

KINGWORLD MEDICINES GROUP LIMITED 金活醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 01110

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2019



Healthy Life with **KINGWORLD**



CONTENTS

| | |
|----|---------------------------------------|
| 2 | Introduction |
| 3 | Profile of the Group |
| 5 | A. Environmental Protection |
| 5 | A1. Emissions Reduction |
| 5 | A2. Resource Utilisation |
| 6 | A3. Environment and Natural Resources |
| 7 | B. Society |
| 7 | B1. Employee Benefits |
| 10 | B2. Occupational Safety |
| 10 | B3. Development and Training |
| 12 | B4. Labour Standards |
| 12 | B5. Supply Chain Management |
| 12 | B6. Product Responsibility |
| 13 | B7. Anti-corruption |
| 14 | B8. Giving Back to Society |
| 18 | C. Honours and Achievements |

INTRODUCTION

The Environmental, Social and Governance (the “**ESG**”) Report (the “**Report**”) is prepared by the Group in accordance with the requirements of Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. The Report covers the period from 1 January 2019 to 31 December 2019 (the “**Reporting Period**”) and is prepared to report to the Group’s investors and other stakeholders about the effectiveness of its risk management and internal control system and procedures for the ESG activities.

The Report has been presented in two subject areas, i.e., environmental and social aspects. Each subject area involves the Group’s management strategies, objectives and relevance to its business. The impact of the Group’s implementation of the measurement of and monitoring over the ESG activities is also discussed. The Report will be presented by the principles of importance, quantification, balance and consistency.

The Group will strive to make continuous improvements in fulfilling its corporate social responsibility and commitments in the course of its business, pay more attention to issues in relation to the ESG activities and work together with all stakeholders for a healthy and win-win future.

PROFILE OF THE GROUP

Kingworld Medicines Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**” or “**Kingworld**”) have been committed to developing a well-established upstream and downstream supply chain system for the greater health products and services industry for the past 25 years. Currently, it has a business footprint covers more than 34 provinces and cities in China. From 2009 to 2014, the Group was among the Top 100 Import Enterprises of Pharmaceutical and Healthcare Products for six consecutive years and was named as one of the Top 5 Sales Enterprises of Chinese Patent Medicines in terms of sales in 2013. The Group was rewarded as the Guangdong Province Enterprise of Observing Contract and Valuing Credit for five consecutive years, and was also ranked among Shenzhen Top 500 Enterprises in 2018 and 2019 and continued to be recognised as a “Shenzhen Time-honoured Brand” in 2019.

The Group is a globally leading and well-known omni-channel enterprise with a complete supply chain in the greater health products and services industry in China. It also provides high-end logistics management services, business-to-customer (B2C) trading services and data services to major leading pharmaceutical and healthcare product suppliers, manufacturers and distributors, and is a pharmaceutical and healthcare product supply chain management services enterprise integrated with logistics, product and information.

The three major business segments of the Group in the greater health services industry are:

Pharmaceutical products segment: acting as an agent and distributor of high-quality and well-known pharmaceutical products from overseas, including the Nin Jiom (京都念慈菴) product series and the Taiko Seirogan (喇叭牌正露丸);

Healthcare products segment: distributing high-quality and well-known healthcare products from overseas, including the Culturelle (康萃樂) probiotics product series, the Lifeline Care maternal and infant fish oil nutrient product series, “Global Slimming” product series and product series of medicated oils for external use; and

Medical devices segment: undertaking research and development (“R&D”), manufacturing and production of medical devices.

Kingworld operates its business with integrity, heart and diligence, and actively gives back the society by embracing its social responsibility. In addition to caring about people’s health, the Group also firmly believes that having an environment, a community and employees all of which are healthy, are equally important.

PROFILE OF THE GROUP

The core belief of Kingworld is “everything is possible through the spirit”. It adheres to its “people-oriented” management philosophy and places emphasis on personnel training. Sustainable development is not only the fruit of past exertion, but is also the foundation on which future development can be achieved. During the Reporting Period, the Group has actively improved the working environment, reinforced the training for its employees, conducted team building and exchange activities, promoted environmental protection measures and corporate governance policies, as well as participated in social and charitable activities to share the fruit of its hard work with the community. In the future, the Group will continue to adhere to its corporate mission to “offer help to people, benefit the world (效力世人·澤潤蒼生)”, building Kingworld into a well-known agent of famous-brands and high-quality products all over the world continuously providing customers with quality healthcare products and caring for the health of the Chinese people.



