with an opportunity to showcase their individual skills while enhancing teamwork and fostering emotional connections among colleagues. This event, held in a relaxing atmosphere, allowed everyone to enjoy the fun of sports, effectively relieving work-related stress and offering a great platform for communication.

9.4 Linking Employee Perspectives

The Group actively employs various channels to listen the voices of primary employees, gathering the strength of employees to understand their thoughts and attitudes towards work and life. The company listens and responds to employee opinions and suggestions. The mutual communication between the company and employees enhances trust between each other and allows employees to truly feel the company's genuine care.

9.4.1 Labour Union

Labour union is the bridge and link between employees and the company, the Group values and respects the employee's rights to build a Labour Union. Abides 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》), the Group strives to build a labour union team that serves employees wholeheartedly. Currently, Zhuhai Company, Zhongshan Company, and the Inner Mongolia Company has already established sound employee union systems, mainly responsible for safeguarding the legitimate rights and interests of employees, democratic management of employees, and management of employee welfare activities. The annual workers' congress is held to deliberate and pass major decisions of the Company, to improve the Company's democratic management level, and to promote harmonious labour relations. The union includes multiple committees and primary organisations such as union groups and clubs, which pay attention to employees' personal and family situations, solicit and listen to employee opinions, and regularly organise various sports and cultural activities and mutual aid activities.

Currently, 100% of the Group's employees participate in the labour union.

Successfully Selected as a "Happy Enterprise" Pilot Unit

During the Year, Zhuhai Company has been awarded the distinction of being the only provincial-level "Happy Enterprise" pilot unit in Zhuhai. This achievement reflects our ongoing commitment to employee well-being. The company continuously improves the production and living environment for employees and enhances welfare through support from higher-level labour unions. We value diverse cultural and sports activities, actively promoting the health and overall development of our employees while strengthening our focus on humanistic care for employees. As a company fostering harmonious labor relations in Zhuhai, we will continue to strive to create a better working environment, ensuring that every employee feels the warmth and support from the company.

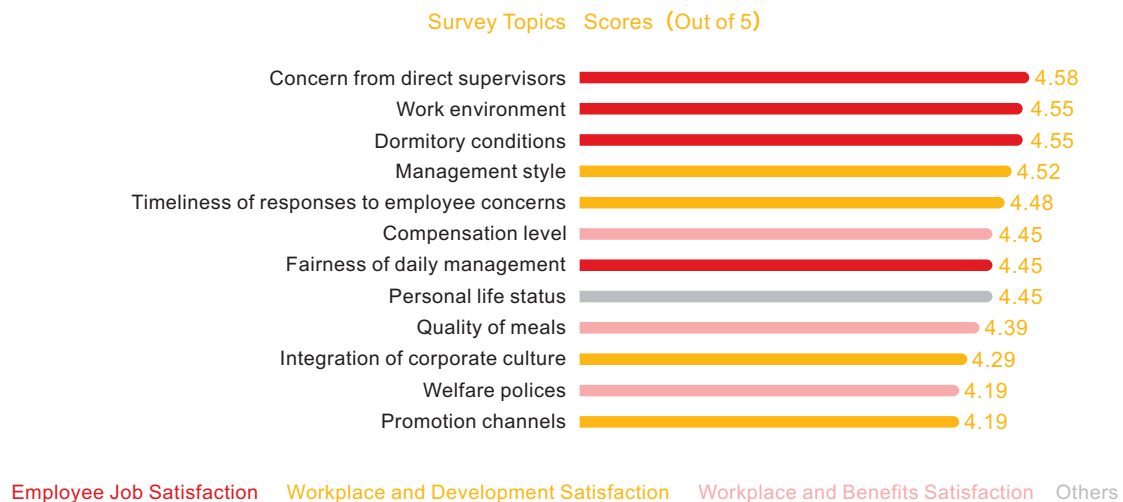


9.4.2 Employee Satisfaction Survey

Employee satisfaction surveys are helpful in listening to employee voices, collecting employee opinions, and improving their work environment and job satisfaction.

During the Year, The United Animal Healthcare has distributed the annual satisfaction survey questionnaire to all employees. The survey covers 12 topics, including employee job satisfaction, workplace and development satisfaction, as well as compensation and benefits satisfaction. It seeks relevant opinions from all employees. The survey results indicate that employees are generally satisfied with their direct supervisors' concern for them, the work environment, and dormitory conditions. The following is a presentation of the employee satisfaction survey results in a bar chart format.

The United Animal Healthcare Employee Engagement Survey Results



Based on the survey results, the Group has initiated improvement actions and continues to monitor its performance. During the Year, a series of measures were implemented to enhance employee satisfaction. These measures include improving employee welfare and support, providing diverse and multidimensional training opportunities, strengthening training for managerial employee, and organising multicultural activities. These ongoing efforts aim to enhance the Group's human resources management capabilities and promote sustainability.

9.4.3 Complaints and Suggestions

The Group is dedicated to providing diverse and convenient channels for employees to file complaints and suggestions. To promote effective communication between employees and the management of the Company, Inner Mongolia Company 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, e-mail and feedback phone. Any dissatisfaction or reasonable suggestions related to the development and construction of the Company, including management, life or 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 collected 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.

In order to deal with complaints and disputes from employees, Zhongshan Company has established a "Complaints and Mediation Policy". Employees can submit their opinions and suggestions in writing or by email to the Administration and Human Resources Department, the Labour Union or other departments. For those who submit their opinions and suggestions in identified names, the relevant departments will reply to the complainant within a specified period of time after studying the matter. Besides, the Company has also set up a "suggestion box" for the person in charge of the company in public places, where employees can submit their opinions and suggestions to the company. The system also provides for dispute resolution. The Company has established a Labour Dispute Mediation Committee to resolve labour disputes. The Committee will arrange mediation within a prescribed period of time upon receipt of an application for mediation.

Summary of "Complaints and Mediation Policy"

Whistleblowing and Complaints

- Anonymous whistleblowing and complaints from employees are generally investigated and addressed by the relevant department within 5 working days, with a response provided to the reporting individual. In the case of significant incidents or special circumstances, the investigation and response period may be extended to 20 working days.
- The confidentiality of whistleblowers must be ensured by the department handling the complaints. Any unauthorised disclosure will be strictly handled by the Human Resources or the company's administration.
- Whistleblowers who report instances of abuse of power, harm to the collective interests of the company, favoritism, or financial theft by other employees, and whose reports are substantiated through investigation, may be eligible for rewards approved by the company, as reported by the Human Resources department

Dispute Mediation

- The Company has established a labor relations coordination and interaction platform, which includes the Labour Dispute Mediation Committee composed of employee representatives and company representatives. Employee representatives are selected from union members or elected by all employees, while company representatives are appointed by the company's management. The Chairperson of the Labour Dispute Mediation Committee is the union president.
- Upon receiving a mediation application, Labour Dispute Mediation Committee arranges a mediation session between the parties involved within 10 working days. During the mediation process, the committee attentively listens to the statements of the parties involved regarding the facts and reasons, provides patient guidance, and assists in reaching an agreement.
- If a mediation agreement is not reached within 15 working days from the date of the mediation application received by the labor dispute mediation organisation, either the employee or the Company may apply for labor dispute arbitration with the local labour dispute arbitration institution in accordance with the law.

9.4.4 Logistic Services and Communication

The Group attaches great importance to the personal life of its employees and provides them with employee dormitories, cafeterias, activity centres and shuttle bus services, etc. The Group also strictly formulates and implements relevant rules and regulations to implement the management of staff logistics, aiming to create a comfortable and warm working and living environment for its employees.

Platform for Logistic Services

In order to effectively guarantee the quality of work and life for employees, Inner Mongolia Company has set up a "Logistics Service" platform on its WeChat public account, which includes services in various areas such as "Cafeterias Management", "Employee Dormitories Management", "Life Services", and "Flea Market". Through this platform, employees can access the weekly menu and provide feedback, report malfunctions in employee dormitories for repair, and obtain the latest information about living areas anytime. This measure provides employees with more convenient and caring services for their daily lives.

9.5 Caring for Occupational Health and Safety

Safety production is a fundamental principle of the Group's operations. The Group has established a comprehensive occupational health and safety ("OHS") management system that covers all subsidiaries and employees, ensuring the protection of their health and safety. During the Year, the Group organised a series of activities related to safety production and fire safety to enhance employee awareness of safety. Furthermore, the physical and mental well-being of employees is a key focus for the Group. During the Year, the Group conducted comprehensive health examinations for employees and organised health seminars.

Aspects	Relevant Laws, Regulations and Guidelines	Internal Policies
Safety Regulations	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Safety Management System Manual
Management of Hazardous Chemicals and Work-related Injuries	<ul style="list-style-type: none"> • Regulation on the Safety Management of Hazardous Chemicals • Regulation on Work-Related Injury Insurance 	

Summary of “Safety Management System Manual”

Risk Assessment for Safety Production Management Policy

- Conduct comprehensive occupational health and safety risk and hazard assessments to identify factors that may cause harm in the workplace. The risk assessment methods encompass qualitative and quantitative techniques, utilising a combination of field investigations, data analysis, and expert opinions to comprehensively assess risks in areas such as physical, chemical, biological, human factors, and the environment. Factors that may trigger accidents, occupational diseases, and other health issues are identified and analysed. The assessment results are promptly recorded and reported, and corresponding control measures and emergency plans are implemented to ensure workplace safety and health.

Identification and Governance of Safety Risk Concerns for Safety Production Management Policy

- Develop action plans based on the results of risk assessments and establish priorities to effectively control and manage safety risk concerns in the workplace. The development of action plans should involve the formulation of control and management measures specific to different risk concerns based on assessment results, with clear responsibilities and timelines. The setting of priorities takes into account factors such as risk levels, potential impact, and urgency. During the execution process, supervision, inspection, and evaluation should be conducted to ensure the effectiveness of measures and continuous improvement.
- Enhance occupational hazard investigations to identify, detect, and control work-related diseases, injuries, accidents, and other occupational hazards. The investigation scope should cover all work and related work environments, including physical, chemical, biological, and human factors. Investigation results are promptly recorded and reported, and corresponding control measures and management plans are formulated based on the results to reduce or eliminate occupational hazards.

Supplier Safety Management Policy and Contractor Safety Management Policy

- Evaluation is conducted when selecting suppliers and contractors, including their safety management capabilities, training programs, and emergency response capabilities, to ensure compliance with occupational health and safety standards during the course of their work. Additionally, contracts or agreements should clearly define the occupational health and safety responsibilities of both parties and specify safety standards and requirements. The Group also conducts regular monitoring and evaluation of supplier and contractor safety management to ensure ongoing compliance with occupational health and safety standards.

9.5.1 Targets and Metrics of OHS

To enhance OHS management, Inner Mongolia Company has established the OHS targets and metrics for the Year 2024.

OHS Targets



OHS Metrics of Factories and Departments:

- 100% completion rate for employee safety education and training plans and team activities plans; pass rate for safety education and training $\geq 96\%$
- 100% completion rate for emergency response plan drills; pass rate $\geq 93\%$
- Fire equipment and facilities compliance rate $\geq 98\%$
- Safety facility compliance rate $\geq 96\%$
- Hazardous chemical storage and usage compliance rate $\geq 93\%$
- 100% completion rate for safety risk and hazard identification and governance plans; hazard rectification rate $\geq 99\%$; file pass rate $\geq 94\%$
- 100% certification rate for special operations (hot work, confined space, blind flange, working at heights, lifting operations, circuit breaking, excavation, temporary electricity); pass rate $\geq 96\%$
- Occupational health examination implementation rate $\geq 100\%$
- Occupational disease protection facility and equipment integrity rate $\geq 93\%$
- Employee compliance rate for wearing labour protective equipment $\geq 96\%$

9.5.2 Production Safety Management

The Group 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. Under the guidance of the management system, all departments must strictly comply with laws, regulations, and relevant internal policies. They are required to conduct regular safety risk assessments to identify potential safety risks in different work areas and job contents, and to develop corresponding risk control measures. Meanwhile, the heads of the production departments or the safety management committee are responsible for regularly organising occupational health and safety training. This training utilises various methods such as classroom lectures, case analyses, and on-site demonstrations to strengthen safety education and enhance employees' safety awareness.

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 established strict regulations for warehouse management, inventory safety management, and material entry and export management, clearly defining the collection facilities and handling procedures for various types of chemical waste to ensure proper disposal of hazardous waste. Besides, the Group has developed procedures for handling safety and work-related accidents, ensuring that employees have adequate knowledge to respond effectively in the event of an incident and can quickly assist injured colleagues. Moreover, we strictly adhere to relevant regulations regarding wages, subsidies, and work injury costs to protect the basic rights and interests of employees.

