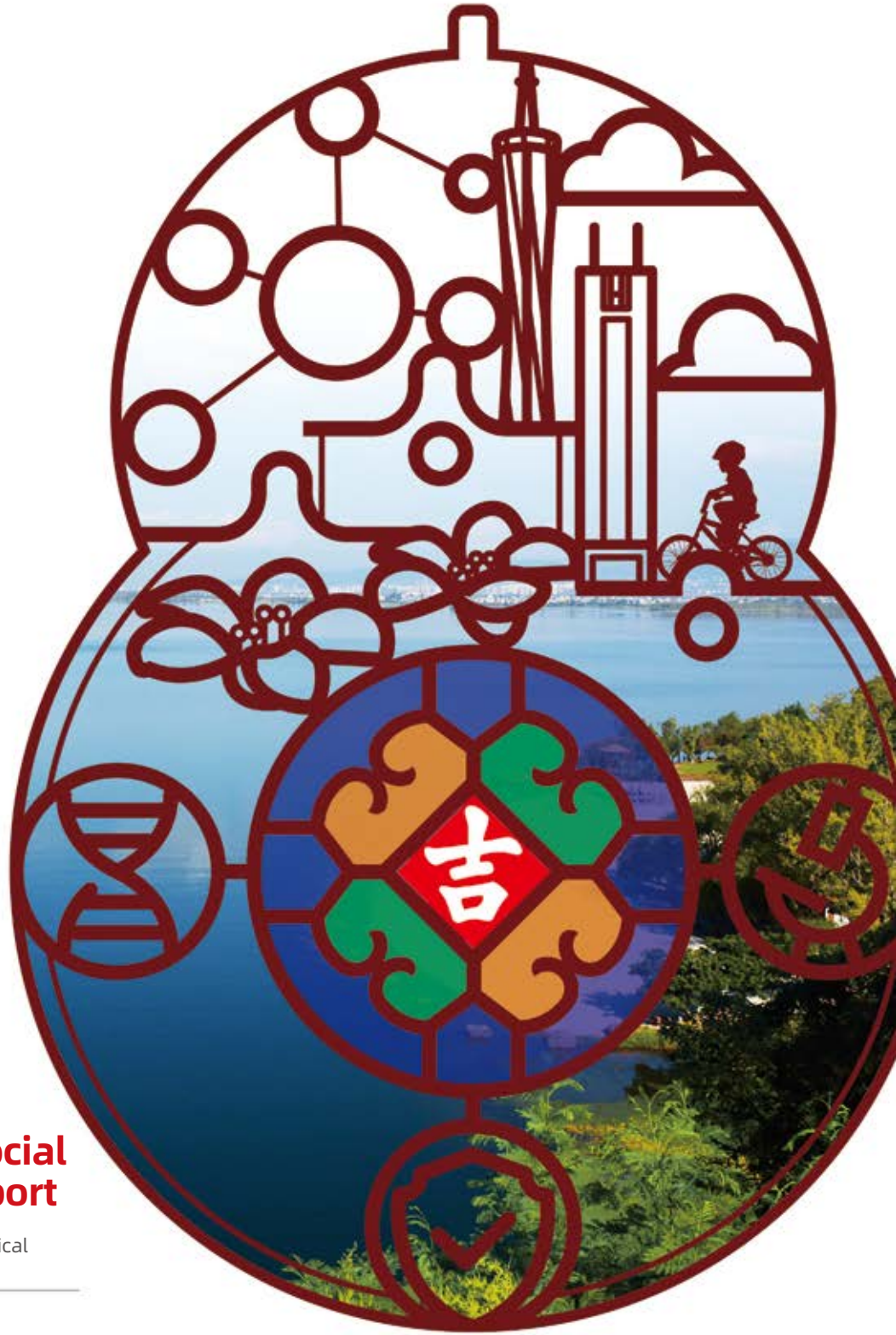




廣州白雲山醫葯集團股份有限公司
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.



2021 Corporate Social Responsibility Report

Guangzhou Baiyunshan Pharmaceutical
Holdings Company Limited

About This Report

This is the 14th Corporate Social Responsibility Report released by Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (GYBYS). The Report discloses the ideas, practices and achievements of the Company's undertakings in corporate social responsibility (CSR) towards the economy, the society, the environment and so on in 2021. We hope to strengthen communication with stakeholders, build consensus and promote sustainable development through the release of CSR Report.

Time horizon

From 1 January 2021 to 31 December 2021; part of the content herein with a moderate extension to the year before or after.

Report scope

"Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited", including its subsidiaries and joint ventures, is the entity. The Company reviews the CSR report scope periodically, so as to achieve the maximum influence inclusive of its entire business portfolio.

Main data scope:

Management	"Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited", including its subsidiaries and joint ventures, is the reporting entity.
Finance	The financial data is extracted from the 2021 annual report of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited.
Employee	All staffs employed of "Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited" including its subsidiaries and joint ventures.
Environment (emission and energy consumption)	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited and its subsidiaries

Preparation basis

Sustainability Reporting Guidelines (GRI Standards) issued by Global Reporting Initiative

Guidelines for the Preparation of Corporate Social Responsibility Reports in China (CASS-CSR4.0) issued by Chinese Academy of Social Sciences

Environmental, Social and Governance Reporting Guide issued by Stock Exchange of Hong Kong Limited (HKEX)

Guide for Environmental Information Disclosure of Shanghai-listed Companies issued by Shanghai Stock Exchange (SSE)

Guiding Opinions on the Implementation of Corporate Social Responsibility by Central State-Owned Enterprises issued by SASAC

Data sources

All the data used in the Report comes from the official documents, statistical reports or relevant public information of the Company.

Reliability assurance

The Company guarantees that the Report is free from any false record, misleading statement or material omission.

Appellations

For the convenience of expression and reading, in the Report, "stakeholders" are sometimes referred to as "you", and "Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited" is sometimes referred to as "GYBYS", "the Company" or "we (us/our)". The abbreviations used herein have the same meaning as those defined in 2021 Annual Report.

Access to the Report

The Report is available in printed or electronic form. You can download the electronic version from the Company's website (www.gybys.com.cn), SSE website (www.sse.com.cn) or HKEX website (www.hkex.com.cn), or get the print version by email (sec@gybys.com.cn) or phone (020-6628 1011).

The Report is prepared in both English and Chinese. In the event of discrepancy in interpretation, the Chinese version shall prevail.

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Speech by Chairman

The year 2021 marks the 100th anniversary of the founding of the Communist Party of China and is also the opening year of the 14th Five-year Planning. In this year, we insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and closely followed the Company's 14th five-year development plan, made dual efforts in pandemic prevention and control and enterprise development, and actively contributed our innovation, wisdom and power to the development of human health in accordance with the long-term goal of health and well-being for human and the idea of "spreading love all over the world".

Share the rights of health and provide amicable, accessible and extensive medical health service. We strived to improve our pharmaceutical R&D ability and kept innovating. With nearly 200 ongoing research projects, Guangyao General Institute (a subsidiary of GYBYS) was awarded GLP full certification qualification. We have engaged in free recycling of expired family medicines for 18 consecutive years, developed "fashionable Chinese medicine" actively, provided a new healthy lifestyle and actively built a world-class biomedicine and health enterprise with unique industrial characteristics and distinct culture.

Co-build transparent business and fulfill upright and honest, transparent and compliant business ethics practices. We attached great attention to the construction of integrity team, actively by implemented anti-corruption and anti-bribery training, emphasized the construction of integrity and compliance team, and setting a reporting system and whistleblower protection program. The employee anti-corruption and anti-bribery training totaled to 23,722 hours in 2021. In the meantime, we kept strengthening the business operation transparency, carried out the clinical trials and animal studies with a high sense of morality and ethics, and cooperated with supply chain and partners to establish an upright and honest, transparent and compliant business ecosystem.

Strengthen environmental protection and promote the construction of energy-saving, low-carbon and green ecological environment. We actively integrate into the national "30·60 decarbonization goal" strategic layout, protected our ecological environment and jointly built the beautiful and green China through improving environment management regulations, optimizing resources utilization, lowering environmental impact, protecting biodiversity and advocating environmental protection idea.

Co-build the development foundation and boost the construction of a happy, beautiful, rich and harmonious society. We emphasized talent cultivation and kept improving the talent cultivation system. We optimized salary and welfare system, strengthened occupational disease prevention and control for employees constantly and improved the occupational health management system. In response to the outbreak of COVID-19 in Guangzhou, we developed the App "Suikang Medicine" rapidly and dispatched thousands of Party members to the frontline for pandemic prevention and control. We made donations at the first time when flood broke out. We were zealous for social and public welfare undertakings, kept promoting GYBYS's public welfare brand image and interpreted our enterprise idea of "spreading love all over the world" with actions.

Under the new development stage of opportunities and challenges -- changes unseen in a century intertwined with the global pandemic, GYBYS will further exert our industrial advantages in biomedicine and health, build a world-class biomedicine and health enterprise with unique industrial characteristics and distinct culture, participated in international cooperation profoundly, and tried to make remarkable contributions in inheriting the cultural heritage of traditional Chinese medicine, improving human health, lowering medical expenses and building a global community of health for all!



ESG Management

Board's Statement

Board's supervision for ESG affairs

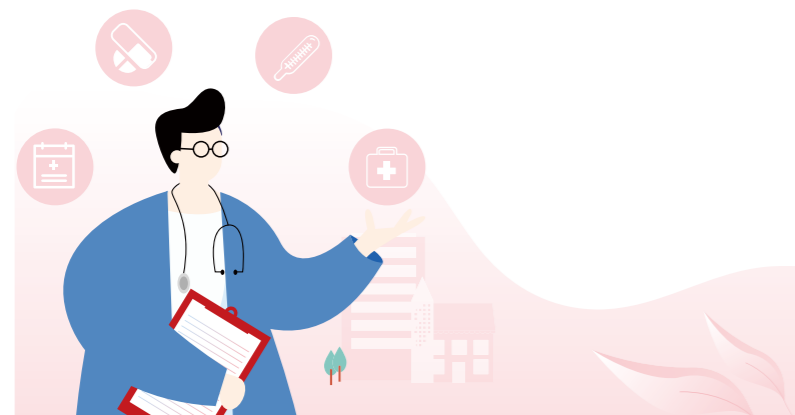
The Board participated in and took charge of the formulation of the Company's ESG strategies, goals and medium and long-term plans so as to make sure the ESG strategies are included in the business decision process. We identified the potential influence and relevant ESG risks on the Company's business model, kept consistent with the anticipations and requirements of investors and regulators, and supervised the Company's assessment on relevant environment and social influence.

Functional departments and subsidiaries should jointly implement relevant ESG strategies, policies and objectives. Functional departments should supervise relevant ESG issues and guide relevant ESG work of subsidiaries. For example, Technical Quality Department is responsible for product quality and safety, Marketing Planning Department for ethical marketing, Scientific Research Management Department for animal test, and Discipline Inspection and Supervision Office for the supervision of bribery and corruption, as well as business ethics.

Board's ESG management policy and strategy

Sustainable development goal

With a strong focus on the responsibility idea of "spreading love all over the world", we keep contributing our intelligence and power to human health.



Organizational structure of sustainable development

The Board supervises the ESG affairs comprehensively and cooperates with other committees of the Company to identify ESG risks formulate plans, management policies and performance assessment. The Board Secretary's Office of GYBYS collaborates with functional departments to establish a promotion team to coordinate the Company's internal and external work of sustainability.

Board's ESG Management

The Board has been trying to integrate the CSR idea of "spreading love all over the world" into enterprise's medium and long-term development strategies, implemented relevant work in daily operation by improving social responsibility management system and released CSR report regularly. We communicated with stakeholders about the progress of the Company's CSR performance, so as to improve CSR management level further. We have formed the CSR working route of "strategy in advance - internal practice - external communication".

Material issues

The Board understood all parties' appeals in depth, integrated the stakeholders and their concerns into operation and decision, realizing the combination of ESG and daily operation.

We referred to the sustainable development issues concerned by regulatory authorities, capital markets, rating agencies, international report standard bodies and peer companies. From the two dimensions of "materiality to company development" and "materiality to stakeholders" in accordance with the path of "issue identifying - issue sequencing - issue auditing - issue reporting", and the four principles of sustainability context, materiality, completeness and stakeholder inclusiveness, we made analysis and discussed with the Company's internal management and external experts, and determined the four material issues as the key disclosure of CSR Report: health accessibility, legal and compliant operation, management of toxic discharge and waste, and product safety and quality.

Material issues evaluation process



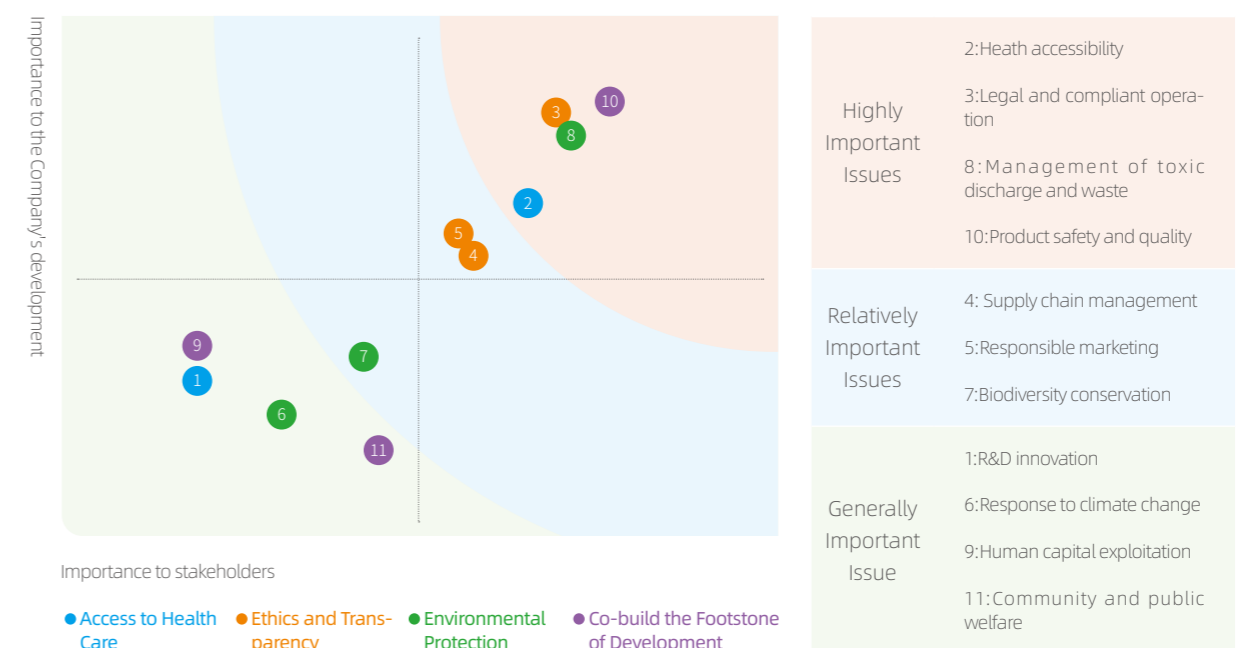
Identify the stakeholders closely related to us according to our business scope, and the nature of our production and operation.

By referring to the disclosure guidance of capital markets, rating agencies and regulatory authorities, identify important industrial issues and develop an issue library through peer benchmarking.

Issue a questionnaire to understand the importance of various issues to company development and to diverse stakeholders respectively; develop a matrix of priority issues; analyze and recognize material issues.









Invite external experts to audit material issues. The Board reviews whether it has responded to the material issues of stakeholder concern and explores future plans.

The material issues are intensively disclosed in this Report upon the Board's approval.



Stakeholder communication

The Board emphasized communication with stakeholder, reviewed and summarized the categories, expectations and appeals of important stakeholders in business operation, improved the operation transparency and strived to develop a more harmonious relationship with stakeholders.

Major Stakeholders	Expectations and Appeals	Communication and Response
 Government/Regulatory Authority	Operating in accordance with the law Paying taxes according to law Supporting local development Protecting local environment	Implement policies and pay taxes according to law Undertake social responsibility actively Anti-corruption and anti-bribery
 Shareholder/Investor	Disclosing transparent financial information Intensifying risk control Creating economic value	Improve corporate governance and investor relation management Maintain an increase trend in business and profitability; improve industrial status constantly Improve operation transparency
 Customer	Providing quality medicines and services Protecting information safety	Provide quality healthcare products Fair and reasonable pricing Protect customer information
 Partner/Supplier	Transparent and sincere cooperation Mutual support and win-win development	Improve supply chain management Create responsible supply chain
 Employee	Safeguarding basic rights and interests Unblocking career development channel Balancing work and life	Provide competitive salary and welfare, learning and growth opportunities Create favorable working environment Protect employee career health and safety
 Environment	Emission of toxic wastes Carbon emission Biodiversity conservation	Reduce the emission of toxic wastes Optimize energy structure Normalize the planting of Chinese medicinal materials
 Community/ Public	Protecting regional development Supporting public charity	Keep recycling expired medicine Encourage employees to participate in voluntary activities Promote the local development of project
 Media	Responsible marketing Public and transparent communication	Spread the concept of health Release report periodically

Board's ESG progress review

The Board regularly reviews, examines and takes follow-up actions on material ESG issues to address gaps and opportunities between current progress and future goals. The Board inspects ESG issues related to the Company and reviews the progress of those material ESG issues.

