

百信集团
PASHUN GROUP

Pa Shun International Holdings Limited
百信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 574

2025

Environmental、Social and Governance Report

REPORTING PERIOD AND FRAMEWORK

This section, Environmental, Social and Governance ("ESG") Report of Pa Shun International Holdings Limited ("Pa Shun", "Company", "we" and "our"), and its subsidiaries (collectively, the "Group"), presents and disclose ESG related matters that are relevant to the Group's business and have material impacts on the environment and society for the year ended 31 December 2025 (the "Reporting Period"). Unless otherwise stated, the Reporting Period is from 1 January 2025 to 31 December 2025.

This ESG report of the Group has been prepared in compliance with the "Environmental, Social and Governance Reporting Guide" set forth in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and based on actual conditions of the Company.

We have identified relevant ESG issues and assess their materiality on our businesses as well as on our stakeholders, through reviewing our operations and holding internal discussions. Adhering to the reporting principles of materiality, quantitative, balance and consistency, this report aims at sharing our performance in aspect of sustainable development and summarising our efforts made on sustainability for the year ended 31 December 2025. Our reporting boundary covers our two major businesses: pharmaceutical distribution and pharmaceutical manufacturing, and includes our following operating entities:

- Chengdu Kexun Pharmaceutical Company Limited
- Chengdu Toyot Pa Shun Pharmacy Company Limited

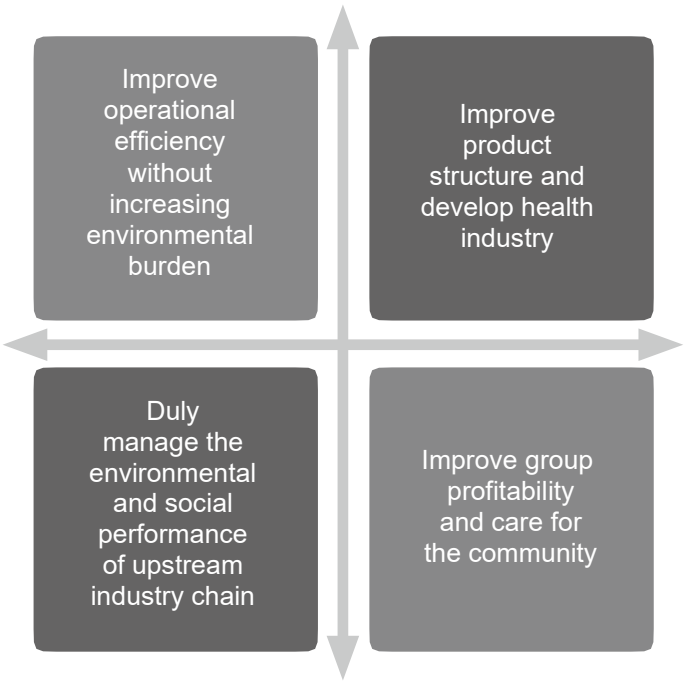
OUR BUSINESS AND APPROACH TO ESG AND ESG REPORTING

Pa Shun International Holdings Limited ("Pa Shun International", the "Company" or "We") is an investment holding company mainly engaged in pharmaceutical business. We operate under two major segments, including pharmaceutical distribution and pharmaceutical manufacturing. The pharmaceutical distribution segment distributes pharmaceuticals to wholesalers, retail pharmacy stores, hospitals and other medical institutions. The pharmaceutical manufacturing segment sells pharmaceutical products manufactured by the Company.

For further information about the Group's principal business, it is disclosed in the sub-section headed "Business Review" under the section "Management Discussion and Analysis" in the 2025 annual report.

SUSTAINABLE DEVELOPMENT GOVERNANCE

We implement various sustainable development strategies to make the best use of the valuable natural resources as well as reducing emissions, and develop our business while considering the environmental and social impact at the same time. Under the leadership of an experienced and dedicated management team, we will continue to implement the following sustainable development strategies to maintain high growth and return while undertaking social responsibility. The following are our four major sustainability priorities:



STAKEHOLDER ENGAGEMENT

Our stakeholders come from different sectors, which include shareholders and investors, market regulators, employees, customers, suppliers and business partners, peers and industry associations, and the public to name a few. We gather their opinions through various formal and informal communication methods to fully understand their opinions and expectations for sustainable development, as well as helping us to fulfill our social responsibilities and balance the interests of all stakeholders. We identify the major issues of concern to stakeholders, and set the basis of this Report and the direction of our sustainable development policies according to their feedback, so that our sustainable development direction is closer to their needs and expectations.

