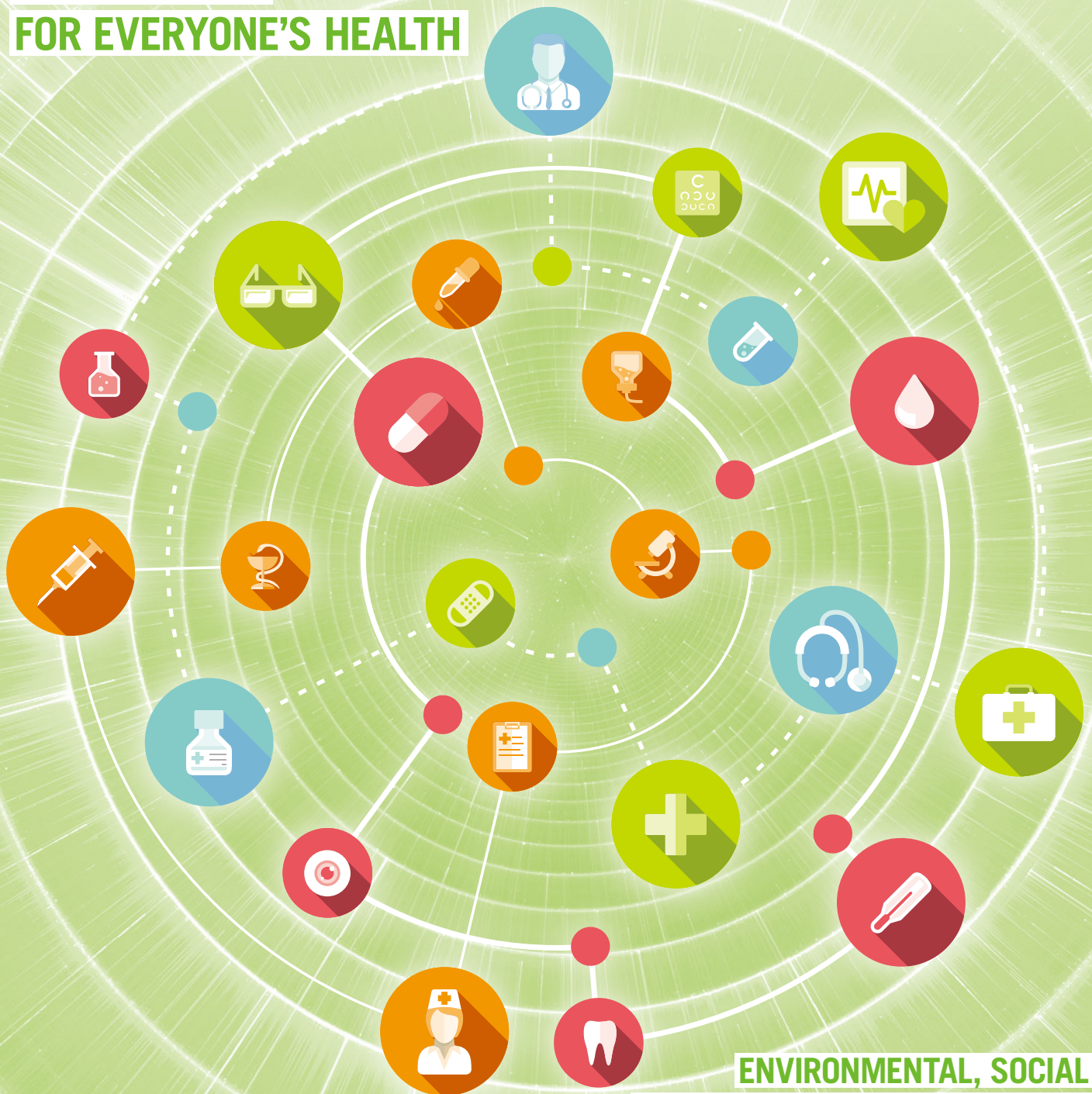


Stock Code : 1558

OUR MISSION:
FOR EVERYONE'S HEALTH



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017



CONTENTS

ABOUT THIS REPORT	3
ABOUT US	4
(I) Corporate profile	4
1. Principal businesses	4
2. Partnership	4
3. Well-known brands	5
4. Milestones	6
5. Business network	6
(II) Strategies and outlook	7
(III) Corporate culture	7
MESSAGE FROM CHAIRMAN/GENERAL MANAGER	8
Message from Chairman	8
Message from General Manager	10
CHAPTER 1 RESPONSIBILITY GOVERNANCE	12
(I) Corporate Governance	12
1. Corporate structure	12
2. Shareholder governance	12
(II) Responsibility Communications	13
1. Participation of stakeholders	13
2. Assessment of important issues	15
(III) Anti-corruption	18
(IV) Operation Management	18
1. Internal control system	18
2. Risk control system	19
3. Project audit	19
(V) Create Value for Shareholders	19



CHAPTER 2 PRODUCT LIABILITY	20	(II) Use of resources	27
(I) Quality assurance	20	1. Policies for effective use of resources	27
1. Concept of product liability	20	2. Energy management	27
2. Product quality management	20	3. Water management	29
3. Certification for product quality	21	4. Packaging material management	30
4. After-sales services	21	CHAPTER 5 STAFF CARE	31
(II) R&D and Innovation	22	(I) Equal Employment	31
1. Product filing	22	(II) Remuneration and Benefits	32
2. R&D progress	22	(III) Health and Safety	32
3. Continuous research upon market launch	22	(IV) Development and Training	35
4. Elimination mechanism	22	CHAPTER 6 TACKLING INFLUENZA	36
5. R&D System Protection	23	CHAPTER 7 PUBLIC WELFARE	37
6. R&D Progress	23	(I) Devotion to charity	37
CHAPTER 3 WIN-WIN COOPERATION	24	(II) Contributing to our communities	37
(I) Supply Chain	24	OVERVIEW OF SUSTAINABLE DEVELOPMENT	38
(II) Industry and university collaboration	24	List of Policies	38
CHAPTER 4 ENVIRONMENTAL PROTECTION	25	List of Statistics	39
(I) Emission management	25	INDICATOR INDEX	47
1. Environment management policies	25	READERS FEEDBACK	51
2. Management of wastewater	26		
3. Management of exhaust gas	26		
4. Management of solid wastes	26		
5. Management of greenhouse gas emissions	27		

ABOUT THIS REPORT

Dear stakeholders, this is the third Environmental, Social and Governance Report released to the public by YiChang HEC ChangJiang Pharmaceutical Co., Ltd. The Report has been reviewed and approved by the Board of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. upon the confirmation from the management. This report aims at reflecting the development and practice in respect of environment, social and corporate governance in the year 2017 of YiChang HEC ChangJiang Pharmaceutical Co., Ltd., reporting to stakeholders such as the shareholders, employees, the government, customer and consumers, partners and the community about the corporate operation, and the situation of carrying out the social responsibilities and environmental missions, which fully demonstrates the efficient operation and management, unique research and development and innovation, and the sustainable concepts of environmental governance of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. in the past year.

Basis of preparation

This report has been prepared in strict compliance to the requirement of the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited, with reference to the requirements in the Chinese CSR Report Preparation Guide.

Reporting period

1 January, 2017 to 31 December, 2017.

Reporting cycle

The report is published annually.

Scope of report

The scope of this report is the same as the scope disclosed in the 2017 Annual Report of YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

Source of data

The financial data involved in this report is in line with the 2017 Annual Report of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. Other information is all from official documents, statistics reports and related public information. All the information has been reviewed by the Board to ensure the accuracy and reliability of the information.

Salutation Description

For the ease of presentation and reading, YiChang HEC ChangJiang Pharmaceutical Co., Ltd. is referred to as “the Company” or “our Company”, and YiChang HEC ChangJiang Pharmaceutical Co., Ltd and its members under the scope of the combined statement are together referred to as “the Group”, “our Group” or “we” in this report.

Access to the Report

This report is published in both traditional Chinese and English, and the electronic version is also available. The electronic version can be downloaded from the Company’s website <http://cj/hec.cn>, In the case of any discrepancy in understanding the different versions, the traditional Chinese version shall prevail.

ABOUT US

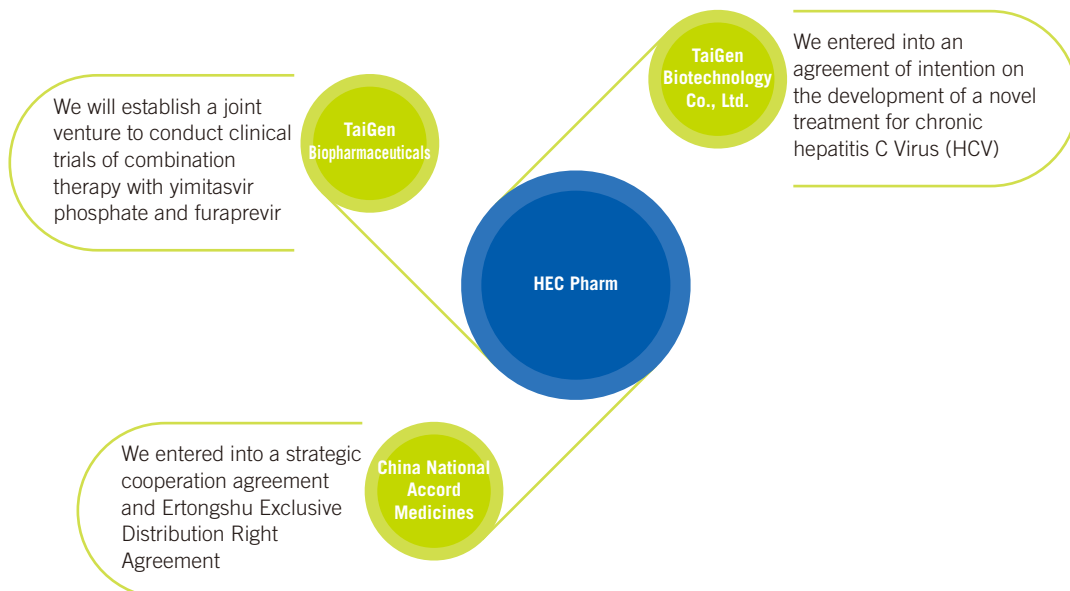
(I) Corporate profile



1. Principal businesses

The Group is a pharmaceutical manufacturing company that focuses on the research and development (“R&D”), manufacturing and sale of pharmaceutical products for 17 years. Facing to tough challenges for creating a bright future, we have always believed in “serving the Chinese with a higher standard” since our establishment. We have a solid industrial foundation and leading competitive strengths in terms of pharmaceutical manufacturing and marketing. Relying on our major shareholder who has strong R&D capabilities, we are among the top of China’s domestic pharmaceutical industry in terms of R&D capability, production level and sales performance of pharmaceutical products for antiviral, endocrine and metabolic diseases, as well as cardiovascular and antitumor diseases, and we have become one of the pharmaceutical manufacturing companies with strong capabilities in R&D and innovation and good development prospects. As of 31 December 2017, the Group manufactured, promoted and sold a total of 33 pharmaceutical products in China. We are the only manufacturer of oseltamivir phosphate granules in the market. Our core product, Kewei (oseltamivir phosphate), is a leading product in China’s anti-influenza market with the highest sales volume in China during 2013 to 2017.