ESG trainings

We distributed books about carbon peaking and carbon neutrality to the Company's external independent directors, middle and above management personnel and senior managers of subsidiaries, held professional training on the "30-60 decarbonization goal" for management. In November 2021, we invited a third-party institution to offer the training about ESG background and tendency, which provided relevant ESG departments with clear knowledge of business-related ESG affairs and kept promoting the Company's high-level information collection and management.

Corporate Governance

With a strong focus on the Company's business objectives and the Company's 14th Five-year Development Plan, along with the development theme of "Year of Party Building and Enterprise Development", GYBYS focused on the main business highlighted owners, transformation and upgrading, and achieved a new development in the four business segments.



GYBYS realized the following key indicators in 2021:

RMB **690.14** with a YOY growth of **11.90%**
of revenue: (in RMB 100 million)

RMB **47.23** with a YOY growth of **26.32%**
of revenue: (in RMB 100 million)

RMB **37.20** with a YOY growth of **27.60%**
of net profits attributable to shareholders of the Company: (in RMB 100 million)

RMB **33.06** with a YOY growth of **25.83%**
of net profits attributable to shareholders of the Company after deducting non-recurring profit and loss: (in RMB 100 million)

General Meeting of Shareholders, Board of Directors and Supervisory Committee

We run businesses in strict accordance with Company Law, Securities Law, relevant laws and regulations of China Securities Regulatory Commission (CSRC) and listing rules of SSE and HKEX. We have set up a corporate governance structure with complete functions, mutual checks and balances. As an organ of power, general meeting of shareholders exercises voting rights of the Company's significant matters such as operation policy, registered capital increase/decrease and profit distribution in accordance with law. As the decision-making organ, the Board reports to general meeting of shareholders and exercises company operation and management rights in accordance with law. The Board establishes four specialized committees: Strategic Development and Investment Committee, Audit Committee, Nomination and Remuneration Committee and Budget Management Committee, so as to further improve the Board's operation efficiency. The Company emphasizes diversity of board members, and ensures scientific and effective decision of the Board. The Board consists of 11 directors at present, including 4 independent directors and 3 female directors. As a supervisory organ, the Supervisory Committee is responsible to all shareholders, exercises the supervision rights to inspect the Company's finance in accordance with

Relevant meetings convened by the Company in 2021

2
General meeting of shareholders

9
meetings of Board of Directors

9
meetings of Supervisory Committee

7
meetings of Audit Committee

8 meetings of Strategic Development and Investment Committee

1 meeting of Budget Committee

2 meetings of Nomination and Remuneration Committee

the law, and supervises the performance of the company's duties by directors, general managers and other senior management personnel.

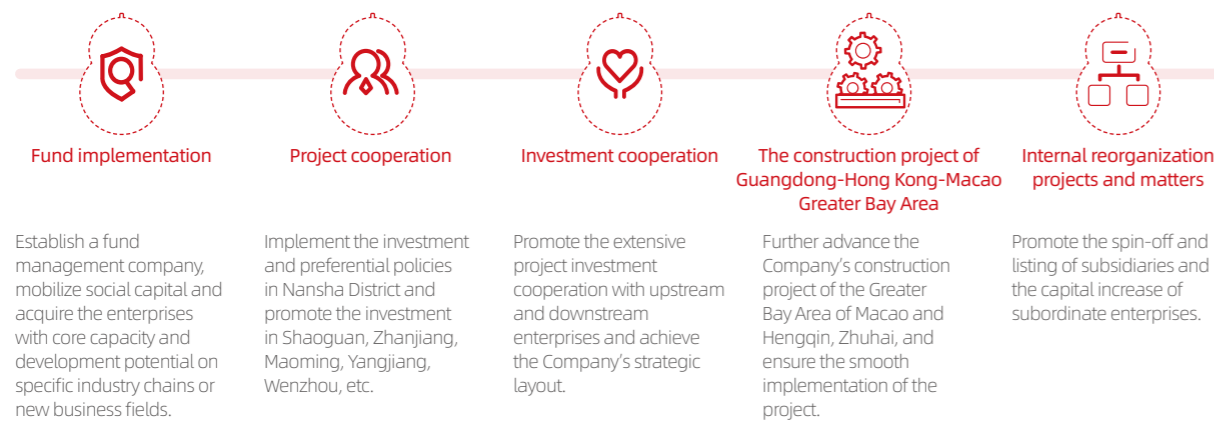
The Company convenes general meeting of shareholders in strict accordance with the Rules of General Meeting of Shareholders of Listing Company released by CSRC and the Company's Rules of Procedure of General Meeting of Shareholders, and holds meetings of Board and Supervisory Committee in accordance with the requirements such as Rules of Procedure of Board of Directors and Rules of Procedure of Supervisory Committee. We protected the legitimate rights and interests of the Company and shareholders in strict accordance with relevant provisions on voting matters and procedures.

Board structure

males	females	independent directors
8	3	4
financial specialists	medical specialists	
2	5	

Capital Operation Optimization

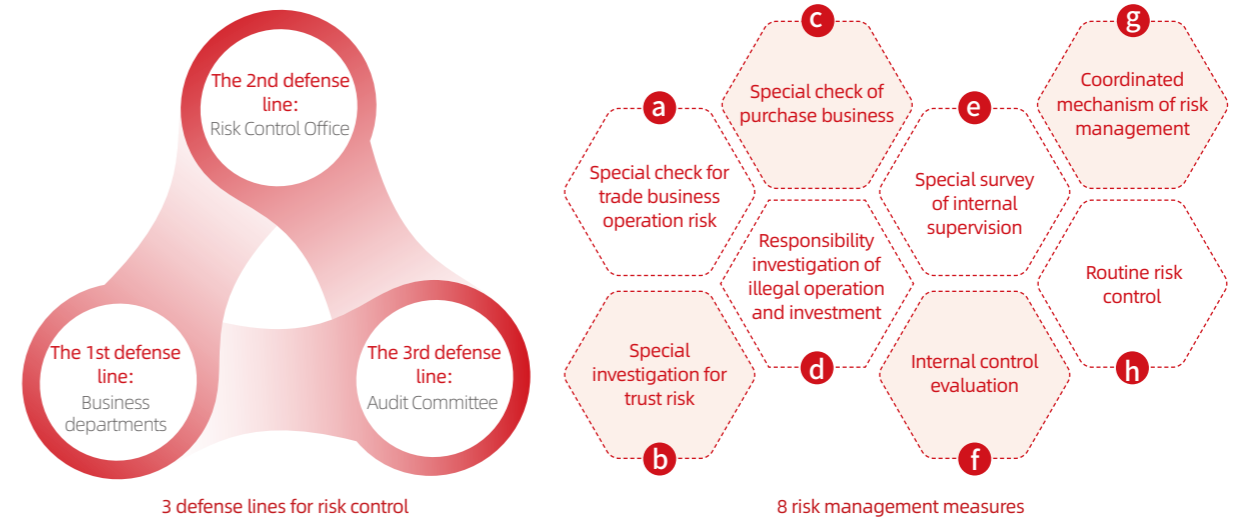
We have strictly controlled capital management, intensified risk management of investment project and made solid progress in the projects such as fund establishment and joint venture with upstream and downstream enterprises. We finished the Company's internal approval effectively, carried out the project negotiation and settlement with local governments smoothly and tried to realize the steady growth of the Company's business performance.



Comprehensive Risk Management

By underlining the core of "supervision intensification, risk prevention and value improvement", we have formulated rules and regulations such as Company's Daily Risk Management Specification and Practices Manual of Comprehensive Risk Management, established the three defense lines of "risk control, internal control and internal audit" covering the whole Company, implemented comprehensive risk management process as "original information collection, risk assessment, formulation of risk management strategies, offering solution of risk management, and supervision and improvement", intensified the Company's risk prevention and control ability of "core field business and high-risk business" to realize the objectives of "complete system, controllable risk, operation compliance and benign development".

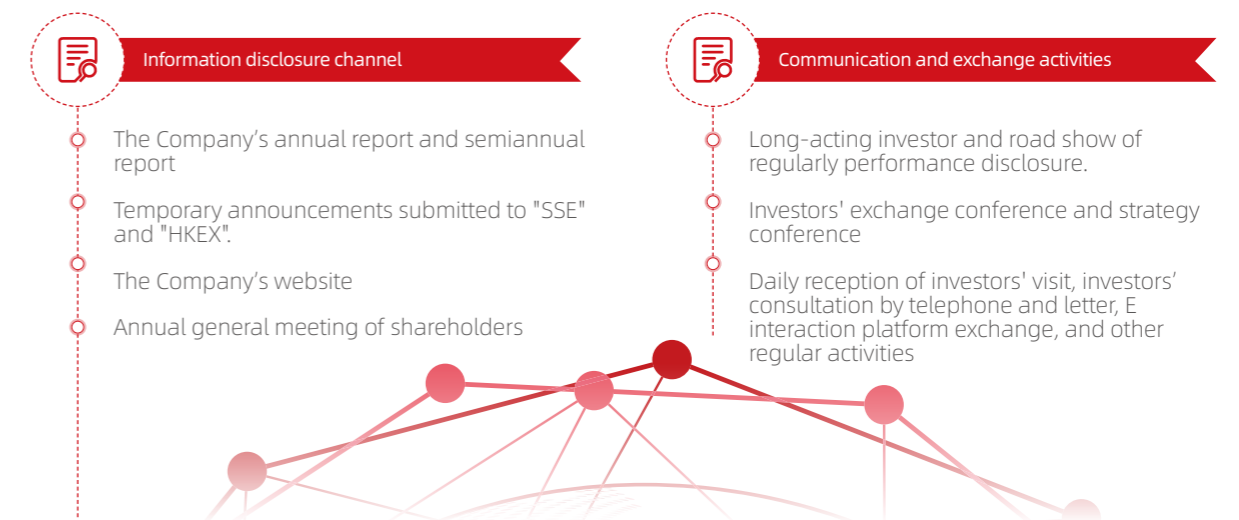
Number of annual audit projects: 4	Number of problems and risks: 32	Number of suggestions for improvement: 32
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Investor Communication

To ensure smooth communication between investors and the Company and improve information disclosure transparency, we overcame the influence of COVID-19 and carried out exchange events with investors about the Company's operation and strengthened the communication with investors by the activities such as online performance presentation, "investors' online exchange day" sponsored by China Securities Regulatory Commission in Guangzhou and the Listed Companies Association of Guangdong (GLA), and online investment seminar organized by various brokers and investment institutions.

We paid special attention to the protection of shareholders' privacy and interests, improved confidentiality mechanism, intensified confidentiality duty and highlighted the confidentiality education of key fields. We also strengthened technical protection and completely eradicated online breach of confidence. We NEVER disclosed shareholders' information without permission, unless otherwise specified by laws and regulations.



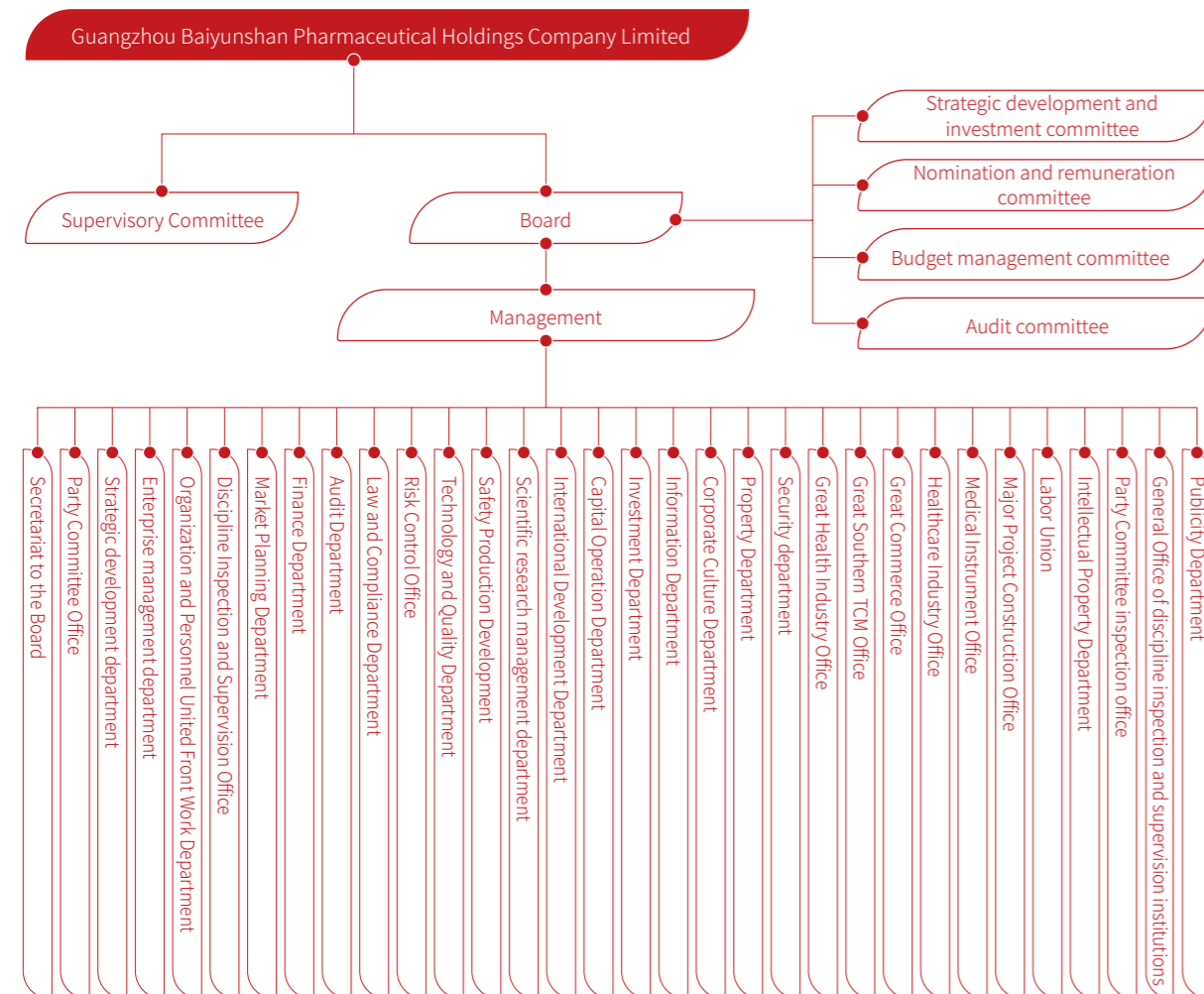
About Us

Company Profile

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited [A-Shares 600332, H-Shares 00874] is a listed Company under Guangzhou Pharmaceutical Holdings Limited (GPHL). It is mainly engaged in: the research and development, manufacturing and sales of Chinese patent medicine, Western medicine, chemical raw materials, natural medicine, biological medicine and chemical raw materials intermediates; the wholesale, retail and import and export business of Western medicine, Chinese medicine and medical equipment; the research and development, production and sales of great health products; and the health industry investment in medical care, health management, health maintenance and elderly care, etc..

Organizational Structure

The Company's head office has established 32 functional departments which have 39 branches and subsidiaries directly.



Corporate Culture

We adhere to the genes of red, longevity and innovation, take "spreading love all over the world" as corporate vision, always uphold the core values of "cooperation, relief, honesty, dedication, diligence and innovation", take "caring for life and pursuing excellence" as corporate mission, and conduct continuous inheritance, innovation and surpassing for a long time.



Our Brands

As one of the largest pharmaceutical enterprises in China, the Company has continuously grown in both of its scale and efficiency, after years of development and have gradually developed the four business segments: "Great Southern TCM", "Great Health Industry", "Great Commerce" and "Great Medical Care" and a series of famous brands popular among consumers.