STAKEHOLDER ENGAGEMENT *(Continued)*

During the Reporting Period, we communicated with stakeholders in different means. The communication methods and major issues of their concern are as follows:

Category	Stakeholders	Communication methods	Issues of concern
Internal	Employees	• Conferences • Trainings and seminars • Cultural and sport activities • Intranet and emails • Performance appraisals	• Safeguard the rights and interests of employees • Occupational health and safety • Working environment • Career development opportunities • Self-actualisation
Internal	Shareholders and investors	• Annual general meeting and other shareholder meetings • HKEXnews website, such as annual reports, interim reports and announcements • Meeting with investors and analysts • Company's website	• Return on investment • Information disclosure and transparency • Protection of shareholders' interests and equitable treatment • Business risk management
External	Customers	• Marketing and publicity information • Company's website • Annual reports, interim reports and announcements • Emails and customer service hotlines • Feedback forms • Regular meetings	• Safe and high-quality products and services • Stable relationships • Information transparency • Integrity • Business ethics
External	Suppliers and business partners	• Conferences, phone calls and interviews • Regular meetings • Reviews and assessments • Emails, circulars and manuals • Company's website	• Long-term partnerships • Honest cooperation • Fairness and openness • Information resources sharing • Risk reduction
External	Peer and industry associations	• Industry conferences • On-site visits	• Experience sharing • Cooperation • Fair competitions
External	Market regulators	• Information disclosure • Reports	• Compliance with laws and regulations • Environmental protection • Use of resources
External	Public	• Voluntary works • Charitable and social investments	• Community involvement • Social responsibilities • Employment promotion

SCOPE OF REPORTING

This report is organised into two sections, namely "Environment" and "Social", focusing on the following in compliance with the ESG standards:

ESG Standard for Reporting		**Pa Shun's compliance section**
A. Environment	A1. Emissions	1. Governance on air and greenhouse gas ("GHG") emissions 2. Waste management
	A2. Use of resources	Use of resources
	A3. The environment and natural resources	The environmental impact and natural resources
	A4. Climate change	Climate change
B. Social	*Employment and labour practices*	
	B1. Employment	Employment and labour practices
	B2. Health and safety	Health and safety
	B3. Development and training	Development and training
	B4. Labour standards	Prohibition of child labour and forced labour
	Operating Practices	
	B5. Supply chain management	Supply chain management
	B6. Product responsibility	Product responsibility
	B7. Anti-corruption	Anti-corruption
	B8. Community investment	Community investment

CARING FOR THE ENVIRONMENT AND NATURAL RESOURCES

A. ENVIRONMENTAL

A1 Emissions

Governance on Air and Greenhouse Gas ("GHG") Emissions

The Group is strongly committed to the long-term sustainability of the environment and communities in which we operate. As such, the Group has established relevant procedures to detect and prevent any possible pollution incidents which affect the surrounding environment that may occur in the course of our business operations. During the year ended 31 December 2025, we monitored and managed our environmental performance in several aspects throughout our operations.

Air emissions

The air emissions generated from our business are immaterial during the Reporting Period. The main source of emission is VOCs generated from fugitive emissions.

Air emissions	**2025**	**Unit**
Nitrogen oxidex ("NO_x")	0	tonne
Sulphur oxidex ("SO_x")	0	tonne
Particulate matters ("PM")	0	tonne

Greenhouse gas emissions and energy conservation

The greenhouse gas ("GHG") emissions generated by the Group are mainly indirect emissions from electricity consumption during the production and office operations. There are also a proportion of direct emissions from the use of vehicles. We adopt a series of energy-saving measures (under the section headed "Use of Resources") and monitor energy consumption to reduce the production of greenhouse gases and their impact on the environment. The Group targets to reduce greenhouse gas emissions by 5% in the following reporting period.