2. Partnership



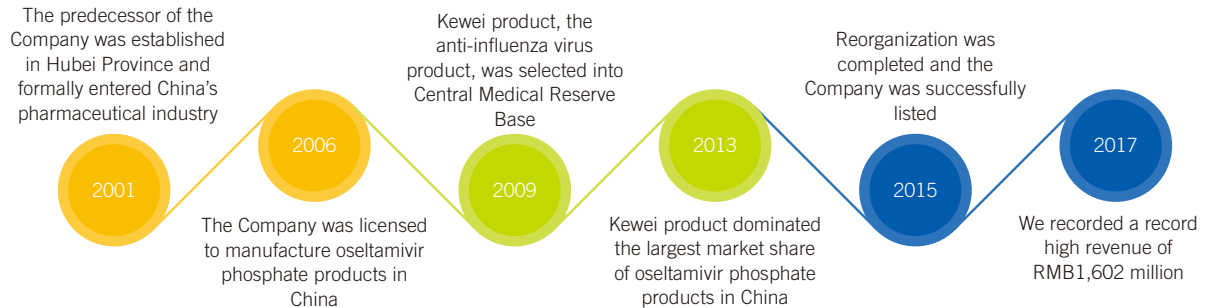
3. Well-known brands

Product name	Common name	Therapeutic area	Revenue in 2017 (RMB million)	Percentage (%)
Kewei (75mg capsule)	Oseltamivir phosphate	Anti-influenza medicine	439.55	27.44
Kewei (granule)	Oseltamivir phosphate	Anti-influenza medicine	961.68	60.05
Ertongshu	Benzbromarone	Medicine for treatment of excess level of uric acid and gout	39.72	2.48
Oumeining	Telmisartan	Medicine for treatment and prevention of hypertension	50.29	3.14
Xinhaining	Amlodipine besylate	Medicine for treatment and prevention of hypertension	31.55	1.97
Xining	Cetirizine hydrochloride	Medicine for treatment of allergy	43.40	2.71



ABOUT US

4. Milestones



5. Business network

To achieve a clear and precise product positioning, the marketing department of the Group has conducted market research and analysis and coordinated with other departments participating in marketing and promotion activities to formulate targeted marketing strategy for every product. Moreover, by academic promotions, product marketing and promotion, the Group has greatly boosted the penetration rate of our pharmaceutical products in medical institutions at all levels. Meanwhile, the Group also sells pharmaceutical products to distributors with GSP certification, which will resell such products to hospitals and other medical institutions. As of 31 December 2017, the Group has a total of 856 sales and marketing staff and has established relationship with 1205 third-party distributors, which covered substantially all provinces and cities in China, and forming a broad distribution network. In 2017, the Group recorded annual revenue of RMB1,601.57 million, representing an increase of 70.11% over the last year.



(II) Strategies and outlook

Reinforcing social responsibilities and realizing continuous innovation of enterprises are the major concepts of the comprehensive and deepened reform of the country. The SASAC emphasized that enterprises should actively fulfill their social responsibilities, be responsible to the stakeholders, the society and the environment during their operations and maximize the comprehensive value of economy, the society and the environment. In the future, the Group will further fulfill a higher level of social responsibilities under the guidance of national policies. We will continue to adopt the dual-track strategy of maintaining current market position of existing core products and establishing presence in various treatment areas, while optimizing the operation and management and improving product quality. To ensure the comprehensiveness and effectiveness of product quality management, the Group will devote more manpower and resources to ensure that all production and sales processes are under effective supervision and management and after-sale services will be further improved.

The Group will strive to carry forward our spirit of innovation. The Group will reinforce our efforts in R&D of products under development in response to the demand arising from growing health consciousness of the public while securing safety and effectiveness of products at the same time. The Group will spend more resources in R&D of the products under development in order to accelerate the launching of such products, hence to make a larger contribution to public health and create more value for the development of the pharmaceutical industry.

The Group would not be able to develop without the support from the society. Only by giving back and contributing more to the society, can the enterprise enjoy a better development. In the future, the Group will continue to adhere to the principle of “contributing to the community, expressing gratitude to the community”, spend more in charitable services and community investment, and support the development of charitable services so that we can contribute more to the community and generate a better return.

(III) Corporate culture

The Group strives to become a modern enterprise with a comprehensive R&D system, excellent product quality and perseverance. The Group has always believed in “serving the Chinese with a higher standard” and has taken “for everyone’s health” as our mission. The Group determines to improve the quality of living standard and health with the support of scientific research. We fully understand our social responsibilities and regard caring for the earth and environment with heart and active participation in charitable services as our own duties.

MESSAGE FROM CHAIRMAN/GENERAL MANAGER



Message from Chairman

With continuous socio-economic development and promotion of the idea of “Scientific outlook on development”, the coordinated development of the economy, environment and society has become growingly important. As a pharmaceutical company, while it is essential to maximize economic benefits, we are aware that sustainable development can only be attained under the new environment by proactively taking up our social responsibilities and fulfilling our mission of environmental protection in order to create more value!



TANG Xinfa
Chairman

MESSAGE FROM CHAIRMAN/GENERAL MANAGER



Dear investors,

The pharmaceutical industry is crucial to the health of the nationals, making it a key industry widely supported by the country for its development. Since 2017, China's pharmaceutical industry has been demonstrating a solid growth on the whole, with the continuous roll-out of a wide range of favourable medical reform policies. Given the swift socio-economic development, increasing importance has been attached to issues such as environmental pollution, product quality and safety, and social governance. As a listed company aiming at becoming a leader in China's pharmaceutical industry, by upholding the principle of "coordinated development of the economy, social responsibility and environment", YiChang HEC Chang Jiang Pharmaceutical Co., Ltd. always gives high regard to our social responsibilities and mission to the environment while striving to enhance our overall performance.

In 2017, the Group progressed leaps and bounds in our operating results by recording a revenue of RMB1,601.57 million, representing a year-on-year increase of 70.11%, and profits and total comprehensive income attributable to equity shareholders of RMB647.10 million, representing a year-on-year increase of 70.02%. During the past year, apart from achieving breakthroughs in our performance, through the convention of board meetings, discussion on the general meeting and various meetings and resolutions, the Group also played an active role in safeguarding shareholders' interests, protecting the interests of the customers and consumers and providing better benefits for the employees. The Group provided better quality pharmaceutical products to the society by improving product quality and establishing a whole life-cycle quality management model. Through enhancing and refining the environmental protection system, the Group reduced pollutions on the surrounding areas and created a better working and living environment for the enterprise and the employees. The advancement in energy production technologies and increase in energy utilization efficiency also facilitated the highly efficient use of energy. The Group made outstanding contributions to the community through various charitable activities and donations, in the hope of giving back to society.

Going forward, on the basis of maintaining an overall performance growth, the Group will continue to work on industry upgrade, technical innovation, management innovation and environmental technology advancement in a bid to lead the industry in terms of industry scale, technology, quality and environmental competitiveness and achieve the coordinated development of corporate efficiency, society and environment.

TANG Xinfu
Chairman

MESSAGE FROM CHAIRMAN/GENERAL MANAGER



Message from General Manager

As the idea of coordinated development of the society, economy and environment continues to take root, under the new industrial environment, we need to further optimize our internal system and keep abreast of the latest development in order to adapt to the ever-changing industrial policies. We are confident that the Group's development will be brought to a new height, which will also further strengthen our competitiveness in the industry!



JIANG Juncai
General Manager

MESSAGE FROM CHAIRMAN/GENERAL MANAGER



Dear investors,

On behalf of the Board of the Group, I would like to report on the Group's strategies and performance in environment, society and governance.

In respect of the society, the Group took up our product liability, enhanced our product quality, strictly adhered to the relevant national laws and regulations and offered comprehensive after-sale services to enhance product quality and safety. In strict compliance with various labour contract laws and labour laws, the Group further set up and refined our diversified employment system. The Group recruited suitable outstanding talents from the market in an open, fair and just manner to cope with the needs of, and create more value for, the enterprise. By further reforming its remuneration and appraisal system, the Group was able to better motivate the employees and unlock their potentials. Continuous refinement of the supplier management system has ensured product safety and safeguarded the interests of the Group and our customers. The Group also gave back and made invaluable contributions to the society through various charitable activities and donations.

In respect of the environment, through the adoption of advanced new technologies and the introduction and acquisition of new equipment, the Group reduced the discharge and emission of waste water, waste gas and solid wastes, leading to a drop in our sewerage charge, and created a satisfactory production and working environment. Meanwhile, the Group also increased our energy utilization efficiency and maximized the use of energy by developing energy technologies, accelerating in technological achievement transformation, and developing and promoting the use of highly efficient and energy-saving production equipment.

In respect of governance, ever since our inception, the Group has been endeavouring to refine the management and enhance the governance model. By strengthening the leadership of the Board, the Group exercised greater control on the implementation and operation of the management in order to safeguard the interests of the stakeholders, including shareholders, investors, employees, customers and consumers. By adopting a series of internal anti-corruption systems, and strengthening the internal control, risk management and project audit systems, the Group perfected the internal governance and risk control of the Company, thereby enhancing its general operational level and operational efficiency.

JIANG Juncai
General Manager

CHAPTER 1 RESPONSIBILITY GOVERNANCE

The Company is committed to improving our modern management system and ensuring high standards of corporate governance by strengthening our risk management system to realize a sustainable, steady and highly efficient development.

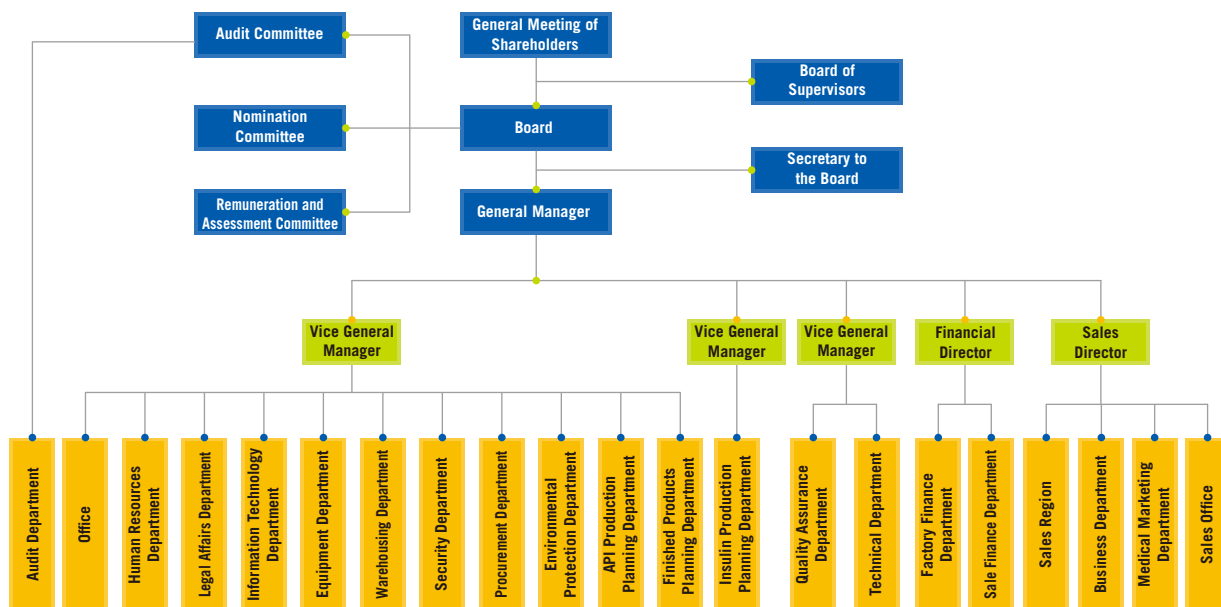
In order to reinforce our corporate governance, the Company established a complete governance structure comprising general meeting of shareholders, board of directors (the “Board”), board committees, managers and regulatory bodies. The Board acts as a bond between the shareholders and management of the Company, and makes decisions on the material matters of the Company under the authorization granted at the general meeting of shareholders. The implementation of such decisions are carried out by managers and all departments under the supervision of the board of supervisors and all risk control departments with a view to ensuring that all decisions are effectively implemented and the disclosure of material matters are in compliance with laws and regulations.