A. ENVIRONMENTAL PROTECTION

A1. EMISSIONS REDUCTION

The Group is well aware that environmental protection is an important concern worldwide, and people's pursuit of a healthy life has become a trend that cannot be ignored. Therefore, the Group pays special attention to the awareness of environmental protection and actively promotes environmental protection consciousness among its employees in the course of daily operations. The Group has always strictly followed the relevant national laws and regulations on environmental protection and formulated its internal Environmental and Resource Control Procedures, which set forth the detailed specifications and standards that all of our businesses shall comply with, and submitted the procedures to all units within the Group for implementation. During the Reporting Period, the Group has obtained the Pollutant Discharge Permit of Guangdong Province.

As the business of the Group's pharmaceutical and healthcare products segments are primarily agency and distribution, the greenhouse gas emissions from its operations are very remote. However, the Group's medical device segment, Shenzhen Dong Di Xin Technology Company Limited ("**Dong Di Xin**"), produces approximately 3,000m³ of other types of emissions per hour in production processes such as soldering, reflowing, screen printing and injection moulding. Hence, we have installed appropriate emissions reduction devices and have seen some progress in this direction. Wastewater mainly comes from silk screen processing. Approximately 65 kg of water used in screen washing are discharged every year. We have appointed a qualified organisation to take charge of wastewater recycling and have achieved remarkable results.

Dong Di Xin produced 47.3 tonnes of non-hazardous solid wastes in aggregate, which mainly consisted of waste-cardboard and discarded plastic bags used in packaging for finished products, plastic wastes, such as ABS and PP, and waste component pins, waste solder splash and aluminium chips generated in production processes such as injection moulding, assembling and lathe processing, as well as other types of non-hazardous solid wastes. The Group will collect and sell such non-hazardous wastes to recyclers for recycling of those non-hazardous solid wastes.

In addition, waste dry batteries generated in assembly testing totalled approximately 0.195 tonne during the Reporting Period. As a kind of hazardous waste, the waste dry batteries are all recycled by qualified specialist organisations to ensure appropriate treatment.

The Group's performance on greenhouse gas emissions was as follows:

| Indicators | Unit | Emissions |
|--|---|-----------|
| Direct greenhouse gas emissions (Scope 1) (Note) | Tonnes CO ₂ equivalent (" tCO₂e ") | – |
| Energy indirect greenhouse gas emissions (Scope 2) | tCO ₂ e | 1,556 |
| Total greenhouse gas emissions (Scope 1 and 2) | tCO ₂ e | 1,556 |

Note: Given that the Group's operation does not involve any combustion of fuels, the Group did not generate significant amount of Scope 1 greenhouse gas emissions.

In addition, there are well-established management rules for our staff quarters, which require employees to tidy up their rooms and dispose of their domestic wastes in a timely manner.

The Group will continue to optimise its environmental protection measures and improve environmental efficiency in production procedures to achieve better environmental protection results.

A2. RESOURCE UTILISATION

For resource utilisation, the Group adopts the principles of reduction, reuse and recycling as well as using zero pollution and recyclable materials to enhance employees' awareness of optimal use of resources. The Group has formulated the Environmental and Resources Control Procedures which clearly stipulates and sets up the guidelines on resource utilisation to ensure that employees can make effective use of various resources and treasure precious resources. The Group has no problem in obtaining suitable water sources.

A. ENVIRONMENTAL PROTECTION

Dong Di Xin consumes about 1.86 million kWh of electricity and about 13,235 tonnes of water in production annually. The water consumption intensity was approximately 0.0135 tonne water consumed for every RMB1,000 revenue earned, which was calculated based on the revenues of Group in 2019. Moreover, in our production processes, a total of 394 tonnes of plastic materials, such as ABS and PP, tin wires and tin bars and aluminium rods were consumed. A total of 2.3 tonnes of packaging materials were consumed. Since packaging and plastic materials are essential for production and the volume cannot be reduced. Therefore, to reduce environmental pollution, the Group requires items and materials provided by suppliers to be made of environmentally friendly materials in order to ensure sustainable development of the environment.