Our greenhouse gas emissions during the Reporting Period were as follows:

GHG emissions	**2025**	**Unit**
Scope 1 – Direct emissions	80.00	tCO_2e
Scope 2 – Energy indirect emissions	50.00	tCO_2e
Scope 3 – Other indirect emissions	5.00	tCO_2e
Total emissions	135.00	tCO_2e
Intensity (per RMB million revenue)	1.56	tCO_2e

A. ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

Solid waste

Except our substandard products that are classified as waste drugs, we do not generate hazardous waste[1] during the production process. We engage qualified recyclers to handle hazardous waste for recycling and treatment purposes. The non-hazardous solid waste generated from our business mainly includes dust collected by dust removal equipment, waste PVC, aluminum foil and waste paper boxes from packaging process, as well as food waste from staff canteens, papers and household waste from offices and staff dormitories. Our waste drugs during the Reporting Period were as follows:

	Production/Recovery volume	
Types of hazardous waste	**2025**	**Unit**
Waste drugs (HW03)	0.30	tonne
Total emissions	0.30	tonne
Intensity	0.03	tonne/RMB million revenue

We have been committed to reducing waste generation and emissions. We require our employees to reuse or recycle waste as much as possible, handle waste in a responsible manner, and actively reduce unnecessary waste emissions.

The Group has been advocating waste reduction to employees and has implemented a series of incentive measures to encourage employees to implement. These measures include, but not limited to, encouraging employees to work and communicate through emails and electronic means, and placing different types of recycling bins to collect recyclable waste. The Group targets to reduce hazardous and non-hazardous waste by 10% in the following reporting period.

The non-hazardous waste[2] we generated during the Reporting Period was as follows:

	Consumption/production volume	
Types of Non-hazardous waste	**2025**	**Unit**
Papers	2.90	tonne
Other general waste	3.90	tonne
Total	6.80	tonne
Intensity	0.08	tonne/RMB million revenue

1 Refer to hazardous waste as defined in the Directory of National Hazardous Wastes.

2 Statistics of some of our solid wastes such as dust, waste PVC, aluminum foil and waste paper boxes from the packaging process, as well as food waste from staff canteens are not collected and therefore no disclosure is made. We will strengthen data collection system in the future and make such disclosure when feasible.

A. ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

Sewage

Our sewage discharge includes a small amount of production waste water and household sewage. The production waste water mainly comes from equipment cleaning and quality inspection waste water.

The household sewage comes from canteens and offices. The sewage is discharged into the septic tank after being neutralised, and then is discharged into the sewage pipe network of the park and then dispose of and discharge by the sewage treatment plant in the park after meeting the "Integrated Wastewater Discharge Standard" GB8978-1996 level III discharge standard. Since our discharge is mainly household sewage and there is no major industrial sewage discharge, there is no relevant discharge data available.

A2 Use of resources

Energy

We emphasise the effective use of resources and are committed to reducing wastage in daily operations. We consume electricity during the production process, provision of customer services and administrative management. Our Chengdu production base and offices are equipped with air conditioning and lighting adjustment systems, which can be set in day or night modes to reduce energy consumption. In addition, to further reduce electricity consumption during daily operations, we remind all employees to turn off lights and air conditioners before leaving office or meeting rooms to minimise unnecessary electricity consumption. We also procure energy efficient equipment as much as is practicable to reduce greenhouse gas emissions and reduce the effect of global climate change.

Our freight logistics and administrative management processes consume non-renewable fuels such as unleaded petrol and diesel. Although our air emissions and energy consumption generated from transportation are not significant, we also remind all employees to avoid all unnecessary business travel and use public transportation to reduce pollution and energy consumption. During the Reporting Period, the Group had complied with the relevant laws and regulations on energy use in all material respects, and our energy consumption during the Reporting Period was as follows:

Types of resources	**2025**	**Unit**
Non-renewable fuel	15,850	kWh
Purchased electricity	206,398	kWh
Business air travel	837	kWh
Total energy consumption	223,085	kWh
Intensity	2,569.90	kWh/RMB million revenue

The Group targets to reduce energy consumption by 5% in the following reporting period, by effectively allocating the use of vehicles, using energy saving lighting as well as ensuring power switch off overnight.