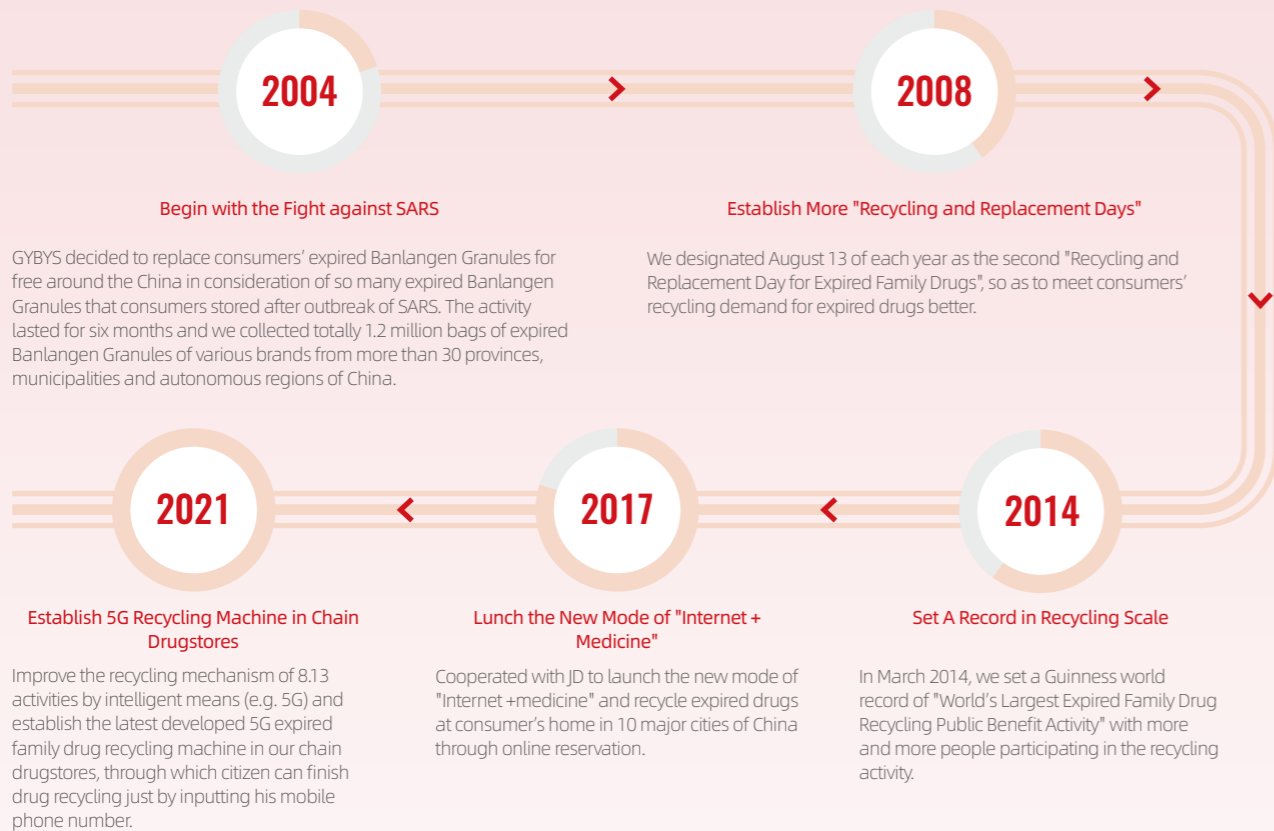
Responsibility Topic 1

The Unchangeable Original Intention of 18 Years - Protect the Health and Environment with No-charge Recycling

With 18 years of expired drug recycling, GYBYS has expanded its expired drug recycling activity from the original city of Guangzhou to around more than 200 cities all over the China; from the original five drugstores to current over 6,000 ones; from cities to countryside; from offline implementation to online popularization. With an increasingly focus on the convenience and benefaction to people in the constant upgrading, we have been keeping our original intention for 18 years, undertake CSR actively and protect drug safety.

Responsibilities of the 18 Years

In the past 18 years, GYBYS adhered to its original intention and kept innovating and improving the recycling mechanism of expired family drugs.



Achievements in Expire Drug Recycling

GYBYS has been implementing the expire drug recycling activity for 18 years	More than 200 cities of China were involved in the activity	Number of cooperation drugstores is more than 6,000	It accumulatively benefited over 600 million person-times	More than 1,520 t expired drugs were recycled
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“ We have included the expired family drug recycling activity in the Company's strategy and will further implement the activity for a long time, so as to fulfill the enterprise idea of "spreading love all over the world" with actions.

—Li Chuyuan, chairman of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

“ Over the 18 consecutive years of expired family drug recycling, GYBYS was devoted to publicizing hazard of expired drugs and popularizing healthy medication knowledge, made contributions to people's medication safety and performed responsibilities of "corporate citizen", and achieved social benefits through such meaningful public benefit activity while pursuing economic benefits of enterprise.

— Yuan Ling, deputy director of Guangzhou Municipal Administration for Market Regulation

Upgrade the Expired Drug Recycling

We innovated the activity mechanism of expired drug recycling constantly and blended with more social responsibility ideas of technological innovation, environmental protection, biodiversity conservation, primary medical care knowledge popularization, healthy medicine idea conveying and crackdown of illegal drug sales into the activity of expired drug recycling, so as to pass on the responsibility idea to the public and perform the responsibility idea of "spreading love all over the world" with actions.



Launching Ceremony of the 3.13 Expired Family Drug Recycling Activity



5G Recycling Machine for Expired Family Drugs



Li Chuyuan Plays as A Resident staff and Explaining the Use Method of 5G Recycling Machine to Citizens



Site of Expired Drug Recycling

Hi-tech Drugstore—The Launch of 5G Recycling Machine in Chain Drugstore

GYBYS's 8.13 public benefit activities for expired family drug recycling were held in Guangzhou Beijing Road Jian Min Drugstore on the afternoon of 18 August, 2021. We innovated the recycling mechanism again in this year's activity and established the newly developed 5G expired family drug recycling machine in drugstores of Cai Zhi Lin and Jian Min, through which citizen could finish the drug recycling independently by entering mobile phone number. We also took garbage sorting, packaging and drug classification recovery into consideration, so as to prevent expired drugs from contaminating the environment. In the meantime, we cooperated with financial institution and e-commerce platform to grant electronic coupons to citizens participating in the drug recycling by the digital means, so as to save paper in the course of encouraging citizens to participate in drug recycling actively and popularize the environmental protection values to the public.

Expand the Expired Family Drug to Countryside

On 13 March 2021, by combining the rural revitalization work, we further expanded the recycling scope to the remote rural area in implementing the 3.13 public benefit activity for expired family drug recycling, so as to generalize the development achievements to people in more remote area, crack down drug vendors' secondary utilization of expired drugs in remote area, publicize medical knowledge to grass roots with weak medical knowledge, popularized the environmental protection knowledge of expired drug recycling, kept advocating the environmental protection idea of "never discharging expired drug to sewer and protect natural environment from being damaged. After the activity, the collected expired drugs will be sent back to Guangzhou treatment point for unified destruction, so as to avoid expired drugs polluting water, soil environment and underwater creatures.

Protect Biodiversity through Drug Recycling

Many people are unaware that the expired drugs discarded at will may be harmful to soil and water, which furthermore generates adverse effect on plant and animal habitats and underwater creatures; besides, the adverse effect will be transmitted to the lager flora and fauna through food chain. Therefore, in the expired family drug recycling activity on 13 March 2021, we cooperated with World Animal Protection to hold the ecological civilization protection activities during the expired family drug recycling and proposed to strengthen the protection for wild animals. Multiple expired family drug recycling drugstores in Guangzhou held the science popularization activities of wild animals to convey the significance of biodiversity conversation to the public, and make people understand the significance of proper expired drug recycling and develop the habit of expired drug recycling, to lower people's behavior of discarding expired drugs at will and protect biodiversity truly with practical actions

Responsibility Topic 2

Party Building Oriented - Create the New Power for Company Development

In such a prosperous period of the 100th anniversary of the Communist Party of China, in 2021, the opening year of the 14th Five-year Plan period, the Company's Party committee insisted on the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the reference for guidance and performed the subject responsibility of governing the Party comprehensively and strictly and advanced the innovative practice of Party building, to boost the Company's development vigorously.

Perform the Great Responsibilities in Party Building

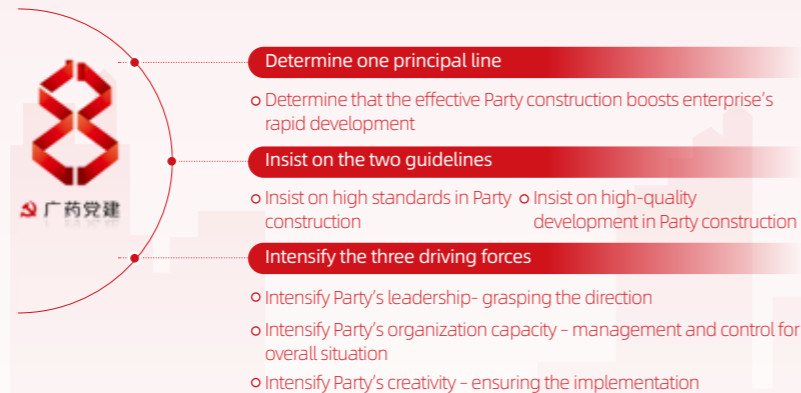
We constantly planned the Party construction work strictly, faithfully and with high standards, and continued to show the distinct advantage of "leadership of Party construction and solid foundation" in state-owned enterprise.

Six Missions and Six Promotion



Systematic Construction of Party Construction Brand

We integrated party building with enterprise development, advanced the construction of "one enterprise, one brand" comprehensively, built the Company's Party construction brand matrix and Party construction system gradually, and had multiple Party construction research achievements obtaining national rewards or published on relevant journals.



Brand projects for Party building of the agencies such as Zhong Yi Qi Xing Party Committee, He Ji Gong Party Committee and Guang Hua Party Committee were selected in the "2021 National Innovative Cases for Enterprise Party Construction".

The Party construction innovative case of Party branch of Haima Company namely "Chuang Zao Ying" brand, was selected to the "2021 Excellent Innovative Cases for Grass-roots Party Building of Guangdong Province".

Chen Li Ji and Yang Yin Deed Exhibition Hall became the "Party member education base of Guangzhou".



"Chuang Zao Ying" party branch's theme Party Day activities of Haima Company



Chen Li Ji and Yang Yin Deed Exhibition Hall became the "Party member education base of Guangzhou"

Advance the Learning and Education of Party History

We put forward the requirements of "six combinations" in the learning and education of Party history and integrated Party history learning and education with the theme activities for the 100th Anniversary of the Founding of CPC; promoted online and offline linkage of Party organizations at all levels, carried out diverse types of learning and education of Party history actively, innovated the mode and method, made all staffs to participate in Party history learning and deepen Party history learning and education by multiple measures.

Requirements of "six combinations"

Combine the learning and understanding of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era with implementation of the learning and education actively of Party history

Combine the requirement that the Party must supervise its conduct and comprehensively govern itself with strict disciplines

Combine the Company's inheritance of "red gene"

Combine the implementation of the Company's 14th Five-year Strategic Development Plan

Combine the advancing of reform and innovation of state-owned enterprises

Combine the CSR performance



Theme Activity Site of the 62nd Anniversary of Sacrifice of Martyr Xiang Xiuli



Reviews the Admission Oath of the CPC Beside the Lake Nanhu's Red Boat



Access to Health Care

Our achievements

○ For an accumulative amount, more than

600 million

person-times were benefited from drug recycling

○ Total R&D expenses this year: Around

RMB **875** million

○ Number of ongoing projects: Nearly

200

Contributions to the achieving of UN SDGs



Challenges and opportunities:

On the one hand, the policies such as volume-based procurement were implemented and trend of medical insurance cost control remained unchangeable for a long time; generic medicine and mature drugs entered the stage of cost and quality competition, R&D and innovation competition was fierce and stepped into the international and most intense stage. On the other hand, traditional Chinese medicine was emphasized further in the post-pandemic era, a series of R&D and mutual recognition policies of drugs and medical instruments were gradually introduced and implemented, healthy consumption market was continuously enlarged and the industry was driven to be transformed and upgraded to the healthy and innovative directions by the new demands.

Our actions

We laid emphasis on the capacity improvement of pharmaceutical R&D, gave play to the R&D advantages and developed blockbuster medical products; developed fashion Chinese medicine actively, integrated fashion and traditional Chinese medicine mutually, and formed consumption fashion through the cross-border cooperation of traditional Chinese medicine with multiple industries to provide new healthy lifestyle for people and actively build a biomedicine and health enterprise rating world first class with industry characteristics and distinct culture.

More Amicable Medical Services

Health for all is an important content for the overall well-off society and also health is a crucial link for happy life. We promoted TCM modernization through science and technology, explored the treasure of TCM with modern technology, kept strengthening the innovative force of scientific research, promoted TCM internationalization and provided more TCM schemes for world health.

3 provincial scientific research platforms and

1 municipal scientific research platform were newly established in 2021

8 national scientific research platforms,

40 provincial scientific research platforms and

35 municipal scientific research platforms on an accumulative basis

The strong high-level talent team was established, which had

3 Nobel Prize winners,

24 double-employed academicians and TCM masters

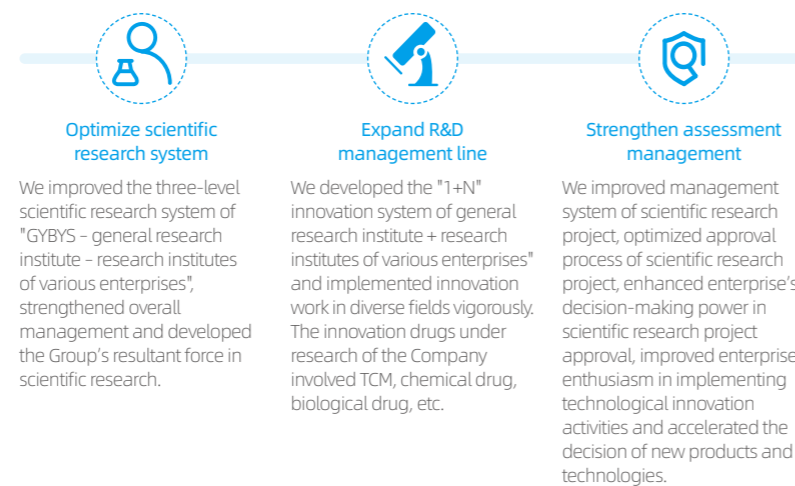
7 foreign expert consultants and

4 experts enjoying special government allowance and nearly 100 doctors and postdoctors

Inheritance, innovation and development

Only those keeping innovation could obtain progress and success. We inherited the essence and stuck to innovation; laid emphasis on building the independent R&D capacity of innovative drugs, carried out multi-level cooperation with external parties and developed the favorable cycle of innovation-driven development. In 2021, GYBYS's R&D expenses totaled to RMB 875 million, with a YOY growth of 42.94%.

Intensify scientific research management



Build the high-level scientific research platform

We kept deepening the scientific research integration, built high-end R&D platform based on the bio-Island R&D headquarters and Guangyao General Institute, gave play to the technical strength of colleges and universities and scientific research institutes, and built the comprehensive innovation system.



We participated in the strategic cooperation with Research Institute of Tsinghua, Pearl River Delta, to jointly establish the new-type test platform that tackles key problems of core crucial technologies in biomedicine and transforms technological achievements.



We participated in the strategic cooperation with Chinese Academy of Sciences and Bio-Island Lab and cooperate in such aspects as new drug R&D, platform construction and talent cultivation.

Guangyao General Institute obtained GLP full qualification certification



The optimization and integration of Guangzhou Hanfang National Engineering Research Center was highly recognized by the National Development and Reform Commission, and it is renamed as "National Engineering Research Center for Traditional Chinese Medicine Pharmaceutical Process Technology and New Drug Creation". Its innovation field was expanded from the extraction and separation technology of traditional Chinese Medicine to the technological innovation in the whole process and field of traditional Chinese medicine pharmacy, becoming the only national engineering research center in Guangdong Province to incorporate the new sequence management in the field of traditional Chinese medicine.



Winners / projects / Awards

Zhong Yi / research, promotion and application of Roche gynecological method for tonifying the kidney and fetus / first prize of Guangdong Science and Technology Progress Award

Chemical Pharmaceutical Factory / epigenetic regulation and disease prevention of cardiopulmonary microenvironment / first prize of Guangdong Science and Technology Progress Award

Zhong Yi, Xing Qun / Key technology and application of discovery of active components and construction of quality control system of common Chinese herbal medicine in Lingnan / first prize of Guangdong Science and Technology Progress Award

20 scientific research projects were approved in 2021,

including **3** innovative drug R&D projects

the planned capital input was over **RMB 30,000,000**

At present, we have nearly **200** ongoing projects

with **15** for ongoing innovative drug projects

Promote disease prevention and control

Focused on the scientific research innovation layout of the 14th Five-year Plan, we implemented a batch of major innovative drug projects, involving multiple management lines such as anti-tumor, anti-infection, treatment of immune diseases and treatment of osteoarthritis, to protect the public's health with actual actions and build healthy China.