During the Reporting Period, the Group has proactively implemented the policy concerning the proper use of resources. In order to reduce electricity consumption, air-conditioning temperatures are set at 26 degrees Celsius and employees are required to switch off all idle lights and equipment and set the injection moulding machines to standby mode during mealtime. The Group has also replaced all lights with energy-efficient lighting, with power savings of 67% compared with commonly-used white lights to reduce the discharging of greenhouse gases. As for water conservation, we have greatly reduced unnecessary water consumption and save relevant costs by adjusting water outlet valves and turning off taps when appropriate.

We understand that environmental protection measures can be effectively implemented only through the concerted efforts of all employees. Therefore, our internal guidelines have set out detailed provisions, prohibiting employees from eating in the office and reducing the discharge of domestic wastes and sewages. In addition, signs are prominently displayed in toilets and pantries to remind employees to save water and paper. There are also similar signs at power switches to remind employees to save electricity. The Group has also launched incentive plans to encourage its staff to pay attention to energy conservation in their working environment, thereby achieving the goal of energy conservation through following detailed procedures. Although these measures have benefited a little in energy conservation, they have contributed significantly to enhancing staff's environmental awareness, and the result is within the Group's expectations.

Regarding the agency and distribution of healthcare products, the Group has actively expanded its sales channels on the internet and fully leveraged the advantages of e-commerce business to enable both buyers and sellers to conduct business activities through the internet and reduce the frequency of shopping trips, and minimise the use of both human and natural resources. In addition, the Group is gradually promoting and implementing "Paperless Trade", thereby making a significant contribution to the environment. During the Reporting Period, the Group officially launched the Market Sales Traceability Management system (the "**SMART System**") equipped with product sales and marketing traceability function. As a data-linked sales management system, the SMART System can thoroughly analyse actual and real-time customers, products, regions and personnel data streams which enables the Group to formulate a more precise marketing strategy to enhance the competitiveness of its operations, while meeting the requirements for traceability and safety monitoring of pharmaceutical products and food in China. By fully leveraging the information technology, the Group has been significantly reducing administrative expenses and increasing paperless trade, thereby boosting its management efficiency.

A3. ENVIRONMENT AND NATURAL RESOURCES

While our business does not cause a major impact or risk to the environment or natural resources, the Group has strictly complied with environmental laws and regulations of the People's Republic of China ("**PRC**") and Hong Kong and has made relevant policies to minimise any potential adverse effects. To prevent possible non-compliance, clear guidelines have been provided to all management and employees in our Environmental and Resources Control Procedures.

The Group is committed to complying with all applicable local environmental laws and related requirements on the protection of natural resources, and is dedicated to promoting environmental protection among all employees.

B. SOCIETY

B1. EMPLOYEE BENEFITS

Our employees is an important asset of the Group. The sustainable profitability, business creativity and growth potential of the Group is attributable to the concerted efforts of all employees. Therefore, the Group has formulated sound policies and systems to safeguard its employees' rights and interests, such as the administrative measures on remuneration and welfare of the Company's employees, and has strictly followed the provisions of relevant local labour laws and labour contract laws including the administrative measures on labour contracts of the Company's employees and the guidelines on administrative measures for employees' re-employment after retirement.

The Group offers competitive employment benefits to attract professionals to join and provide effective services. Apart from determining basic salary with reference to the market rate, we also provide job subsidies, transport and meal allowances, performance bonuses, merit bonuses, year-end double pay, etc. Also, "Annual Awards" are presented to our employees with due recognition based on their performance. The Group provides insurance and housing provident funds, high-temperature allowances for sales staff, an employee parent-child education fund, employee mutual aid payments, and provides ten-year service gold medals, in order to encourage its employees to work proactively and develop their talents.