To ensure that safety comes first, the Group organised a series of training sessions as part of the Safety Production Month activities, ensuring that all employees in each workshop are familiar with safety regulations and proficient in the operational procedures for safe production. To achieve the goal of enhancing production efficiency and reducing burdens through technology, the safety department has actively explored and promoted the development of an online intelligent training system. This system integrates existing training standards and utilises technologies such as biometric identification and process tracing to meet national regulations and enforcement inspection requirements. In the future, training will no longer be restricted by time and location, allowing employees to complete training tasks even when off-site, thereby addressing issues related to personnel organisation, classroom reservations, and time management. In addition, the system's automatic evaluation and statistical functions, along with the promotion of electronic files, will help frontline managers alleviate the complexities of organisation and statistics.

2024 Safety Production Month Activities

The Group, with the theme of "Safety Awareness for All, Emergency Response for Everyone", has formulated specific implementation plans and actively organised a diverse range of activities as part of the "Safety Production Month". These initiatives aim to promote the concept of safety development within the company, strengthen safety production awareness, and ensure the continuous stability of safety production practices.

Safety Production Month

Creating an Activity Atmosphere and Strengthening Safety Promotion

In prominent locations within the office area, living quarters, production areas, and construction sites, we hung promotional banners, posted themed posters, updated bulletin board content, and played safety knowledge and educational videos in a rolling format. This aims to disseminate safety knowledge and foster a safety awareness atmosphere.

12th Fire Safety Skills Competition

To further enhance the overall fire safety skills within the Company and improve the firefighting capabilities of personnel in various production workshops and departments, as well as to strengthen the physical fitness of emergency responders, the Group organised the 12th Fire Safety Skills Competition. This initiative ensures that in the event of a fire, explosion, or other emergencies, personnel can effectively respond at the first opportunity, minimising injuries and property damage. Employees actively participated in various competitions, including weighted material evacuation over 100 meters, rescue and escape drills over 100 meters, a 5,000 meters fitness run, and aerobic jump rope exercises. The successful organisation of this competition not only improved internal fire safety skills and emergency response capabilities but also fostered communication and collaboration among employees. We will continue to hold such events to encourage active participation from employees, constantly enhancing their skill levels and response capabilities, and making greater contributions to the company's safety and development.

First Aid Knowledge Training

Through the organisation of training on cardiopulmonary resuscitation (CPR) and the Heimlich maneuver, we provided detailed instruction on key operational steps for wound dressing, bleeding control, CPR, and the Heimlich maneuver for both adults and infants. This was achieved through a combination of theoretical explanations, on-site demonstrations, and hands-on practice. Participants practiced these skills in real scenarios, becoming proficient in first aid techniques, which effectively enhanced their health awareness and self-rescue capabilities, while also fostering a strong sense of emergency response readiness.



Accident Warning Education Training Session

To enhance the safety awareness of personnel in operational areas, an accident warning education training session was held, emphasising safety management responsibilities for special operations and external contractors. Various workshops actively participated in theoretical learning, emergency drills, and first aid training. Besides, a video selection activity organised by the Safety and Environmental Protection Department focused on incidents such as electric shocks, mechanical injuries, burns, and hazardous chemical leaks, systematically strengthening employees' emergency response capabilities. On the day of the finals, leaders evaluated outstanding entries and presented awards, fully acknowledging the importance that various departments place on safety in production.



Hazardous Chemicals Safety Management Training

To enhance the safety awareness and professional capabilities of hazardous materials safety management personnel across the Company, this training combined theoretical instruction with simulated practical exercises. The content covered relevant laws and regulations regarding hazardous materials, basic chemical knowledge, and analysis of typical case studies, along with sessions for on-site Q&A and interaction. Through this training, safety management personnel further improved their professional skills and hazard identification abilities, learning to apply safety thinking and legal approaches to solve practical problems, thus providing strong support for the Company's safety production management.

Safety Production Month

Organising Emergency Drills to Enhance Emergency Response Capabilities

This drill simulated a fire incident in the tank area of Workshop 204 at the Inner Mongolia Company. On-site personnel attempted to extinguish the fire using dry powder extinguishers and fire water monitors, but due to the intensity of the flames, they were unable to put it out and requested the Company to elevate the emergency response level. Upon receiving the alarm, the Company's fire station quickly dispatched two fire trucks to the scene. Upon arrival, firefighters immediately began addressing the fire. Through the collaborative efforts of on-site responders and professional firefighters, the fire was ultimately extinguished.

This emergency drill not only tested the preparedness of emergency supplies, equipment, and techniques required for unexpected events but also allowed for the timely identification of shortcomings, enabling rapid adjustments and replenishments to ensure comprehensive emergency readiness. While promoting emergency knowledge, the drill also heightened employees' risk prevention awareness and their self-rescue and mutual assistance capabilities in the face of sudden incidents.

9.5.3 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 firefighting 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

Smart Firefighting System Construction

After the system upgrade, the firefighting water system now features monitoring and alarm functions for pipeline pressure and liquid levels. Besides, it can monitor over 10,000 address points in real time and is linked with more than 200 fire detection and alarm video points. In emergencies, such as a fire, the system can quickly switch to video monitoring, thereby reducing the time needed to confirm the fire and lowering firefighting risks. This system is the first fully intelligent firefighting system in the city and has received recognition from government regulatory authorities.

Fire Safety Training

In response to the requirements of the Zhuhai municipal government, the Sanzao Fire Emergency Rescue Team conducted fire safety training for employees of the Group within its jurisdiction. This training was delivered by professional firefighters and focused on analyzing safety cases to enhance employees' attention to safety and their skills in using firefighting equipment. The training also included video instruction on recent fire incidents, emphasising the importance of safety work. After the training session, the Company strengthened its promotional efforts to establish a collective awareness of safety responsibilities, mobilising everyone to prioritise summer fire prevention and control efforts. This specialised training and safety meeting enhanced the fire safety awareness and emergency escape self-rescue capabilities of all personnel in the workshop, providing robust support for the Company's fire safety development.

Fire Safety Drill

To enhance employees' ability to respond to emergencies in confined space operations, the Inner Mongolia Company's Workshop 107 organised an emergency response drill for confined space accidents. Before the drill, the organisers provided a detailed introduction to the entire process, including incident reporting, rescue entry, on-site inspection, victim assistance, and site recovery. The drill simulated a scenario where a disinfectant worker fainted due to asphyxiation while cleaning and inspecting a fermentation tank. Participants strictly followed the predetermined procedures during the practical simulation.

This drill focused on the characteristics of confined space operations, highlighting key aspects such as hazard detection, rapid reporting, plan activation, and personnel rescue, further strengthening emergency response capabilities. Through the drill, participants not only mastered the correct operating procedures for confined space work but also enhanced their safety awareness and self-rescue and mutual assistance skills, laying a solid foundation for ensuring production safety.

9.5.4 Caring for the Physical and Mental Health of Employees

The Group has always prioritized the health and safety of its employees. In addition to the aforementioned safety measures and practices, various initiatives such as employee health examinations and informative training sessions have been arranged. We recognise the crucial role of mental well-being in employee happiness and work performance. Therefore, The United Laboratories also places great emphasis on the psychological health of its employees. The Group is committed to providing comprehensive support and resources to ensure that each employee can enjoy a healthy, balanced, and fulfilling state in both work and life.

Employee Health Check

To ensure the smooth progress of the health check, the Zhuhai Company has engaged in thorough communication and careful preparation with the Fifth People's Hospital of Zhuhai, developing a detailed health check plan that specifies the examination items and procedures. The health check includes routine internal medicine examinations, complete blood counts, chest X-rays, liver function tests, fasting blood glucose tests, and has specifically added cancer screening for women to care for the health of female employees. The purpose of the health check is to enable each employee to fully understand their health status and adjust their lifestyle and dietary habits based on the report, aiming to achieve the goal of "Early Check, Early Detection, Early Diagnosis, and Early Treatment" for diseases.



Psychological Health Lecture

To enhance employees' awareness of physical and mental health, the Zhuhai Company's union organised a psychological health science lecture themed "Scientific Stress Management", attracting approximately 130 employees. The lecture covered the definition, signs, impacts, and management strategies of stress, and taught methods for emotional recognition and regulation. The instructor used practical cases to help employees understand the nature of stress and its effects on health, providing effective strategies for stress management and emotional regulation. Participants indicated that the lecture was engaging and clarified stress management concepts, outlining effective methods for coping with stress.

10

Craftsmanship Legacy Safeguarding a Green Future

Our Focuses

- Towards Carbon Neutrality
- Pollution Control
- Green Operations

Our Actions

- Promoting Low-Carbon Development
- Enhancing Energy and Water Efficiency
- Managing Pollutants Emission and Discharge
- Establishing Circular Economy Industrial Chains

10.1 Environmental Management System

The Group persists 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 Group sternly comply with the concept of co-prosperity between enterprise development and environmental protection, and is dedicated to achieving the ultimate mission of carbon neutrality through carbon emission reduction from production, technology and procedures. Meanwhile, the Group is committed to achieving carbon neutrality together with global enterprises in the future without neglecting business operations.

In coordination with the National 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”. As of the end of the reporting period, Inner Mongolia Company has obtained certifications for GB/T 23331-2020/ISO 50001:2018 (Certification for “Energy Management System Requirements and Guidance for Use”), RB/T 114-2023 (Certification Requirements for Energy Management Systems in Chemical Enterprises such as Soda Ash, Coking, Rubber and Plastics, and Pharmaceuticals), ISO 14001:2015 (Certification for “Environmental Management System Requirements and Guidance for Use”), and GB/T 24001-2016 (Certification for “Environmental Management System — Requirements and Guidance for Use”). 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 China to respond to the challenges brought about by climate change.

Aspects	Relevant Laws, Regulations	Internal Policies
Environmental Protection	<ul style="list-style-type: none">• Environmental Protection Law of the People's Republic of China• Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste• Water Pollution Prevention and Control Law of the People's Republic of China• Atmospheric Pollution Prevention and Control Law of the People's Republic of China• Environmental Protection Tax Law of the People's Republic of China• Soil Pollution Prevention and Control Law of the People's Republic of China	<ul style="list-style-type: none">• List of Environmental Protection Laws, Regulations, and Other Requirements

10.1.1 Internal Audit

The Group has established an internal audit mechanism for its environmental system in accordance with its Quality, Environmental and Safety Management System Manual, relevant environmental management policies, as well as applicable national, industry and local laws and regulations, with the aim of systematically enhancing the level of environmental management. We conduct an annual internal audit at all operational sites through interviews, document reviews, data and site inspections. The following areas will be considered for evaluating the effectiveness of environmental management during the annual audit:

Understanding and implementation of environmental policies and objectives	Stakeholder impacts
Maintenance and operation of environmental facilities and equipment	Emergency preparedness and response
Data and environmental analysis	Management review
Effectiveness of improvement measures	Compliance evaluation with environmental law and regulations
Effectiveness of corrective actions based on previous audit recommendations	

10.1.2 External Audit

Inner Mongolia Company is a modern comprehensive pharmaceutical factory integrating pharmaceutical intermediates and bulk medicines as a whole. 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 and green technology innovation. 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.

The United Laboratories Successfully Passed “Four Systems” Supervision Audit

An audit team composed of experts from the Beijing Standard Certification Center conducted a supervision audit of the quality, environmental, energy, and occupational health and safety management systems at Inner Mongolia Company. The audit experts provided a brief explanation of the inspection findings and conducted a comprehensive analysis of the issues identified during the on-site audit. Ultimately, they concluded that the company's operational performance is steadily increasing, product quality and customer satisfaction are consistently improving, innovation capabilities are continuously enhanced, and both internal and external risks are effectively managed. The suitability, adequacy, and effectiveness of the management systems meet certification requirements.

10.2 Addressing Climate Change

In the context of global climate change, enterprises face not only environmental challenges but also the need to actively fulfill social responsibilities and promote sustainable development. As a pharmaceutical company dedicated to human health, we deeply recognise the significant impact of climate change on ecosystems and public health. Climate change has intensified the frequency and severity of extreme weather events, expanded the range of disease transmission, and led to issues such as deteriorating air quality and water resource shortages. To address these challenges, we are actively taking measures to reduce greenhouse gas (GHG) emissions to mitigate the impacts of climate change and focus on developing innovative solutions to tackle health challenges posed by climate change.

During the Year, in accordance with the International Sustainability Standards Board (ISSB)'s International Financial Reporting Sustainability Disclosure Standard S2—Climate-related Disclosures (IFRS S2), we have identified climate change risks encountered in our daily operations across four dimensions: governance, strategy, risk management, metrics and targets. We have conducted detailed analyses of each business units to outline the risk factors potentially affected by climate change and subsequently developed effective response strategies.