In February 2021, GPC Prescription Pharmacy assisted Guangdong Pharmaceutical Association in establishing the 1st Rare Diseases Expert Committee and carried out public benefit activities actively to spread the disease medication knowledge and continuously help more patients find out life-saving medicines.

Intellectual property protection

2 clinical approvals and

16 production approvals were obtained this year

16 product regulations on consistency evaluation were ratified this year

Totally **144** patents were applied this year

Intellectual property protection is requisite for innovation-driven development. We improved intellectual property management mechanism continuously, promoted the high-quality creation of intellectual property, strengthened intellectual property protection, tried to create the strong atmosphere of intellectual property protection and improved enterprise's comprehensive competitiveness.

Establish patent management system

We established the patent management system, including intellectual project-based management, patent grading and management and intellectual property liaison, and built an intellectual property liaison team for management and operation. The Company's Intellectual Property Department made overall plan on intellectual property management and operation and assisted subsidiaries' intellectual property work with liaison's guidance.

Strengthen external cooperation and exchange

All subsidiaries joined in Guangzhou Pharmaceutical Association, participated in the intellectual property visit, exchange and learning actively and organized subsidiaries to declare intellectual property awards; accumulated experience in technological innovation and intellectual property protection and application, and cultivated the enterprise consensus of respecting and emphasizing intellectual property.

Develop the consensus of intellectual property protection

We promoted the establishment of intellectual property protection awareness and mechanism of enterprises in Guangzhou, carried out the training for such knowledge such as enterprise anti-unfair competition and anti-monopoly, and contributed to specifying industry order.

totally **94** patent licenses were obtained

with **72** for invention patents and

22 for utility model patents

Case Intellectual Property Protection Training

On 3 December 2021, we held "Intellectual Property Protection Training of GYBYS" and invited external experts to offer an intellectual property training for the Company's relevant departments/offices, responsible leaders of enterprise intellectual property, legal compliance and brand management, department heads and key business personnel. The training included "new trend for intellectual property protection under the new development pattern" and "legal protection of intellectual properties of time-honored brand corporation", which effectively improved the intellectual property management, protection and application capacities of the Company and subsidiaries.



3 first prizes in 2021 Guangdong Science and Technology Progress Award; 2 China Patent Excellence Awards; 3 prizes of science and technology association (society)



HWBYS and Zhong Yi won the first prize of innovation award in the 2021 Invention and Entrepreneurship Award of China Association of Inventions.



We accumulatively obtained 1 second prize in National Award for Technological Invention, 3 second prizes in National Award for Progress in Science and Technology and more than 40 provincial and ministry-level technology awards.

Boost industry development

We gave full play to the advantages of the largest pharmaceutical enterprise and the largest TCM production base, strengthened industry exchange and cooperation, led the high-quality development of TCM industry and contributed our wisdom and strength to responding to global challenges.



▶ The 4th Belt and Road Forum for Traditional Chinese Medicine Development

▶ 2021 International (Bozhou) Traditional Chinese Medicine (TCM) Expo

On 5 September 2021, chairman of GYBYS delivered the keynote speech of "the Belt & Road and Traditional Chinese Medicine Internationalization" in the 4th Belt and Road Forum for Traditional Chinese Medicine Development, introducing the Company's innovation explorations and latest achievements in promoting TCM internationalization in accordance with the idea of "fashionable TCM".

On 9 September 2021, we attended the 2021 International (Bozhou) Traditional Chinese Medicine (TCM) Expo and carried out the academic exploration and cultural exchange with medicine industry workers, so as to advance the in-depth cooperation with Bozhou and Fuyang, plan more industrial projects and promote medicine industry's development jointly.



▶ 2021 China Health Ecology Organization(CHEO)

▶ The 30th Canton Fair

▶ Roundtable Summit for Biomedicine and Health of Guangdong-Hong Kong-Macao Greater Bay Area

On 23-28 September of 2021, we attended the 2021 China Health Ecology Organization (CHEO). In the conference, we made judgment and analysis for development trend of health industry. Our Chairman Li Chuyuan won the title of "founder" in the CHEO dinner party themed with "Founding - Create New Industry jointly".

We attended the 130th the China Import and Export Fair (Canton Fair) on October 15-19 of 2021, to show the charm of TCM and healthy brands of ethnic medicine to the world, expand the TCM markets (e.g. Southeast Asia, America, Africa, Europe and Oceania) continuously and accelerate international development of TCM.

On 18 May 2021, we attended the 1st roundtable summit for biomedicine and health of Guangdong-Hong Kong-Macao Greater Bay Area themed with "Health Pursuit in the Guangdong-Hong Kong-Macao Greater Bay Area"; participated in the establishment of the Transformation Alliance for International Innovation Achievements of Biomedicine and Health, promoted the in-depth industry-university-research, and integrated development of Guangdong, Hong Kong and Macao and cohered wisdom and strength to build global highland for biomedicine and health industry.

More Accessible Medical Services

It is our original intention and mission to improve health level and lower medical expenses. We kept promoting the development of grass-roots medical services and was devoted to improving human beings' health level and lower medical expenses; inherited and carried forward the TCM health preservation culture vigorously and provided more schemes for human health protection.

Boost grass-roots medical services

We carried out the projects (e.g. scientific knowledge lecture and free gratuitous treatment regularly, provided medical and pharmaceutical assistance for poverty-stricken areas and families and arouse the attention of the whole society to disease prevention and treatment with actions; specified grass-roots medication and tried to develop and promote the development of grass-roots medical services and improved national health level.

Energize community medical services

By the carrier of "Good Doctor of China" platform, we promoted medical knowledge, trained community hospital doctors and helped primary medical staffs to improve professional ability; offered product training to shop assistants and certified doctors, and improved their professional knowledge.

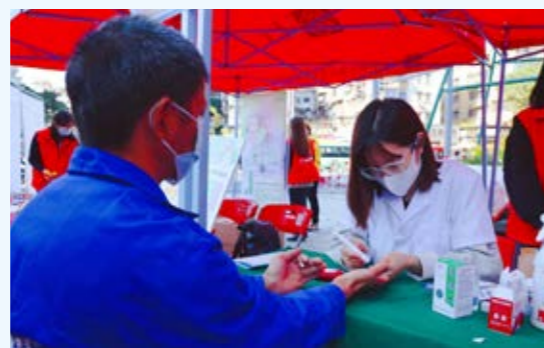
Donate medical materials

We held large medical materials donation and small community drug donation activates at regular intervals, donated medical materials to medical institutions in remote area (e.g. countryside) and provided one-to-one medicine box home service for special populations such as poor families, couples both from one-child families, elderly people living alone, and the disabled. In 2021, we donated a batch of medical supplies (e.g. banlangen granules, compound tablet of red sage root and Huatuo Zaizao pill) to Beixiang Town, Shaoguan City, to improve the supply of material reserves of local grass-roots health clinic and infirmaries of various middle and primary schools.



Case "Blue Light Action" Has Been Implemented for 12 Consecutive Years!

In 2021, the Company's Zhong Yi Xiao Ke (Diabetes) Fund has implemented the public benefit activity themed with "UN Diabetes Day" and Baiyunshan "Blue Light Action" all over the China for 12 consecutive years. Held in more than 10 cities such as Guangzhou, Shantou, Changsha, Jinan, Taiyuan and Anhui, this activity gathered the forces of community, hospital, enterprise and charitable organization to implement projects for community citizens, including diabetes knowledge lecture, expert gratuitous treatment, blood glucose monitoring, dietary guide and caring donation were implemented oriented to community citizens, so as to arouse the attention of the whole society to diabetes prevention and treatment with actions.



Blood Pressure and Glucose Measurement in Activity Site

Case Popularize Safety Knowledge and Improve Safety Level for Using Medication

On 1 February 2021, GPC Prescription Pharmacy Co., Ltd. joined Partnership for Safe Medicines (PSM), and provided the one-stop full closed-loop professional pharmaceutical service jointly with PSM to popularize the safety knowledge for using medication to the public, help the public prevent counterfeit and shoddy medicines and promote development of the public's medication safety.



Fair and reasonable pricing

One of livelihood issues that people concern the most is that it is expensive to buy medicine and see doctor. With a strong focus on the enterprise idea that "an enterprise will get prosperous development when benefiting mankind with one heart", we were devoted to improving human beings' health level and lowering medical expenses, and stuck to providing affordable and trustable quality medicines for people.

We formulated "recommended retail price" of medicines according to own production, operation costs and market supply and demand, and accept price competent department's supervision and management of various provinces, so as to provide medicines for the public at the fair and reasonable price.

In terms of medicine terminal price, GYBYS complied with relevant requirements of Anti-Monopoly Law of the People's Republic of China in good faith and never intervene in terminal medicine price; protected fair market competition and protected consumers' interests.

Besides the public benefit activity of expired family drug recycling, we distributed store coupons for medicines around the China, so as to benefit the ordinary patients duly.

Note: Issues related to non-exclusive voluntary licensing are not involved, for GYBYS hasn't engaged in any patent medicines in international market business.

Innovate marketing mode

We advocated "fashionable TCM" and took e-commerce as one of the three new business formats intensively developed; established new channel of "Internet + health", carried out the new marketing mode (e.g. live-streaming e-commerce) actively and enlivened TCM by modern technical and marketing means.

Diversified development in both single product and variety

We have developed the segmented herbal tea single products (e.g. sugar-free herbal tea, black herbal tea, sugar-free jasmine herbal tea and sugar-free bubble herbal team) and the products of great health such as Ci Ning Ji drink, Yerou coconut milk and Dazhai walnut milk, and promoted "Li Xiao Ji" litchi series product project actively. In response to changes in consumer demand and characteristics of consumption platform, we launched new products while enlivening brand image continuously to attract more young consumers.



Exploration for new mode of cross-border cooperation

We developed China's first nutrient oat porridge with PepsiCo and explored the new development path of "TCM + basic necessities" with EXCEPTION, Fangsuo Culture and other companies. WLJ cooperated with the emerging platforms such as NetEase and bilibili to launch the NetEase game co-branded tank and established the cross-border cooperation with Bailing, which realized consumption circle penetration and built the brand image with young brand fashion.



Short video interactive marketing

Guang Hua and Baiyunshan Pharmaceutical Marketing initiated the challenge topic of # Guo Chao Xiao Sheng Yu Jian Ai" on Tik Tok. It was implemented in the form of national tide creative interaction. The video view reached 280 million and attracted more than 20,000 users to participate in video making. Information flow video obtained 18,000 likes. Brand recognition and product function recognition were established among young consumers.



Establish Internet health service brand

We promoted the integration of medical insurance, medical treatment and medicine in "Suikang Healthy Life" platform and tried to build the Internet health service brand of "Huisui is for your health".



In May 2021, the new energy flavored drink called "Leilong" was launched formally, which is a functional beverage mainly exported overseas at present.

Case Endow WLJ Surname Can with Social Communication Property

In 2021, WLJ increased the personalized design of "custom surname + surname totem" on the basis of continuing the traditional Chinese red - binding the Chinese character "ji" (meaning: auspiciousness) with surname totem in depth and endowed WLJ surname totem can with social communication property by beautiful appearance + cultural value; made the public understand the cultural meaning of surname totem comprehensively through the "SJ H5" and passed on luckiness together. Such wonderful design creativity attracted a large batch of user fans to take immersive photos and group photos spontaneously and release them on social media (e.g. Microblog and WeChat Moments). Therefore, WLJ drew public attention and WLJ surname totem became a hot topic of conversation.



Advocate health concept

TCM culture is extensive and profound and is a treasure of Chinese traditional culture. With a strong focus on the idea of "carrying forward TCM culture and spreading TCM knowledge", we promoted the platform construction of TCM culture communication, carried forward TCM health preservation culture vigorously and contributed to advancing high-quality development of TCM industry.

WLJ Herbal Tea Museum

With the mission of spreading herbal team culture, we established the herbal team museums successively in Guangzhou, Beijing, Ya'an and New York and will also establish 56 herbal team museums in succession in various regions of the world (e.g. Tokyo and Australia).



Lingnan TCM Museum

The Lingnan TCM Museum Construction Project was formally launched on 14 January 2021. Based on the Shennong Caotang, a subsidiary of the Company, the project was aimed to build a theme tourist attraction showing TCM traditional culture comprehensively and integrating museum, plantation, theme amusement park, hotel accommodation, health preservation and leisure shopping.



Access to Health Care
Ethics and Transparency
Environmental Protection
Co-build the Foundation of Development

2021 Guangdong Humanities and Social Science Popularization Base

—Standard Base

Nearly **40** certifications recognized by the State, Guangdong and Guangzhou such as National Science Popularization and Education Base, Guangdong Education Base for Investors in Securities and Futures, Guangdong Practice Base for Middle and Primary School Quality Education and Guangzhou Municipal Base of Patriotism Education

More than **1,300** kinds of protogenic Chinese herbal medicines

More than **3,000** person-times of students participating in various kinds of research and learning theme activities in 2021



Shennong Caotang

Case Generalize the TCM Culture to Campus - Explore the TCM Culture

In March 2021, the labor education and practice activity for Chinese herbal medicine planting sponsored by Education Bureau of Guangzhou Municipality and undertaken by Cai Zhi Lin was launched again. Expert and professor were invited to offer training to students about the knowledge such as seed planting teaching, herbal garden care teaching and identification of common seed medicinal materials. Meanwhile, closely focused on the theme of TCM culture, it provided the TCM popular science courses such as source and effect of tangerine and ginseng. Besides the theoretical teaching live streaming, Cai Zhi Lin also dispatched herb plantation instructor to various schools to guide students in herb plantation practice. Students learned how to recognize and distinguish TCM, memorize effect in their practice, and felt the charm of TCM culture.



Boost the medical treatment of developing countries

We responded to the "Belt & Road" initiative and strengthened exchange and achieved common development and shared growth with other developing countries; promoted the spread of TCM in developing countries, made more contributions to human beings' health and boost the building of "human community with a shared future".

Promote TCM culture

We strengthened the exchange with Fiji and promoted the spread of TCM culture in Fiji; boosted local medical treatment, built and shared a community of common health for mankind jointly.

GYBYS with Care

Boost the Building of Human Community with A Shared Future through Donations

In exhibition hall of Shennong Caotang, the letters of gratitude from the regions such as Hubei and countries such as Iran and Benin witness GYBYS's practical actions of "spreading love all over the world". Upon launching the overseas assistance action of Resochin and Banlangen in the middle ten days of March of 2020, we provided anti-epidemic assistance for the countries such as Indonesia, Iran, Benin and Kenya, so as to help people all over the work fight against the COVID-19. In 2021, we cooperated with the Guangdong People's Association for Friendship with Foreign Countries to donate anti-epidemic materials to Fiji, with total value of RMB 300,000; assisted Africa Division of Foreign Affairs Office of the People's Government of Guangdong Province in docking the distribution of purchased anti-epidemic drugs to foreign sister cities for multiple times, so as to relieve local shortage of anti-epidemic materials and provide the solution of "Chinese characteristic medicine" for global epidemic prevention and control with our practical actions.



Ethics and Transparency

Our achievements

○ Total hours of employee anti-corruption training:

23,722

○ Number of anti-corruption activities:

10

○ International

AAALAC

complete qualification certificate

Contributions to the achieving of UN SDGs



Challenges and opportunities

A pharmaceutical company shall emphasize not only the R&D and production of medicines but also the transparent business ethics practices: Stick to bottom lines of morality and ethics, ensure patients' medication safety and keep improving product quality, business ethics and business operation transparency; obtain stakeholders' long-term support and improve CSR competitiveness.

Our actions

We paid attention to the clean team construction, implemented anti-corruption and bribery training actively and strengthened business operation transparency; carried out clinical trials and animal experiments at a high sense of morality and ethics and cooperated to supply value chain and partner to build the clean, transparent and compliant business ecosystem jointly.


Cultivate Business Ethics

We always stuck to the high standards of ethical business conduct and publicized and promoted integrity values; run business in accordance with the principle of good faith, blended the compliant management into enterprise's daily operation and build the sustainable partnership of the Company with patients and society.

Anti-corruption and bribery

We were devoted to advancing the integrity and compliance construction and improved the system construction of combating corruption; strengthened risk control measures, advanced supervision team construction and intensified the supervision or power constantly; carried out daily publicity and implementation and integrity and compliance training to create a clean working atmosphere, cooperated with supply chain and industry partner to build a honest business environment, implemented reporting mechanism and whistleblower protection program in good faith and improved the Company's anti-corruption capacity construction continuously.