Furthermore, the Company also established a dedicated leadership group consisted of the personnel from the relevant functional divisions of the Company, responsible for the planning of the Company’s sustainable development, monitoring the implementation of the relevant policies, and reviewing the ESG report and related information disclosed. Head of the leadership group will be served by the Group’s general manager to realize the full management and promotion of the Group’s environmental, governance and social affairs. Led by the leadership group, the Company’s ESG report is prepared through the coordination of all relevant departments and submitted to the board meeting for consideration and approval.

In the future, the Company will establish an enhanced ESG governance structure through continual optimization of functional division of the leadership group, enhancement of the working efficiency of the leadership group and the supervision over policies and risks to increase the efficiency of the Company’s governance.

(I) Corporate Governance

1. Corporate structure



2. Shareholder governance

Shareholders provide physical capital to the listed company, which is the major component of the Company, for the listed company. The Company has been conducting our business in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the relevant laws and regulations promulgated by the SFC and the requirements under the Articles of Association of the Company since our listing. We have also convened general meetings of shareholders, board meetings and meetings of board of supervisors in accordance with the requirements under the Rules of General Meeting of Shareholders, Rules of Board Meeting and Rules of Meetings of Board of Supervisors. The Company strives to improve the regulatory system of shareholder governance as always and safeguard the fundamental interests of our shareholders.

(II) Responsibility Communications

1. Participation of stakeholders

The Group made every endeavor to become an enterprise with a strong sense of social responsibility and is committed to safeguarding the interests of our shareholders, customers and consumers, benefitting our employees and bringing in healthy competition in the industry. To achieve this goal, the Group set up targeted channels for stakeholders to participate and raise their concerns, and implemented a series of effective measures to meet stakeholders' needs.

Profile of Stakeholders in 2017

Stakeholders	Concerns of stakeholders	Participation channels	Measures taken by the Company
Shareholders and investors	The Group's ability to continue as a going concern/protection of interests of shareholders/truthfulness, accuracy and timeliness of information disclosure	General meetings of shareholders/ Investor information sessions and site visit/roadshow/information disclosure	Publishing the notice of general meeting of shareholders and resolutions and disclosing information pursuant to the requirements; conducting roadshow pursuant to the requirements to raise investors' recognition; announcement of the Group's contact points on the website and in the reports of Company to ensure effective and smooth communications
Management	The Group's operating strategies	Interview and survey conducted by third party institution	Assessing the major scopes of ESG which may have impact on the Group, and implementing the relevant measures in the daily operation
Employees	Protection of fundamental interests/benefits and remuneration package/working environment/room for career development/occupational health and safety/realization of self-value	Labour association/communication between employees and the management/OA platform/internal mailbox of the Company/employee representative meeting/suggestion box	Ensuring the rights to equal opportunities of employment, to choose occupations, to be provided with a safe workplace and health protection, to be paid with remuneration and to rest in vacations; providing training and development opportunities for employees
Customers and consumers	Assurance of product quality and quantity/data confidentiality	Regular visits for communication	Signing confidentiality agreement and enhancing quality management; ensuring stable production and delivery; signing long-term product sales agreement with customers

CHAPTER 1 RESPONSIBILITY GOVERNANCE

Profile of Stakeholders in 2017

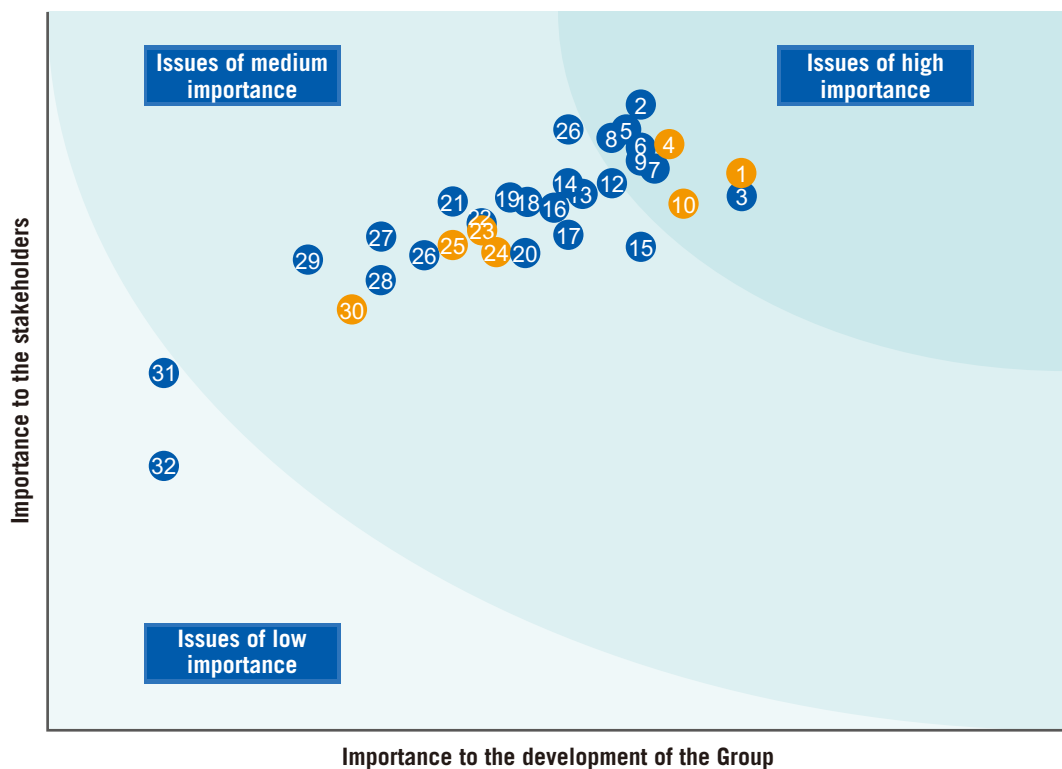
Stakeholders	Concerns of stakeholders	Participation channels	Measures taken by the Company
Suppliers	Public tender/long-term stable cooperation/on-time payment	Tender meeting/negotiation meeting/daily communication	Organizing public tender to select suppliers based on merit and fulfilling the obligations under the contract; strengthening daily communication and maintaining long-term relationship with high quality suppliers without default payment
Community and the public	Employment opportunities/ecosystem/compensation and assistance	Jointly held community activities	Giving priority to local candidates in the recruitment to maintain the ecosystem in the district
Banks	On-time repayment/business conditions/operating risks/credit risk	Post-loan follow-up and daily communication	Making principal and interest payment as scheduled and cooperating in the process of loan review, approval and supervision
Industry players	Fair competition/cooperative development/sharing of technology and experience/industry development	Seminar/exchange visits/industry conferences	Facilitating fair competition, cooperating to achieve mutual benefits, sharing experience and promoting sustainable development of the industry
Regulatory authority	Compliance with governing regulations/compliant operation/information disclosure and reporting	Consultation/information disclosure	Strictly complying with governing regulations and disclosing and reporting information in a truthful, accurate and timely manner

2. Assessment of important issues

In the preparation of the Group's 2017 ESG report, we collected feedbacks from all stakeholders through various channels to understand their views on the Group's ESG report, which forms the important basis for disclosing information in this report and formulating future strategies.

In this regard, we engaged a third party institution to maintain thorough communications with a wider range of stakeholder groups by various means such as questionnaire and interview. Through 256 completed questionnaire and on-site interview with the stakeholders, we are in full understanding of the needs and expectations of the management and all stakeholders. Based on the analysis of the data collected from the questionnaire, a materiality matrix of ESG issues was developed and has identified 32 key issues, which are the principal concerns of the stakeholders, for the inclusion and disclosure in the Group's 2017 ESG report.

Materiality Matrix of ESG issues of the Group



CHAPTER 1 RESPONSIBILITY GOVERNANCE

Degree	No.	Issues	Scope
Issues of high importance	1	Environmental pollutant emission data (e.g. sewage, exhaust gas, greenhouse gas and solid wastes)	Environment
	2	Relevant provisions on the protection of intellectual property rights	Society
	3	Measures taken in connection with occupational health and safety and the related implementation and monitoring methods	Society
	4	Measures and results for reducing production or emissions of pollutant	Environment
	5	Measures taken in case of child labour and forced labour	Society
	6	Relevant requirements on product quality inspection process and product recall procedures	Society
	7	Policies to protect consumer information and privacy of customers, and related implementation and monitoring methods	Society
	8	Recruitment principles and related measures for preventing child labour and forced labour	Society
	9	Data on product and service complaints, and related measures	Society
	10	Methods for handling hazardous and non-hazardous solid wastes (e.g. hazardous medical waste and non-hazardous packaging waste)	Environment
	11	Strategies, management measures, resources and results of research and development and innovation	Society
	12	Data on product recall due to health and safety reasons	Society
	13	Compliance with laws, and implementation and supervision of internal control system, including the regulations on operation, environment and taxes	Society
	14	Relationship with the government, including activities to support the implementation of national policies and cooperation with the government	Society
	15	Employee health and safety (e.g. the number and proportion of work-related deaths and the number of working days lost due to work-related injuries)	Society

CHAPTER 1 RESPONSIBILITY GOVERNANCE

Degree	No.	Issues	Scope
	16	Transparency in information disclosure, for example, the implementation of information disclosure required by regulatory bodies such as the government and stock exchanges	Society
	17	Trainings (e.g. the number and proportion of employees trained, categories and duration)	Society
	18	Measures on caring for employees (e.g. employee welfare and construction of employee group culture)	Society
	19	Information security, including the management system and IT system established, and security certification obtained by the enterprise to ensure information security as a whole.	Society
Issues of medium importance	20	Corruption (e.g. number and conclusion of cases related to corruption)	Society
	21	Green supply chain management (e.g. green procurement, reduction of energy consumption and environmental burden along the supply chain)	Society
	22	Measures to prevent and report corruption, and related implementation and monitoring methods	Society
	23	Energy utilization plan and the outcome thereof	Environment
	24	Water utilization plan and the outcome thereof; and issues that may arise when accessing water resources	Environment
	25	Impact of business activities on the environment and natural resources and actions taken (e.g. diversity of forests, land and bio-species)	Environment
	26	Principle of supplier engagement and the number of suppliers engaged based on this principle, and related implementation and monitoring methods	Society
	27	Types of social issues in which HEC Pharm involves (e.g. education, environmental protection, labour, health and culture)	Society
	28	Suppliers (e.g. number and regional distribution of suppliers)	Society
	29	Resources input by HEC Pharm for social issues (e.g. funds and time)	Society
	30	Data on resource consumption (e.g. energy and water consumption and usage of packaging materials)	Environment
Issues of low importance	31	Employment (e.g. total number of employees, gender ratio and age group)	Society
	32	Employee turnover rate	Society

CHAPTER 1 RESPONSIBILITY GOVERNANCE

(III) Anti-corruption

The Group has always taken the anti-corruption as the focus of system establishment. In order to promote the integrity of the Group's internal management, the Group formulated and improved our Internal Control System, Integrity and Self-discipline Commitment and held related trainings in accordance with national laws and regulations, ensuring that every employee strictly complies with the Company's integrity policies and takes the initiatives to prevent all unlawful acts. The Group also established an internal legal audit department to monitor corruption within the Group, regulate employees' self-discipline behaviour, and provide channels for employees to report any anti-corruption behaviour.

In order to ensure the fairness, integrity and transparency of our business partnership, the Group regulates the behaviour of both of our supply and demand sides through the formulation of the Agreement on Anti-Commercial Bribery between the Suppliers and Purchasers, ensuring that both the supply and demand parties strictly abide by the anti-corruption deed signed by both parties. Under the premise of compliance with the national laws and administrative regulations, business cooperation shall be carried out on the principles of openness, impartiality, integrity and transparency. The Group formulated the "Agreement on Anti-Commercial Bribery of Sales Cooperation Parties" to ensure the fairness and orderliness of business activities with our business partners, and that the rules of market economy operation are complied with to purify the social atmosphere, stamp out corrupt and safeguard the fundamental interests of both parties.