10.2.1 Governance

The Group incorporates climate management into its ESG governance framework to effectively address climate change. The Board of Directors holds regular meetings to analyse the opportunities and challenges posed by climate change in depth, ensuring that climate risks are fully considered when formulating long-term strategies and short-term operational decisions. Our Sustainability Committee is responsible for overseeing climate-related matters, possessing a deep understanding of industry trends and the Company operations, and developing corresponding climate response policies. This committee continuously monitors climate risk management in daily operations, conducts comprehensive effectiveness assessments, and promptly proposes improvement recommendations while tracking their implementation progress after identifying issues. To ensure the Company continuously adapts to and responds to climate change, the committee regularly submits reports to the Board on the execution of climate policies and the effectiveness of risk management. It also forecasts potential future climate risks, ensuring that the company's development direction aligns with the main trends in global climate governance.

10.2.2 Strategy

To systematically implement response measures, the Group evaluates identified risks based on time, likelihood, and financial impact, comprehensively assessing the severity. Based on the severity of the risks, we have developed corresponding response measures to mitigate and adapt to the impacts that climate change may have on our business, while also seizing potential opportunities. The climate-related risks and opportunities identified this year are detailed in the table below:

Risk	Time Horizon	Possibility	Potential Impact	Response Measures
Risk Category--Physical Risk				
Extreme Heat	Short Term	High	<ul style="list-style-type: none"> Increased ventilation and cooling needs for production facilities and offices, leading to higher energy consumption and operating costs. During high temperatures, the power system may experience peaks in electricity demand, causing power outages and affecting normal production. Sudden high temperatures increase the risk of factory fires. Increased risk of heat-related illnesses such as heatstroke, affecting employee health. 	<ul style="list-style-type: none"> Develop staggered electricity use plans and work schedules during peak electricity demand periods. Establish contingency plans for energy use and develop energy emergency plans in advance. Arrange hazardous material shipments in the morning or afternoon during summer to avoid high-temperature periods, reducing the risk of fires. Provide heatstroke prevention and cooling supplies during summer and ensure outdoor work safety for employees.
Extreme Cold	Medium Term	High	<ul style="list-style-type: none"> Increased heating needs for production facilities and offices, leading to higher energy consumption and operating costs. Icy roads causing transportation disruptions for production materials, leading to material shortages and production delays or halts. Dry weather conditions can lead to accidents such as fires, explosions, leaks, and poisoning, posing safety risks to employees. Low temperatures can cause equipment failures and property damage. 	<ul style="list-style-type: none"> Develop contingency plans for energy use and establish energy emergency plans in advance. Regularly analyse supplier supply risks, develop key raw material stocking strategies, and strengthen supplier relationships. Establish emergency plans to prevent accidents such as fires, explosions, leaks, and poisoning. Strengthen employee winter safety training and ensure safe work operations for employees. Implement insulation and anti-freezing measures in each workshop to prevent equipment damage and production interruptions.
Global Warming	Short Term	Medium	<ul style="list-style-type: none"> Increased ventilation and cooling needs for production facilities and offices, leading to higher energy consumption and operating costs. Increased probability of heat-related illnesses such as heatstroke, leading to decreased production efficiency. 	<ul style="list-style-type: none"> Implement energy-saving renovations for air conditioning and ventilation systems in production facilities and offices to increase energy efficiency. Provide adequate heat prevention supplies for employees during summer and conduct annual employee health checkups.
Risk Category--Transition Risk				
Regulatory-Increased Greenhouse Gas Emission Pricing	Medium Term	High	<ul style="list-style-type: none"> China has implemented a carbon emissions trading mechanism. Self-owned power plants of the company are included in the national carbon emissions trading industry, which may increase operational costs due to purchasing carbon emission quotas for compliance. Increasing greenhouse gas emission pricing significantly affects the electricity and chemical industries, leading to rising energy prices or material supply shortages and indirectly increasing operating costs. 	<ul style="list-style-type: none"> Set energy-saving and emission reduction targets, actively take measures to reduce greenhouse gas emissions, and gradually reduce carbon intensity and total emissions. Improve energy efficiency by using high-efficiency energy-saving equipment instead of obsoleted high-energy consumption equipment and retrofitting high-energy-consuming equipment for energy savings. Improve energy structure by using clean energy and renewable energy sources such as photovoltaic power generation. Strengthen energy-saving and emission reduction management, training, and promotion throughout the production and operation process to enhance employee energy-saving awareness. Strengthen energy control, establish energy (such as steam) use application systems, and enhance energy use assessments, in production workshops. The Inner Mongolia Company completed the 2023 compliance obligation of 1,831,001 tons of carbon indicators on December 3, 2024.

Risk	Time Horizon	Possibility	Potential Impact	Response Measures
Regulatory-Dual Control of Energy Consumption and Carbon Intensity for Existing Products and Increased Supervision	Medium Term	High	<ul style="list-style-type: none"> To comply with policy requirements, research and develop low-energy-consuming new technologies and processes, thereby increasing research and development expenditures. Replace and procure new energy-saving equipment, leading to increased capital costs. Stringent policies lead to increased compliance costs. 	<ul style="list-style-type: none"> Hire consultants to assess our energy-saving status and implement targeted improvements based on professional assessment results to minimise risks due to policy and regulatory changes. Improve product yields to reduce unit product raw material and energy consumption.
Regulatory-Rising Raw Material Costs	Short Term	High	<ul style="list-style-type: none"> Impacted by climate change, global energy transformation, etc., prices of energy (coal, electricity, steam), water, raw materials (glucose, corn starch, etc.) are rising, some bio-based raw materials are difficult to obtain, and certain raw material suppliers suspend and close, leading to increased production costs. 	<ul style="list-style-type: none"> Actively engage in technological innovation, seek alternative raw materials and energy sources, establish multiple energy supply channels. Strengthen strategic cooperation with suppliers (such as signing long-term contracts to avoid price fluctuations), increase key supplier inventories, regularly analyse supplier supply risks. Based on market conditions, prepare raw material reserves in advance to avoid supply disruptions. Improve production technology, increase product yield, control production costs, and reduce raw material and energy consumption. Establish emergency plans and make relevant arrangements to cope with sudden power and water restrictions. The Inner Mongolia Company has established a 110KV substation to ensure stable power supply. This bidirectional power supply system reliably provides safe electricity for the growth of the Inner Mongolia Company, Guangda LianFeng, and The United Animal Healthcare.
Market - Market Information Uncertainty	Short Term	High	<ul style="list-style-type: none"> Impacted by climate change or national dual-carbon policies, sudden power and water restrictions, electricity price increases may occur, affecting normal production, timely delivery, and increasing production costs. 	<ul style="list-style-type: none"> Constantly pay attention to market information and energy policy changes closely to ensure timely updates. Establish communication mechanisms with power and water supply departments and develop emergency response-related systems.
Reputation-Stakeholders' Concerns and Negative Feedback	Short Term	Low	<ul style="list-style-type: none"> Government no longer approves expansion of energy-intensive factories. 	<ul style="list-style-type: none"> Implement a series of energy-saving and carbon reduction measures to reduce environmental impact, ensure EHS compliance, and strictly control EHS risks.

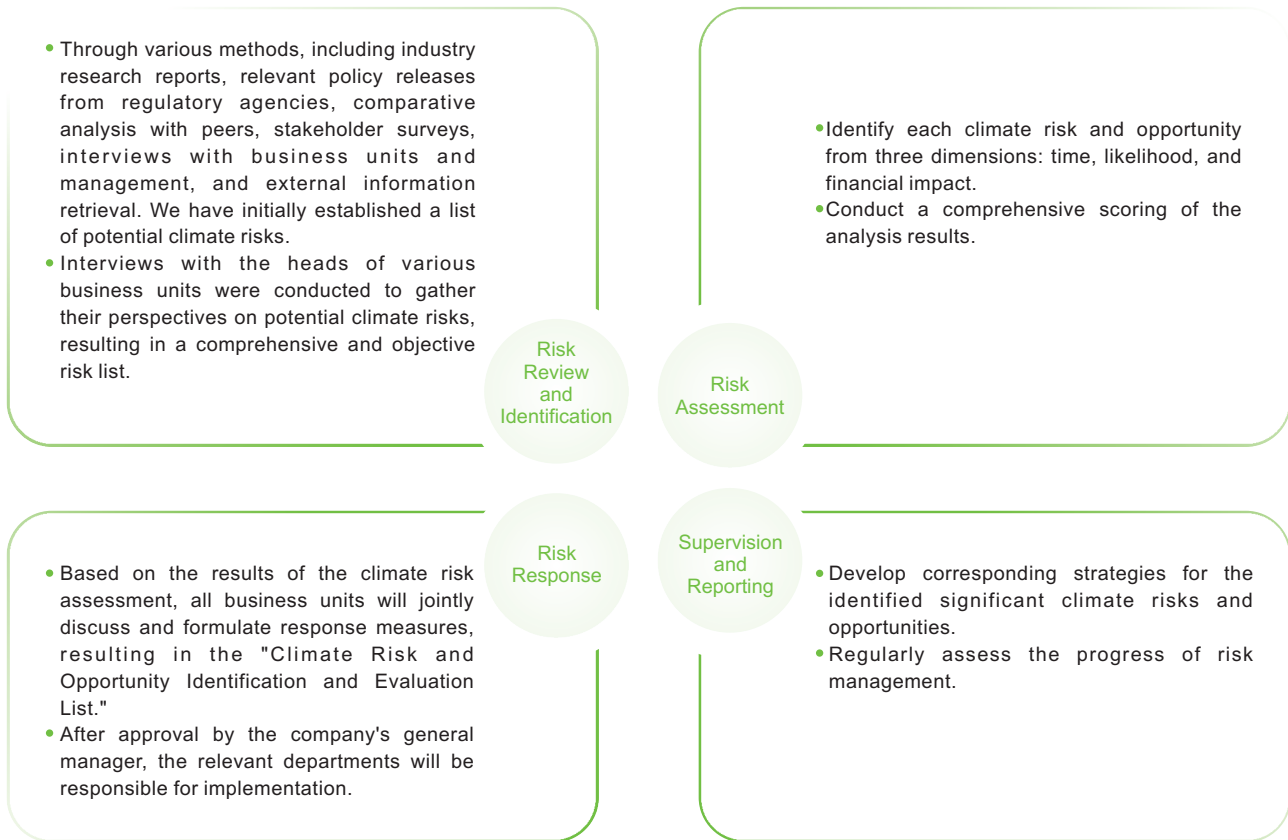
Based on our identification, the Group has found that climate risks not only pose challenges but also create unique opportunities that align with market trends. As global attention to sustainable development increases, the demand for green technologies and low-carbon solutions continues to rise, providing the Group with significant development space in areas such as innovative product development, energy efficiency improvement, and resource recycling. Therefore, the Group has identified the following opportunities:

Opportunity Type	Opportunity	Opportunity Description	Response Measures
Energy Substitution	<ul style="list-style-type: none"> Clean energy and renewable energy, participation in carbon trading markets 	<ul style="list-style-type: none"> Reduce operating costs (e.g. using the lowest-cost carbon reduction measures) Reduce the risk of future fossil fuel price increases Reduce greenhouse gas emission risk, thereby reducing sensitivity to changes in carbon trading prices Improved reputation and increased demand for products 	<ul style="list-style-type: none"> Continue to develop photovoltaic power generation projects and actively explore other feasible clean energy options Regularly conduct clean production audits and continue to apply comprehensive preventive environmental protection strategies to production processes and products Establish incentives for clean production to ensure its continued effectiveness and reduce greenhouse gas emissions to increase profitability potential in the carbon trading market
Market	<ul style="list-style-type: none"> New market opportunities Subsidies and other benefits from government policy encouragement New financing opportunities brought by the development of green finance 	<ul style="list-style-type: none"> Enter new and emerging markets (e.g., cooperate with government and development banks) to increase revenue Diversify financial assets (e.g., green deposits) to diversify risks 	<ul style="list-style-type: none"> Continue to monitor new markets and actively prepare for new market and business opportunities due to climate change-induced emerging diseases Actively explore the green finance market, such as green deposits and other financial products Strengthen follow-up on environmental policies and timely apply for subsidies. For example, by building green factories, carrying out energy efficiency certification, and other measures to obtain low-carbon subsidies and incentives from government departments, thereby increasing the competitiveness of our products in the market and increasing product sales volume
Resilience	<ul style="list-style-type: none"> Renewable energy projects and energy-saving measures Energy substitution/diversification 	<ul style="list-style-type: none"> Increase the market value of infrastructure, land, and buildings through resilient planning Improve operational resilience through energy substitution and other means 	<ul style="list-style-type: none"> Opt for environmentally friendly materials and processes for product production, build green factories, and green office buildings to enhance the market value of fixed assets Actively promote photovoltaic power generation and explore other clean energy sources to improve energy supply reliability Research the feasibility of energy-saving projects such as photovoltaic battery storage to further enhance production power supply guarantee and improve operational resilience