Improve anti-corruption work

 <p>Optimize system construction</p> <p>Developed 45 discipline inspection and supervision regulations and rules of 20 systems of five categories of institutional mechanism, supervision, discipline execution and accountability, strengthened and specified the discipline inspection and supervision work and accelerated the construction of "128 Work Platform for improving Party conduct"; expand system functions that grass-roots discipline inspection and supervision organization uses and organize the signature of the Supervision Responsibilities for Party Conduct and Government Integrity; designate department as the representative to sign Clean Employment Commitment at multiple levels and sign Anti-commercial Bribery Agreement and Integrity Commitment with customer.</p>	 <p>Strengthen risk control</p> <p>We organized the special research and survey 27 subsidiaries and major construction projects. For any problem discovered in work research, 15 supervision proposals and discipline inspection proposals were issued totally in the whole year. We urged the rectification timely and tried to discover any minor problem as early as possible, so as to check erroneous ideas at the outset.</p>
 <p>Establish supervisory team</p> <p>We improved supervision management construction, established the working mechanism of discipline inspection and supervision and intensified the supervision and management of discipline inspection team; we organized three issues of special trainings and all kinds of professional trainings for more than 20 times and the typical case notification of discipline inspection problem of discipline inspection and supervision cadres; we cultivated professional discipline inspection and supervision team, established the Construction and Management of Special Supervision and Inspection Talent Pool and expanded the supervisory talent reserve; we regularly organized discipline inspection cadres to study with the class and participate in training and assessment to improve discipline inspection cadre's ability to perform responsibility as per disciplines and laws.</p>	 <p>Intensify power supervision</p> <p>We strengthened and improve the supervision at the same level, formulated the work scheme for supervision at the same level, organized the filling of leading cadre integrity archives and finished 220 cadre integrity archives finished; improve the scheme of including integrity indicator in the annual salary assessment scheme for enterprise leaders and organize 25 new leading carders to make integrity talk before appointment. We participated in the organization of carder inspection and the inspection and supervision upon the expiration of probationary period and employment period for 46 person-times, replied the opinions of Party conduct and government integrity for 694 person-times and strengthened the supervision and control for Party member carders.</p>

Create clean working atmosphere through compliant training

Carried out the daily publicity

We formulated the guiding opinion for annual integrity culture and publicity and education work, carried out the "Clean and Honest Family and Enterprise" series activities for generalizing integrity culture to enterprise and released more than 1,000 integrity and self-discipline reminders during holidays.

Intensify integrity and compliance training

We carried out all kinds of thematic activities for learning month of warning education and discipline education, implemented "case notification" warning education for 3 times through the meetings such as quarterly discipline inspection work meeting and integrity lecture and have the participants for more than 1,320 person-times. We organized "online" class of discipline and law education through the WeChat Official Account, push manuscripts about activity implementation of groups and companies for more than 30 person-times and obtained page view of over 200,000 times; we organized Party member carders to visit the education base for disciplines and laws of Party carders.

Total person-times of director anti-corruption training:

31

Total hours of director anti-corruption training:

62

Total person-times of employee anti-corruption training:

11,861

Total hours of employee anti-corruption training:

23,722

Number of anti-corruption activities:

10

Total number of accepted letter complaints:

36

number of problem treatment clues:

38

number of Party discipline approval projects:

13 (13 persons involved)

Number of persons under accountability treatment:

72

including 7 persons for inner-Party serious warning. Number of persons under the "first form" treatment¹ **63**. Number of persons under organizational punishment: **2**

Note: The first form of oversight over discipline compliance: Criticism and self-criticism meetings and oral and written inquiries which are to be conducted regularly, to ensure that those who have committed minor misconduct are made to "flush and sweat", be embarrassed and ashamed of themselves.

Co-build the honest partnership

<p>Intensify honest supply chain</p> <p>We formulated centralized procurement management and improve the Supervision Management Measures for Bidding and Centralized Procurement; we expanded the supervision team into 37 ones, strengthened the supervision and control between platform and business department and implemented special supervision and check at regular intervals; we provided supplier integrity supervision feedback phone, set up complaint mailbox and create a honest business environment jointly.</p>	<p>Co-build integrity cooperation</p> <p>We cooperated with 8 enterprises to establish "Enterprise Integrity and Compliance Management Union of Guangzhou Guangdong-Hong Kong-Macao Greater Bay Area, organize the integrity and compliance practice exploration forum to build an honest business environment jointly.</p> 
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Reporting mechanism and whistleblower protection

We kept improving complaint letter treatment and the normative review and investigation constantly and formulate acceptance and treatment regulations and rules of Bureau for Letters and Calls; expand the reporting and complaint channel, enabled the official website reporting and complaint platform and established reporting channel of WeChat official account; we formulated the 3D access system of "letter, visit, Internet, call and WeChat", implemented relevant system of report and complaints to protect the informer and maintain informer's due rights.

<p>Complaint Letter Acceptance</p> <p>The Company's discipline inspection and supervision organ accepts complaint letter by level according to management authority and deal with it as per relevant process.</p>	<p>Complaint Letter Treatment</p> <p>The complaint letter within the scope of duties of discipline inspection and supervision is treated by the four means of conversation letter, preliminary verification, temporary storage for investigation and conclusion.</p>	<p>Result Feedback</p> <p>The "secondary feedback" should be made in good faith for real-name report. Within 15 working days upon the conclusion, it is required to give feedback the investigation result and treatment of real-name report matter.</p>
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Responsible marketing

We practiced the responsible marketing idea actively, abided by the laws and regulations such as Advertising Law and Trademark Law in good faith, sold products in accordance with Ethical Criteria for Medicinal Drug Promotion by WHO and established prescription multistage review mechanism in terminal prescription sales, so as to ensure the accuracy, applicability and safety of patient medication. We formulated the internal guidelines such as the External Information Release Guideline of the Company and ensured the objectivity and authenticity of advertising, drug instructions and relevant publicity material; held the medical knowledge training and assessment for medicine salesmen at regular intervals, never engaged in any false/misleading publicity and promote consumers' rational consumption.

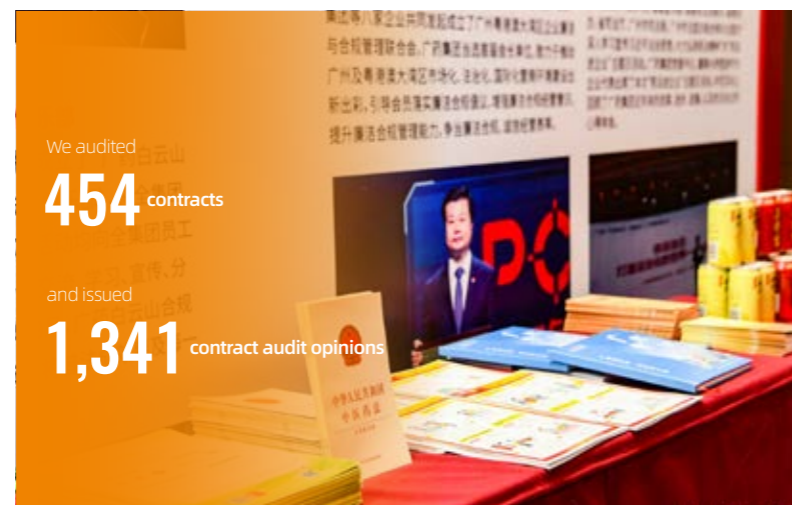


Intensify Operation Transparency

We insisted on public and transparent operation and established compliance management system actively; maintained a high sense of morality and ethics whole running business as per laws and regulations and practiced commercial and medical ethics.

Operation as per laws and regulations

We abided by various national laws and regulations in good faith and established Legal Affairs Department and Risk Control Office to take charge of the compliance construction of this head office and subsidiaries; intensified legal risk management constantly, implemented legal compliance audit regularly, offered legal compliance training actively, popularized legal knowledge to employees, highlighted compliance awareness and actively generalized legal knowledge to all sectors of society by holding the public benefit activities.



Legal Compliance Club organized the theme training activity of Civil Code and invited external experts to participate in legal training.

We kept implementing project demonstration meeting to prevent legal risks and audit large amount of economic contract; advance contract audit continuously, evaluated contract legal risk, put forward preventive measures and opinions and made legal risk management before the event.

We combined the legal publicity with the public benefit activity of expired family drug recycling and popularized legal knowledge to the public.



Clinical test transparency

We abided by the Good Clinical Practice, Declaration of Helsinki and relevant national clinical regulations and insisted on the relevant ethical policies of clinical test; formulated rules of conduct of R&D personnel, specify moral conduct of R&D personnel; made sure human clinical trials were in accordance with the International Conference on Harmonization (ICH) Good Clinical Practice (GCP) Guideline, We also established an ethical review team for clinical trial and further audited the performance of relevant specification.

Animal welfare protection

We complied with the animal ethics policies and specification related to animal welfare protection in good faith, established Laboratory Animal Management Committee and its affiliated organization Laboratory Animal Ethics Committee, and developed articles of association and relevant system documents for Laboratory Animal Management Committee; during experiment animal transaction and production and the animal experiment, safeguard animal welfare, review and supervise animal laboratory, to avoid unnecessary damage to experiment animal, and ensured the entire involved animal research work conformed to relevant provisions for experiment animal management.



We launched the quarantine dog training program in 2000, and have trained multiple batches of quarantine dogs for Guangdong Customs since the first batch of quarantine dogs took post successfully in 2003

Build Responsible Supply Chain

We kept advancing the transparent, process and lean management of supply chain, ensure stabilization of supply chain and established and maintained the powerful sustainable supply chain; guaranteed raw material supply quality and safety, improved internal supervision and controlled potential risk of supply chain link.

Supplier management

We abided by relevant national and local laws and regulations in good faith, formulated Supplier Management Measures and achieved the control for suppliers in the whole process from source access to withdrawal by establishing complete purchase and supply management systems; established sunshine purchase platform, ensured bidding was public and transparent, unified purchase channel, lowered purchase risk and cost, improved management efficiency, implemented supply audit and supplier training and improved supplier's overall level continuously.

Institutional improvement

- We formulated and improved purchase management measures and supporting systems and offer guidance, coordination, supervision and assessment for the purchase.
- We established the Purchase Management Committee and Supervision Management Committee, and a implementation team to take charge of the daily management and comprehensive coordination of the purchase.

Platform construction

- We established information centralized procurement platform, followed the principles of "openness, fairness and justice" in centralized purchase activity, established the integrated and interactive supervisory system to prevent integrity risk and improve operation benefits.

Evaluation and examination

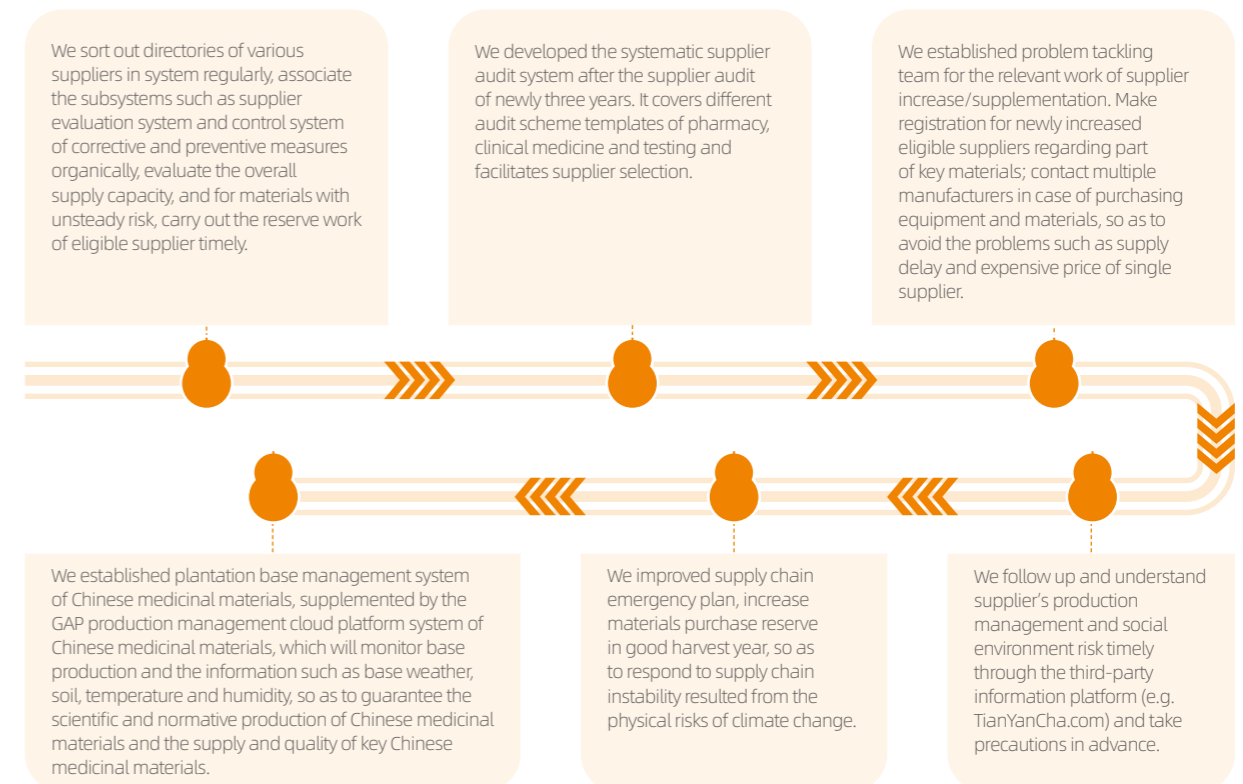
- We formulated "full life cycle" management system, determined the management standards (e.g. selection, evaluation, daily management, assessment and withdrawal, implemented internal control standards of materials in good faith and ensure sources of various raw and auxiliary materials are fixed and that quality is steady and controllable.
- We made scientific check for supplier's qualification, certificate, production site, technological process criteria, inspection ability, quality control system, environmental protection and work safety management system to assess the influence risk of supplier's materials on product quality.
- We formulated hierarchical management scheme according to assessment result, divide suppliers into excellent supplier, eligible supplier, auxiliary supplier and nonconforming supplier to intensify supplier "blacklist" management.
- We distributed Risk Rectification Letter to supplier not meeting the Company's quality standards, and for any problem of supplier, put forward the requirement to make rectification within the due time.
- We have increased the audit for clinical CRO supplier and established the audit scheme template for clinical supplier this year.

Communication and training

- We consulted and exchanged with supplier actively, followed up the information exchange such as production requirements, product quality, policy interpretation and social environmental risk consideration timely and brought about the latest changes and requirements for industry development for supplier partners on schedule.
- We implemented supplier training regularly and improved supplier's performance in product safety and quality, environmental protection and work safety systems.

Prevent supply chain risk

We attached importance to supply chain risk prevention and were devoted to enhancing supply chain resilience to ensure the Company's work safety and product quality; established the centralized procurement platform of Chinese medicinal materials and raw and auxiliary materials, improved the implementation method for centralized materials purchase constantly and strengthened the construction and management of centralized purchase platform; formulated the Implementation Measures for Centralized Purchase of Chinese Medicinal Materials, Raw and Auxiliary Materials and Packaging Materials, so as to ensure the purchase quality.



Case Build the Hi-tech Plantation Base of Chinese Medicinal Materials, Monitor Risks Dynamically and Guarantee Quality Raw Material Supply

Cai Zhi Lin made actively layout in base IoT construction, developed the GAP management platform for TCM materials production integrating information perception, traceability management and intelligent monitoring, achieved digital management of base and preliminarily established the TCM materials traceability system with source, flow direction and responsibility traceable and checkable. It established 69 plantation bases for 56 types of medicinal materials. The company realized the base IoT cloud management with the developed cloud management platform for standard TCM materials plantation base in which network equipment (e.g. web camera, automatic weather station and mobile terminal) is the basis, Internet is the architecture, cloud calculation technology is the support and GAP is the management specification, and the full-process traceability query for the information such as place of origin of medicinal materials, cultivation method, processing technology and production time through modern information technologies (e.g. Internet and ERP system), so as to solve quality problem and safety hazard of southern TCM.



网络摄像头



自动气象站



基地物联网云平台

Base IoT Construction



Environmental Protection

Our achievements

○ External electricity purchase:

139,012,632.20 kWh

○ Greenhouse gas emission density:

0.06 t/RMB 10,000 output value

Contributions to the achieving of UN SDGs



Challenges and opportunities

The "30'60 decarbonization goal" objective is not only an challenge but also a opportunity for enterprise. It puts forward higher requirements for enterprise's energy structure and management, and global climate change is influencing the development of all walks of life, which, however, will certainly affect the changes of suitable distribution area of medicinal organisms. In the meantime, the "30'60 decarbonization goal" objective will impel enterprise to run business in the more efficient and resilient production and operation mode

Our actions

We blended into national "30'60 decarbonization goal" strategic layout actively and practiced new development idea and protected environment in multiple aspects such as improving environment management regulations, optimizing resources utilization, lowering environment impact, conserving biodiversity and advocating environmental protection idea.