When there is a need for the Group to add a new position or fill a relevant vacancy, the relevant department must submit a personnel required form to the human resources centre specifying the job responsibilities and requirements for approval by the supervisors. For recruitment procedures, the Group follows the principle of giving priority to internal staff, and recruits the best persons based on fair and open procedures. There is absolutely no bias or discrimination in the recruitment procedures and multiculturalism is welcomed. The Group encourages internal professional mobility among its employees. The human resources centre will publicise vacancies when the need arises, and employees can apply on their own and obtain job rotation or promotion through fair competition procedures. If there is no suitable person within the Group for the vacancy, the human resources centre will conduct an external recruitment exercise. In case of any resignation, employees will have to tender their resignation for approval of department head, the director of human resources centre and the general manager of the Company. After that, such employee and the Company may further proceed the relevant procedures and handover of duties in accordance with the guidelines specified in the employment contract entered into. Meanwhile, employees who are leaving their office are required to complete an interview questionnaire as reference for the Company to have a better understanding on its management and culture from the perspective of such employees and make improvement in this regard.

B. SOCIETY

The Group treats all employees equally and has developed a comprehensive promotion system for them and greater opportunities are made available to employees with outstanding performance in order to maximise the full potential of their talent. Our employee promotion paths mainly include internal position competition, and recommendation by the relevant department heads and the human resources centre. The Group will arrange suitable and exceptional employees to be included in its support talent team for key training. The Group has established a department management team and succession system, and also requires the person in charge of each department to train at least one or two reserve core personnel every year to ensure the sustainable development of its human resources. In addition, the Group has formulated a comprehensive appraisal system, and considers the performance as an important basis for employee promotion, salary adjustment, bonus distribution, year-end appraisal, and equity incentives. As the business becomes more internationalised, the Group will introduce a more diversified workforce to implement the Group's diversified business development and explore a broader market.

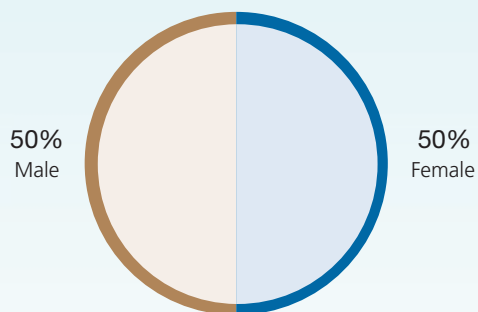
The headquarters of the Group has launched an initiative implementing an eight-hour day, five-day workweek. The working hours of employees stationed abroad are based on the working hours of the headquarters and each employee has at least one day off every week. Employees of the Group are entitled to statutory holidays according to local laws of their serving places, as well as paid casual leave, sick leave, marriage leave, maternity leave, care leave and bereavement leave. To protect the rights and interests of female employees, the Group pays full salary to employees on maternity leave, and breastfeeding employees are entitled to have one-hour break every day. The heads of the departments will also ensure that measures for proper compassion and care of these employees are taken during the maternity and lactation period.

The Group attaches great importance to employees' opinions and has established direct, effective and multiple channels of communication, including an office automation system (OA system), WeChat group, corporate WeChat group, of general manager suggestion box, telephone, mail and regular forum. Management can leverage these channels to conduct brainstorming sessions and improve management efficiency. During the Reporting Period, all communication channels have been functioned smoothly, and the mutual trust has been well-maintained between the management and employees.

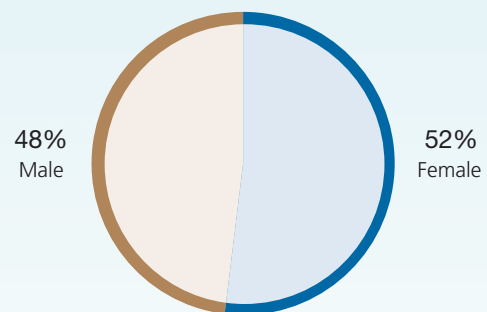
B. SOCIETY

As at 31 December 2019, the Group had a total of 848 employees. The pharmaceutical and healthcare products segment had 460 employees who were mainly responsible for sales, marketing and logistic support and administrative work. Dong Di Xin was responsible for the medical device segment, which engaged in the R&D, manufacturing and production of medical device and had 388 employees.