A. ENVIRONMENTAL *(Continued)*

A2 Use of resources *(Continued)*

Water

Our water consumption mainly comes from the pharmaceutical production business in Chengdu and water consumption in daily operations. Water used by us are supplied by the municipality government. We do not draw water directly from the ecosystem and do not operate business in water-scarce regions, and we did not encounter any difficulties in obtaining suitable water sources. We minimise unnecessary wastage of water resources in the course of business, including reminding all employees to minimise water usage and reuse wherever possible. The Group targets to reduce water consumption by 5% in the following reporting period. The Group's efficient use of water will help to protect the quality of drinking water in the local communities where it operates and the local residents of those communities. Our water consumption during the Reporting Period was as follows:

Types of resources	2025	Unit
Toal Water consumption	4,750	m^3
Intensity	54.72	m^3/RMB million revenue

Office paper

In addition to recycling waste paper, we also encourage employees to make full use of both sides of paper, such as using the backside of waste paper for internal document printing or as draft paper, setting appropriate font sizes, optimising layout to minimise the number of pages, and adopting double-sided printing, setting to print multiple pages per sheet to minimise the usage of office paper. Furthermore, we also recommend our employees to use electronic means for communication to reduce paper usage.

Packaging materials

Our main product, Zhenghonghua embrocation (正紅花油), is packaged in glass bottles, and Ampicillin is packaged in aluminum foil and PVC. The packaging materials also include inner lids, outer lids, labels, instruction manual, small boxes, middle boxes, cartons, sealing glue, packing tapes, etc. The following was the packaging material consumption[3] during the Reporting Period:

Types of packaging materials	2025	Unit
Glass	147.00	tonne
Metal	-	tonne
Plastic	6.60	tonne
Paper	61.00	tonne
Total amount of packaging materials	214.60	tonne
Intensity	2.47	tonne/RMB million revenue

[3] The consumption of packaging materials is estimated based on the output of the products and the weight of each packaging material. The total consumption weight may deviate from actual weight.

A. ENVIRONMENTAL *(Continued)*

A3 The environment and natural resources

We have all along endeavoured to implement various green measures to reduce the negative impact of our business on the environment and natural resources. We hope to achieve our sustainable development vision through the efficient use of resources, reduction of carbon emissions, energy conservation and emission reduction, waste management and pollution prevention.

We regularly assess the potential environmental impact of various business segments of the Group, including lighting, heating and cooling in offices, shops and warehouses, fuel consumption of distribution fleets, generation of certain hazardous wastes (e.g., bulb waste) and non-hazardous waste, and chemical products. We also conduct regular checks on the efficient use of energy in our Group's business process, and communicate with suppliers about our expectation of their social responsibility and sustainable development measures. We also actively implement environmental protection measures such as reducing the use of disposable plastic bags, minimising the use of printing paper and packaging paper, and adopting various energy saving measures such as the use of LED lights.

A4 Climate change

The Group recognises the importance of identifying climate change risk and developing the related strategies in line with best practices to mitigate the associated impacts on its business operations. Typhoon and rainy seasons in the southern part of the PRC, sandstorms, haze, ice, snow and frost in the northern part of the PRC, all of which may directly affect the production in factories of the Group. During the Reporting Period, thankfully, the weather and climate of the Group's factories were reasonably contemplated and relatively ideal as compared with the previous years, which had no material impact on the Company's business.

The Group has not incorporated climate-related considerations into our remuneration policy. The current remuneration structure does not include incentive measures or adjustment mechanisms for staff remuneration based on environmental and social performance indicators. Such factors are only considered as part of the overall operational strategy and have not been integrated into the remuneration policy.

Besides, the Group has not applied an internal carbon price in its operational or investment decisions at present. Given the nature of the Group's business and its current emission scale, the Group considers that the adoption of an internal carbon price is not a significant or necessary tool to drive emission reduction at this stage. As the regulatory framework evolves and the Group's climate strategy develops, we will continue to assess the applicability of internal carbon pricing in future periods.

CARING FOR THE PEOPLE AND SOCIETY

B. SOCIAL

B1 Employment and labour practices

Remuneration and benefits

We attach great importance to the benefits, health and development of staffs, and constantly review the differences of our staff benefits and the market. We implement double day-off to attain work-life balance of staffs. In addition to annual leave, sick leave, marriage leave, maternity leave, compensatory leave, bereavement leave and other vacation benefits, we also provide social security insurance, medical insurance, annual body checks, holiday benefits, meal subsidies and other benefits. We have established a staff positioning evaluation and reward policy, as well as a comprehensive staff promotion policy, to provide staffs with competitive remuneration and good opportunities of promotion. We set up corresponding evaluation conditions for staffs in different positions, carry out comprehensive job evaluations on work performance, attitude and ability, and conduct periodic evaluations for all staffs in cooperation with discipline, accountability survey or supervisor evaluations to provide them with corresponding incentives and promotion opportunities.