10.2.3 Risk Management

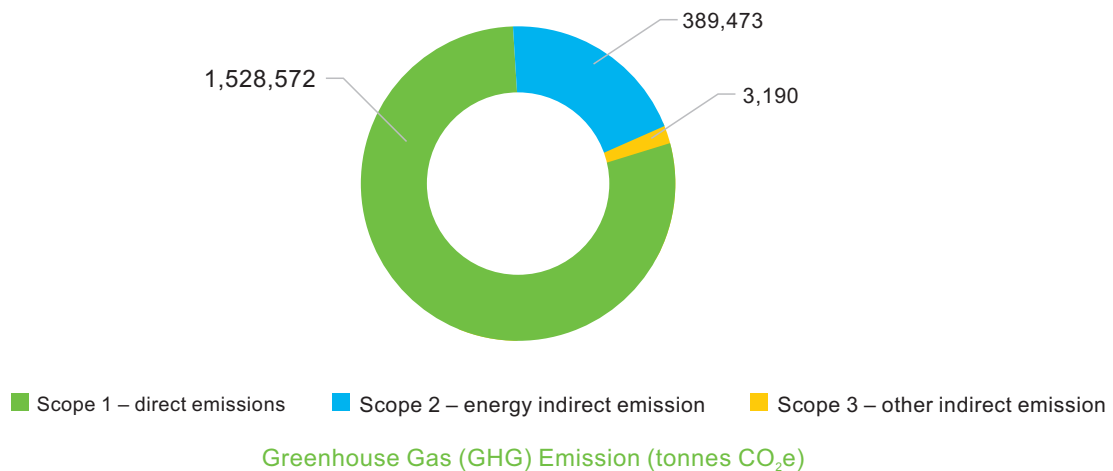
To address the potential risks and opportunities brought by climate change, the Group has systematically established a climate risk management process and framework under the guidance of the Board of Directors and the Sustainability Committee, referencing the contents of the "Climate Change Risk Management Regulations". This framework encompasses all aspects of risk identification, assessment, response, and monitoring. To ensure effective risk management, we regularly convene management from relevant departments to collaboratively identify climate risks and opportunities. With the assistance of external experts, we conduct thorough assessments of these risks and opportunities and develop corresponding response plans. All outcomes will be reported regularly to the Group to ensure the implementation of measures and continuous improvement.

Our climate risk management steps are as follows:



10.2.4 Target and Metrics

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 China and reach carbon peak by 2030.



For the GHG emissions indexes of the Group from 2022 to 2023, please refer to Appendix 1 of our ESG report.

10.3 Towards Carbon Neutrality

The Group regards net zero emission as its long term target and believes that carbon reduction must be persistent and progressive, and cannot be achieved overnight, so as to avoid affecting the Group's development in other aspects. We strive to gradually reducing and offsetting carbon emissions through innovative technologies and green practices, and actively exploring feasible pathways to achieve carbon neutrality.

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

Strategies	Strategic Directions and Actions	Targets	Key Achievements in the Year
Promote Low-Carbon Development	<ul style="list-style-type: none"> Undertake low-carbon activities to become an energy-efficient enterprise Implement carbon reduction measures in the direction of energy conservation, both in the factory and office Organise Energy Conservation Promotion Week and Arbor Day to foster carbon reduction awareness 	<ul style="list-style-type: none"> Gradually reduce carbon emissions through energy-saving technological upgrades and by increasing the proportion of green electricity in energy consumption. 	<ul style="list-style-type: none"> On Arbor Day, we planted 3,090 trees taller than 5 meters, resulting in a reduction of approximately 71 tonnes of greenhouse gas emissions in terms of carbon dioxide equivalent
Use of Renewable Energy	<ul style="list-style-type: none"> Increase the use of renewable and green energy Initiate renewable and green energy projects 	<ul style="list-style-type: none"> Increase the proportion of renewable and green energy usage year by year 	<ul style="list-style-type: none"> Renewable and green energy usage accounts for 19.7% of the total electricity consumption Green electricity purchased in this year has increased by approximately 5.0% compared to 2023 Implementing distributed photovoltaic projects, expected to be completed in 2024, with an estimated annual electricity generation of 25 million kWh
Improve Energy Efficiency	<ul style="list-style-type: none"> Implement energy optimisation projects to enhance technological capabilities Phase out high-consumption and lowenergy efficiency equipment 	<ul style="list-style-type: none"> By 2025, reduce the energy consumption of Unit Product² by 5.0% (set year 2020 as baseline) 	<ul style="list-style-type: none"> During the Year, the energy consumption of Unit Output Value¹ decreased by 4.9% compared to the previous year Implemented 5 energy-saving and optimisation devices, resulting in an annual increase in electricity savings of 17,555 MWh and an annual increase in steam savings of 13,020 metric tonnes
Improve Water Resource Efficiency	<ul style="list-style-type: none"> Implement water conservation projects and enhance technological capabilities Develop water resource management measures for production factories and offices 	<ul style="list-style-type: none"> Reduce the water consumption of Unit Product² annually Maintain 0 wastewater discharge and achieve 100% wastewater reuse as reclaimed water Improve the recycling efficiency of reclaimed water to reduce the demand for fresh water 	<ul style="list-style-type: none"> The daily water consumption has decreased by 10.4% compared to last year 0 wastewater discharge Achieved a 100% recycled water utilisation rate Achieved a 100% reclaimed water utilisation rate Pilot Phase One of the high-concentration water fractionation and 10 t/d caustic soda recycling project, with an investment of RMB57.05 million
Align with China	<ul style="list-style-type: none"> Performance of national carbon emission trading plan 	<ul style="list-style-type: none"> Supporting and fulfilling the national carbon emission trading scheme 	<ul style="list-style-type: none"> Continuously participate in national voluntary emission reduction projects The Group has purchased 187,500 tonnes of carbon credits

Notes:

1. Unit Output Value, refers to industrial output value per RMB10,000.

2. Unit Product, refers to the product per tonne

10.3.1 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, movable combustion sources like vehicle fuel combustion, and use of refrigerants;
- ii. Indirect greenhouse gas emissions of energy, including purchased electricity;
- 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 Production Technology Department 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. To this end, we organised a tree planting activity to contribute to the promotion of low-carbon development.

Embracing Spring, New Green Awaits

The Group organised over 80 volunteers to carry out tree planting activities in the residential and factory areas. Before the activity began, the greening officer from the Administration Department gave a brief mobilisation speech and explained the techniques and precautions for planting trees in detail. Afterward, everyone received tools and gloves and quickly headed to their respective planting areas in groups.

After a morning of effort, we successfully planted 160 golden leaf wax trees, 150 golden leaf elms, 10 early-ripening pears, 30 lilacs, 25 elm-leaf plums, and 6,250 elm seedlings. The newly planted trees were neatly arranged, showcasing vibrant vitality and adding a touch of greenery to the factory area.



10.3.2 Enhancing Energy Efficiency

Energy consumption is crucial to pharmaceutical enterprises, and the derived environmental impacts from greenhouse gas emissions 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 national 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 workshop 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 workshops, teams and even individual positions, prompting all plant 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. During the Year, the energy consumption of Unit Output Value decreased by 4.9% compared to the previous year.

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 optimize 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 Materials

- 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 Workshops

- 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 workshops
- Incorporated energy consumption indicators into the annual assessment of each production workshop
- Acknowledged the production workshops 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

► The Energy-saving Optimisation Project of This Year

- Workshops 102 and 104 are implementing energy-saving upgrades for the acid water tower, expected to save **60,000 tonnes** of steam annually
- Workshop 505 is conducting a waste heat recovery project for the hot water lithium bromide unit, expected to save **13.57 million kWh** of electricity annually
- Workshop 106 is upgrading the waste heat recovery system for the acid water tower, expected to save **100,000 tonnes** of steam annually
- Workshop 508 is working on a biogas combustion waste heat utilisation project, expected to save **9.17 million cubic meters** of natural gas annually
- Workshop 503 is carrying out a condensate recovery project, expected to save **24,000 tonnes** of steam annually.
- Workshop 503 is implementing a variable frequency drive upgrade for the pulp circulation pump, expected to save **680,000 kWh** of electricity annually
- Workshop 103 is upgrading to a direct drive motor for the canning system, expected to save **1.42 million kWh** of electricity annually.

Usage of Clean Energy

We place great emphasis on the use of clean energy and are committed to introducing renewable energy sources across the entire Group's facilities. In the Year 2022, the Group initiated plans to begin implementing renewable energy, such as solar panels, in a short period of time. This initiative aims to provide clean energy to the company, reduce carbon emissions associated with electricity consumption, and achieve emissions reduction at the source, contributing to our journey towards carbon neutrality. To achieve this, we have planned to construct three distributed photovoltaic projects with a total capacity of 6 MW in a phased manner by the Year 2024, totaling 18 MW. Upon completion, these projects are expected to generate 25 million kWh of electricity annually.

10.3.3 Aligning with the Nation's Direction

Inner Mongolia Company actively responds to the national carbon emission plan and participates in the verification to verify its carbon emission. Since 2019, 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 November 2024, we purchased a total of 187,500 tonnes of carbon quota to offset the shortfall in carbon emission quotas.

10.4 Water Resource Management

Linhe District, where Inner Mongolia Company is located, is home to a diverse natural ecosystem. Ecological conservation and restoration have long been a key focus 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. Besides, the Group has designated water resource management strategies for all operating locations, with main measures including water conservation in Inner Mongolia production workshops and daily office water conservation.

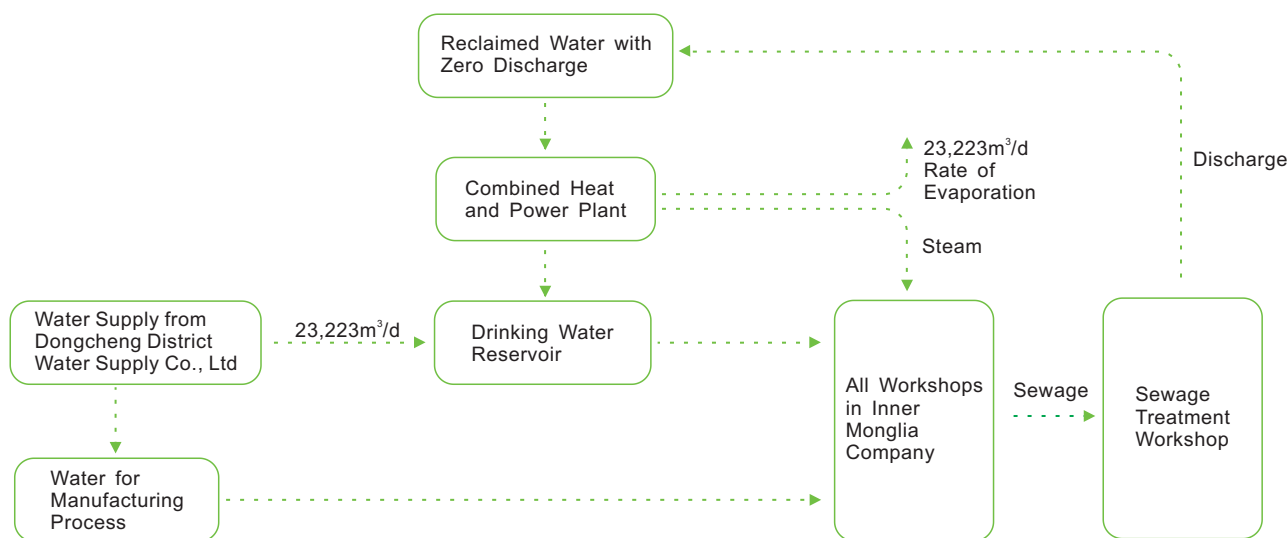
Water Conservation Measures in Production Workshops

- 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 reusing spent fermentation broth filtrate
 - ✓ Heating low-temperature secondary dialysis liquid with high-temperature finished phenylacetic acid transfer liquid to save steam
- Incorporated consumption reduction indicators into the annual assessment of each production workshop.

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.

Besides, to further enhance the Company's water-saving capabilities, we have implemented measures for reclaimed water reuse to maximise the recycling of water resources. Furthermore, the Group conducts long-term monitoring and comprehensive understanding of water usage and water source conditions at various locations to ensure efficient management and sustainable use of water resources.



Water Balance Diagram

The Group does not operate in water-stressed areas. As a non-water-stressed location, the Inner Mongolia Company purchased 7,349,392 cubic meters of external water sources in the reporting period, which decreased by 6.90% compared with last year. The supplying unit of the external water sources is the Linhe Dongcheng District Tap Water Co., Ltd. of Bayannur City. The total amount of investment in water resource paid by the Inner Mongolia Company during the Year was over RMB30 million. All wastewater has been reused without discharge this year.

Amount of Water (Cubic Metre)	2024	2023	2022
Non-water-stressed Location: Water Purchased of the Inner Mongolia Company ¹ :	7,349,392	7,893,952	6,823,440
Water-stressed Location:	N/A	N/A	N/A

Note:

1: The source of water withdrawal for all of the water purchased of the Inner Mongolia Company is municipal potable water, with no water withdrawn from sources such as groundwater from wells and boreholes, used quarry water collected in the quarry, surface water, external wastewater, harvester rainwater, and sea water and water extracted from the sea or the ocean.