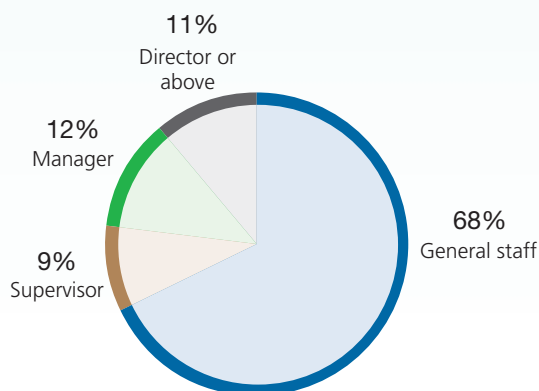
**Pharmaceutical and
Healthcare Products Segment**



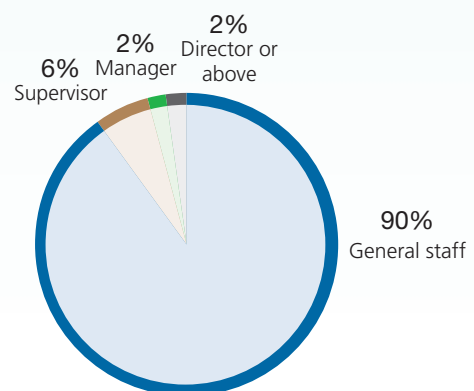
Medical Device Segment



**Pharmaceutical and
Healthcare Products Segment**



Medical Device Segment



B. SOCIETY

B2. OCCUPATIONAL SAFETY

The Group has attached great importance to the occupational safety of employees and their safety is a top priority. It strictly enforces the national occupational safety regulations and provides appropriate protection for employees in accordance with the Regulations on Worked-related Injury Insurance of the PRC. In addition to providing a safe working environment for employees, the Group has established emergency handling procedures for employees in the event of unexpected accidents in working in order to take precautions in advance.

In addition, in terms of the production of Dong Di Xin, as production work involves the operation of heavy machineries and threatens the safety of employees if not properly handled, we have informed employees in detail about the relevant risk factors and conducted rigorous training to ensure employees' competence. Meanwhile, the Group provides relevant occupational safety products and equipment to employees, distributes and prepares guidelines on the equipment operating instructions reviewed by the human resources centre on a regular basis in accordance with national policies to raise awareness of and protection for occupational safety. For certain positions exposed to hazards from occupational illnesses and injuries, apart from the Test on Hazardous Factors of Occupational Diseases carried out for environment of factories, the Group arranges medical checks for employees before taking the office, during the working period and before leaving the office.

Moreover, the Group regularly arranges staff at the headquarters to participate in the fire trainings of the local fire department and the fire drills of the property company every year, and requires the affiliates to conduct similar activities on an annual basis. During the Reporting Period, the Group did not have any industrial accidents. For employees who have business trips frequently, the Group has purchased the travel accident insurance, so that they are fully protected and work with peace of mind.

B3. DEVELOPMENT AND TRAINING

Talent is the foundation for the success of any enterprise. The Group encourages employees to pursue continuing studies and self-improvement, and works together with the Company to achieve excellence. Towards that end, the Group has developed a comprehensive management system for employee training and professional development. The Kingworld Business School is mainly responsible for related matters. The school will make assessments based on the strategic developments and operational management need of the Company, as well as employee qualifications and structure, thereby formulating plans and budgets for the general manager and vice chairman's approvals and further implementation. A post-training assessment will be performed to monitor employees' learning outcome. The Group has also formulated strict rules for assessment methods and standards to meet its business plan and marketing outlines. Trainings provided to employees consist of relevant examinations or assessments, which are related to their performance and promotion, the average passing rate of which exceeds 90%.

B. SOCIETY

In addition, the Group also provides a staff handbook for its employees, which specifies their terms of reference based on their job responsibilities. New employees are required to participate in the online learning and testing about their knowledge of the Group's structure and operation, business scope, product function introductions, etc. This procedure enables employees to have access to information about the Group and get up to speed professionally. Employees must pass relevant appraisals and tests during the probation periods before they can be considered as formal employees and have a passing rate of 99%. During the Reporting Period, the Group has organised diverse and interactive team building activities including both online and offline, indoor and outdoor activities, accumulating a total of 345 participants. These exercises facilitate better communication and understanding between various departments, helping building team spirit, improve working efficiency, as well as increase employees' sense of belonging to the Company.

During the Reporting Period, the Group has organised diversified training courses for employees, which mainly included a best practice extraction project, a sales system performance improvement project, a new employee training programme, the Kingworld talent training project, part-time internal trainers' training project, marketing system product managerial skill training, and other individual training courses. In addition, the Group conducts three training management projects for each of management and reserve management to enhance their management capabilities in design and task execution. The total number of participants in these training programmes has reached 30 and all expenses are borne by the Company.