We strictly abide by the labour laws and related regulations in the PRC and Hong Kong, including (among others) the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the Occupational Disease Prevention Law of the PRC (《中華人民共和國職業病防治法》) and the Social Security Law of the PRC (《中華人民共和國社會保障法》). During the Reporting Period, we were not involved in any material non-compliance issues related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other packages and benefits.

Talent recruitment

Our employment principle is “execution, concentration and accountability”. Recruiting talents is the best way to support our sustainable development. We select outstanding talents through internal screening and various recruitment channels, and attract new young people to join through internship program. Our recruitment process is equitable, open and transparent, and the recruitment is based on objective conditions such as candidates’ academic qualifications, working experience, skills, communication skills and personal qualities to prevent gender, race, age or any form of discrimination. We formulate various policies and systems, including but not limited to encouraging staffs to give their opinions, promoting transparency in personnel policies and establishing a complaint mechanism to establish a working environment with equal opportunity. As of 31 December 2025, our total number of staffs was 108[4]. The following is the employee structure:

By gender	**2025**
Male	46
Female	62

By employment type	**2025**
Full-time	106
Part-time/Contract	2

[4] The total number of staffs only included those of Kexun Pharmaceutical and Toyot Pa Shun.

B. SOCIAL *(Continued)*

B1 Employment and labour practices *(Continued)*

***Talent recruitment** (Continued)*

By age group	2025
Under 20	1
21 – 30	4
31 – 40	24
41 – 50	50
51 – 60	26
Over 60	3

All the above employees worked within the PRC region.

Retaining talents

We believe that the unavailability for development and promotion opportunities are the main reasons for the loss of most talents. We provide staffs with promotion opportunities, commend long-term service staffs and arrange proper trainings so that they can attain self-improvement, achieve good performance and upstream opportunities to develop together with the Company. This is how we retain talents. Our total number of staff turnover during the Reporting Period was 13, and the turnover rate is as follows:

By gender	2025
Male	15.22 %
Female	9.68 %

By age group	
Under 20	- %
21 – 30	25.00 %
31 – 40	8.33 %
41 – 50	8.00 %
51 – 60	15.38 %
Over 60	66.67 %

All the above employees worked within the PRC region.

Note: The turnover rate of each group is calculated by dividing the turnover number of the group during the Reporting Period by the number of the employees in the group as at 31 December 2025.

Equal opportunity and diversity

We are committed to creating a diverse and inclusive working environment to prevent staffs from being discriminated against or harassed. We formulate employment policies strictly in accordance with the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), and provide equal opportunities in recruitment, training, promotion, re-designation, remuneration, benefits and termination of contracts etc. Staffs are entitled to equal employment opportunities regardless of their age, gender, physical conditions, marital status, family position, race, skin colour, nationality, religion, political connection or sexual orientation.

B. SOCIAL *(Continued)*

B2 Health and safety

We put first priority to staff health and safety and use our best endeavour to provide them with a safe working environment. Each company of the Group appoints a person in charge of staffs' occupational health and safety, who is responsible for identifying staffs' occupational health and safety risks, and checking whether there are potential safety hazards in the office, such as checking whether (i) the installation of electrical equipment meets the safety requirements, (ii) socket plugs are seriously overloaded, (iii) wires are aging and corroded, (iv) anti-static measures are adopted in flammable workplace and (v) regular maintenance of electrical equipment are conducted.

Our staffs are not required to perform hazardous tasks such as disposal of hazardous materials/ hazardous waste, high-altitude work and heavy machinery operation. During the production process, we require that occupational hazard protection facilities (such as ventilation facilities) must be in operation, and air suction and supply devices and mechanical ventilation facilities shall be repaired and maintained regularly to ensure the normal operation of occupational hazard protection facilities and have the effect of dust prevention and ventilation. We often supervise and inspect, urge workers to wear personal protective gear properly, and arrange regular health checks for staffs. For new recruits, we will conduct code of conduct and orientation training, which includes explanations of occupational health and safety risks and protective measures. We also conduct group safety trainings annually to promote the awareness of work safety.