The Group has strictly complied with laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China and Provisional Regulations on the Prohibition of Commercial Bribery, as well as our internal control system. During the Reporting Period, the Group did not incur any litigation cases involving corruption, bribery, extortion, fraud and money laundering.

(IV) Operation Management

1. Internal control system

Since our establishment, the Company has established a sound internal control system. By standardizing and improving our corporate governance structure, among others, the Board, general meeting of shareholders, board of supervisors and the managers supervise and restrict each other to maintain the quality of the Company's operation and development.

In 2017, the Company revised the "Internal Control System Manual" and adjusted the manual framework by categorizing it into five chapters, 26 sections and 52 management rules based on the internal control elements. The manual has been officially issued upon review and approval by the Board. The improvement of the system can effectively reduce the risk of internal control management and further standardize the working processes of the Company's businesses to ensure the steady development of all businesses.

At the same time, we have compiled the Internal Control Evaluation Manual based on the Internal Control System Manual. The main contents of the evaluation manual are divided into six chapters, including general rules, annual inspection evaluation, self-evaluation, internal control evaluation methods, identification of internal control defects and internal control evaluation report, of which 24 important process evaluation worksheets provide basic standards and basis for the self-assessment of the major risks of various business management processes and the implementation of control measures, which in turn can strengthen the internal control execution, identify internal control deficiencies in a timely manner, propose and implement improvements, and effectively control the Company's major risks to improve our management.

2. Risk control system

Risk control is the pre-condition and foundation for standardized operation of listed companies and is an effective guarantee for comprehensive risk management. The Company has established and improved the operation mechanism of compliance management. In the past year, through the enhanced OA approval system, the information system was fully utilized, and the management system and process were incorporated into the OA system. 23 approval procedures were added to reduce human intervention, thereby providing real-time monitoring, reducing errors, improving work efficiency, and reducing the probability of fraudulent behaviour.

In the meantime, in terms of capital operation, the Company has always strictly complied with the Company Law, Securities Law and Listed Companies Information Disclosure Management Measures governing the listed companies. A set of strict internal approval procedures is in place to regulate information disclosure by the Company. The information disclosed has been strictly reviewed by professional institution and the legal department to ensure that the information disclosed meets the regulatory requirements.

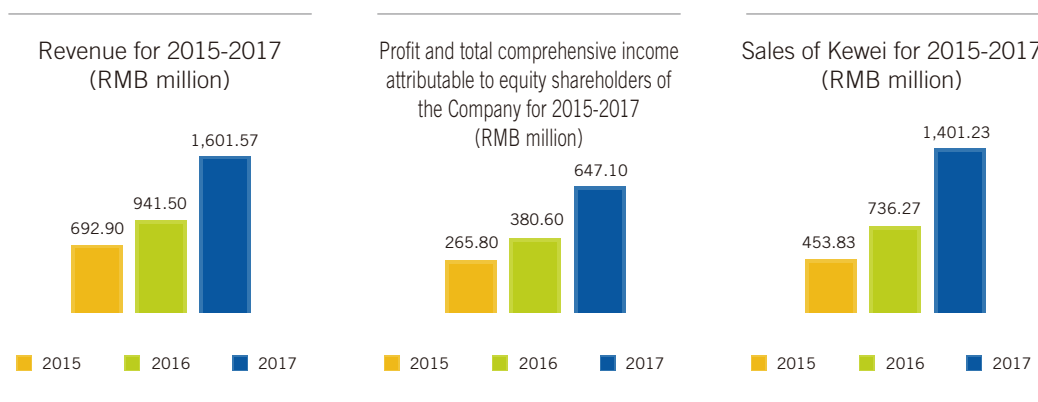
3. Project audit

In order to ensure that our operation is in compliance with laws and regulations, the Company set up a legal audit department to supervise all internal operation of the Company and conducted regular audits on our internal financial and operating conditions. The Company specified the procedures and requirements for contract drafting, approval and execution, and clarified the responsibility of each department for contract management. In particular, all business departments are required to submit the contract concluded to the Legal Affairs Department for approval in the process of contract management. In order to ensure the implementation of the processes, the Company newly added OA operation process such as the “Purchase Contract Signing Form” and “Contract Approval Form”. As the text of the contract of carriage is provided by the transportation company, there are legal risks arising from the absence of audit by the Company’s Legal Affairs Department. Hence, the Company issued a rectification notice requesting our warehousing department to follow the “Contract Approval Form” process in the OA by submitting the relevant contract of carriage for approval by the Legal Affairs Department and the relevant persons in charge before entering into the contract.

(V) Create Value for Shareholders

The Group constantly improves and upgrades its business strategy and internal system under the leadership of our management. In 2017, through the joint efforts of the employees of all departments and with full confidence, the Group met market challenges, overcome difficulties and achieved new breakthroughs in terms of business performance, thereby maintaining our leading position in the industry competition. For the whole year of 2017, the Company achieved a revenue of RMB1,601.57 million, representing an increase of 70.11% as compared with the previous year. Profit and total comprehensive income attributable to equity shareholders amounted to RMB647.10 million, representing an increase of 70.02% as compared with the previous year. The sales of our core product, Kewei, reached RMB1,401.23 million, representing an increase of 90% as compared with the same period last year.

Major Operating Performance of HEC Pharm



CHAPTER 2 PRODUCT LIABILITY

(I) Quality assurance

1. Concept of product liability

The concept of product liability is critical to the development of business and the establishment of brand image and reputation, especially for us as a pharmaceutical enterprise. Only undertaking product liability and strengthening product quality, can an enterprise sustain a sound development. As a premium enterprise in the pharmaceutical industry, we have been adhering to the principle of being responsible to the company as well as the patients, doing our best to ensure “zero defect” product quality, while providing comprehensive after-sale services for our products, *in order* to protect the interest of our customers and patients.

2. Product quality management

The Group strictly complies with laws and regulations promulgated by the PRC, such the *Drug Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Provisions on the Administration of Pharmaceutical Directions and Labels*, the *Good Manufacture Practice of Medical Products* and the *Administrative Measures for Drug Recalls* by CFDA.

Meanwhile, in order to improve the process of quality check and the procedure of product recall, the Group has established a quality management system according to regulations such as the Pharmaceutical Industry Quality System, the Good Manufacture Practice of Medical Products, which is embodied in our Quality Manual, to ensure that the Group possesses the ability to steadily provide products that satisfy the requirements of customers and relevant laws and regulations. Through effective execution of the management system, including continuously improving the process of the system, we increase customers' satisfaction and fulfil our promise to the society and stakeholders.

The Group has been continuously paying attention to the management of quality throughout the whole life cycle of products. In the processes such as product R&D, technology transfer, manufacturing, product distribution and sales, monitoring and research on the adverse reactions upon product launch etc., specific quality management processes are established to ensure the controllability of quality during the whole process of R&D, production, sales and recall of drugs.

The Group has been carrying out strict quality control which permeated the entire production process, including the incoming inspection of raw materials, control of production process, and quality control measures for intermediate and end products. The basic procedure is as below:



For product resources, to ensure the comprehensiveness and effectiveness of product quality control, the Group has devoted more resources in terms of labour and materials. For labour, we keep putting more efforts in introducing talents, and increasing quality control staff and quality assurance staff. For materials, the Group continued to increase the purchase and input of equipment, reagent and consumables, ensuring that the inspection equipment, reagent and consumables sufficiently fulfil the needs of inspection. Through inputting to aspects such as labour and materials, the comprehensiveness and effectiveness of drug quality control are ensured.

For product recall, the Group has established an internal Administrative System for Drug Recalls in accordance with the Administrative Measures for Drug Recalls issued by CFDA to ensure that once quality issue or potential safety risks of drugs are discovered, we can quickly and efficiently take measures to recall the products according to the relevant procedures, in order to protect the interest and health of consumers.

3. **Certification for product quality**

The Group has always valued the production quality of the drugs and operation of the management system, strictly complying with the laws and regulations of the PRC in all aspects, from the production process of active pharmaceutical ingredient (API), to the product packaging, delivery and quality control. Currently the Group has passed the Yichang City Environmental Protection Bureau's review on the YiChang HEC ChangJiang Pharmaceutical Co., Ltd. API GMP Technology Upgrade Project Environmental Impact Report submitted by the Group. The Group has been strictly complying with the various environmental protection measures and requirement under the project, such as strengthening the measures against emissions and waste water pollution, implementing various measures against solid waste pollution and establishing a sound risk control system by following the principle of "resourceful, reduced and harmless" disposal.

In October 2017, the EDQM of EU has conducted a strict inspection on the synthetic API production site and quality management system of our Group, and all of the inspectors agreed that the Synthetic Drug factory conforms to the prevailing drug quality production management regulation of Europe, and agreed that we continue to hold the Moxifloxacin CPE Certificate, which will have tremendous impact on our Group for us to continue developing the European high-end market.

4. **After-sales services**

In order to enhance the health and safety offered by our products and services, and allow the customers to experience better services, the Group has established systems and procedures such as the User Service, Handling of User Complaints, Management of Product Returns, Drug Recalls, and Regular GMP Self Inspection.

The sales department is responsible for after-sales services, collecting information about customers' satisfaction and other relevant information and notifying the quality department. The quality department is responsible for handling the relevant issues (including user complaints, user service information etc.), encouraging the adoption of advice given by customers which are beneficial to improving the Group's management system, and organizing product returns or recalls. During the reporting period, the Group has not had any behaviours in violation of laws and regulations related to product liability.

In 2017, the Group has not experienced any complaint about product quality.

(II) R&D and Innovation

Innovation drives the subsistence and development of an enterprise. Only with endless innovation, always keeping the advancement of products and keeping abreast of times that a product could enjoy a long lasting life. The Group insists the technology concept of “Application, Sharing, Innovation and Excellence”, and set up an R&D technology department in the production base located in Yidu, Hubei, which is commissioned for the R&D of new products and optimization of quality and enhancement of standard for product types with approval number (in production). Since 2001 when we first entered the pharmaceutical industry, by leveraging our pursuit of innovation and our idea abreast of time, the Group has developed from an enterprise having less than a hundred employees and only one type of drug (Metronidazole), with single dosage form and single factory area, to an enterprise ranking 29 in the Top 100 Pharmaceutical Companies in China, with nearly a thousand employees, 33 types of sophisticated drugs, multiple dosage forms, multiple areas nowadays, which has passed the U.S. FDA, EU, WHO and CFDA authentications. The Group’s development of more than a decade has formed a unique management model in maintaining the advancement of products which covers the whole process of the life cycle of the products. The innovation of the Group is mainly reflected in the following ways:

1. Product filing

The choice of products will directly affect various aspects such as the difficulty of R&D, the prospect of the market, the vitality of the product and the input-output ratio, so it has to be balanced by taking into account the Group’s own condition as well as the market condition. In general, the difficulty of R&D of a product and the market forecast within at least 10 years upon product launch are the critical factors of making the choice. The Group tries to choose drugs which has a huge demand in the market, with slower rate of replacement and adaptable to the new requirement for production technology.

2. R&D process

The Group has a complete data-base for R&D. In the process of drug development, we first complete a project R&D research report by researching on multiple aspects such as the production technology of products, control standard and compliance with regulations, making reference to the quality and standard of the same type of drugs in and out of the country. All R&D products are required to be new and with good performance, which means that the product to be developed should be in a technically leading position in the PRC, and should have a better product quality and control standard comparing to the same kind of products in and out of the PRC. If the above requirement cannot be fulfilled, the product could only be a product with excess capacity in the market and weak vitality which will soon be phased out even if it is successfully developed.

3. Continuous research upon market launch

After the product R&D is approved to be launched to the market, the Group will collect market feedback in a timely manner and continue to replenish and optimize the research of the product. The existing pharmaceutical products of our Group will generally undergo at least one comprehensive enhancement in production technology and quality standard within 5 years, to maintain the core competitiveness of the product in the market.