During the Reporting Period, the Group has organised one training in respect of business procedure recognition and understanding, and one session of training in respect of SMART System to all staff members at the headquarters, attracting 108 participants for each training. The Group has also provided the promotion program regarding the 2020 market development plans of each product of pharmaceutical products segment to 237 sales system personnel, having a passing rate of 89.2% for the training assessment.

B. SOCIETY

B4. LABOUR STANDARDS

The Group strictly complies with the national laws on the protection of the rights and interests of juveniles. The staff handbook has clearly stated that any person under the age of 18 will not be employed. The Group conducts identity verification for applicants at the time of recruitment and check the validity of identity documents. If an employee under the age of 18 is found to have been employed, he or she is to be dismissed immediately and investigation of the incident would be conducted. If the person in charge of the department violates relevant regulations, he or she would be penalised.

The Group's contracts with employees are entered into based on the relevant provisions of the local labour law and labour contract law, such as the Labour Law of the PRC and the Labour Contract Law of the PRC, negotiated by both parties and protect the rights and interests of management and workers. Employees have the right to refuse any dangerous working arrangement. Forced labour is also prohibited by the Group, and once discovered, the Group will immediately stop related work and conduct follow-up investigations.

B5. SUPPLY CHAIN MANAGEMENT

The Group has strict requirements on the creditworthiness of suppliers and the goods provided, and the guarantee for quality is especially important. Suppliers for the Group's pharmaceutical and healthcare products segment are mainly pharmaceutical companies. Raw materials of medical device segment purchased by Dong Di Xin mainly include electronics products and plastics. The Group has established a comprehensive monitoring system to prevent its suppliers from negatively affecting the environment and society. The Group enters into warranty agreements with its suppliers, in which compliance by both parties is required. Relevant qualifications and compliance on the part of suppliers is periodically checked. Once problems are identified, we will terminate the purchasing and request for the return of products. During the Reporting Period, the Group strengthened the comprehensive quality review of medicine purchasing and through review, it has established an exit mechanism for enterprises with repeated quality problems and a bad reputation to ensure the quality of purchased medicines and the rights and interests of consumers.

B6. PRODUCT RESPONSIBILITY

The Group has drawn up accountability policies for the products it distributes and sells, job descriptions for different positions, equipment and facilities management systems as well as health and personnel health management systems. It also follows the relevant laws and regulations concerning product safety, advertising and other aspects, such as the Medicine Management Law of the PRC, Food Safety Law of the PRC and Implementation Rules of the Food Safety Law of the PRC and also Administrative Provisions on Food Labelling as well as the Code of Practice for Quality of Pharmaceuticals.

B. SOCIETY

Our Quality Control Department is responsible for health and safety related to our products as well as the legality of labelling. Our Marketing Department is responsible for advertising promotion and strictly abides by product specifications and governmental regulations. In terms of customer privacy, the Group has established a customer management and security database and set up a specialised department for management so as to regularly monitor the security system of data and privacy matters.

Medicine storage, maintenance and the sales processes are all carried out in accordance with relevant standards or specifications, to ensure the medicines are not deteriorated. Furthermore, all pharmaceutical products are sample-checked by the National Medical Products Administration, self-tested by the manufacturers and checked by a third party. Only after all test procedures are completed and the results found acceptable is a specific approved and finally permitted to be released to the market. The Group has also developed systems for reporting and monitoring adverse responses to pharmaceutical products, managing medicine quality risks, controlling medicine quality, etc. During the Reporting Period, there was no incidents of problems with products.

The Group has always attached importance to safeguarding and protecting our intellectual property rights and has imposed rigorous management in this regard. It has established an internal control system, including the management of trademarks and patents. In addition, the Group enters into a confidentiality agreement with its employees at the time of the signing of their employment contracts, with detailed specifications on the employees' scope, obligations and responsibilities with regards to confidentiality, as well as the relevant cessation-of-employment arrangements.