Amount of Water (Cubic Metre)	2024	2023	2022
Amount of Recycled Wastewater ²	15,707,118	17,961,933	13,286,551
Amount of Discharged water	N/A	N/A	N/A

Note:

2: The wastewater management for the Inner Mongolia Company has all of the wastewater recycled, with no discharged wastewater.

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 workshops and offices and carried out water conservation optimization 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 over 15.7 million cubic meters of water reclaimed. During the Year, the Group has also implemented four key water-saving optimisation projects in the workshops, saving approximately 960 tonnes of water every day.

Water-Saving Optimisation Projects of This Year

- Concentrated Evaporator Condensate Direct Discharge, which was environmentally discharged directly, is now recycled for use in workshop ingredient preparation, saving approximately 530 tonnes of water daily.
- The Steam Condensate Recovery System replaces workshop drinking water, and the mechanical seal cooling water switches from direct discharge to reuse, saving about 80 tonnes of water each day.
- The concentrated wastewater, which was originally discharged directly in an environmentally friendly manner, is now recycled for cleaning decarbonisers and for domestic use, saving approximately 110 tonnes of drinking water daily.
- Utilising steam condensate for material preparation and changing the continuous rinsing of extraction centrifuge water to intermittent rinsing saves about 243 tonnes of water daily.

10.5 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	Internal Policies
Wastewater Treatment	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Sewage Treatment Management Program
Exhaust Gas Treatment	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Atmospheric Pollution Management Policy
Waste Disposal	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Solid Waste Management Procedure • Responsibility System for Environmental Prevention and Control of Hazardous Waste Pollution • Management Rules for Hazardous Waste in the Workshop

10.5.1 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 wastewater from production process, 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, and the system is designed with a processing capacity of nearly 50,000 cubic meters 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.

Besides, Inner Mongolia Company also has an online monitoring system for water pollutants, which closely monitors the concentrations of chemical oxygen demand (COD) and ammonia nitrogen (NH₃-N) in the waste water treatment system. This system prevents underground water pollution triggered by the "running, emitting, dropping and leakage" of wastewater during the wastewater treatment process. Furthermore, Inner Mongolia Company continues to advance wastewater pollutant reduction projects to reduce the pressure on sewage treatment facilities.

To enhance the wastewater treatment goals, the Group has built a three-effect evaporation system and a multi-functional high-efficient waste mineral oil and mechanical vapour recompression (MVR) system as a backup facility to complement the existing MVR evaporation system in 2022. This ensures the stable operation of the company's sewage treatment system, reclaimed water recycling system, and the production system.

Triple-Effect Evaporation System Project

Inner Mongolia Company has invested RMB12 million to build a new set of Triple-effect Evaporation System, with a designed processing capacity of 300 tonnes per day. This system is designed to treat concentrated wastewater generated during various production processes in order to reduce the operational load on the sewage treatment system and ensure the stable operation of the reclaimed water membrane system.

Multi-Functional MVR System

The existing MVR evaporation systems in the Company are used for pre-treatment of high-concentration wastewater during production processes. As the system's years of operation increase, the failure rate of the equipment rises. To ensure the stable operation of the Company's wastewater treatment system and reclaimed water system, we have constructed an additional multi-functional MVR system as a backup facility. The project was commissioned and commenced operations in July 2023.

The Group has newly constructed a high-concentration water separation and 10t/d recycled concentrated alkaline project, which processes high-concentration water from the zero-discharge recycled water system for salt separation to achieve environmental governance and promote resource utilization in a virtuous cycle. Additionally, in this year, Workshop 407 has completed the amoxicillin mother liquor top washing water recovery project, increasing the recovery rate of amoxicillin mother liquor and reducing wastewater discharge through the reuse of top membrane water.

High-concentration Water Fractionation and 10t/d Caustic Soda Recycling Project

The Group invested a 4,000m³/d high-concentration water fractionation and 10t/d caustic soda recycling project, which commenced trial operation in this year. The second phase, involving a 1,200m³/d sodium sulfate purification and 30t/d caustic soda recycling project, was expected to be completed and operational by March 2025. After implementation, the project is projected to achieve annual water savings of 830,000 m³ while reducing the stockpile of salt and the amount of acid and alkali purchased externally. The technological innovations of this project adhere to the principles of reduction, reuse, and resource recovery, achieving a win-win situation for resource recycling and environmental management.

10.5.2 Exhaust Gas Treatment

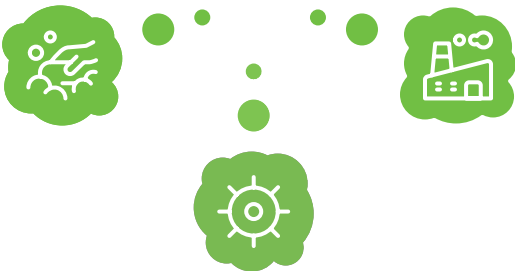
Inner Mongolia Company generates air pollutants in the production process, including exhaust gas with a peculiar smell generated from sewage treatment process, exhaust gas generated from production process, phenylacetic acid exhaust gas generated from the fermentation process of phenylacetic acid recycling, 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 engaged a third party monitoring institution to regularly monitor the gas from pollution sources in monthly or quarterly, so as to ensure that the emission of exhaust gas complies with exhaust gas pollution control standards such as the Emission Standard of Air Pollutants for Pharmaceutical Industry (GB37823-2019). During the Year, all outlet points for exhaust gas at the Inner Mongolia Company have completed monitoring according to the self-monitoring plan, in compliance with standards, and there have been no exhaust gas outlets exceeding limits.

Waste heat recovery project

During the Year, Inner Mongolia Company launched a waste heat recovery project with a total investment of RMB45 million. The project employs advanced and mature external solid waste treatment technology to ensure efficient utilisation of biogas. It is expected to reduce solid waste generation by 6,600 tonnes annually and utilise approximately 14 million cubic meters of discarded biogas. Besides, it will produce over 60,000 tonnes of steam, save about 17,000 tonnes of coal equivalent (tce) annually, and reduce CO₂ emissions by approximately 45,000 tonnes each year.

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 deal with them by adopting treatment measures such as "Triple cooling + spraying + active carbon and resin regeneration absorbing", alkali spraying and catalytic oxidation, so as to greatly reduce the emission of pollutants.

Upgrading the Exhaust Gas Treatment System

For the organic waste gases generated during the production process, the Group has constructed a new activated carbon adsorption and regeneration waste gas treatment system with a processing capacity of 5,000 cubic meters per hour. The system adopts the "condensation recovery + water spraying + activated carbon adsorption and regeneration" treatment process, ensuring stable compliance with emission standards for waste gases. Besides, it can recover some organic solvents, reduce the consumption of activated carbon, minimise the production of waste activated carbon, and achieve energy efficiency.

To achieve the environmental targets, the Group has also invested in the renovation of the existing waste gas facilities. Besides, we continue to use the optimised acetone tail gas recovery system implemented last year. Acetone is a commonly used organic solvent in pharmaceutical processes, widely applied in dissolving, extracting, and synthesising steps. If directly discharged into the atmosphere without treatment, it can have negative impacts on the environment and health. This recovery system effectively captures and recycles acetone from the exhaust gas, thereby improving the recovery rate and purity of acetone, achieving reuse and reducing environmental pollution. It is estimated that the system can recover 130 tonnes of acetone monthly, significantly enhancing the Company's economic benefits.

10.5.3 Waste Treatment



Waste Disposal Strategy

- Achieving waste reduction at the source, reducing waste generation
- Increasing the rate of waste disposal and recycling rate



Waste Disposal Targets for This Year

- Produced ≤ 8.5 tonnes hazardous waste per tonne of products



Key Results of Waste Disposal for This Year

- The amount of hazardous waste and non-hazardous waste has slightly increased, mainly due to a rise in production compared to last year

The Group strictly monitors and controls 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.

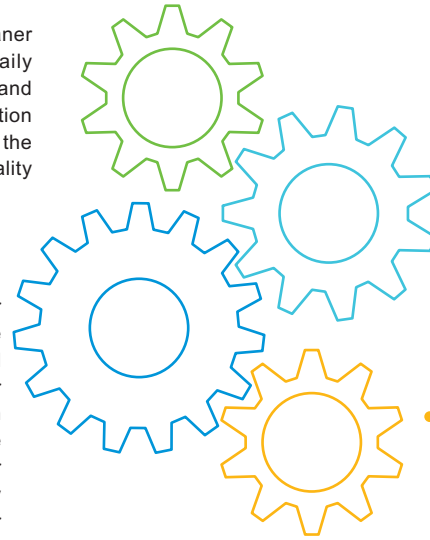
The non-hazardous wastes include waste diatomite, sludge and glass generated during production, as well as the general garbage generated in daily operation. Inner Mongolia Company considers recyclable wastes as resources, and collects and delivers them to the qualified units for reuse, so as to effectively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

In order to reduce the costs of sludge generation and outsourcing utilisation, the company invested RMB4 million to upgrade the original sludge horizontal screw centrifugal dewatering technology to the "concentration+high-pressure diaphragm filter press dewatering" technology. The project is to build a two-storey steel structure factory with a single storey building area of 912 square meters. The project will add major equipment including two sludge concentrators with a processing capacity of 110 cubic meters per hour, two sludge tanks with a volume of 75 cubic meters, two PAC dosing tanks with a volume of 25 cubic meters, and four high-pressure plate and frame filters with a filtering area of 450 square meters. The design processing capacity is 2,000 tonnes per day (for sludge and water mixture), aiming to reduce sludge generation.

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 phenylacetic acid, waste mineral oil and concentrated solution in Mechanical Vapor Recompression (MVR). In order to reduce the amount of waste discarded, Inner Mongolia Company has reused the recyclable hazardous wastes for production, such as concentrated solution of phenylacetic acid. 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 incineration system of Inner Mongolia Company. The waste 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. In 2021, the Group set a goal to safely and harmlessly dispose of or utilise all waste, aiming to minimise environmental harm. Zhuhai Company has also actively promoted waste sorting to align with the Group's objectives. During the Year, we have achieved the safe and harmless disposal and utilization of all waste. For example, we have entrusted qualified units for the comprehensive utilisation of hazardous wastes such as hyphae slag and waste mineral oil, while the Company has self-incinerated hazardous wastes like waste activated carbon, waste enzymes, concentrated phenylacetic acid, and MVR concentrated solution from crystallisation mother liquor. Moreover, the amount of hazardous waste in the group has slightly increased this year, primarily due to an increase in production compared to last year.

10.5.4 Clean 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 key focus areas:

- 
- 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.
 - 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.
 - 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.
 - 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 persists 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.

10.6 Green Operation

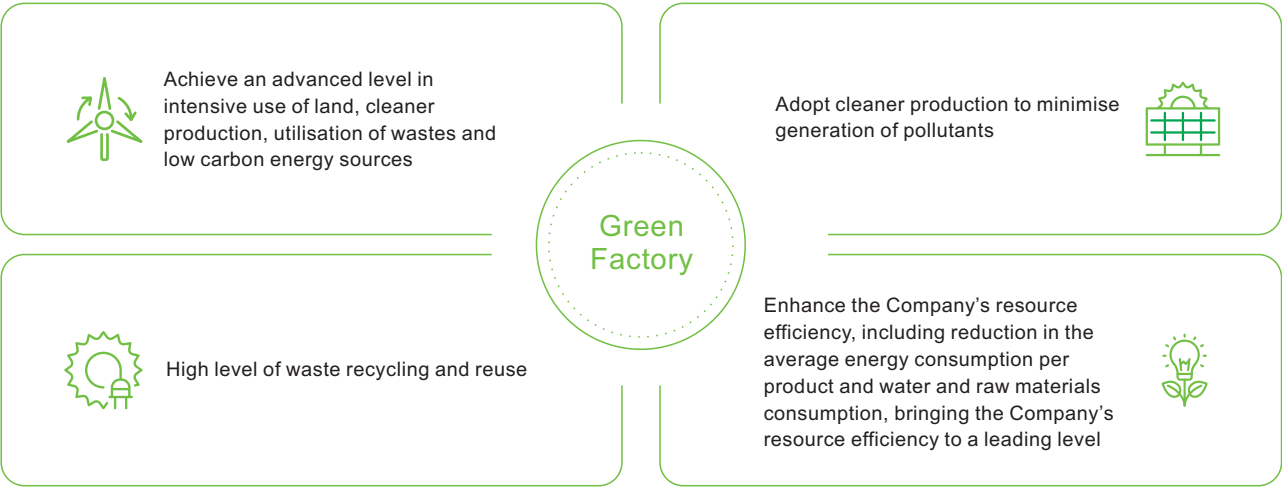
The Group views water as the source of life and electricity as the lever for development, consistently adhering to the philosophy of "Reflecting on Our Water Source, Giving Back to Nature." We pay close attention to the potential environmental impact of every action and develop corresponding strategies and solutions to minimise our environmental footprint. We place great importance on the environmental policies of each subsidiary, conducting regular environmental audits of relevant business locations within the Group. This helps us identify and reduce environmental impacts while continuously promoting ecological and environmental protection initiatives.