4. Elimination mechanism

As the market evolves and develops on an ongoing basis, any product could face the situation of oversupply or elimination. The Group adjusts the product structure and the allocation of capital fund in a timely manner according to the current development of the pharmaceutical industry to ensure that the more competitive product types can be allocated more resources, both R&D and otherwise, from the Company, which is a necessary means to ensure that the subsequent products are innovative and advanced.

5. R&D System Protection

A detailed R&D management system has been established under the Internal Control System Manual, including parts like the R&D management organizations and duties, the management of R&D costs, management of R&D projects, evaluation after R&D projects etc. It has specified the operation mechanism at the 3 stages of “pre-event”, “in-event” and “post-event” to enhance the quality of R&D and the efficiency of R&D management, facilitate the application of technology outcome and facilitate the proactiveness and creativeness of R&D staff. On the basis of adhering to and strictly implementing the R&D system, the Group keeps abreast of time with an open mind and keeps renewing and improving the R&D management system in light of the market and the latest relevant laws and regulations, thereby ensuring the Group’s R&D and innovation work in an institutional sense.

6. R&D Progress

In 2017, the Group made relevant progress in the R&D of the therapeutic areas of anti-virus as well as endocrine and metabolic diseases. The latest update on the progress of pipeline products is as follows:

➤ Anti-virus therapeutic area

The Phase II clinical trials for the combination therapy of the Group’s NS5A inhibitor Yimitasvir Phosphate, a National Class 1.1 innovative drug, with Sofosbuvir, were launched in June 2017. The obtained data showed that the virus response rate could reach 100%. The Phase III clinical trials for the combination therapy of Sofosbuvir and Yimitasvir Phosphate are scheduled to be conducted in the first quarter of 2018.

In addition, to meet the domestic demand for combination therapy of Yimitasvir Phosphate, the Phase I clinical trial of the NS3/4A protease inhibitor Furaprevir jointly developed with TaiGen Biopharmaceuticals Co. (Beijing), Ltd. (the “TaiGen Biopharmaceuticals”) was launched in August 2017 and the DDI research for combination therapy of Yimitasvir Phosphate and the NS3/4A protease inhibitor Furaprevir was launched in November 2017 in the PRC, respectively.

➤ Endocrine and metabolic diseases area

The Group’s insulin product line has been planned to be a comprehensive one that covers both the second and the third generation of insulin. Once all insulin products are successfully developed, the Group will own a complete portfolio of pharmaceutical products for the treatment of diabetes and will become one of the most advanced insulin manufacturers in the PRC.

The latest progress of the insulin product line during the reporting period is as follows:

The key endocrine and metabolic types	Current stage	Planned launch time
Recombinant Human Insulin Injection	Pending application for production	By the end of 2018 to the beginning of 2019
Isophane Protamine Recombinant Human Insulin Injection (Pre-mixed 30R)	Phase III clinical trial	By the end of 2020
Insulin Glargine Injection	Phase III clinical trial	By the end of 2020
Insulin Aspart Injection	Phase I clinical trial	By the end of 2020
Insulin Aspart 30 Injection	Phase III clinical trial	By the end of 2020

Adhering to the latest R&D guidelines on biosimilar drugs adopted in Europe and the United States, the Group has adopted a development strategy of making strict comparison with the biologics in manufacturing insulin products. The insulin products of the Group are highly similar to the biologics in terms of quality, purity and stability.

CHAPTER 3 WIN-WIN COOPERATION

(I) Supply Chain

The Group is one of the largest pharmaceutical manufacturing companies in China. Currently, the Group has established cooperation relationship with 2,573 suppliers. Our success always relies on the support from various products and services provided for the Group by the massive supply chain network. While we have maintained long-term and mutually beneficial relationship with our suppliers, we also strive to cooperate with them and take our own social responsibilities. We have promoted the sustainable development of the Group and of our suppliers with our actual actions with an aim of building a better social and business environment.

The Group has established a comprehensive and effective procurement system based on our internal control system and provided further details for duties of all corresponding departments. The Group has adopted two approaches, including filing for each supplier and entering into quality guarantee agreement with key suppliers, to supervise suppliers' performance in all aspects, including not only the quality of products and services, but also business ethics and social evaluation. Meanwhile, by means of dynamic information management, periodic evaluation and annual review, the Group monitors suppliers' performance to safeguard the interests of both the Group and customers.

(II) Industry and university collaboration

The Group has established long-term cooperation relationship with the East China University of Science and Technology (華東理工大學), Academy of Military Medical Sciences of People's Liberation Army of China (中國人民解放軍軍事醫學科學院), the Institute of Materia Medica of the Chinese Academy of Medical Sciences (中國醫學科學院藥物研究所), Wuhan University (武漢大學), Huazhong University of Science and Technology (華中科技大學), Jiangxi Medical College (江西醫學院), China Pharmaceutical University (中國藥科大學), China Three Gorges University (三峽大學) and HEC Pharm Institute (東陽光藥物研究院), etc. The details of the cooperation and research include the research of pharmacy of active pharmaceutical ingredient, research of structure test, clinical research and research of pharmacology and toxicology.

Case: Establishment of Anti-Infectives Engineering Technology Research Center in Hubei Province

In 2017, with the support from the Technology Bureau and Finance Bureau of Hubei Province, the Group established the Anti-Infectives Engineering Technology Research Center in Hubei Province, which focuses on the upgrade and secondary development of existing products. The center, staffed with an academic committee comprising a research team of more than 40 persons led by 2 academicians from the Chinese Academy of Sciences and 2 academicians from the Chinese Academy of Engineering, among which approximately 35% hold mid-to-senior level of qualifications or hold master's degree, and equipped with research equipment and testing venue amounting to approximately RMB40 million, secured our R&D capability with manpower and resources.

Currently the center is participating in or conducting two major projects of Hubei province, and owns 27 patents of invention and more than 40 patents under application. The center was granted 3 provincial level scientific and technological achievement rewards and more than 20 R&D projects.



CHAPTER 4 ENVIRONMENTAL PROTECTION

(I) Emission management

1. Environment management policies

The Group has strived to reinforce the environmental protection construction and followed the relevant environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), the *Atmospheric Pollution Prevention Law of the People's Republic of China* (中華人民共和國大氣污染防治法), the *Law of the People's Republic of China on Environmental Impact Assessment* (中華人民共和國環境影響評價法), the *Law of Prevention and Treatment of Water Pollution of the People's Republic of China* (中華人民共和國水污染防治法), the *Environmental Protection Tax Law of People's Republic of China* (中華人民共和國環境保護稅法), the *Energy Conservation Law of the People's Republic of China* (中華人民共和國節約能源法) and the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise* (中華人民共和國環境噪聲污染防治法).

For the purpose of protection and improvement of the working environment, protection of employees' health as well as guarantee of effective implementation of environmental management policies, the Group has formulated Environmental Management System which stipulated the basic principles of environmental protection, including:

- (I) With the participation of all employees, we prioritize the protection and focus on the prevention. Our guiding principles call for comprehensive management, public participation, and taking up responsibilities for the damage;
- (II) We combine our efforts on resource protection with damage control. By coordinating our planning, we manage every specific case, focus on key issues, implement our program on a step-by-step basis, and hold the polluters responsible for the cleanup process;
- (III) We invest a reasonable amount of capital in the cleanup of the "three kinds of waste" by strengthening the introduction and assimilation of new technologies and new equipment. We continue to enhance our usage of resources, reduce waste, and minimize the production of pollutants, thus striving to protect our environments;
- (IV) With regards to the products or technological processes that generate considerable amounts of pollution, we aim to identify the causes so as to improve our technological or operational processes, we adopt the clean production processes available, reduce and prevent the generation of pollutants, and try our best to make use of any waste generated;
- (V) We strengthen our environmental protection by minimizing the impact on neighboring residents and proactively taking up our corresponding social responsibilities;
- (VI) Environmental protection is a shared responsibility. Every employee shall have the right to tackle the issues of pollution, damage to our environment or the ecosystem as well as the responsibility to report to the management or the relevant authorities and protect the environment and the Company's resources.

In addition, the Environmental Protection Department, a dedicated department set up by the Group, is responsible for the comprehensive management and daily management of waste gas, wastewater, noise and solid waste to ensure that the discharge of which satisfies the prescribed standards. The department also studies and addresses the problems faced by us during our environmental protection work, plans for investigation of pollution incidents, coordinates the contingency responses to environmental incidents, checks the implementation of environmental regulations and monitors daily operation of environmental protection governance facilities and performance of emission standards.

CHAPTER 4 ENVIRONMENTAL PROTECTION

2. Management of wastewater

The volume of industrial wastewater discharged by the Group amounted to 26,545 tonnes in 2017. The wastewater produced during the production process will be discharged after treatment and meeting the required standard, and the process of discharging wastewater is strictly complied with standards such as the *Discharge Standard of Water Pollutants for Chemosynthesis Pharmaceutical Industry* (化學合成類製藥工業水污染物排放標準), the *Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category* (混裝製劑類製藥工業水污染物排放標準) and the *Emission Standard for Pharmaceutical Industrial Water Pollutants from Biological Engineering Category* (生物工程類製藥工業水污染排放標準).

For the purpose of minimizing the discharge of wastewater and managing wastewater in an effective way, the Group has formulated management documents such as the Standard Operating Procedures for Wastewater Station (污水站標準操作規程), Management Regulations for Accident Wastewater and Initial Rainwater (事故廢水和初期雨水管理規程), and adopts the following measures to reduce wastewater discharge: promoting the rational use of water resources to achieve separation of clean and dirty water discharge, rain and dirty water discharge, and repetition use of water; building a specific collection system for industrial wastewater according to the degree of pollution and characteristics of the pollutants, and handling wastewater with the combination of physical chemistry method or activated sludge method accordingly. Residential wastewater, after collection, will be pumped directly into and treated by the biochemical system; adopting new energy-efficient and low-cost treatment procedures to handle wastewater that is difficult to be treated to reduce the cost of treatment.

3. Management of exhaust gas

In 2017, the Group collected the industrial exhaust gas produced from production process in order to reduce the impact on the environment by fugitive emissions. The exhaust gas collected will be treated by oxidation, absorption, neutralization, washing and combustion so that the emissions can be minimized. Such emissions will be discharged after meeting relevant standard such as the Integrated Emission Standard of Air Pollutants (大氣污染物綜合排放標準).

4. Management of solid wastes

In 2017, the volume of hazardous wastes of the Company amounted to 36.25 tonnes, including 10.05 tonnes of pharmaceutical wastes and 26.2 tonnes of other hazardous wastes. General industrial wastes and domestic wastes amounted to 554.51 tonnes in aggregate. To minimize the impact on the environment caused by the solid wastes, the Company adopts the following measures including recycling reusable materials such as paper, plastics, metals and glass from solid wastes; setting up permeation-proof and rainproof storage areas for domestic garbage and commissioning the environmental hygiene department to collect and dispose of the garbage in landfills; and incinerating the solid garbage that meets the standards for incineration with the Company's incinerators. The Company also transforms the idle production facilities in the chemical industry zone into hazardous waste warehouse by setting up cofferdam on the ground and in front of the door, undergoing anti-seep and anti-corrosion treatments on the ground, adding cofferdam for storage of small amount of hazardous wastes, equipping with equipment and supplies such as illumination, ventilation, weighting, categorization, fire services, emergency shelter and labour protection, and installing panels, information cards and doorplates, in order to standardize the management.

Moreover, in 2017, the Environmental Protection Department of the Company and heads of relevant departments joined the Seminar of Laws on the Prevention and Control of Hazardous Waste Pollution (危險廢物污染防治法律講座) organized by Yichang Environmental Protection Bureau, and learnt mainly on the overview of hazardous wastes, relevant laws and regulations, management system, enterprises' general non-compliance or violation of laws and legal liabilities, thereby improving the Company's knowledge on hazardous wastes and management level.