Improve Environment Management

We abided by the laws and regulations such as Environmental Protection Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China and Water Pollution Prevention and Control Law of the People's Republic of China in good faith and insisted on the green development idea; improved internal environment management system constantly, advanced HSE management platform construction, established objectives and implementation plan and tried to achieve collaborative development of enterprise development and environmental protection.

Advance environmental protection information-based management

We advanced HSE management system of GYBYS, plan to establish environmentally friendly and energy-saving modern, technological and information-based management and realized the functions such as paperless submission of routine environmental protection and energy saving data statistics and automatic statistics and analysis of enterprise's environmental protection condition; made state statistics and monitoring for environmental protection and energy-saving to achieve the more scientific, transparent and information-based environmental protection management.

Implement the subject responsibility of environmental protection

We have implemented environmental protection survey for subsidiaries, to determine the environmental protection hazards comprehensively and understand enterprise environmental protection operation; sorted out operation accounts of enterprise in environmental protection and studied the resolution oriented to the common and prominent problems. We established the up-to-down linkage mechanism by strengthening the daily control and overall planning for environmental protection of subsidiaries, to ensure effective implementation of the Company's environmental protection management, reduce environmental pollution accident of subsidiaries and implement the environmental protection subject responsibility of the Company and subsidiaries.

Case Ming Xing Implemented the External Environment Rectification Work of Blue Wastewater Leakage Actively

In November 2021, Ming Xing had the problem of leakage ascribed to bilge well and sewer line. As a result, the bright blue colorant used in the process of injection leakage inspection process was drained outside via rainwater pipeline. The mode of pollutant emission does not conform to the provisions of sewage discharge license. Upon the occurrence of the event above, Ming Xing launched its emergency plan immediately and took all emergency measures to reduce the adverse influence of blue liquid on the municipal rainwater pipeline network. It also intensified management of its internal pipeline network system and sewage facilities as well as patrol inspection and personnel training, and entrusted a third party with the corresponding qualification to survey and rectify the rainwater and sewage pipeline network system so as to avoid the reoccurrence of such accident.

Case WLJ Great Health Participated in the Industry Standard Drafting and Boosted the Realization of "Double-carbon" Objective

In October 2021, WLJ Great Health obtained the carbon footprint label certificate issued by Guangdong Energy Conservation and Emission Reduction Standardization Promotion Association in the 18th China Standardization Forum and became the drafting organization of the two group standards Requirements on Carbon Emission Management Systems and Carbon Neutrality Statement Specification. WLJ Great Health insisted on the green development road for the product and industry, guided industry to develop towards a scientific, healthy and environmentally friendly direction and explored the full-link sustainable development direction in such links as plantation, R&D, package, logistics and sales; determined industry's advanced typical demonstration through own practice and exploration, create a referable and reproducible high-quality, green and healthy development mode for the whole industry and made remarkable contributions to achieving the "carbon neutrality" objective of China.



WLJ Great Health obtained the carbon footprint label certificate issued by Guangdong Energy Conservation and Emission Reduction Standardization Promotion Association

Goals and Progress

In 2021, the water consumption intensity is 1.96 t / RMB 10,000, the wastewater discharge intensity is 1.36 t / RMB 10,000, the hazardous waste discharge intensity is 0.29 t / RMB 10,000, the harmless waste discharge intensity is 13.28 t / RMB 10,000 and the energy consumption intensity is 0.16 t / RMB 10,000. Due to the epidemic situation in 2020, the output decreased, and the water, electricity and natural gas consumed in production decreased accordingly. WLJ Great Health Industry (Meizhou) Co., Ltd. officially produced in 2021. The process adjustment during the trial production will increase the consumption of water, gas and other resources. We failed to achieve the goal of "reducing the wastewater discharge intensity and water consumption intensity by 5% in 2021", and the goal of "reducing the hazardous waste discharge intensity, harmless wastes discharge intensity and energy consumption intensity by 3% in 2021". In the future, we will strive to achieve our goals by optimizing production processes and using reclaimed water reuse devices.

Optimize Resources Utilization

We carried out the reasonable utilization of green production, energy emphasis, water resources, herb residues and packaging material, established and improved management measures and mechanism and studied and formulated "30'60 decarbonization goal" route and countermeasures; strengthened energy management, took the environmental protection, energy saving and emission reduction as an important content of new factory planning and design, promoted reduction and recycling of herb residues and packaging material and make active contributions to industry's green transformation.

Respond to climate change and energy management

In September 2020, China put forward the objective and vision of trying to achieve peak carbon dioxide emission by 2030 and achieve of carbon neutrality by 2060 based on the intrinsic requirement of promoting sustainable development and the responsibility of building a community with a shared future for mankind. Under the "30'60 decarbonization goal" objective, we strengthened the management for fossil energies (e.g. coal, gasoline and natural gas), generalized the use of clean energy (e.g. solar energy) and increased capital input in green building and transformation of energy-saving technology; built a referable and reproducible high-quality, green and healthy development mode and made efforts in achieving national decarbonization goal.

Implement technological energy saving transformation

We introduced China's advanced technical equipment, formulated reasonable functional layout of process equipment and reduced energy consumption in production. WLJ Great Health Industry (Meizhou) Co., Ltd. reduced the input of energies (e.g. electricity and gas) and equipment with a series of energy saving transformation measures (e.g. customizing heat preservation valve sleeve for steam valve; recycling the heat energy of extracting solution through plate heat exchanger; adopting membrane concentration technology to improve production efficiency and capacity of concentrated herbal tea juice).



Build green logistics park

Guangzhou Pharmaceutical Smart Logistics Center was launched formally. We insisted on the design ideas of green, environmental protection and high efficiency in project construction and implemented energy saving design in three aspects of building, water supply and drainage and heating. The entire building is designed in accordance with the two-star standard of national green building, saving energy by 5%-10% compared with conventional buildings. Designed with the energy saving, environmental protection and remote operation advantages, central air-conditioning group control system could control startup/shutdown remotely, control operation state and reduce energy consumption effectively.

Advance the use of clean energy

Cooperate with a third-party company, plan to increase PV generation plant on roof, so as to promote clean energy development and reduce carbon emission.

Type of emissions and emission data:



Energy consumption data:



Water resources management

We laid great emphasis on the use of water resources, and besides water saving, tried to reduce pollutant discharge. We restrained water use behavior through systems and policies, strengthened equipment technology improvement and improve relevant management measures (e.g. cycling), so as to improve water use efficiency. Meanwhile, we were devoted to improving sewage treatment capacity and effect, so as to ensure up-to-standard discharge.

Total water consumption (t)	Water use density (t/RMB 10,000)	Emission of industrial wastewater (t)	Emission density of industrial wastewater (t/RMB 10,000)
4,216,974.33	1.96	2,643,265.06	1.23
Emission of office and domestic wastewater (t)	Emission density of office and domestic wastewater (t/RMB 10,000)	Emission of chemical oxygen demand (CODr) (t)	Ammonia nitrogen emission (t)
285,732.30	0.13	100.88	5.84

Use of packaging material

We followed national 14th Five-year Plan for Circular Economy Development closely and carried out the circulating production mode comprehensively; used environmentally friendly packaging material in the production, promoted packaging and packaging printing reduction, recycled packaging material of expired drugs and realized efficient and cyclic utilization of resources.

Number of packaging materials used:

10,229 pieces

Advance the use of environmentally friendly packaging material

Keep exploring and using more environmentally friendly renewable packaging material in product package. Of which, WLJ Great Health improved the environmentally friendly level of packaging material effectively by the measures (e.g. adopting lightweight outer packaging and removing white coating from packaging can).

Recycle drug packaging material

We recycled the packaging box and medicine respectively during the recycling activity of expired drugs. Such measure had the function of garbage classification and promoted recycling of packaging material.

Lower Environmental Influence

We optimized the prevention and control of pollutants (e.g. waste and noise) continuously, tried to lower the negative influence on environment and made contributions to green development of the whole society and the building of a beautiful China.

Waste management

We insisted on the reducing, recycling and harmless principles, kept advancing the reasonable utilization of herb residues and optimized production process constantly to reduce wastes generated in the production; tried to reduce the pollution of wastes on environment and maximized resources utilization.

Advance recycling of herb residues

We realized the resource utilization of herb residues in such way: Ferment and grind herb residues and then use them as organic fertilizer or ferment the sealed herb residue and then use them as stomach filling fodder for cattle and sheep.

Advance solvent cyclic utilization

We carried out solvent application research, set up research groups to guide and participate in the recycling of solvents, which reduced the purchase of new raw materials and the discharge of hazardous wastes.

Waste Category	Waste Type	Output in 2021 (kg)	Production Density in 2021 (kg/RMB 10,000)	Waste Disposal
Harmless Wastes	Office, kitchen and domestic wastes	3,640.68	13.28	By sanitation department
	General industrial wastes	24,932.90		By sanitation department
Harmful Wastes	Pharmaceutical waste (HW02) and waste drug (HW03)	319.65	0.29	By sanitation department
	Other hazardous wastes	299.36		By sanitation department

Noise management

We abided by relevant laws and regulations such as Environmental Noise Pollution Prevention and Control Law of the People's Republic of China in good faith, adopted low-noise equipment and environmentally friendly material and reduced noise reduction from the source; reduced or cut off noise spread by using the facility and sound insulation material preventing and controlling environment noise pollution, committed to meet the environment noise discharge standard specified by the State and take effective actions to relieve the influence of noise on surrounding living environment.

Protect Biological Diversity

Bio-diversity plays a basic role in human existence and development. As a leading company in TCM industry, we have inescapable responsibility to protect bio-diversity. We strictly abided by relevant laws and regulations such as Law of the People's Republic of China on Conservation of Wild Animals and Regulations of the People's Republic of China on Wild Plants Protection, and international conventions such as relevant provisions on the protection of endangered species of wild animals and plants of UN Convention on Biological Diversity and CITES Appendix. We also actively promoted bio-diversity protection work, established medicinal material planting bases nationwide based on local realities, planted traditional Chinese medicine in a standard manner, studied medicinal material planting technologies, called on the public not to consume products made of wild animals, fully coordinated regulatory authorities and took on social responsibility of protecting bio-diversity with deeds, taking the lead in China's pharmaceutical industry to protect bio-diversity.



Access to Health Care
 Ethics and Transparency
 Environmental Protection
 Co-build the Footstone of Development



Boost the normalized construction of TCM material planting base

We have selected medicinal material planting bases nationwide based on local realities for large-scale and normalized planting and variety management and to control the production and supply of raw materials. We also continuously promoted the normalized and informational management of these bases, build up IoT cloud management platforms for them, and set up base IoT system duly formed by Internet, HD camera, automatic weather station, mobile end within standard bases so as to realize remote timely monitor and management of these bases by the system.

We built up

12
new normalized TCM planting bases, amounting to a total of **69**

Study medicinal material planting technology

Well-experienced in TCM planting and management, our planting technology team visited bases for many times to offer technological guidance for medicinal material planting and production, controlled all processes of medicinal material ranging from culture of seedlings, site preparation, sowing, intertill, storage, gathering and processing, and provided professional technical support and dispatch technicians to ensure the quality of medicinal materials.

Guang tangerine peel seedlings

GAP management cloud platform for TCM Material

Base planting instruction

Advocate environment protection ideas

Everyone is responsible for creating clear waters and green mountains. We strived to advocate and practice green development idea, held and organized regular internal education training and activities of environment protection, made all members be aware of environment protection, promoted community environment protection publicizing actively, held public welfare tree-planting activities, called on waste sorting idea, and created environment protection atmosphere recognized by and involving everyone so as to work together to build a green and low-carbon life.



Intensify environment protection awareness

We organized environment protection management personnel of subordinate enterprises to learn the latest environment protection laws and policies, so as to enhance the enterprises' emphasis on environment protection work, define key work points and urge them to strengthen environment management continuously.



Offer training on environment protection knowledge

We organized and held "training courses of environment protection knowledge", which was lectured by environment protection experts, so as to further intensify professional skills, update ideas and comply with the latest environment protection situation in the new era.



Publicize hazardous waste treatment method

We organized staff to visit Guangzhou Environment Protection Technology Co., Ltd. on November 22, 2021 to learn the specific methods of hazardous waste treatment and deepen their awareness of hazardous waste and its treatment.



Visit to Guangzhou Environment Protection Technology Co., Ltd.



Co-build the Footstone of Development

Our performance

○ Proportion of female employees:

37.92%

○ Percentage of social security coverage:

100%

○ Financial contributions of public welfare:

RMB 13,690,200

Contribution to UN SDGs



Challenges and opportunities

Pharmaceutical industry's development is driven by both R&D and innovation, but currently China lacks high-quality technology and skill talents in TCM field. With more attentions paid to TCM field, China has promulgated many favorable policies in succession. In TCM field, more importance has been attached to developing high-quality technological talents, and efforts are also made to vigorously strengthen the construction of grass-root TCM talents team, and launch TCM talents developing programs. The industry ushers its golden development chance, along with the joint development of TCM talents developing programs in many domestic local sites.

Our actions

We closely follow the country's call to establish the idea of developing enterprise by talent management, attached importance to talent cultivation, kept improving talent cultivation system, optimize salary and welfare system and inject new vitality to development of TCM industry.

Employees' Rights and Interests and Development

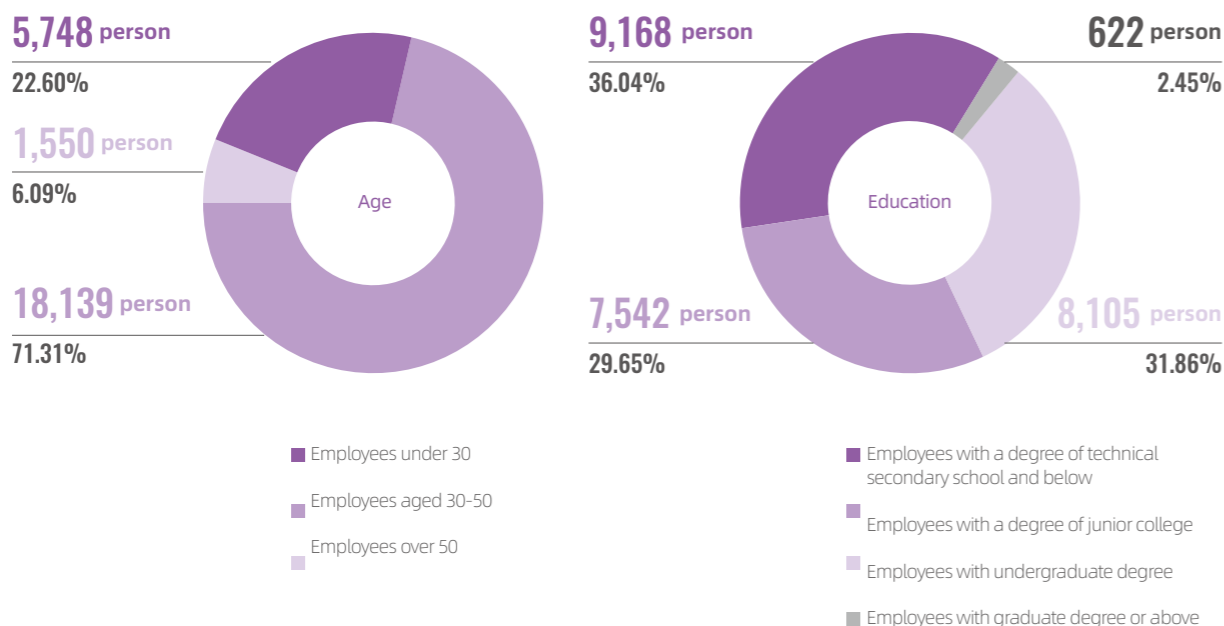
Talents are the key to inherit, innovate and develop TCM industry in a new era. We always focus on the "people oriented" development idea, care and think highly of employees' reasonable demand both in work and life including basic rights and interests and development potential, take their advice in a democratic manner such as holding Congress of Workers and Staff and Conference of the Trades Union Congress and made efforts to build up a comfortable working environment for employees.

Safeguard employees' rights and interests

We have fully safeguarded the basic rights and interests of employees, make recruitment and promotion in principle of openness and transparency, treated all employees justly and fairly, embraced and respected their national customs, and provided them with equal employment opportunities.

Equal employment

We abided by the laws and regulations (such as the Labor Law, Labor Contract Law and Regulation on Work-Related Injury Insurances) in good faith and protected employees' right of equal employment. We have formulated HR management system covering the aspects such as recruitment, promotion, salary and welfare and vacation) and established the strict and complete recruitment and employment process; signed labor contract meeting legal standards with all staff and never employed child worker or forced workers. We ensured we never impaired staff's employment or career opportunity or offered equal treatment due to the factors (e.g. race, skin, gender and age).