The Group has undergone annual compliance audits on the environmental management systems at the Inner Mongolia and Zhuhai Company, which both locations have obtained the ISO 14001:2015 environmental management system certification, accounting for 33.3% of the Group's business premises. Zhuhai Company has also established an annual toxic emission plan named the "Hazardous Waste Management Plan". Measures that can reduce the generation of toxic emissions have been set, realising emission reduction at source, implementing environmental protection policies and achieving higher environmental goals, becoming a "green factory" and actively promoting green production.

As the Group expands in scale, the consumption of electricity and water resources has inevitably increased. To address this challenge, all companies within the Group are actively implementing a series of energy-saving and emission-reduction measures. For example, Zhuhai Company adheres to the philosophy of "Saving Electricity, Starting from Scratch," vigorously promoting water and electricity conservation and adopting a zero-tolerance attitude towards wasteful behavior. We have launched multiple energy-saving and water-saving initiatives, promoting a green, low-carbon lifestyle and enhancing employees' environmental awareness. Besides, Zhuhai Company actively promotes garbage sorting, strengthens resource recycling, and encourages employees to develop good habits in waste classification. At the same time, the Group continues to focus on the development of the circular economy industry chain, further reducing environmental impact through effective resource reuse.

To address the challenges posed by climate change, the Group is further strengthening preventive measures against extreme weather events. By enhancing environmental education and training, we aim to comprehensively improve the Group's response capabilities and actively foster a culture of environmental protection. Furthermore, Inner Mongolia Company also held a tree planting festival, planting more than 3,090 trees to support low-carbon development and strive to build a green community.

10.6.1 Green Factory



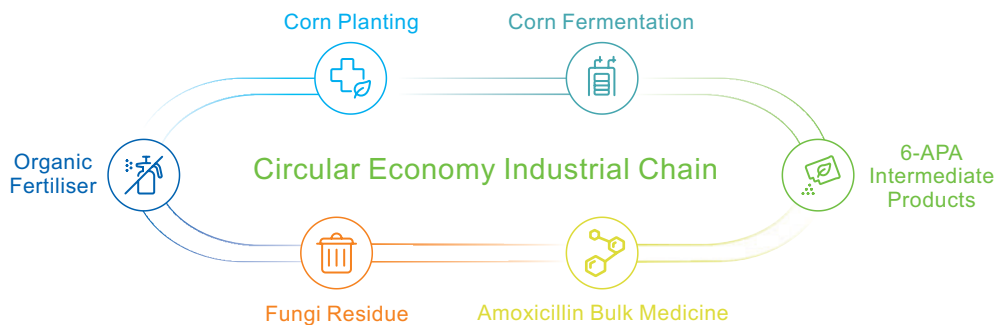
Inner Mongolia Company is a national “Green Factory”, which vigorously promotes cleaner production, improves production processes, formulates emergency plans for environmental emergencies and provides training on environmental protection. It actively promotes environmental protection, and gradually incorporates 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 standardized 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.

To cultivate the habit of energy conservation among all employees, the Group regularly conducts electricity-saving activities. Leaders of each company carry out publicity campaigns on electricity conservation, lead by example, and enhance the awareness of all employees about saving and using electricity scientifically. When there is sufficient natural light, they try to turn off lighting or reduce the number of light sources and always turn off lights when leaving a room to eliminate the use of daytime lights or lights left on overnight. Air conditioning is set at 26°C or higher, and its usage time is reduced. Office equipment and household appliances are promptly turned off when not in use to minimise standby power consumption. They also try to reduce the use of elevators. High-power electrical appliances are not used during peak electricity consumption periods. Rational control of streetlights and unnecessary lighting is practiced, and energy-saving products are used reasonably while eliminating high-energy-consuming equipment. The Group supports and cooperates with various departments to manage electricity usage scientifically. Printers and copiers, among other office equipment, are turned off when not in use for extended periods. When leaving the office, staff members turn off lights, air conditioning, office equipment, and instrument power. Daylighting is utilized by promptly turning off corridor lights and restroom lighting during the day, as well as using energy-efficient lamps and appliances as much as possible, and optimising all electrical equipment for energy-saving mode.

10.6.2 Circular Economy Industrial Chain

The “Corn Fermentation – 6-APA Intermediate – Amoxicillin Bulk Medicine” is a circular economy industry chain independently designed by the Group. It converts fungi residue generated during the production process into organic fertiliser, which is then reused in planting. This approach achieves efficient resource recycling, reducing resource consumption and minimising the environmental impact of waste. During the Year, we continue to advance this industry chain, focusing on optimising processes through research and practice. Our aim is to increase output while reducing resource usage and improving energy efficiency. This strategy has been gradually implemented in various workshops, successfully shortening the fermentation cycle of the strains and reducing energy and resource input during the fermentation process.



10.6.3 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, the Inner Mongolia Company has organised training for employees on carbon asset management strategies and practices to support the national carbon reduction goals, enhancing their understanding of carbon emissions rights. Moreover, the Inner Mongolia Company holds annual environmental protection training sessions to further promote awareness of environmental knowledge and regulations, strengthening employees' consciousness and skills regarding environmental protection.

Energy Conservation Promotion Week

Inner Mongolia Company's Production Technology Department, in collaboration with various workshops and departments, launched the "Energy Conservation Promotion Week" under the theme "Green Low Carbon, Energy Conservation First." Banners were hung in the factory area, office area, and living area, along with the installation of energy-saving and emission reduction display boards, posting of slogans, and playing promotional videos. This initiative aimed to create an atmosphere of energy conservation and low-carbon living, instilling the concept of energy saving deeply in the minds of every employee. During the event, a quiz on energy conservation was held at the factory entrance, where small gifts were distributed to encourage active participation from employees. The Production Technology Department will continue to promote energy-saving initiatives, contributing to the company's energy conservation and environmental protection efforts.

Inner Mongolia Company - 5th Environmental Knowledge Competition

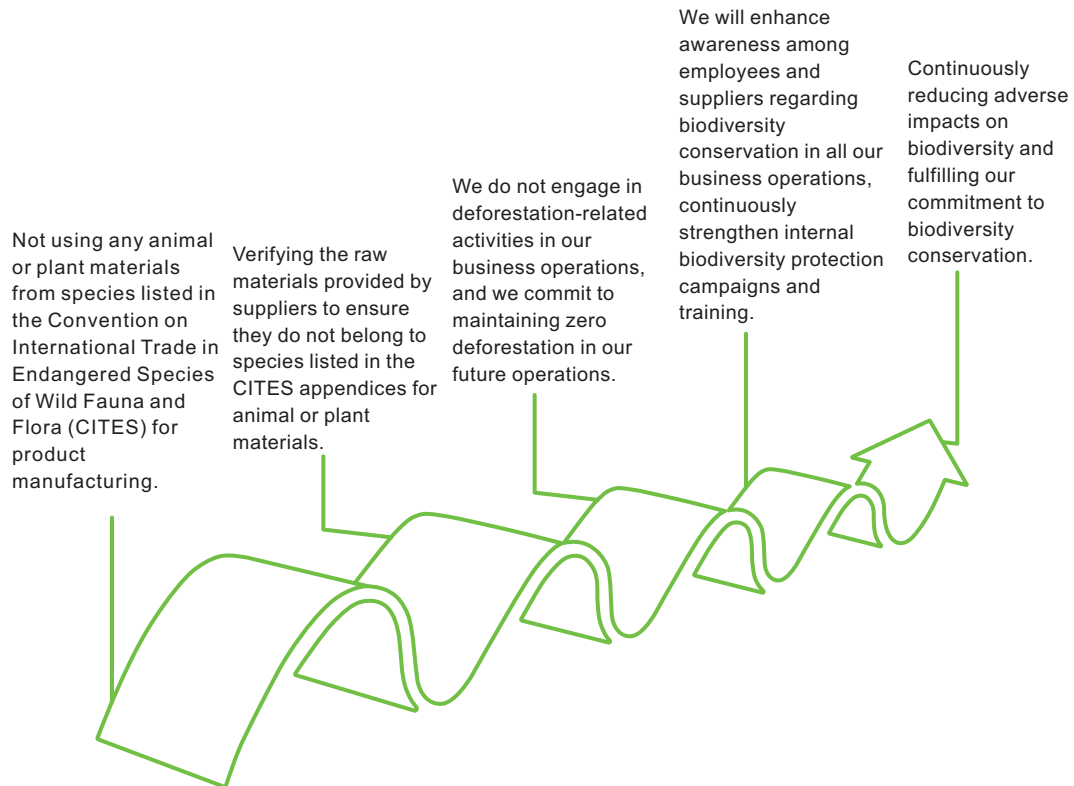
To enhance employees' awareness of environmental protection and promote knowledge of environmental regulations, Inner Mongolia Company held the 5th Environmental Knowledge Competition. This event was organised by the Company's labor union and the Environmental Protection Department, attracting 118 participants from various workshops and departments. The competition consisted of two parts: a written test and a practical exercise. The written test covered environmental laws, regulations, policies, internal company environmental guidelines, and everyday environmental knowledge, using diverse question types to assess participants' knowledge and comprehension, closely related to the company's actual environmental work. In the practical section, contestants demonstrated excellent professionalism and team spirit. This event not only deepened employees' understanding of environmental laws and regulations but also ignited their passion for environmental protection. Looking ahead, the Company will continue to uphold the philosophy of "Everyone Participates in Environmental Protection, Together Building a Beautiful United Laboratories," strengthening environmental education and promoting further development of environmental initiatives.

10.7 Protecting Biodiversity

Biodiversity has always been an integral part of ecosystems, providing valuable natural resources and ecological services to humanity. At the same time, biodiversity is the foundation for human survival and development, forming the material basis for all social activities; without biodiversity, human existence would not be possible. Biodiversity is of vital importance in maintaining ecological balance, preserving human well-being, and promoting sustainable development.

The Group attaches great importance to biodiversity conservation and strictly adheres to relevant laws and international conventions such as the Forest Law of the People's Republic of China, the Implementation Regulations of the Forest Law of the People's Republic of China, the Wild Plant Protection Regulations of the People's Republic of China, the Wild Animal Protection Law of the People's Republic of China, and the United Nations Convention on Biological Diversity. The Group has developed and actively promotes measures related to biodiversity conservation.

To protect biodiversity, the Group has formulated the "Biodiversity Conservation Management Regulations", with responsibilities assigned to the Group's Environmental Protection Department and ESG Working Group for developing corresponding measures and conducting supervision and inspections. In order to maintain ecological balance, the Group is committed to:



Biodiversity Conservation

Ulan Suhai Lake is located in Urad Front Banner, Bayannur City, Inner Mongolia Autonomous Region, and is one of China's eight major freshwater lakes as well as the largest lakeside lake in the Yellow River Basin. As a rare large grassland lake in global desert and semi-desert regions, Ulan Suhai Lake plays an important role in maintaining ecological balance and species protection in northwest China and beyond, thanks to its rich biodiversity and ecological functions. In 2016, the comprehensive treatment of Ulan Suhai Lake was included in the national '13th Five-Year Plan' outline. Bayannur City has followed the comprehensive treatment concept of 'ecological replenishment, source control and pollution reduction, restoration and management, resource utilization, and sustainable development,' accelerating the implementation of the Ulan Suhai Lake treatment plan, completely eliminating point source pollution hazards in Ulan Suhai Lake, and achieving zero discharge of point source pollutants into the lake.

The Group actively responds to the government's call, adhering to the environmental protection concept of "Lucid waters and lush mountains are invaluable assets" and "Environmental protection is the lifeline of enterprises", firmly supporting the construction of the "Western Ecological Security Barrier". By the end of October 2019, the company completed the construction and installation of the reclaimed water project, and by the end of December, successfully completed the debugging work, achieving zero discharge of sewage from the entire factory and full reuse.

As of this year, The United Laboratories has maintained zero discharge of sewage for more than four years, with all water being reused. This contributes to the governance and protection of biodiversity in Ulan Suhai Lake.

11

Collaborate Together Building a Better Community

Our Focuses

Public Welfare Activities
Support Education
Love-filled Volunteering

Our Actions

The "Filial Piety Swallows" Charity
The United Laboratories Medical Education Scholarship
Caring for the Community



Since its establishment, the Group has adhered to the corporate spirit of "Caring for China, Contributing to Society." While promoting economic development, we have consistently embraced our social responsibilities, dedicated to advancing China's medical and health sector and providing high-quality medical products to society. Besides, the Group actively participates in various social welfare initiatives, giving back to the community through tangible actions. During the Year, the Group held a various charity events, covering the area of educational funding, volunteer activities, and poverty alleviation, focusing on the needs of diverse social groups and actively advocate for healthy lifestyles within communities, contributing to positive community development.