5. Management of greenhouse gas emissions

The State Council has stated in the *Work Plan for Controlling Greenhouse Gas Emissions in the 13th Five-Year Plan* (《「十三五」控制溫室氣體排放工作方案》) that active measures shall be taken to effectively control greenhouse gas emissions based on the domestic and international situations and in response to the international trend of green and low-carbon development leveraging the low-carbon development as a major strategy for the national economic and social development and an important way for the development of ecological conservation. The government shall speed up the technology innovation and system reform to improve the incentive and control mechanism, play the decisive role in allocating market resources and take an active role. It shall reinforce the synergistic control of carbon emission and emission of atmospheric pollutants, enhance the low-carbon guidance, promote the energy and industrial reforms, promote the structural reform at the supply side and transformation at the consumer side, promote regional coordination and development, and further involve in the governance of global climate, making new contributions to the sustainable development of the national economy and society and global ecological safety.

Regarding greenhouse gas emissions, the Group's operation does not involve any heavy industry production or direct use of fossil fuels and does not own any logistics fleets. Greenhouse gas emissions are mainly from indirect energy emissions in the course of consumption of energy, such as electricity and steam, during production. Since our establishment, the Group has reduced greenhouse gas emissions through energy saving and application of clean energy.

(II) Use of resources

1. Policies for effective use of resources

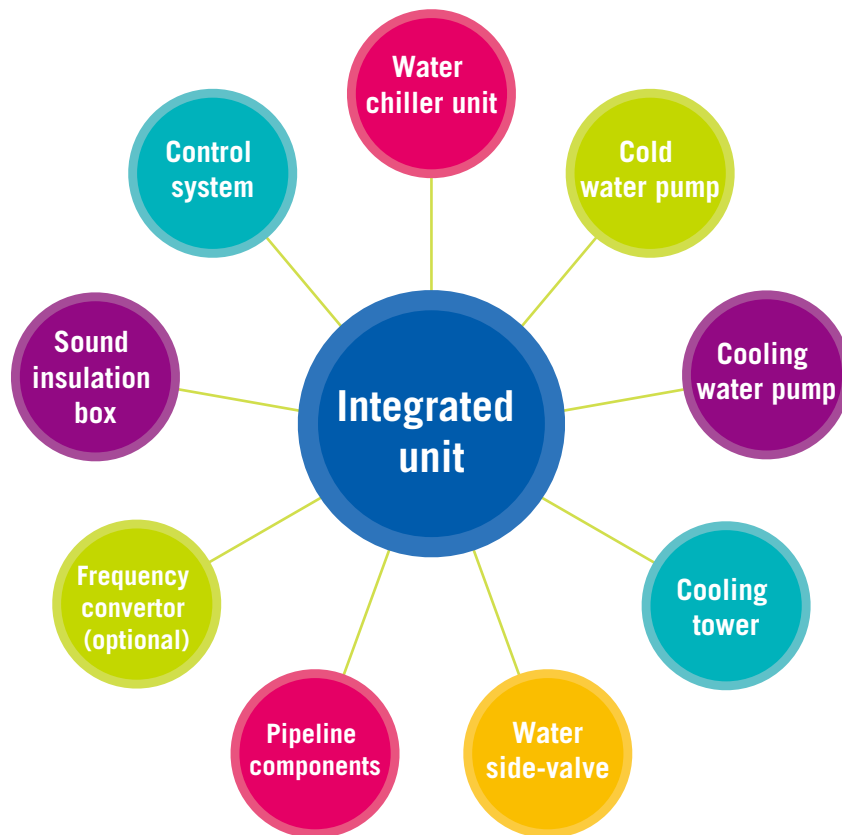
The Group always adheres to our development target of “being a resource-saving enterprise” since our development. With effective use, reasonable allocation and efficient protection of resources, we aim to achieve the sustainable development of economy, society and resources. Meanwhile, the Group actively promotes the development of energy-saving technologies, establishes industrial technology innovation system which can facilitate sustainability of resources and environmental protection, achieves breakthroughs in technology of resource conservation and accelerates technology transfer. We will promote the application of advanced and efficient energy-saving and water-saving equipment and instruments, use the appropriate advanced technology for production, and enhance the technological level of comprehensive energy conservation, in order to maximize production capacity with less energy consumption.

2. Energy management

In 2017, the total energy consumption of the Group amounted to 18,331,272 kWh. We continued to invest in energy-saving measures, including the use of integrated double-cooling high efficient water chiller units which would greatly reduce power consumption in transmission of recycled water in the cooling tower; the use of air pressure system piping in series to reduce the number of booting the units; timely turn-off of the power source of lighting according to light conditions. Only when outdoor temperature reaches 32℃ or above can the air conditioner be turned on in non-production areas, while the temperature setting cannot be lower than 26℃. In winter only when the room temperature is lower than 17℃ can the air conditioner be turned on. All electrical equipment must be shut down at the end of work.

Case study: integrated double-cooling high-efficient water chiller units

The Company uses integrated double-cooling high-efficient water chiller units in the centralized air-conditioning system in plants. The unit is the combination of screw type water cooling chiller units, cooling equipment, cooling water pump, spraying (cooling) water pump, water side pipeline, valves, water system components, water treatment device, sound insulation device and control system, and is placed in the machinery system within the modular framework. The unit is a new cooling system which can replace the conventional machinery room and can be placed outdoors. The unit does not require any dedicated machinery room and is characterized by compact structure, energy-saving, high efficiency, low noise level, low vibration and long lifecycle, and can be widely applied in air-conditioning in public buildings and cooling process in industrial application. The energy efficiency of such system is more than 35% higher than that of the air cooled chiller units system. The power distribution capacity of such system is low, which would reduce the investment costs on power distribution. An evaporative cooling system with a higher heat exchange rate is applied, and the circulatory volume of spraying water reduced by 50%-60% as compared to that of the conventional water cooling chiller system without the need to install any additional cooling tower and cooling water pump. As an option, the unit can be equipped with a variable flow control system and the water pump can be operated in low frequency under partial load, leading to a great reduction in the energy consumption of transmission and distribution in the system.



3. Water management

In 2017, the total water consumption of the Group amounted to 276,414 tonnes. As water is one of the major resources that are vital to the pharmaceutical industry, we reduce water consumption and improve the efficiency of all factories through implementing a number of measures, including:

- improving the utilization efficiency of industrial production water system, changing the way of using water in production (such as changing current use of once-through water to recycled use of water), increasing the recycled utilization rate and reuse rate of water;
- through implementing clean production strategies to change the production process, or use water-saving and even no water production process, and reasonably carrying out industrial or production layout to reduce the demand for water by industrial production, and improve the utilization rate of water;
- carrying out water balance test to calculate the amount of water required by each production unit and then setting up inspection measures to control water consumption;
- shortening hot water pipes and migrating cold water pipes away from steam pipes and other places that release heat to minimize water pressure;
- regularly inspecting hidden water pipes to prevent leakage, checking internal water supply system, repairing default water tanks, faucets and other water supply facilities;
- maximizing the use of recycled water, promoting water-saving technologies including reuse of condensed steam, recycled use of indirect condensed water and reuse of treated sewage;
- vigorously promoting water-saving sanitary ware and water reuse technologies to improve water reuse rate in public buildings.

CHAPTER 4 ENVIRONMENTAL PROTECTION

Case study: Transformation of steam generator

There are two steam generators in the factory. Currently, the clean steam condensate and excessive raw water (purified water) in the equipment are directly discharged to sewage treatment. The consumption of purified water is large and the volume of wastewater discharged is also large. There is a large consumption of industrial steam when 18℃ of purified water is used as raw water for production of clean steam. After improvement, a water storage tank (using the existing equipment) is installed in the factory for collecting the hot discharged water (purified water) from steam generator. The water storage tank is equipped with fluid level auto control system. Water is pumped to the deionized water storage tank on the second floor as the raw water for cleaning the steam generator, achieving conservation of purified water. The consumption of industrial steam was also reduced due to the corresponding increase in temperature of raw water.

The recycling tank of hot discharged water has a height of 130cm, volume of 500L and can collect 60cm of hot water in every 16 minutes on average, which equals to approximately 865L of hot water in an hour. Two steam generators both are operated for 24 hours; hence 20.76 tonnes of purified water can be saved in the recycling system every day, while 20.76 tonnes of wastewater is reduced from discharge. The regulatory control valve of industrial steam also indicated that the system can reduce approximately 50% of original industrial steam consumption. Moreover, the yield of purified water from original production units was severely deficient and brought adverse effect to its operation. The 20 tonnes of water reduced represents 16% of total current yield of purified water, which has substantially mitigated the impact on production due to lack of purified water and mitigated the pressure faced by the sewage treatment stations.

The Group strictly manages the use of water resources and there is no material issue in relation to access to water resources in 2017.

4. Packaging material management

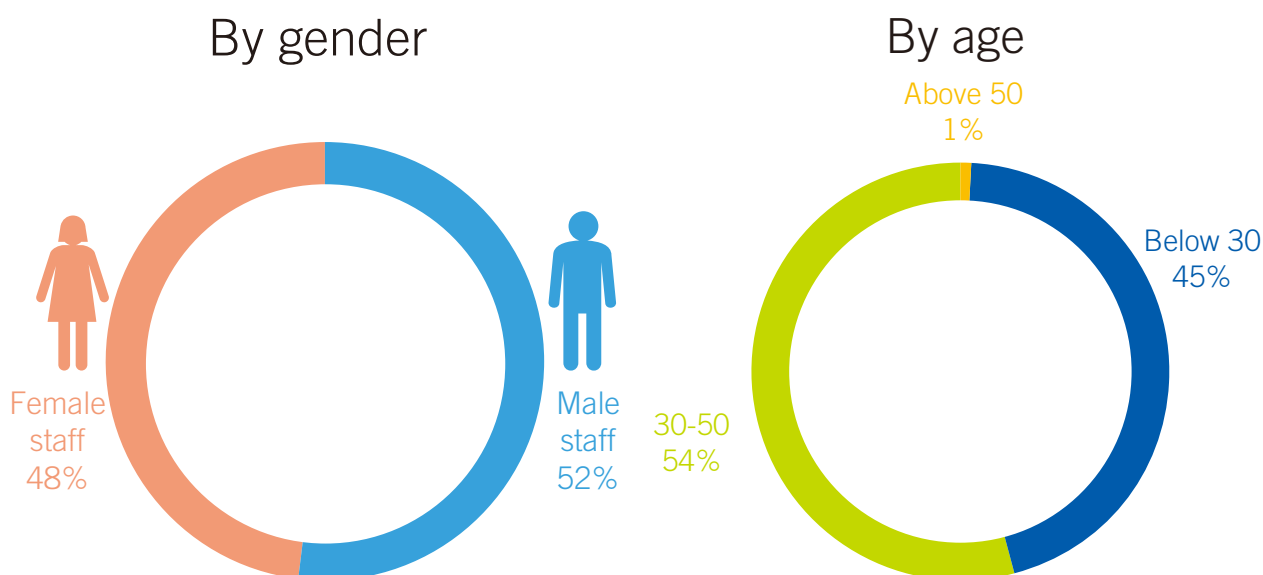
In 2017, the total amount of packaging materials used for finished products by the Group amounted to 1,325.75 tonnes. The packaging materials used by the Group include paper, polyethylene and aluminum foil. Our requirements for raw material suppliers are those among top three in the industry. For the procurement of product packaging materials, the Group has developed a group-level procurement management plan. Meanwhile, the Group has also developed a supplier evaluation and control plan which are applied for regulating and controlling the implementation of supplier evaluation processes and procurement operations. The Group's paper packaging materials are all purchased from FSC certified manufacturers.