Compensation and benefit

We formulated and implemented the systems such as Management Measures for Performance Assessment and Management Measures for Salary and Benefit and provided reasonable labor remuneration for all employees. We also kept optimizing our salary management system, improved performance management scheme, promoted the construction of a comprehensive performance management system, and stimulated employees' enthusiasm for work.

Social insurance coverage rate:

100%

Regular Benefits

- Five social insurances and one housing provident fund: Endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund.
- Legal holidays, wedding and funeral leave, maternity leave, breastfeeding leave, high-temperature subsidies (HTSs), only-child allowance, heatstroke prevention subsidy, etc.

Supplementary Benefits

- Commercial insurance such as serious illness medical treatment and accidental injury, family medical insurance channels, enterprise annuity, holiday subsidy, free working meal, shuttle bus, talent apartment, extra paid annual leave and annual physical examination.

Boost employees' development

As the saying goes, "talent is the key to governing the country". It also applies to enterprises. We attached great importance to employee training, established a sound talent management system, carried out employee training normally, improved employees' overall quality level, standardized professional channel evaluation and certification, and encouraged employees to realize self-improvement.

Per capita training duration/h:


20.48

Total person-times of training:

156,690


Intensify talent introduction

The Company further built a talent supply chain system, improved its platforms such as talent introduction resource center, external talent pool sharing center, etc., organized 8 on-site job fairs and 6 "cloud recruitment" throughout the whole year, and carried out school recruitment activities with 10 colleges and universities, with many outstanding students introduced as a result.



Promote the construction of HR system

The Company used professional channel promotion management information system, carried out 34 preliminary, medium and advanced evaluation and certification of professional channels in a standardized way, kicked off the construction of performance management system covering the whole company, further improved the performance management plan of both cadres and employees, promoted the construction of integrated performance management system, and further enhanced the effectiveness of performance management.



Training for new employees

Cultivation plan for outstanding talents



Training course on chronic disease management



Training course for improvement of director management

Care for employees' life

We held various recreational activities in spare time to enrich employees' life and improve their work enthusiasm. We visited employees and their families in difficulty, helped solve their problems, and made employees work with no worries.

Staff chorus competition

Team building activities

Women's Day activities

Condolences to employees in difficulty

Occupational Health and Safety (OHS)

We strictly followed related laws and regulations, made efforts to eliminate potential safety hazards in workplaces, and strengthened safety training and emergency drills, in order to make transformation from "passive publicity of safety" to "active awareness of safety", "knowledge of ensuring safety" and "skills of ensuring safety".

Intensify work safety

Safety ensures production. We gave top priority to production safety production, established sound safety rules and regulations, kept improving working mechanism of prevention in advance, control in the event and improvement afterwards, and endeavored to build and guard the safety defense line.

The Company organized safety inspection for **65** times in total identifying **536** risks and hidden dangers all of which were rectified **100%**

Implement entity responsibility of safety production

The Company organized and convened the "2021 Work Conference on Safety Production, Environmental Protection, Comprehensive Management and Stability Maintenance, and Family Planning", signed the "Letter of Responsibility for Safety Production Target Management", arranged safety production work in 2021 comprehensively, and formed hierarchical and network management under which safety responsibility penetrated every aspect.

Implement safety system

The Company implemented the Management System for Work Safety strictly, strengthened the safety production management of itself and its subordinates, intensified the entity responsibility of enterprise safety production by executing the corresponding systems and tried to improve safety production management level and risk prevention and control ability.

Carry out investigation and management of hidden dangers

The Company organized special inspections on safety production before and after festivals, etc., and inspected key parts such as production sites, construction sites, labs, use and storage of hazardous chemicals, leased properties, etc., as well as crowded announcement areas carefully so as to ensure full implementation of entity responsibility for safety production.

Promote modern safety management measures

The Company promoted the HSE management system of GYBYS, established the intelligent system of "big data for safe production", grid management system, risk management & control system and production safety information platform, and realized modern technology-based and information management of production safety, environmental protection and energy conservation. At the same time, the Company completed the development and use of all modules, including system portal, execution management, file management, equipment management, education and training, and conference management, etc.

Carry out special safety campaigns

The Company carried out special production safety inspections in-depth by stressing production safety, fire safety, road traffic, building construction, special equipment, special operations, hazardous chemicals, crowded places, etc., in order to prevent and resolve major safety risks. We also invited safety and fire protection experts to spot check key enterprises, conducted standardized inspections as per current laws and regulations, and issued notices of rectifying hidden dangers within time limit.

Manage and appraise production safety target

The Company's appraisal working group managed and made appraisal on subordinates' production safety management target in the first half of and the whole year, so as to enhance the sense of responsibility and initiative of leaders at all levels in production safety management. We also strengthened the safety production management mechanism of enterprises, and ensured various production safety work was carried out smoothly.

Occupational health guarantee

We intensified occupational disease prevention and control for employees continuously, improved the occupational health management system, strengthened occupational health publicity and education and the construction of occupational health management personnel, promoted the standardized management of occupational health monitoring in an orderly manner, improved the management of occupational health files, strictly executed the "Three Simultaneities" approval of construction projects, occupations and health, improved production conditions continuously, lay special emphasis on occupational disease prevention, physical examination and labor insurance, and protected employees' occupational health effectively.



Case Build a safe enterprise and promote its healthy development

We held kick-off ceremony for 2021 work injury prevention project on 24 October 2021. GYBYS has organized and carried out work injury prevention project for three consecutive years and its leaders, group management and all workers actively participated in the education and training of work injury prevention knowledge. By always upholding the safety work policy of "safety first, prevention crucial, comprehensive management", the Company strictly implemented safety work requirement of "dual responsibilities in one post, joint management and accountability against negligence of duty", and innovated ways of work injury prevention publicizing and training. In virtue of online and offline trainings and such forms as video, sign, illustration and typical cases, the Company helped staff master safe production knowledge required in their own job, improved work injury prevention skills, strengthened the ability of preventing accidents and dealing with emergency continuously, improved safe production awareness and self-protection ability of the whole company and declined illegal command and operation and violation of labor discipline. After implementing and promoting work injury prevention project for two years, The project has surely improved work injury prevention awareness and ability of the whole company.

Foster safety culture

Beforehand prevention is the best way to lower safety risk. We attached importance to developing staff's safety awareness, and held series of activities in safe production month so as to improve their safety awareness subtly and create a safety culture environment.

Strengthen safety production training

We organized all enterprises to carry out publicizing, education and training of work injury prevention and production safety, held "2021 Work Injury Prevention Special Training and Safe Production Training of CPC Party Members, Managers and Staff of Key Position", "Special Video Training of Work Injury Prevention and Production Safety" and "2021 Special Training of Work Injury Prevention Project", prepared and printed a total of 6,000 pieces of Book for Preventing Work Injury Accidents and Occupational Disease to Ensure Production Safety and posters of Work Injury Prevention and Production Safety for employees to read and learn.

Carry out emergency drill activities

We published and implemented Emergent Reserve Plan for Production Safety Accident and Operation Handbook of Emergent Reserve Plan for Production Safety Accidents on 1 January 2021 to further improve the Group's level of emergency disposal and ability of responding to emergencies, and build up an efficient working mechanism of preventing and coping with accidents. We organized and carried out special activities such as "2021 Comprehensive Emergent Rescue Drill for Production Safety" and "Fire at Hazardous Chemical Tank Farm", strengthened coordination and cooperation of emergency team and improved ability of coping with emergencies quickly.



Safety drill

Carry out safe production alerting education

We held "2021 Q2 Production Safety Conference", organized training to study Management of Operation Safety within A Limited Space and gave safety warning using specific examples.

Hold emergency management popularizing-law knowledge competition

We encouraged our staff to actively participate in the 3rd National Law Popularization of Emergency Management Competition and Guangzhou team consisted of our staff participated in Guangdong semi-final of National Emergency Management Popularizing-law Knowledge Competition on 8 November 2021.

Product Safety and Quality

TCM quality safety plays a fundamental role in TCM industry's development, which is necessary for safeguarding people's health and welfare. We strictly followed laws and regulations concerning product safety and quality, built a comprehensive quality management system and medicine warning system, made efforts to protect customers' rights and interests and finally win customer's satisfaction by excellent products and considerate services.



Strengthen product quality management

We strictly followed related laws and regulations such as Drug Administration Law of the People's Republic of China and Regulations for Implementation of the Drug Administration Law of the People's Republic of China, strengthened product quality management, improved staff's professional skill through various ways and best guaranteed product quality with internal quality management and external communication on skill improvement.

Improve QMS

We formulated the quality development plan in the "14th Five-year Plan" period and 11 major tasks against the Company's quality management difficulties and bottlenecks. The Public Testing Platform for TCM Material was granted China Inspection Body and Laboratory Mandatory Approval (CMA), which safeguards the quality of the Company's TCM materials effectively and pushes our TCM testing to the international market.

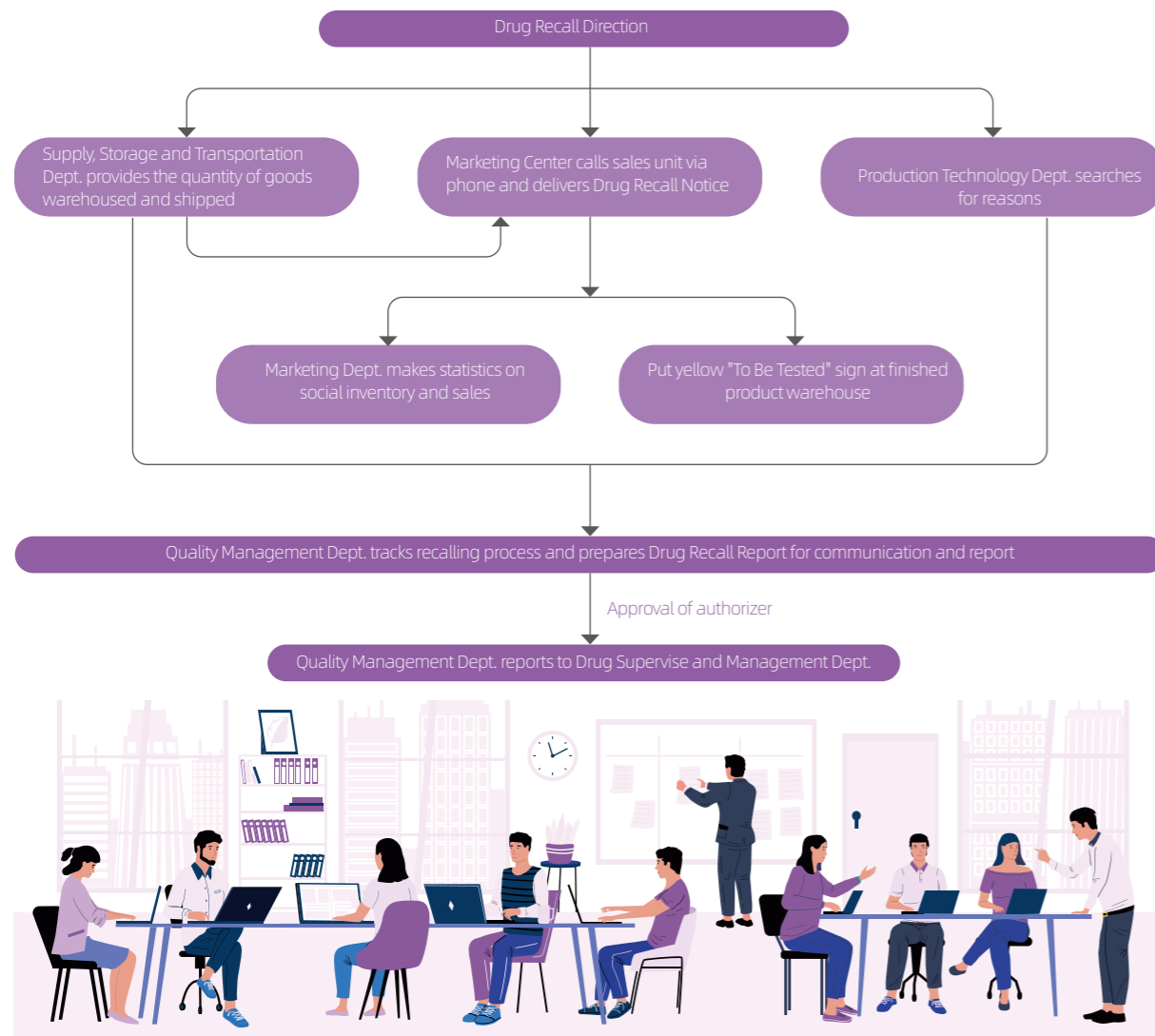
Strengthen internal quality risk management

We finished quality compliance diagnose and examination of 16 subordinate companies, put forward a total of 284 risk research and judging opinions and 125 improvement suggestions, reviewed and checked risks and hidden dangers of production quality management comprehensively and carried out "after-sale" examination to follow up and implement the Company's rectification and improvement.

Hold quality management activities

We formed a long-time mechanism of quality culture construction, held quality activities involving all staff such as QC group activities and quality education month, and undertook "Guangdong Technician" Engineering Action - "Guangdong Craftsman Cup" Guangzhou Pharmaceutical Industry Working Skills Competition. With the help of professional technicians in pharmacy industry, we organized quality education training in continued educational training base, which was attended by staff for more than 370 person-times.

Product Recovery Procedure



Build pharmacovigilance system

As per the latest laws and regulations such as Drug Administration Law and Good pharmacovigilance practices (GVP), etc., pharmacy holders should build and improve continuously pharmacovigilance system according to the requirements and develop pharmacovigilance activities in a normalized manner.

We made efforts in boosting the construction of the Company's pharmacovigilance system and pharmacovigilance informatization system. Pursuant to China's related laws and regulations and the Company's present situation of pharmacovigilance work, we made initial plans for building the Company's pharmacovigilance system and pharmacovigilance informatization platform, organized veteran experts, professors of statistics and pharmacovigilance specialists of subordinate companies in pharmacovigilance industry to discuss business requirements for many times, optimized database, analytical and statistical methods with TCM special features, finished the specific plan for overall framework for 4 phases and Phase I business requirements. We're working on establishing Phase I system.

Safeguard consumers' rights and interests

We attached great importance to safeguarding consumers' rights and interests, and established strict management and execution measures concerning the protection of customer privacy and measures of consumer's complaints so as to avoid divulging the information of patients under treatment.

Protect customer privacy

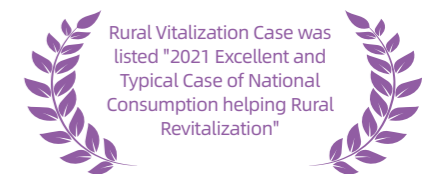
We respect and protect the right of privacy of all our customers, explain the rules for collecting, using and protecting their personal information, prepare sound information management system and strictly protect our members' and patients' private information. All members registered at GPC Prescription Pharmacy should sign a registration agreement, and member archives shall not be established until customers know and agree drugstore to register their specific information. Review and editing authorities were established within the information and member management system for various drugstore posts, so that any modification to customer information should be approved level by level; information must undergo desensitization management of output audit at a unified port and the Company's employees are forbidden to duplicate, download or transcribe customer information.

Customer complaint treatment

We have improved customer complaint treatment mechanism and procedure constantly, prevented complaint from the very beginning actively, provided various complaint feedback ways for customers such as service hotline, information publication via website, WeChat official account, customer satisfaction survey, official Weibo, direct-sale drugstore so as to properly handle customer complaint in time.

Public Welfare & Community Development

Corporate development is fully associated with its social responsibility. We always uphold the enterprise idea of "spreading love all over the world", actively fulfill social responsibilities and obligations and lay special emphasis on public welfare along with our fast development. We will live up to expectations and move on!



Boost rural revitalization

We worked with governments of Zunyi City, Maoming City, Zhanjiang City and Ningling County respectively in terms of industry, culture and talent vitalization and actively took on the development task of Guangdong lychee industry. For instance, we developed lychee food, "Li Xiao Ji" with lychee, the Lingnan specialty and also plan to copy the mode of "Ci Ning Ji" and apply it onto the vitalization of Guangdong lychee industry. We gave paired assistance to Nanxing Town, Leizhou City, Zhanjiang City, 8 villages of 3 towns from Sandu County, Qiannan Prefecture, Guizhou Province, Zhongluotan Town, Baiyun District, and Zhonglou Village, Taiping Town, Conghua District and donated a total of RMB 500,000 lychee industry development fund to Nanxing Town and anti-epidemic materials of RMB 200,000 to support local rural vitalization.