11.1 The "Filial Piety Swallows" Charity

Giving back to society is an important reflection of the Group's commitment to social responsibility. Since 2019, the "Filial Piety Swallows" initiated by Zhuhai United Pharmaceutical Sales Co., Ltd., has officially launched and successfully held 89 events by the end of this year, benefiting a total of 6,792 individuals. This project serves a diverse range of groups, including the elderly, children, special needs populations, sanitation workers, and veterans, providing comprehensive, high-quality, and diversified care services. It continually conveys The United Laboratories's warmth and compassion while embedding the concept of "giving back to society" into the corporate culture.

During the Year, the "Filial Piety Swallows" conducted 26 activities. The team organized a series of events to care for the elderly and community workers, providing material support to seniors at home care stations and community sanitation workers. Besides, new targeted assistance programs were introduced. These initiatives not only expanded the beneficiary groups but also aimed to understand the actual needs of different individuals, gradually implementing targeted and personalized support measures while continuously monitoring the growth and changes of the beneficiaries, increasing support efforts year by year.



"Filial Piety Swallows" – Targeted Assistance

During the Year, three families facing significant difficulties were selected as the targeted assistance program, initiating our first visit before the Spring Festival. In response to the specific needs of each family, we provided daily necessities, educational materials, clothing, and financial support for home repairs. Witnessing the smiles on their faces brought us immense satisfaction. We hope that future initiatives of the "Filial Piety Swallows" will benefit a broader group and promote harmony and care within society.



“Filial Piety Swallows” Public Welfare Activity

The “Filial Piety Swallows” team successfully organised the “Starry Birthday Party” at the Kangyuan Center, creating a warm celebration for friends with birthdays from January to April. The team prepared birthday cakes and designed a series of interactive games, fostering a sense of care and warmth through listening and communication. In addition, the team donated a Xiaomi TV and crafting materials to the Kangyuan Center, further addressing the needs of special friends and enhancing their sense of happiness and fulfillment.



At the Qianwu Town Home Care Service Center, the “Filial Piety Swallows” team, consisting of 11 members and three children, visited elderly residents receiving government assistance and veterans. The team thoughtfully prepared decorative items and food for each elder and engaged in friendly conversations. The interaction was heartwarming, with team members of all ages participating by pasting auspicious characters and delivering food, filling the space with laughter and joy.

In the Jinwan District Smart Elderly Care Platform's Ping'an Tong project, the “Filial Piety Swallows” team identified a need for mobility aids through in-depth communication with the project team. In response, the team organised a donation of walkers and canes before the Dragon Boat Festival, ensuring that resources reached the elderly in need by understanding the family situations of those requesting aids. To celebrate the festival, the team also prepared rice dumpling gift boxes, conveying festive blessings and warm care to the elders.

The Group hopes to pass on the spirit of giving back through tangible actions, spreading care and warmth to every corner, like the soaring swallow, illuminating every heart.

11.2 Supporting Education

The United Laboratories has always been caring regarding the medical education industry, and has initiated the "United Medical Education Scholarship" project since 1998, established by Mr. Choy Kam Lok, the founder of the Group, to support the development of the national medical education industry. Over the years, this public welfare project has benefited more than 50 universities, with a total donation amount of nearly RMB50 million. During the Year, the Group has awarded scholarships totaling RMB250,000 to Central South University, promoting the cultivation of medical talent. The Group is establishing close technical and talent partnerships with various educational institutions to strengthen the connection between academia and industry, thereby laying a solid foundation for our talent reserve.

Campus Outreach and Job Development Activity

During the Year, the Party Committee and professor team from the College of Life Sciences at Inner Mongolia University visited the Inner Mongolia Company to engage with alumni currently in the workforce. The alumni shared their work experiences and expressed gratitude towards their educational institution. Meanwhile, representatives from the School of Chemical Engineering at Inner Mongolia University of Technology also conducted a visit. During both visits, the visitors explored production workshops, experiencing the intricacies of pharmaceutical manufacturing and the complexities of the production process. They also learned about the modern pharmaceutical manufacturing workflow and the core product lines of The United Laboratories in the product display area.

The visiting teams delved into the company's professional talent needs and discussed potential future collaborations, including joint research projects and Party-building activities. This event signifies a deepening of the partnership between the Inner Mongolia Company and various educational institutions, fostering a closer integration between research and talent development.



11.3 Love-filled Volunteering

11.3.1 Non-Remunerated Blood Donation

Considering the needs of the community is an important part in leading the enterprise towards sustainable development, hence we always regard the subsidiaries and the communities in which the production sites are located at as important stakeholders of the Group. The Group has been paying attention to the medical needs of the community. In addition to our unremitting efforts in developing and popularising various types of drugs, we are also enthusiastic about the community's voluntary blood donation, in which we encourage our employees to help those in need in the community.

Non-Remunerated Blood Donation Public Welfare Activity

The Inner Mongolia Company, in collaboration with the Epidemic Prevention Office of the Development Zone and the Bayannur City Blood Center, hosted the "Passionate Vanguard, Heart to the Party" themed blood donation event, inspired by Lei Feng. A total of 91 employees participated, contributing a cumulative blood donation volume of 33,600 ml. After the event, each donor received a blood donation certificate and a commemorative gift, while the company union provided each donor with a RMB200 shopping card as a nutritional subsidy.



Besides, the Zhuhai Company organised employees to actively participate in the 9th "Boundless Love, Infinite Care" blood donation and hematopoietic stem cell donation charity event in Zhuhai City. This initiative aimed to promote kindness and dedication, spreading positive social energy. The event attracted 100 employees, with a total blood donation of 33,700 ml.

Furthermore, the Zhongshan Company also held its annual blood donation campaign, with over 100 employees participating and collectively donating 24,300 ml.

These blood donation activities not only showcase the proactive and supportive spirit of The United Laboratories employees but also highlight the Company's commitment to public welfare and social responsibility. Through these initiatives, The United Laboratories actively supports healthcare efforts and contributes to community health, further strengthening the connection between the company and the community.



11.3.2 Caring for the Needy

The Group actively cares for the needy, giving back to society, spreading love, and contributing to the harmonious development of society.

Support for Meizhou Flood Disaster Relief

During the Year, multiple areas in Meizhou faced a severe shortage of medical supplies due to flooding. In response to the government's call, The United Laboratories swiftly donated a total of 25,140 boxes of medications, including 5,100 boxes of Amoxicillin capsules, 5,100 boxes of Roxithromycin capsules, 5,100 boxes of Ibuprofen sustained-release capsules, 5,040 boxes of Levofloxacin hydrochloride capsules, and 4,800 boxes of Levofloxacin hydrochloride ointment. These medications are intended to alleviate issues such as colds, fevers, intestinal infections, and minor injuries, providing essential support to affected communities during this difficult time and effectively fulfilling our corporate social responsibility.



"Warm Clothing, Hope in Every Package" Donation Activity

To actively respond to the collaboration initiatives between the eastern and western regions, The United Laboratories Zhongshan Company organised a charitable donation event to send warmth and care to the Liupanshui City, Liuzhi District. Employees enthusiastically participated, contributing a total of 280 books for children. Besides, the Company donated approximately 20 boxes of braised pork canned worth over RMB 10,000, providing social support and care for the children in Liuzhi District. Xu Yiqing, the manager of the Administrative and Human Resources Department, represented the Company in visiting the 11th Middle School in Liuzhi District to deliver the donated supplies. During this visit, she engaged in in-depth discussions about collaboration in education and healthcare to assist local development. Following this, the team also visited the Sanxian Museum to gain a deeper understanding of the development history of Liuzhi District, further grasping the local situation to lay a foundation for future collaboration.



11.4 Pet Welfare

In recent years, The United Animal Healthcare has been actively practicing its social responsibility and investing in the protection of stray pets. Up to this year, The United Animal Healthcare has contributed pharmaceutical and healthcare supplies worth over RMB 3million, providing support to hundreds of pet rescue centers across the country and improving the health and well-being of small animals in these shelters.

While promoting pet welfare initiatives, The United Animal Healthcare continues to enhance its research capabilities and comprehensively layout the pet industry chain, dedicated to providing holistic health services for pets in China. The United Animal Healthcare firmly believes that providing higher quality products and services is essential for ensuring the happiness and health of pets.

Furthermore, The United Animal Healthcare calls on every pet owner to pay attention to their pets' health, reject abandonment, and advocate for adopting rather than purchasing pets as new family members, ensuring that more animals can have a warm home. The United Animal Healthcare will continue to maintain its commitment to pet protection, sharing love and care with more lives in need.

Appendix 1: Key Performance Index

Social Key Performance Index

As at 31 December 2024, the Group employed 17,165 employees, representing an increase of 10.0% compared with the same period last year. During the Year, the Group did not have any work-related fatalities or any confirmed violations or complaints relating to human rights, labour practice, occupational health and safety that have significant impact on the Group.

Indicators	2024	2023	2022
Number of employees	17,165	15,611	14,410
By gender			
Male	10,280	9,298	8,592
Female	6,885	6,313	5,818
By age group			
<30	5,549	4,997	4,603
30-50	10,840	9,956	9,268
>50	776	658	539
By geographical region			
Mainland China	17,080	15,522	14,322
Hong Kong, China	85	89	88
By employment type			
Full-time	16,698	14,385	13,687
Interns	467	1,226	723
Employee Turnover Rate(%)	18	18	13
By gender			
Male	18	18	15
Female	17	17	10
By age group			
<30	29	29	26
30-50	12	13	7
>50	11	11	11
By geographical region			
Mainland China	18	18	13
Hong Kong, China	3	3	13
India	N/A	N/A	100
Number and Rate of New Hired Employees(%)	2,762 (16)	2,453 (16)	N/A
By gender			
Male	1,623 (16)	1,333 (14)	N/A
Female	1,139 (17)	1,120 (18)	N/A
By age group			
<30	1,375 (25)	1,175 (24)	N/A
30-50	1,369 (13)	1,263 (13)	N/A
>50	18 (2)	15 (2)	N/A
By geographical region			
Mainland China	2,761 (16)	2,449 (16)	N/A
Hong Kong, China	1(1)	4 (4)	N/A

Indicators	2024	2023	2022
Total number of training hours (hours)	492,686	562,649	730,021
Average number of training hours (hours) and percentage of employees trained (%)	28.7 (100)	36.0 (75)	50.7 (96)
By gender			
Male	28.6 (100)	40.2 (81)	51.9 (96)
Female	28.8 (100)	30.0 (66)	48.8 (95)
By employee level			
Senior	17.0 (100)	24.3 (76)	67.2 (98)
Middle level	13.0 (100)	23.2 (68)	54.7 (100)
Basic level	30.4 (100)	37.4 (76)	50.0 (95)

Indicators	2024	2023	2022
Occupational Health and Safety			
Number of work-related death	0	0	0
Number of working days lost due to work-related injuries	378	984	2,114
Lost-time injuries frequency rate (LTIFR) ¹	11	N/A	N/A

Indicators	2024	2023	2022
Number of major suppliers²	139	137	119
By geographical region			
East China	40	50	36
South China	31	27	21
Central China	4	3	3
North China	50	42	26
Southwest China	10	9	6
Northwest China	2	3	24
Northeast China	2	2	2
Outside of China	0	1	1

Notes:

1. LTIFR is the number of lost-time injuries per million hours worked. As the Group has enhanced its data collection methodology, it will start to disclose the LTIFR from FY2024 onwards.

2. Major suppliers are analysed by the amount of supplier purchases from all of the Group's production sites.

Environmental Key Performance Index

Unless otherwise stated, environmental data covers only the production workshops 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.