CHAPTER 5 STAFF CARE

(I) Equal Employment

After years of development, the Group has established a comprehensive and diversified employment system. By formulating the specific Human Resources System, the Group conducted recruitment via the internal and external channels. For internal recruitment, we selected the appropriate employees from our own human resources pool to fill any vacancies or new positions through promotions and the re-hire of former employees; while for external recruitment, we hired outstanding candidates from the broader community through a comprehensive evaluation system in an open, fair and equal manner through recruitment advertisements, employment agencies, Internet recruitment and campus recruitment. During the process of recruiting candidates, the Group strictly adheres to the principle of openness, equality and impartiality. The assessment will be rated according to unified standards and candidates with higher rating will have the priority. Anyone who wishes to be selected as key personnel must comply with the Company's requirements. We put quality before quantity.

The Group has strictly complied with the relevant laws and regulations, such as the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》) and the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》). There was no breach of relevant laws and regulations in relation to dismissal, recruitment and promotion, working hours, prohibited use of child labour or forced labour and anti-discrimination.



CHAPTER 5 STAFF CARE

(II) Remuneration and Benefits

Based on the regulations of association and internal control system, by making reference to the overall remuneration level within the industry and the actual living cost of working place, the Group has formulated remuneration policies aiming at retaining talents and giving incentives to the staff on performance basis. The Board and the board of supervisors of the Group review the remuneration policies of the Group on a regular basis in order to safeguard employees' legal rights and interests. The Group set wage standards 5%-10% higher than those offered by our peers. Besides the basic salary and five statutory social insurances and one statutory fund, the remuneration of staff also includes the incentives based on their different ranking and performance. Meanwhile, for the purpose of inspiring potential and building up a development platform so that the outstanding administrative and technical staff can join and maintain a long-term employment relationship with us, the Group has also formulated a share option reform scheme, in which a certain amount of shares will be granted to competent and most contributive employees as incentives in order to enhance their motivation. The Group strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Social Insurance Law of the People's Republic of China* by making contributions to various social insurance and housing provident funds for our employees. Meanwhile, the Group arranges staff in key positions to have an annual occupational health check and organizes intensive learning sessions of safe production knowledge for new staff to attend, to safeguard health and safety of the employees. In addition to the statutory security requirements of the PRC, the Group has established corresponding systems such as Pension System and Housing Benefits and Children's Benefits, and set up public welfare facilities such as kindergarten and medical room. The Group will further optimize the employee welfare and protection system in accordance with our development progress so that we can provide better protection to employees' rights and interests at the system level and provide them with more benefits and protection.

(III) Health and Safety

Safe production and safeguarding employee occupational safety are the basic requirements for an enterprise, and also the principal standards of behaviour which an enterprise must observe. To enhance the labour protection during production process, improve employment conditions, protect labour's safety and health during production and foster development of businesses, the Group has formulated the Safe Production System (《安全生產制度》) and prepared the Annual Occupational Health and Safety Review Report (《年度職業健康與安全總結報告》) pursuant to the relevant laws and regulations such as the *Safe Production Law of the People's Republic of China* (《中華人民共和國安全生產法》), the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》) and the *Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China* (《中華人民共和國職業病防治法》) and in line with the Company's situation. To safeguard the health and safety of staff, the Group has organized several company-level safe production training session in 2017 to enable new staff to understand mainly on the Company's safe production and basic knowledge on safe production, rules and regulations on safe production and labour discipline, rights and obligations for safe production, and relevant incident cases, to ensure that they have passed the training before taking up the position. Meanwhile, the Company arranges occupational health check for our staff every year, emphasizes on prevention and control of occupational hazards, continues to improve precautionary equipment and facilities of occupational diseases, installs appropriate equipment, requests our employees wearing protective clothing, regularly arranges on-site inspection and supervision in order to improve working conditions, and control occupational disease hazards below the standard range to ensure that there is no occupational disease.

Case study: Development of system for risk classification and control and potential hazard inspection and treatment

According to the Regulation on enforcement of Development of System for Risk Classification and Control and Potential Hazard Inspection and Treatment (《關於強制推行風險分級管控與隱患排查治理體系建設的規定》), the Company has formulated the Implementation Plan of Development of System for Risk Classification and Control and Potential Hazard Inspection and Treatment by Yichang HEC Changjiang Pharmaceutical Co., Ltd. (《宜昌東陽光長江藥業股份有限公司安全生產風險分級管控與隱患排查治理體系建設實施方案》), pursuant to which the development of system for risk classification and control and potential hazard inspection and treatment has been completely commenced.

Case study: Commencement of Safety Month Activities

The commencement of safety month activities is an important initiative taken by the Central Committee of Chinese Communist Party and the State Council for promoting a set of guiding policies in relation to safe production, imparting knowledge in relation to safe production laws and regulations, as well as raising public's safety awareness. Active participation in safety month activities can help to raise all employees' safety awareness. The safety responsibilities can be fulfilled to further increase the overall level of safe production.

The Company has organized 221 employees to join the 2017 Hubei Provincial Safe Production Knowledge Online Competition (2017年湖北省安全生產知識網絡競賽), and awarded RMB2,600 to the top 15 participants. Moreover, there were a total of 92 articles received from 7 departments in the writing competition, among which a total of RMB 2,500 was awarded to the writers of 41 articles.

For the maintenance on safety of equipment, the Group has formulated the Equipment Maintenance Guideline (設備維護規程) for each type of equipment to provide guidance of daily maintenance and precautionary maintenance for operating and maintenance personnel of equipment. This help lower the probability of equipment failure and provide guarantee for the continuous production of quality products.

For the purpose of strengthening the emergency response capacity of our employees in case of fire, in full efforts and in a timely, swift and efficient manner to safeguard our properties and employees' personal safety, as well as raise fire safety awareness, the Group organized several on-site fire emergency evacuation in 2017, so that we can minimize casualties and ensure the safety of employees when an inevitable fire incident occurs, and can carry out targeted rectification and training based on deficiencies of previous evacuation practices.

CHAPTER 5 STAFF CARE

Case study: Participation in 2017 Yidu Fire Brigade Duty Training in Various Forms Competition (2017年度宜都市多種形式消防隊伍執勤崗位練兵比武競賽)



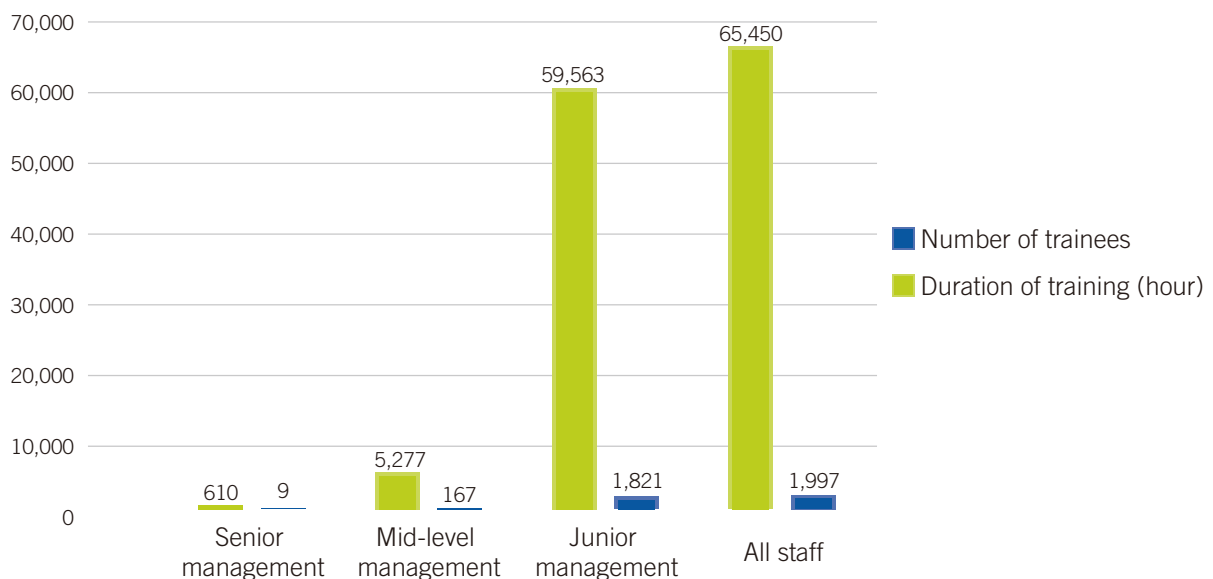
Firefighters from micro-firefighting station participated in the competitions of “connecting indoor hydrant with two hoses and one fire nozzle” (利用室內消火栓連接兩盤水帶出一支水槍操) and “extinguishing the oil basin 50m away with the fire extinguisher” (滅火器50米滅油盆火操) in the 2017 Yidu Fire Brigade Duty Training in Various Forms Competition.

The micro-firefighting stations were initially set up by volunteer firefighters to extinguish small-scale fire at earliest possible time within 3 minutes. Their duties include precautionary and control works such as actively initiating fire safety inspection and firefighting as early as possible, as well as providing assistance to fight fire for neighboring units or residents.

In 2017, the Group had zero occupational injury, zero incidence rate, 100% regular occupational health check rate for employees and 100% training rate for employee’s occupational health and safety. The Group did not experience any death, extraordinary, material or ordinary incidents. The rate of investigation and prevention of accidents and hidden hazards in production safety reached 100%, and the staff training was completed as scheduled, with a passing rate of 100%.

(IV) Development and Training

Staff training is an important part of human resources management of an enterprise, an effective way to strengthen its competitiveness and an important measure to encourage staff to work in a positive manner. The Group always emphasizes on staff training and nurturing skills, and has established and implemented an effective training and management system based on the work nature and demands of each employee every year (with ad-hoc training as and when necessary). This helps to give full play to the effect of training for the Company's development, and promotes the personal development of the employees to achieve advancement and growth. Our training programs consist of factory training, pre-job training, continuous education and training (comprising planned training and ad-hoc training), and outsourced training. Our training methods include intensive classes, discussions, audio-visual and practical training. Evaluation of the effectiveness of our training comprises of written examinations (open-book and closed book), practical tests and instant tests. The details of the training provided are as follows:



CHAPTER 6 TACKLING INFLUENZA

The core product of our Group, oseltamivir phosphate, is a very important product in preventing and healing the urgent and mass diseases caused by influenza viruses, and is valued by various governmental departments of the PRC after multiple outbreak of influenza. In respect of the R&D of new dosage form, considering the excellent efficacy of oseltamivir phosphate against the anti-viral influenza, and the difficulty faced by some people in using the existing capsule dosage form, our Company was the first in the whole nation of the PRC, as well as the whole world to develop oseltamivir phosphate in granule dosage form which includes 2 specifications (i.e.15mg and 25mg), obtaining registration of production approval in November 2008 and June 2009 respectively. After obtaining the approval, our Company has continued to optimize and develop the product, and obtained the supplementary application approval from the National Bureau in March 2017, which agreed on raising the original standard. Currently, driven by the consistency evaluation, our Company is proactively launching in-depth research despite that the pill dosage form still belongs to our exclusive dosage form, and we are making efforts to apply for becoming the Reference Listed Drug for such dosage form in the PRC. We continue to strive for facilitating the national drug R&D progress, and make more contribution to tackling influenza in a better way.

In order to draw focus on influenza prevention and control, and to popularize its prevention, the 2nd China Influenza Forum hosted by our Group was opened at the Xihuzipan on 25 March, 2017. Academicians of Chinese Academy of Engineering and Zhong Nanshan, the Lab Director of the State Key Laboratory of Respiratory Disease, along with the experts from the PRC and Taiwan had in-depth discussions and exchanged ideas with over 500 participants about the current situation of influenza in the PRC, the strategies and results of prevention and control, and the progress of treatment. The forum has created enormous advertising effect on popularizing the knowledge of influenza prevention and strengthening the society's influenza prevention.