Highlight on local public welfare

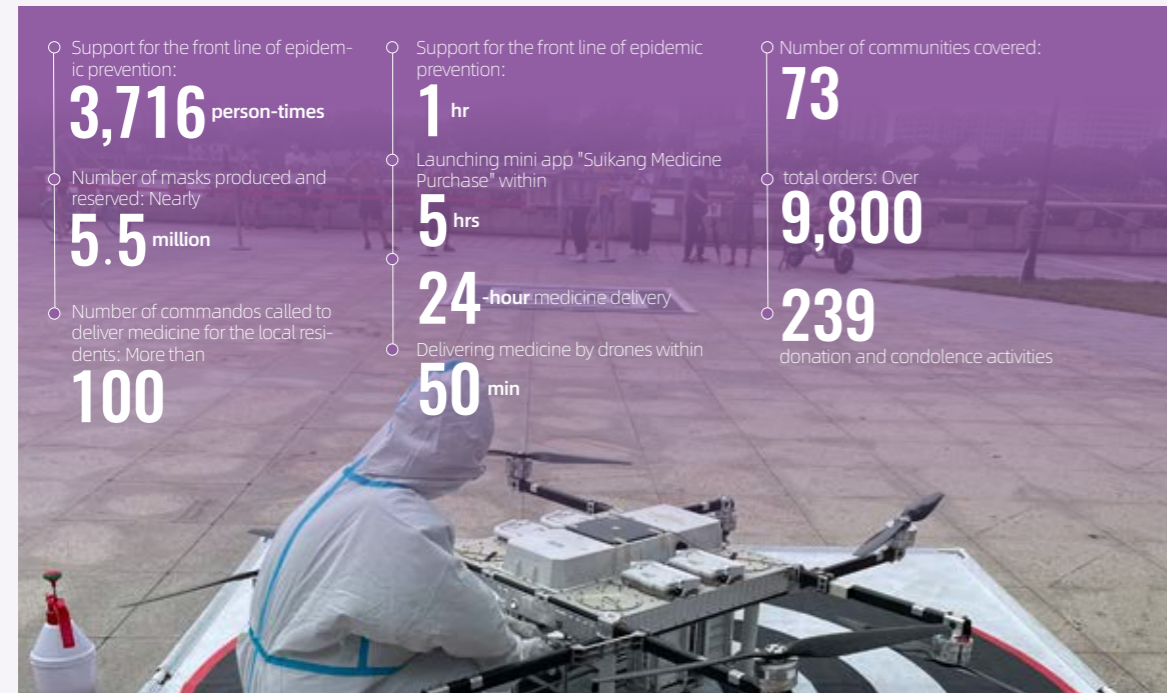
We kept promoting GYBYS's public welfare brand image, such as organizing many public welfare projects at regular intervals such as "8.13 Family Out-dated Drug Recycling" and "Sangongzai - Love Your Children the Right Way"; We threw our full support to Guangzhou anti-pandemic work and launched mini app "Suikang Pharmacy Purchase" overnight; provided 24-hour drug delivery services for local residents in areas that were locked down.



Case Fight against epidemic until we finally win

COVID-19 broke out in Guangdong Province again unexpectedly in May 2021. In consideration of the tough realities, we started epidemic handling working system with no delay, appealed to "fighting against epidemic until we finally win", gave full play to our advantages as a pharmaceutical enterprise, and worked in many different ways to support Guangzhou unremittingly.

To ensure supply of anti-epidemic masks, we increased the production and reserve of masks and achieved a daily output of 200,000 masks. On the very night when Fangcun Area, Guangzhou City was locked down, we organized our team to build up a pharmacy delivery "green channel" with "online orders - special delivery car" within the shortest time possible, and voluntary service commando to deliver medicine residents needed, finishing "the last kilometer" of delivery. CPC member commando and Xiang Xiuli · Lei Feng voluntary service team worked initiatively, making investigation in every household, helping with testing and donation. 24 emergency militia members worked at anti-epidemic frontline day and night. All employees of GYBYS built an "invisible supply line" for epidemic prevention and protection through their actions.



Deliverer delivered medicine with drone to residents in lockdown areas

GYBYS with Care

WLJ has witnessed each unity moment over the past decade

"Let Love Return Home Timely" Care Action of Spring Festival Travel Rush has been carried out for ten consecutive years since 2013 by WLJ. Thanks to the action, nearly 20,000 persons returned home and reunited with their family during the Spring Festival through many different ways such as Love HSR and transportation allowance. In the past two years, WLJ has actively cared people that stay put for the spring festival due to epidemic prevention and control, and sent good luck to them through loving gift bags, online activities, etc. so as to enable these people also enjoy an meaningful spring festival.

We launched the Season 10: "Let Love Return Home Timely" in 2021. In partnership with many different organizations including Sina, TouTiao, Zhong Nanshan Medical Foundation of Guangdong Province, China Railway Guangzhou Group Co., Ltd., C-Trip, Qunar.com, we helped more people in need to enjoy a happy Spring Festival.

Unity is the most beautiful expectation. Scan the QR code to watch WLJ commemorative film Assistance in Returning Home for Ten Years



Outlook

In 2022, we will continue to implement the spirit of General Secretary Xi Jinping's major discourses on TCM development, inherit the essence, stick to the right way and innovate, and make new breakthroughs in the field of medical technology by working seamlessly with all interested parties so as to make more and newer contribution to the modernization and internationalization of TCM.

Improve health availability, enjoy right to health together.

We will further increase investment on innovative drug and high-end generic drugs, promote our innovation and R&D capacities continuously, further improve production efficiency, guarantee the supply of basic drug varieties, advance drug R&D of rare disease, accelerate the layout of new businesses and formats, further push forward diversification and flattening reform of circulation channels, widen the scope of grass-roots level medical service continuously so as to continuously improve healthy medical availability and enable more people to get benefit from healthy and available medical products.

Improve operation compliance, co-build transparent business.

We will include moral operation and law-abiding in our values as important parts, further strengthen the prevention and control of corruption risks, push internal and external resources to form joined force of cleanness and compliance, further promote the transparency of clinical experiments, observe the ethic of drug R&D, guarantee the rights, benefits and happiness of tested humans and animals, further boost suppliers to fulfill corporate social responsibilities (CSR), and build up responsibility supply chain to continuously improve operation compliance and penetrate transparent and fair operation idea in all walks of life.

Uphold eco-friendliness, create clean waters and green mountains.

We will continuously improve HSE management system, deepen the construction of green factory, greatly develop circular economy, effectively control and decline influence over environment by responsible production and operation, actively cope with climate change, protect biodiversity, uphold a path of green and sustainable development and make efforts to achieve China's goal of "peak carbon peaking dioxide emissions and carbon neutrality".

Promote social harmony, build development footstone.

We will uphold the "people-oriented" philosophy, create a safe and healthy working environment and harmonious and aggressive enterprise culture for staff, introduce and nurture excellent talents in pharmaceutical industry. We will also actively get devoted to rural vitalization, keep promoting GYBYS's public welfare brand image, and concentrate on building a more sustainable future.



ESG Indicator Index

Main Category	Contents	Position
A Environment		
A1 general disclosure	The part concerning emissions generally discloses the policies such as the emission of relevant exhaust gas and greenhouse gas, pollution discharge to water and land and generation of harmful and harmless wastes	Climate change response and energy management
A1.1	Type of emissions and relevant emission data	Climate change response and energy management and table for ESG's key performance indicators
A1.2	Total emission and density of greenhouse gas	Climate change response and energy management and table for ESG's key performance indicators
A1.3	Total quantity and density of generated harmful wastes	Waste management and table for ESG's key performance indicators
A1.4	Total quantity and density of generated harmless wastes	Waste management and table for ESG's key performance indicators
A1.5	The determined emission objectives and steps adopted to reach these objectives	Climate change response and energy management
A1.6	Method for disposing harmful and harmless wastes as well as waste reduction objectives and steps used for realizing these objectives	Waste management
A2 general disclosure	Policies about effective use of resources (including energy, water and other raw materials)	Water resources management
A2.1	Total consumption and density of direct and/or indirect energy divided by type	Climate change response and energy management and table for ESG's key performance indicators
A2.2	Total consumption and density of water	Water resources management and table for ESG's key performance indicators
A2.3	Energy use efficiency objectives and steps used for realizing these objectives	Climate change response and energy management
A2.4	Any problem in finding suitable water source, water use efficiency objectives and steps used for realizing these objectives	Water resources management
A2.5	Total quantity of packaging materials used for finished goods and occupation per production unit	Use of packaging material
A3 general disclosure	Policy for reducing issuer's major influence on environment and natural resources	Climate change response, energy, water resources, waste and noise management and biodiversity conservation
A3.1	Descriptions of major influence of business activity on environment and natural resources and actions adopted to manage relevant influence	Climate change response, energy, water resources, waste management and biodiversity conservation
A4 general disclosure	Policies concerning recognition and response to the major climate-related affairs that have generated or may generate influence on issuer	Climate change response, energy management and biodiversity conservation
A4.1	Descriptions of major climate-related affairs that have generated or may generate influence on issuer	Climate change response, energy management and biodiversity conservation

Main Category	Contents	Position
B Society		
Employment and Work Conventions		
B1 general disclosure	Policies about salary and dismissal, recruitment and promotion, working hours, vacation, equal opportunity, diversification, anti-discrimination and other treatments and benefits and the data on compliance of relevant laws and regulations that affect issuer significantly	Protection of employees' rights and interests
B1.1	Total number of employees divided by gender, employment type (e.g. full-time or part-time), age category and regional division	Protection of employees' rights and interests and table for ESG's key performance indicators
B1.2	Turnover rate of employees divided by gender, age category and regional division	Table for ESG's key performance indicators
B2 general disclosure	Policies on providing safe working environment and preventing employees from occupational hazards and the data on compliance of relevant laws and regulations that affect issuer significantly	Occupational health guarantee
B2.1	Annual number and ratio of the persons died from work over the past three years (including annual report)	Table for ESG's key performance indicators
B2.2	Working days of loss due to working reason	Table for ESG's key performance indicators
B2.3	Adopted occupational health and safety measures and relevant execution and surveillance measures	Occupational health guarantee
B3 general disclosure	Policy on improving employees' knowledge and skills for performing working responsibility and training activity description	Boosting employee development
B3.1	Percentage of employees divided by gender and employee category(e.g. senior management and middle management)	Table for ESG's key performance indicators
B3.2	Average hours of training for each employee, divided by gender and employee category	Table for ESG's key performance indicators
B4 general disclosure	Policies on preventing child worker or forced labor and the data on compliance of relevant laws and regulations that affect issuer significantly	Protection of employees' rights and interests
B4.1	Measures for reviewing recruitment conventions to avoid child worker and forced labor	Protection of employees' rights and interests
B4.2	Steps adopted to eliminate relevant condition after discovering violation	Protection of employees' rights and interests
B5 general disclosure	Policies on managing supply chain environment and social risks	Supply chain management
B5.1	Number of suppliers divided by regions	Table for ESG's key performance indicators
B5.2	Supplier employment conventions, number of suppliers subject to relevant conventions against the Company and methods for the execution and surveillance of relevant conventions	Supply chain management
B5.3	Conventions on recognizing the environments and social risks for each link of supply chain and relevant execution and surveillance methods	Supply chain management

Main Category	Contents	Position
B Society		
Employment and Work Conventions		
B5.4	Conventions on the environmentally friendly products and services most probably used while selecting suppliers and relevant execution and surveillance methods	Supply chain management
B6 general disclosure	Health and safety of provided products and services, advertising, label and privacy affairs, remedy policies and data of compliance of relevant laws and regulations that affect issuer significantly	Responsible marketing
B6.1	Percentage of products required to be recovered due to safety and health reason among the sold or shipped products	Table for ESG's key performance indicators
B6.2	Accepted complaints on product and service and corresponding measures	Strengthening product quality management and table for ESG's key performance indicators
B6.3	Conventions on describing, maintaining and guaranteeing IPRs	Protect IPRs
B6.4	Quality verification process and product recovery procedure	Strengthening product quality management
B6.5	Consumers' data guarantee and privacy policy and relevant execution and surveillance methods	Protecting consumers' rights and interests
B7 general disclosure	Policies on avoiding bribery, blackmail, fraud and money laundering and the data of compliance of relevant laws and regulations that affect issuer significantly	Anti-corruption and bribery
B7.1	Number of concluded corruption litigation cases filed against issuer or its employee during the reporting period and the results concerned	Anti-corruption and bribery
B7.2	Precautionary measures and relevant execution and surveillance methods	Anti-corruption and bribery
B7.3	Anti-corruption training offered to directors and employees	Anti-corruption and bribery
B8 general disclosure	Policies on understanding operating community's needs through community participation and considering community interests while ensuring business activity	Public welfare & community development
B8.1	Contribution categories focused (e.g. education, environment, labor needs, health, culture and sports)	Public welfare & community development
B8.2	Resources used in the focused category (e.g. money or time)	Public welfare & community development and table for ESG's key performance indicators

Table for ESG's Key Performance Indicators

Required Indicator/Unit	2021 Data
A1 Emissions	
Industrial wastewater/t	2,643,265.06
Density of industrial wastewater/t/output value of RMB 10,000	1.23
Chemical oxygen demand CODCr/t	100.88
Ammonia nitrogen/t	5.84
NOX/t	20.24
SO2/t	4.00
Total emission of greenhouse gas/t	124,208.72
Emission of Category 1(t)	35,512.58
Emission of Category 2(t)	88,696.14
Emission density of greenhouse gas/t/output value of RMB 10,000	0.06
Pharmaceutical waste (HW02) and waste drugs (HW03)/t	319.65
Other hazardous wastes/t	299.36
Total quantity of hazardous wastes/t	619.01
General industrial wastes/t	24,932.90
Density of general wastes/kg/output value of RMB 10,000	11.59
A2 Resources and Energy Use	
Gasoline/L	265,178.12
Diesel/L	778,456.30
Coal/t	0.00
Natural gas/10,000 m ³	1,512.99
Purchased steam/ t	47,865.87
Purchased electricity/kWh	139,012,632.20
Electricity consumption density/ kWh / output value of RMB 10,000	64.61
Water consumption/t	4,216,974.33

Required Indicator/Unit	2021 Data
A2 Resources and Energy Use	
Water consumption density/t/ output value of RMB 10,000	1.96
Comprehensive energy consumption/10,000 kWh	343,605.04
B1 Employment and Labor	
Total number of employees/ person	25,437
Number of male employees/person	15,791
Number of female employees/person	9,646
Number of full-time employees/person	25,437
Number of part-time employees/ person	0
Number of employees below 30/person	1,582
Number of employees aged 30-50/person	2,501
Number of employees aged 50 or above/person	271
Employee turnover rate/%	14.76%
Turnover rate of male employees /%	20.02%
Turnover rate of female employees /%	12.37%
Turnover rate of employees below 30/%	27.52%
Turnover rate of employees aged 30-50/%	13.79%
Turnover rate of employees aged 50 or above/%	17.48%
B2 Health and Safety and B3 Development and Training	
Number of deaths in 2021 due to work reason/person	1
Number of deaths in 2020 due to work reason/person	0
Number of deaths in 2019 due to work reason/person	1
Total loss days due to work reason/day	1,879
Total person-times of training/person-time	156,690.00
Training percentage of male employees	60.15%
Training percentage of female employees	100%
Total training duration of all staff/h	520,920.60

Required Indicator/Unit	2021 Data
B2 Health and Safety and B3 Development and Training	
Per capita training duration/h	20.48
Training hours of male employees/h	10.78
Training hours of female employees/h	17.11
Relevant safety training times/time	1,291.00
Relevant safety training person-times/ person-time	68,704
Relevant safety training duration/h	140,272.70
Safety drill times/time	147.00
B5 Supply Chain Management	
Proportion of suppliers divided by regions	
South China/%	41.88%
East China/%	25.25%
North China/%	7.02%
Central China/%	6.57%
Northeast China/%	3.93%
Northwest China/%	5.54%
Southwest China/%	9.81%
B6 Product Responsibility	
Percentage of products required to be recovered due to safety or health reason among the sold or shipped products/%	0
Complaint (involving "product quality" and "service quality")/time	2,795
B8 Community Investment	
Fund donation/RMB 10,000	1,369.02
Article donation value/RMB 10,000	240,562.14
Number of volunteers/person	7,312
Volunteering hours/h	17,883.45

Notes:

1.Both data calculation method and correlation coefficient refer to HKEX How to Prepare Environment, Society and Management Report, unless otherwise noted;

2.Greenhouse gas emission of natural gas was calculated according to Industry other Industries Corporate Greenhouse Gas Emission Calculation Method and Guidance of Report released by National Development and Reform Commission.



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