We strictly abide by the laws and regulations related to occupational health and safety, including (among others) the National Occupational Hygiene Standard Management Measures (《國家職業衛生標準管理辦法》), the Occupational Hazard Declaration Management Measures at Workplaces (《作業場所職業危害申報管理辦法》), the Occupational Health Inspection Management Regulations (《職業性健康檢查管理規定》), the Provisions on the Scope of Occupational Diseases and Measures for the Treatment of Occupational Disease Patients (《職業病範圍和職業病患者處理辦法的規定》) and the Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》).

In each of the past three years, including the Reporting Period, we did not have any material non-compliance incidents of laws and regulations related to occupational safety, work-related fatalities occurred nor work injuries.

B. SOCIAL *(Continued)*

B3 Development and training

Training is the most effective way to improve the overall quality of employees and enhance the competitiveness of the Company. We provide employees with comprehensive and diversified on-the- job training, including orientation training, pre-job training, company annual training, team building activities, etc. Those trainings not only fulfill the needs of our operation and development, but also improve staff work efficiency, enabling them to receive positive development, enhance team stability and increase the sense of belonging of staffs. We will also follow up the training results and work performance of staffs to continuously understand their training needs. During the Reporting Period, 100% of our staffs had received trainings with average training hours of 180 hours. The details are as follows:

	2025	
By gender	**Percentage of employee trained**	**Average training hours**
Male	100%	180 hours
Female	100%	180 hours

	2025	
Total		
By employee category	**Percentage of employee trained**	**Average training hours**
Manager or above	100%	180 hours
Clerical staff	100%	180 hours
Non-clerical staff	100%	180 hours

B4 Labor standards

Prohibition of child labour and forced labour

We never tolerate any child labour and forced labour and strictly abide by the national laws on the prevention of child labour and forced labour to avoid the abuse of child labour or forced labour. We also require suppliers not to use child labour or forced labour. Once any relevant behavior is discovered within the Company or suppliers, we will investigate the same seriously. During the Reporting Period, we were not aware of any material non-compliance of laws and regulations related to child labour or forced labour.

B5 Supply chain management

We work closely with various suppliers to jointly maintain the sustainable development of the environment and the society. The supply chain management is a very important part of the environment, social and governance. We implement a stringent standard to ensure that the suppliers we work with are sharing the same sustainable development vision with us. For example, in order to select the best products, we choose to procure from suppliers which have their own farms, so as to ensure quality. When selecting suppliers, we will conduct background checks on potential suppliers and take into consideration their business scale, reputation, output and quality and financial strengths to ensure stable product quality, and to ensure customers can enjoy healthy and safe products.

We also support the development of those cities where our businesses are located. When selecting suppliers, we will choose suppliers in those cities where our businesses are located. During the Reporting Period, we had a total of 199 qualified suppliers located in difference provinces in the PRC.

B. SOCIAL *(Continued)*

B6 Product responsibility

We hold the Good Manufacturing Practice (GMP) and Good Supply Practice (GSP) certificates, and always adhere to the requirements of these practices. The GMP practice has stringent requirements on pharmaceutical equipment, production processes, quality management and testing systems, while the GSP practice requires us to establish control procedures that strictly control all possible quality incidents during the pharmaceutical commodities circulation process to guarantee the quality of pharmaceutical commodities fundamentally. Therefore, we are extremely rigorous control measures in all aspects including, but not limited to, raw materials, staff, facilities and equipment, production process, packaging, quality control and transportation, and have developed a series of quality control systems to ensure that all pharmaceuticals before shipment have received safety inspections including label review, product compliance, and sampling inspections, so as to ensure that the relevant hygiene and quality requirements have been achieved. In addition, we continue to improve the environmental sanitation of our production bases, with an aim to identify and improve problems in time, while our stores must also hold the necessary business registration certificate, and pass the basic assessment standards such as product safety and hygiene.