B7. ANTI-CORRUPTION

The Group strictly complies with the national anti-corruption laws and , such as the Anti-corruption Law of the PRC and the Anti-Money Laundering Law of the PRC, has actively responded to the government's anti-corruption campaign. Our internal guidelines have clearly stipulated that employees should not engage in any activities that involve conflict of interest, abuse their power to receive gifts from customers, or seek to obtain benefits or information in the name of the Group. The Group has formulated a sound mechanism for declaration of interest and stipulated that commissions, rebates or gifts given by business units as required should be handed over to it. Moreover, subordinates should not give any gifts or red envelopes to supervisors, nor should supervisors accept gifts or red envelopes from subordinates. The audit and supervision centre and the human resources centre are responsible for joint supervision of anti-corruption-related matters. Once violations are found, penalties would be imposed according to the penalty system of the Group.

B. SOCIETY

In addition, the business school of the Group is responsible for education about anti-corruption. Through online trainings and testings based on the contents of the staff handbook, employees are instilled with a set of correct values. Disciplinary actions on employees have been announced to serve as a deterrent to such behaviour. The Group has also established a comprehensive reporting mechanism that requires employees to report suspected incidents to a higher level of management. We follow the principle of fair, impartial, objective and truth-seeking reporting and attach importance to evidence and investigation clues. The Audit and Inspection Department is responsible for relevant follow up procedures and investigation. The Group conducts review periodically so as to continuously improve the relevant system. During the Reporting Period, the employees of the Group were not involved in any corruption trial.

B8. GIVING BACK TO SOCIETY

In fulfilment of its corporate mission, which is to “offer help to people, benefit the world”, the Group has encouraged the embrace of the charitable spirit of “Building a Healthy China” through the Kingworld Care for Health Foundation (“KCHF”). Kingworld has consistently championed different activities to promote public wellness and charitable causes that can benefit all sectors of society. During the Reporting Period, Kingworld, together with KCHF, actively organised a number of community activities and charitable activities, highlights of which are as follows:

1. In March 2019, KCHF organised a public welfare activity, namely “Gentle Hands on the Spot (溫柔之手)”, at the square of Jin Shi Jie Business Center, Dongmen, Shenzhen on the Lei Feng Memorial Day (學雷鋒日), to give away Kingworld Imada Red Flower Oil as well as provide voluntary massage services to people with muscle and bone strain and elderly in need.



B. SOCIETY

2. In April 2019, the China Children and Teenagers' Fund (the "CCTF") organised a charitable activity, namely "Strong Babies Attaining Perfect Future (強壯寶寶·滿分未來)", for "Campaign for Sharing Knowledge about the Immune System of Children in China" with KCHF being one of the co-organisers. Through the analysis of data from the survey on cognition towards baby's immunity, such activity was allowed to explain the relationship between immunity and child health to a majority of families and was unanimously recognised by the audience.



3. In May 2019, the Group had participated and sponsored Shenzhen's Mofang 100km Hike for four consecutive years. It arranged more than a hundred of volunteers to offer free Kingworld Imada Red Flower Oil massages and medicated oil test-wiping service to more than 10,000 hiking fans at the service spots along the way day and night for 30 hours in relays to assist hiking fans to complete 100km successfully.



B. SOCIETY

4. In June 2019, KCHF and suppliers in Guangzhou jointly organised an education assistance activity in Sichuan, namely “Hands in Hands, Hearts to Hearts, Together We Walk for Health (手牽手，心連心，身心健康使者行)”, to raise fund for the construction of a small-scale library for the primary school in impoverished rural area through donating a batch of commonly used pharmaceutical products and to make contributions for the public welfare.



5. In September 2019, the Group and KCHF jointly participated in the “99 Charity Day (99公益日)” co-organised by The Nature Conservancy (TNC) and Green Environment Development Foundation of Yunnan Province by funding and providing resources to the project of “Protecting the Giant Pandas of Endangering Species (大熊猫小种群保护)”. Apart from donating RMB100,000 in cash for such charity activity, the Group called a total of 144 people to participate in donations during the event, and also participated in the “99 Charity Day” for four consecutive years.



B. SOCIETY

6. In September 2019, the activity, namely “Delivering Cool Beverages With Gratitude (道一聲辛苦、送一份清涼)”, organised by the Group jointly with enterprises such as Fujian Jointown Pharmaceutical (福建九州通中化醫藥) in Putian, Fujian, aiming to express solicitude and care to sanitation workers through delivering health products such as Nin Jiom products and Kingworld Imada Red Flower Oil, had successfully concluded.