Indicators	2024	2023	2022
Exhaust gas (tonnes) ^{1,2}			
Nitrogen oxides (NO _x)	273	284	204
Sulphur oxides (SO _x)	183	149	120
Particulate Matter (PM)	24	22	14
Waste (tonnes)			
Total non-hazardous waste ³	27,688	23,701	27,426
Non-hazardous waste produced per tonne of products	0.55	0.48	0.75
Total hazardous waste ⁴	287,434	281,811	194,684
Hazardous waste produced per tonne of products	5.72	5.69	5.31

Indicators	2024	2023	2022
Greenhouse Gas (tonnes of CO₂e)			
Total emission	1,921,234	1,793,319	1,216,069
Scope 1 – direct emissions ⁵	1,528,572	1,412,549	965,987
Scope 2 – energy indirect emission ⁶	389,473	377,650	247,666
Scope 3 – other indirect emission ⁷	3,190	3,120	2,416
Emission of greenhouse gas per tonne of products	38.25	36.21	33.19
Energy Consumption (MWh)⁸			
Total Consumption	5,229,950	4,858,007	3,256,904
Direct energy consumption	4,682,938	4,327,601	2,976,834
Fuel combustion for stationary sources	4,682,680	4,327,355	2,976,663
Fuel combustion for vehicles	259	246	171
Indirect energy consumption	547,012	530,407	280,070
Purchased electricity	547,012	530,407	280,070
Energy consumption per tonne of products	104.12	98.09	88.88
Water Consumption (m³)			
Total Consumption ⁹	6,561,763	6,410,983 ¹¹	4,970,837
Water consumption per tonne of products	130.63	129.45 ¹¹	135.66
Amount of reclaimed water ⁹	15,707,118	17,961,933	13,286,551
Amount of purchased water saved ¹⁰	10,585,906	10,434,312	8,023,456
Packaging Materials Consumption			
Total consumption (tonnes) ¹²	3,679	3,372	2,444
Plastic products	655	491	383
Paper products	2,834	2,734	1,963
Metals	191	148	98
Consumption of packaging materials per tonne of products (kg)			
Plastic products	13.04	9.91	10.46
Paper products	56.41	55.20	53.56
Metals	3.80	2.98	2.67

Notes:

1. The standard of exhaust gas based on the amount of air emission stated on the pollutant discharge license. The parameter standard for exhaust gas: Nitrogen Oxides (Nox): 820, Sulphur Oxides (Sox): 805, Particulate Matter (PM): 246.
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.
5. Sources of Scope 1 – 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. The conversion factors used in the calculation of emissions from the combustion of fuels in stationary sources, vehicles, and refrigeration and air conditioning equipment are based on the "Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Chemical Production Enterprises" and "Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Land Transportation Enterprises" provided by the National Development and Reform Commission ("NDRC") as well as the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change (IPCC).
6. Sources of Scope 2 – indirect greenhouse gas emission of energy includes the greenhouse gas emission involved in purchased electricity. The data is calculated based on "2021 Carbon Dioxide Emission Factor of Electricity" issued by the Ministry of Ecology and Environment of PRC and National Bureau of Statistics of China on 12th April 2024. The conversion factors used in the calculation are based on the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Enterprises, Power Generation Facilities (Revised in 2022).
7. Sources of Scope 3 – other indirect greenhouse gas emission includes the greenhouse gas emission generated from employee business air travel, electricity used for fresh water processing by the Water Services Department and sewage processing by the Drainage Services Department, and greenhouse gas emissions from paper disposal. Carbon emissions from employee business air travel are calculated using the carbon emissions calculator of the International Civil Aviation Organization. Carbon emissions from the electricity used for fresh water processing by the Water Services Department and sewage processing by the Drainage Services Department are calculated based on the research published by Tsinghua University in "China Urban Water Supply System Energy Consumption Study" and the statistical analysis and quantitative identification of the energy consumption law of urban sewage treatment plants in China published by Tsinghua University and the National Urban Water Supply and Drainage Engineering Technology Research Center. The carbon emissions from paper disposal are calculated based on Appendix 2 of the "Environmental Key Performance Indicators Reporting Guidelines" published by the 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 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. The conversion factors used in the calculation of fuel consumption for stationary equipment (including production, cafeteria, and heating), vehicle fuel consumption, and purchased electricity consumption are based on the "Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Chemical Production Enterprises" and "Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Land Transportation Enterprises" provided by the National Development and Reform Commission ("NDRC"), as well as the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Enterprises, Power Generation Facilities (Revised in 2022).
9. The data refers to actual water consumption record.
10. The saved volume of purchased water is the amount of water saved through water reuse.
11. In order to further improve the completeness of water resources data, we have optimized the scope of water consumption statistics for 2023 to ensure that the data more accurately reflects actual operating conditions.
12. The data is based on the Group's actual usage records of packaging materials.

Appendix: Content Index of Environmental, Social and Governance Reporting Guide

ESG Indicators	Overview	Chapter	Page
Environment			
A1 Emissions	General disclosure on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Towards Carbon Neutrality	87
		Pollution Control and Treatment	93
A1.1	Types of discharges and related discharge information.	Towards Carbon Neutrality	87
		Water Resource Management	90
		Pollution Control and Treatment	93
		Key Performance Indicators	107
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and (where applicable) intensity (per unit of production, per facility).	Key Performance Indicators	107
A1.3	Total volume of hazardous waste generated (in tonnes) and (where applicable) intensity (per unit of production, per facility).	Key Performance Indicators	107
A1.4	Total volume of non-hazardous waste generated (in tonnes) and (where applicable) density (per unit of production, per facility).	Key Performance Indicators	107
A1.5	Description of the emission targets set and the steps taken to achieve these targets.	Towards Carbon Neutrality	87
		Water Resource Management;	90
		Pollution Control and Treatment	93
		Green Operation	97
A1.6	Description of the methods used to treat hazardous and non-hazardous wastes and description of the waste reduction targets set and the steps taken to achieve these targets.	Towards Carbon Neutrality	87
		Pollution Control and Treatment	93
		Green Operation	97
A2 Resource Use	General disclosure Policies on effective use of resources (including energy, water and other raw materials).	Towards Carbon Neutrality	87
		Water Resource Management;	90
		Pollution Control and Treatment	93
A2.1	Total direct and/or indirect energy consumption (e.g. electricity, gas or oil) by type (in thousands of kWh) and intensity (e.g. per unit of production, per facility).	Key Performance Indicators	107
A2.2	Total water consumption and intensity (e.g. per unit of production, per facility).	Key Performance Indicators	107
A2.3	Description of the energy efficiency targets set and the steps taken to achieve these targets.	Towards Carbon Neutrality	87
		Water Resource Management	90
		Green Operation	97
A2.4	Description of whether there is any issue in sourcing water and the water efficiency targets set and the steps taken to achieve these targets.	Towards Carbon Neutrality	87
		Water Resource Management	90
		Green Operation	97
A2.5	Total volume of packaging material used for finished products (in tonnes) and (where applicable) the amount per unit of production.	Key Performance Indicators	107
A3 Environmental and Natural Resources	General disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operation	97
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation	97
A4 Climate Change	General disclosure Policies for identifying and responding to significant climate-related matters which have caused and may have an impact on the issuer	Addressing Climate Change	82
A4.1	Description of significant climate-related matters which have caused and may have an impact on the issuer and the responding actions.	Addressing Climate Change	82

ESG Indicators	Overview	Chapter	Page
Society			
B1 Employment	General disclosure on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Building a Diverse Elite Team	56
		Defending Employee Rights and Benefits	68
		Linking Employee Perspectives	71
B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Key Performance Indicators	107
B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators	107
B2 Health and Safety	General disclosure on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Occupational Health and Safety	74
B2.1	The number and ratio of work-related deaths in each of the past three years (including the reporting year).	Key Performance Indicators	107
B2.2	Number of working days lost due to work-related injuries.	Key Performance Indicators	107
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Occupational Health and Safety	74
B3 Development and Training	General disclosure Policy on enhancing the knowledge and skills of employees to perform their job duties. Description of training activities. Policy on enhancing the knowledge and skills of employees to perform their job duties. Description of training activities.	Talent Cultivation and Development	60
B3.1	Percentage of employees trained by gender and type of employee (e.g. senior management, middle management).	Key Performance Indicators	107
B3.2	Average number of hours of training completed per employee by gender and type of employee.	Key Performance Indicators	107
B4 Labour Standards	General disclosure The information on (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to the prevention of child labor or forced labor.	Defending Employee Rights and Benefits	68
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Defending Employee Rights and Benefits	68
B4.2	Description of steps taken to eliminate such practices when discovered.	Defending Employee Rights and Benefits	68
B5 Supply Chain Management	General disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management	45
B5.1	Number of suppliers by geographical region.	Key Performance Indicators	107
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain Management	45
B5.3	Description of practices used to identify environmental and social risks at each stage of the supply chain, and how they are implemented and monitored.	Supplier Risk Assessment and Management	48
B5.4	Description of practices used to promote environmentally friendly products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Risk Assessment and Management	48

ESG Indicators		Overview	Chapter	Page
B6 Product Responsibility	General disclosure on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Quality Management	34	
		Product Marketing and Promotion	38	
		Customer Service	41	
		Information Security	18	
		Pharmacovigilance	43	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Service	41
B6.2	Number of products and service-related complaints received and how they are dealt with.	Customer Service	41	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights	21	
B6.4	Description of quality assurance process and recall procedures.	Quality Management Customer Service	34 41	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security	18	
B7 Anti-corruption	General disclosure on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering. Policy on enhancing the knowledge and skills of employees to perform their job duties. Description of training activities.	Business Ethics	14	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics	14
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics	14	
B7.3	Description of the anti-corruption training provided to the directors and employees. The information on (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to the prevention of child labor or forced labor.	Business Ethics	14	
B8 Community Investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	"Filing Piety Swallows" Charity	102	
		Supporting Education	104	
		Love-filled Volunteering	105	
		Pet Welfare	106	
B8.1	Focusing on contributing areas (e.g. education, environmental matters, labour needs, health, culture, sports).	"Filing Piety Swallows" Charity	102	
		Supporting Education	104	
		Love-filled Volunteering	105	
		Pet Welfare	106	
B8.2	Focusing on contributing areas (e.g. money and time).	"Filing Piety Swallows" Charity	102	
		Supporting Education	104	
		Love-filled Volunteering	105	
		Pet Welfare	106	

APPENDIX: VERIFICATION STATEMENT



SHINEWING
Sustainability Advisory Services Limited
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INDEPENDENT LIMITED ASSURANCE REPORT

To the Board of Directors of The United Laboratories International Holdings Limited:

We have been engaged to perform a limited assurance engagement on Selected 2024 Key Performance Indicators in the 2024 Environmental, Social and Governance Report (the "ESG Report") prepared by The United Laboratories International Holdings Limited ("The United Laboratories").

Key Performance Indicators

This report implements a limited assurance verification procedure for the selected key data of The United Laboratories' 2024 ESG Report as selected below:

- Scope 1 and Scope 2 greenhouse gases emission data
- Electricity consumption data
- Water consumption data
- Employment data
- Occupational health and safety data

Our assurance was with respect to the Selected Key Performance Indicators for the year 2024 in the ESG report only. Any information from 2023 and prior years is not within the scope of our work.

Reporting Criteria

The Selected Key Performance Indicators are presented in accordance with the criteria set out under "ABOUT THIS REPORT" in the ESG Report ("Reporting Criteria").

Responsibilities of The United Laboratories

The United Laboratories is responsible for preparing the selected Environmental, Social, and Governance data in accordance with the Reporting Criteria. This responsibility includes designing, implementing, and maintaining internal controls related to the preparation of the selected Environmental, Social, and Governance data to ensure that there are no material misstatements due to fraud or error.

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. Further, greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

SHINEWING Sustainability have maintained our independence with reference to the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants. We have also taken reference to Hong Kong Standard on Quality Management 1 (HKSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have the required competencies and experienced to conduct this engagement.

Our Responsibilities

Our responsibility is to perform limited assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information. We express assurance conclusions with limited assurance on whether the Selected Key Performance Indicators in the 2024 ESG Report have been prepared in all material respects in accordance with the Reporting Criteria.

Assurance Approach

The procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Therefore the level of assurance obtained by limited assurance was less than reasonable assurance. We do not provide reasonable assurance that the Selected Key Performance Indicators in the 2024 ESG Report were disclosed in all material respects in accordance with the Reporting Criteria. Our assurance included identifying areas where Selected Indicators for 2024 may be materially misstated in the ESG Report, designing and implementing assurance procedures to address these identified areas, and obtaining evidence accordingly. The assurance procedures we carried out depend on our professional judgment and risk assessments of assurance.

Within the scope of our work, SHINEWING Sustainability performed amongst others the following procedures:

- Interview the managers responsible for sustainability performance and data collection;
- Review the preparation process of the Selected Key Performance Indicators, including stakeholders engagement and materiality assessment;
- Verify the samples of the representative data and information selected, including review on conversion data and calculation as well as inspect the original data and supporting evidence of the data selected during the verification process;
- Perform analytical procedures over the Selected Key Performance Indicators; and
- Compare the definition as included in the Reporting Criteria against the definitions used by The United Laboratories to prepare the Selected Key Performance Indicators.

Limited Assurance Conclusion

Based on the procedures that SHINEWING Sustainability has performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Key Performance Indicators are not prepared, in all material respects, in accordance with Reporting Criteria of the ESG Report.

Usage Restrictions

This report is prepared for the Company's Board of Directors and is intended solely for that use. It shall not be used for any other purposes. We shall not assume or accept any responsibility to any other parties for the contents of this report.

SHINEWING Sustainability
Hong Kong
23rd April, 2025

Our mission is to make life more valuable