Our quality inspection personnel are professional and rigorous, and often receive various on-the-job trainings. All our pharmaceuticals have passed quality inspections, including supplier, product name, specification, prescription, quantity, production date, production batch number, expiry date, country of origin, and various evaluations and inspections such as product certificates and production plant testing reports, so as to ensure that we possess the relevant registered pharmaceutical certificates for all our products. We also provide regular physical examinations and corresponding health advices for our employees to ensure that they are in good health conditions.

All our products are stored appropriately in storage warehouses which are equipped with temperature and humidity control systems pursuant to different categories. Different categories of pharmaceuticals are stored separately, and are arranged to be sold based on production date according to batch number and label. Warehouses are also cleaned and disinfected regularly. Staff who are entering and leaving pharmaceutical warehouses are required to register for entry and exit to ensure products in the warehouses are not exposed to any unnecessary damage or contamination.

During the Reporting Period, we have complied with the requirements of Good Manufacturing Practice (GMP) and Good Supply Practice (GSP), as well as the Laws on the Administration of Drugs of the PRC (中華人民共和國藥品管理法), Implementation Ordinance of the Law of the PRC on the Administration of Drugs (中華人民共和國藥品管理法實施條例), the Rules of Good Manufacturing Practice for Drugs (藥品生產品質管制規範), Measures for Production Supervision and Management of Drugs (藥品生產監督管理辦法), Measures for Administration of Drug Recall (藥品召回管理辦法), the Pharmacopoeia of the PRC (中國藥典), the Law on the Administration of Pharmaceuticals (藥品管理法), Good Supply Practice (GSP) (藥品經營品質管制規範 (GSP)), Regulation on the Administration of Distribution of Pharmaceutical Products (藥品流通監督管理辦法), the Administrative Measures for the Authorization of Pharmaceutical Business (藥品經營授權管理辦法) and other laws and regulations, and there was no incident of recall due to safety and health issues in those products sold or shipped in all material respects.

B. SOCIAL *(Continued)*

B6 Product responsibility *(Continued)*

Intellectual Property and Customer's Privacy

We emphasise on the protection of intellectual property rights, and have established a system to protect intellectual property rights and data confidentiality, and strive to maintain and implement relevant measures to protect intellectual property rights. During the course of our business, we may come into contact with the personal data of customers. We have established a privacy policy for consumer packaging and mailing to ensure that the rights and interests of customers are strictly protected. We treat all collected customer's personal information as confidential information and keep the information confidential in accordance with our internal privacy policy to prevent unauthorised access. We also often emphasise on the importance of confidentiality and the legal consequences of violations to our employees, conclude confidentiality agreements with employees, and enhance employees' awareness of protecting intellectual property rights and customer privacy through internal training.

B7 Anti-corruption

We value and promote the value of ethics and integrity, and never tolerate any form of bribery, blackmail, fraud and money laundering. We have established a comprehensive monitoring and whistle-blowing mechanism, including telephone hotline reporting numbers and email, etc. We follow up complaints in relation to ethics and integrity seriously and investigate suspicious cases thoroughly. Together with the internal audit function, we form a platform for monitoring misconduct, and implement anti-corruption and misconduct work comprehensively. During the Reporting Period, we strictly abide by the Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法) and other laws and regulations on anti-corruption, bribery, extortion, fraud and money laundering in Hong Kong and the PRC, and have not identified any incidents of violations of laws and regulations. We prevent corruption cases strictly from top to bottom, and require leaders at all levels to take the lead in urging the implementation of anti-corruption and upholding integrity, implement the anti-corruption and upholding integrity policy in an institutionalised manner, and always maintain utmost inspection efforts. We have formulated standards for accommodation, transportation, catering and interaction of employees and accompanying persons. The scale, time, quantity and funding of conference activities are also reasonably controlled to prevent the improper use of the relevant reimbursement system. Unless approved by the board of directors in advance, we prohibit employees from using facilitation fees under non-special circumstances. The contracts with agents, third-party representatives and joint venture partners also include provisions to prevent corruption to reduce the risk of potential illegal payments.

B8 Community investment

We contribute to the society through continuous participation in various community activities, and let employees to participate in local community organisations and activities through encouraging employees to participate in and coordinate the solution of community and sub-district labour needs, and actively promote community environment, cultural and sports activities, and achieve mutually beneficial solutions, with an aim to contribute to social harmony and sustainable development.