7. In December 2019, Ms. Chan Lok San, the Executive Director of the Group organised the 8th Cihang Charity Sale, namely “Spreading Love Together With Small Hands in Big Ones (大手牽小手，一起傳播愛)”, in Huizhou to donate the print of Maha-mangala Sutta 《吉祥經》 for charity sale and was awarded the title of Caring Unit.



C. HONOURS AND ACHIEVEMENTS

During the Reporting Period, the Group has achieved the following honours and achievements:

- In January 2019, the Group's Culturelle probiotics product series from the United States and Lifeline Care maternal and infant fish oil product series from Norway were named "2018 Parents-Preferred Brand of Infant Probiotics" and "2018 Parents-Preferred Brand of Infant Fish Oil" by Baby Kingdom in Hong Kong, respectively
- In March 2019, the Group was presented "The Key Logistics Company of Shenzhen" plaque by the Transport Commission of Shenzhen Municipality
- In March 2019, the Group was awarded the "Marketing Innovation Award" at the 3rd Super Brand Conference
- In April 2019, Ms. Chan Lok San, the Executive Director of the Company, was invited to be the Honorary Chairman of the Second Council of Greater Health Association of the EDP Alumni Association of Lingnan College at Sun Yat-Sen University
- In April 2019, Mr. Zhao Li Sheng, the Chairman of the Board, was awarded as the "Leader of the Shenzhen Health Industry 2018" at the Shenzhen Health Industry Annual Meeting 2018
- In April 2019, the Group was awarded the "Certificate of Quality Management Standards for Operation of Pharmaceutical Products" issued by the Shenzhen Food and Drug Administration
- In May 2019, the Group was awarded the "Certificate of Excellence" by the Hong Kong Investor Relations Association at the 5th Hong Kong Investor Relations Awards
- In June 2019, the Group was awarded the honourable title of "Guangdong Province Enterprise of Observing Contracts and Valuing Credit 2018" by the Guangdong Provincial Administration for Industry and Commerce
- In July 2019, the Group ranked the 325th on the "2019 Shenzhen Top 500 Enterprises" list in the "2019 Shenzhen Top 500 Enterprise Development Report" issued by the Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association
- In August 2019, the "Nin Jiom" brand for which the Group acted as a distributor ranked 18th in the "Brand & Value Rankings" with a brand value of more than RMB3.989 billion
- In August 2019, the "Nin Jiom" for which the Group acted as a distributor won two grand awards, namely the "Most Popular Cough Relief Brand Products" and the "Top 10 Marketing Cases for the Great Health Industry 2019"
- In September 2019, the Group ranked 25th in the corporate category of "2018 Shenzhen Charity Donation List"; and the "Kingworld Care for Health Foundation" ranked 78th on the social organisation donation income list
- In October 2019, Nin Jiom Chuan Bei Pei Pa Koa was named as the Most Recommended Brand (Cough Product Category) by Salespersons in Pharmacies of China for 2018-2019

C. HONOURS AND ACHIEVEMENTS

- In November 2019, the Group was accredited as a “Shenzhen Time-honoured Brand” by the Federation of Industry & Commerce of Shenzhen, Shenzhen Media Group, Shenzhen Newspaper Group and Shenzhen Commercial News Agency
- In November 2019, Mr. Zhao Li Sheng, the Chairman of the Board, was presented with the honourable title of “2019 Global Outstanding CSR Leadership Award – Special Award” at the Global Outstanding CSR Summit and Awards 2019 held in Cambodia
- In December 2019, the Group was included in the Top 100 list of the “Third Shenzhen Top 100 Quality Enterprises” selected by the Shenzhen Enterprise Confederation, Shenzhen Entrepreneurs Association
- In December 2019, Mr. Zhao Li Sheng, the Chairman of the Board, was appointed as Honorary President of the Second Council by the Beijing Chaozhou Chamber of Commerce at the 2019 Beijing Chaozhou Chamber of Commerce Conference, which was co-organised by the Beijing Jingchao Public Welfare Foundation
- In December 2019, Mr. Zhao Li Sheng, the Chairman of the Board, was presented a letter of appointment as a monitor of the party, political and police practice trends and clean governance under the Shenzhen Municipal Public Security Bureau