- The forum

CHAPTER 7 PUBLIC WELFARE

(I) Devotion to charity

During the development of our Group for over a decade, we have never forgotten about giving thanks and our great responsibility rested on our shoulders to “Be a Responsible Enterprise”. Our Company established a charity foundation on 18 June, 2005, which has, up to now, helped 93 staff in difficulties, with subsidies amounting to nearly RMB630 thousand. In 2012, our Company launched the “point-to-point help to middle school students living in poverty” activity, and has provided subsidies to 32 students in difficulties, with subsidies amounting to nearly RMB350 thousand. We have been touched by the disasters such as the 2006 Shaoguan Flood, the 2008 Wenchuan earthquake and the 2010 Yushu earthquake. “When one place is hit by a disaster, help streams in from all over the country.” According to the statistics, the accumulated amount of money spent by our Company over the years for supporting regional construction and similar natural disasters is over RMB33 million.

(II) Contributing to our communities

While focusing on business development, our Group has also seen supporting public welfare as part of our business development, and contributes to the community through actual deeds such as participating in voluntary blood donation. Our Company organizes non-remunerated activities every year, and on 15 May, 2017, our Company organized and launched a non-remunerated blood donation activity of the year. The voluntary blood donation activity was actively responded and wildly supported by the staff of our Company. A total of 66 qualified core employees showed their kindness and donated 20,000 ml of blood in total. We have praised these blood donators and distributed coupons for nutritious meals to each of them.



OVERVIEW OF SUSTAINABLE DEVELOPMENT

List of Policies

Issue	Internal Policies
Level A1: Emissions	Environmental Management System
Level A2: Use of resources	Nil
Level B1: Employment	Human Resources System
Level B2: Health and safety	Safe Production System
Level B5: Supply chain management	Material Supplier Management
	Incoming Material Procurement Management
	Material Procurement Quality Standard
	Qualified Supplier List
Level B6: Product liability	Services for Customers
	Customers Complaints Handling
	Product Return Management
	Drug Recall
	Regular GMP Self-inspection
Level B7: Anti-corruption	Integrity and Self-discipline Commitment
	Internal Control System
	Agreement of Anti-commercial Bribery
	Agreement on Anti-Commercial Bribery between the Suppliers and Purchasers
	Agreement on Anti-Commercial Bribery of Sales Cooperation Parties
Level B8: Community Investment	Nil

List of Statistics

A Environment

Level A1: Emissions

Index No.	Indicator required	Unit	For the full year of 2017
A1.1	Type of emissions and relevant data of discharge		
	Industrial wastewater	tonnes	26,545
A1.2	Total emissions and density of greenhouse gas		
	Total emissions of greenhouse gas	tonnes CO ₂ e	13,168.54
	Density of greenhouse gas	tonnes CO ₂ e/ revenue (million dollars)	8.22
A1.3	Total hazardous wastes generated		
	Pharmaceutical wastes	tonnes	10.05
	Other hazardous wastes	tonnes	26.2
	Density of hazardous wastes	kilogram/ revenue (million dollars)	22.7
A1.4	Total non-hazardous wastes generated		
	General industrial wastes and domestic wastes	tonnes	554.51
	Density of non-hazardous wastes	tonnes/revenue (million dollars)	0.34

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Level A2: Use of resources

Index	Indicator required	Unit	For the full year of 2017
A2.1	Total direct and/or indirect energy consumption and density by type		
	Externally purchased power	kWh	18,331,272
	Externally purchased steam	tonnes	19,755.6
	Diesel	litres	600
	Total energy consumption conversion to integrated energy consumption	tonnes of standard coal	4,797.21
	Integrated energy consumption density	tonnes of standard coal/revenue (million dollars)	2.99
A2.2	Total water consumption and density		
	Freshwater consumption	tonnes	276,414
	Density of water consumed	tonnes/(million dollars)	172.59
A2.5	Packaging material used for finished goods		
	Packaging materials used	tonnes	1,325.75

B Community

Level B1: Employment

Index	Indicator required	Unit	For the full year of 2017
B1.1	Total workforce by gender, age group, type of employees and geographical region		
	Total workforce	persons	1,997
	By gender		
	Number of male employees	persons	1,048
	Number of female employees	persons	949
	By age group		
	Below 30	persons	899
	30-50	persons	1,078
	50 or above	persons	20
	By type of employees		
	Number of senior management	persons	9
	Number of mid-level management	persons	167
	Number of base-level employees	persons	1,821
	By geographical region		
	Southern China	persons	45
	Eastern China	persons	22
	Northern China	persons	19
	Central China	persons	1,876
	Northeastern China	persons	18
	Northwestern China	persons	5
	Southwestern China	persons	12

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Index	Indicator required	Unit	For the full year of 2017
B1.2	Total number of employee turnover	persons	179
	Employee turnover rate	%	8.96%
	By gender		
	Number of male employees turnover	persons	114
	Number of female employees turnover	persons	65
	By age group		
	Turnover of employees below 30	persons	134
	Turnover of employees at 30-50	persons	45
	Turnover of employees 50 or above	persons	0
	By geographical region		
	Number of employee turnover in Southern China	persons	1
	Number of employee turnover in Eastern China	persons	2
	Number of employee turnover in Northern China	persons	2
	Number of employee turnover in Central China	persons	171
	Number of employee turnover in Northeastern China	persons	1
	Number of employee turnover in Northwestern China	persons	0
	Number of employee turnover in Southwestern China	persons	2

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Level B3: Development and Training

Index	Indicator required	Unit	For the full year of 2017
B3.1	Total number of employees trained	persons	1,997
	By Type of Employees		
	Number of senior management trained	persons	9
	Number of mid-level management trained	persons	167
	Number of base-level employees trained	persons	1,821
	By Gender		
	Number of male employees trained	persons	1,048
	Number of female employees trained	persons	949
	Total training hours for all employees	hours	65,450
	By Type of Employees		
	Total training hours for senior management	hours	610
	Total training hours for mid-level management	hours	5,277
	Total training hours for base-level employees	hours	59,563

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Index	Indicator required	Unit	For the full year of 2017
B3.2	By Gender		
	Total training hours for male employees	hours	34,350
	Total training hours for female employees	hours	31,100
	Average training hours for all employees	hours	32.8
	By Type of Employees		
	Average training hours for senior management	hours	67.8
	Average training hours for mid-level management	hours	31.6
	Average training hours for base-level employees	hours	32.7
	By Gender		
	Average training hours for male employees	hours	32.8
	Average training hours for female employees	hours	32.8

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Level B5: Supplier Management

Index	Indicator required	Unit	For the full year of 2017
B5.1	Number of Suppliers by Region		
	Total number of suppliers	suppliers	2,573
	Geographical Distribution of Suppliers		
	Southern China	suppliers	349
	Eastern China	suppliers	829
	Northern China	suppliers	601
	Central China	suppliers	576
	Northeastern China	suppliers	54
	Northwestern China	suppliers	24
	Southwestern China	suppliers	74
	Overseas	suppliers	66

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Level B6: Product Liability

Index	Indicator required	Unit	For the full year of 2017
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		
	Amount of product recalled due to health and safety reasons	cartons	0
	Percentage of product recalled due to health and safety reasons	%	0

Level B7: Anti-corruption

B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period.		
	Number of pending or concluded legal cases regarding corrupt practices	cases	0

Level B8: Community Investment

B8.2	Resources contributed		
	Number of voluntary firefighters	persons	11
	Total hours of work of the voluntary firefighters	hours	97.5
	Number of volunteers for community cleaning activity	persons	15
	Total hours of work of the volunteers for community cleaning activity	hours	700
	Amount spent to subsidize impoverished students	RMB	3000
	Number of students subsidized	persons	1

INDICATOR INDEX

This indicator index states the compliance of the Company with each of the “comply or explain” indicators of the Environmental, Social and Governance Reporting Guide and its disclosure of the “Recommended Disclosure” indicator during the reporting period.

Level	Key Performance Indicators (KPI)	Disclosure
General Disclosure	Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Chapter 4 – (I) Emission management
A1.1	The types of emissions and respective emissions data.	KPI List
A1.2	Greenhouse gas emissions in total and intensity.	KPI List
A1.3	Total hazardous waste produced and intensity.	KPI List
A1.4	Total non-hazardous waste produced and intensity.	KPI List
A1.5	Description of measures to mitigate emissions and results achieved.	Chapter 4 – (I) Emission management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Chapter 4 – (I) Emission management
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Chapter 4 – (II) Use of resources
A2.1	Energy consumption in total and intensity.	KPI List
A2.2	Water consumption in total and intensity.	KPI List
A2.3	Description of energy use efficiency initiatives and results achieved.	Chapter 4 – (II) Use of resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Chapter 4 – (II) Use of resources
A2.5	Total packaging material used for finished products and with reference to per unit produced.	KPI List
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Chapter 4 Environmental Protection (Including emission management, wastewater and hazardous waste etc.)

INDICATOR INDEX

Level	Key Performance Indicators (KPI)	Disclosure
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Chapter 4 Environmental Protection (Including emission management, wastewater and hazardous waste etc.)
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Chapter 5 Staff Care – (I) Equal employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	KPI List
B1.2	Employee turnover rate by gender, age group and geographical region.	KPI List
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Chapter 5 Staff Care – (III) Health and safety
B2.1	Number and rate of work-related fatalities.	KPI List
B2.2	Lost days due to work injury.	KPI List
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Chapter 5 Staff Care – (III) Health and safety
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Chapter 5 Staff Care – (IV) Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	KPI List
B3.2	The average training hours completed per employee by gender and employee category.	KPI List
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Chapter 5 Staff Care – (I) Equal employment

Level	Key Performance Indicators (KPI)	Disclosure
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Chapter 5 Staff Care – (I) Equal employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Chapter 5 Staff Care – (I) Equal employment
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Chapter 3 Win-win Cooperation – (I) Supply Chain
B5.1	Number of suppliers by geographical region.	KPI List
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Chapter 3 Win-win Cooperation – (I) Supply Chain
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Chapter 2 Product Liability – (1) Quality assurance
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	KPI List
B6.2	Number of products and service related complaints received and how they are dealt with.	Chapter 2 Product Liability – (1) Quality assurance
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not disclosed
B6.4	Description of quality assurance process and recall procedures.	Chapter 2 Product Liability – (1) Quality assurance
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Chapter 2 Product Liability – (1) Quality assurance
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Chapter 1 Responsibility Governance – (III) Anti-corruption

INDICATOR INDEX

Level	Key Performance Indicators (KPI)	Disclosure
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	KPI List
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Chapter 1 Responsibility Governance – (III) Anti-corruption
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Chapter 7 Public Welfare – (II) Contributing to our communities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	KPI List
B8.2	Resources contributed (e.g. money or time) to the focus area.	KPI List

READERS FEEDBACK

Dear Readers,

Thank you for reading this Report! It would be very much appreciated if you could appraise the Report and give us your sincere comments to help us to continuously improve the Report.

2017 ESG Report of YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

Feedback form

Name:

Company:

Position:

Telephone No.:

Email address:

Feedback survey:

- 1 Have you obtained the information you need from the Report?
- 2 Do you think the Report has fully reflected the economic responsibilities that YiChang HEC ChangJiang Pharmaceutical Co., Ltd. has borne?
- 3 Do you think the Report has fully reflected the environmental, health and safety responsibilities YiChang HEC ChangJiang Pharmaceutical Co., Ltd. has borne?
- 4 Do you think the Report has fully reflected the social responsibilities YiChang HEC ChangJiang Pharmaceutical Co., Ltd. has borne?
- 5 Do you think the Report has fully reflected the products and services responsibilities YiChang HEC ChangJiang Pharmaceutical Co., Ltd. has borne?

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