凯莱英医药集团
Asymchem Labs.



2023

年度环境、社会及管治报告

Environmental, Social and Governance Report

www.asymchem.com
www.asymchem.com.cn
股票代码 Stock Code：002821.SZ/ 6821.HK

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Explanation of Report Formulation

This report is the third Environmental, Social and Governance (**ESG**) Report of Asymchem Laboratories (Tianjin) Co., Ltd. Its purpose is to disclose to the stakeholders the Company's principles, management approaches, actions taken, and outcomes achieved regarding ESG matters within its operations.

❖ Report Scope

The information as disclosed in this report covers Asymchem Laboratories (Tianjin) Co., Ltd. and its subsidiaries ("**Asymchem**" or the "**Company**") and is consistent with the scope of the consolidated financial statements of Asymchem (002821.SZ & 6821.HK).

❖ Reporting Period

This is an annual report, with its reporting period (the "**Reporting Period**") starting from 1 January 2023 to 31 December 2023. Where some text information is outside this period, it will be explained where it is covered.

❖ Formulation Basis

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (version effective as of 31 December 2023) published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKSE**") and the Self-Regulatory Guidelines for Listed Companies No. 1 - Regulated Operation of Listed Companies on the Main Board" (as revised in December 2023) and the Guidelines on Social Responsibilities of Listed Companies (2006) issued by the Shenzhen Stock Exchange (the "**SZSE**").

❖ Reporting Principles

This report follows the reporting principles as set out in the Environmental, Social and Governance Reporting Guide (**ESG Guid**e) of the Stock Exchange, including:

- **Materiality:** the Company identifies substantive issues related to its operations that are of interest to investors and other stakeholders as the focus of this report. The reporting of material issues in this report also focuses on the characteristics of the industries in which the Company operates and the characteristics of the regions in which it is located. The analysis process and results of the substantive issues are detailed in the "Sustainable Development Governance" section of this report. It also highlights environmental, social and governance issues that may have a significant impact on investors and other parties concerned.
- **Accuracy:** this report makes every effort to ensure that the information is as accurate as possible. In the case of quantitative information, the measurement has been described in terms of the data source, the basis of calculation and the assumptions made to ensure that the margin of error in the calculation is not misleading to the users of the information. Quantitative and annotated information is available in the ESG Data Performance Table of this report. The Board commits that there are no deceptive records, misleading or major omissions in the content of this report.
- **Balance:** The contents of this report reflect objective facts and provide unbiased disclosure of both positive and negative information concerning the Company. The Company retrieves through https://data.epmap.org/ for the subjects within the scope of this report and found no negative events that should have been disclosed but have not been disclosed during the Reporting Period.
- **Clarity:** This report is published in Chinese and English. This report contains information such as tables, model diagrams and a glossary of professional terms as a supplement to the text in this report for ease of understanding of the text by stakeholders. To ensure faster access to information for stakeholders, this report provides a table of contents and a benchmarking index for ESG criteria.

- **Quantization and consistency:** this report discloses key quantitative performance indicators and, historical information, where possible. The statistics and disclosure of the same indicator in this report are consistent in different reporting periods. If there are any changes in the statistics or disclosure, they will be fully explained in the notes of the report so as to help stakeholders conduct meaningful analysis and assess the development trend of the Company's ESG performance level.
- **Completeness:** the scope of objects disclosed in this report is consistent with the scope of the Company's consolidated financial statements.
- **Timeliness:** this is an annual report with its Reporting Period starting from 1 January 2023 to 31 December 2023. The Company is at hard work to publish the report as soon as possible after the end of the reporting year to make timely information available for stakeholders' decision-making.
- **Verifiability:** the cases and information as mentioned in this report are sourced from the original records or financial reports of the Company's actual operation. The Company adopts the HiESG performance management system to manage quantitative ESG performance. The source of disclosed information and the calculation process are traceable and can be used to support external authentication inspections.

❖ About the Data

The cases and information as mentioned in this report are sourced from the original records or financial reports of the Company's actual operation.

The financial information in the report is mainly denominated in RMB. If there is any inconsistency, please refer to the text description for details. Where the financial information is inconsistent with the annual report published on HKEX website ("**Annual Report**") of the Company, the Annual Report shall prevail.

❖ Reliability Commitment

Asymchem commits that there are no deceptive records, misleading statements, or major omissions in the content of this report. The Board of Directors of the Company is answerable to the authenticity, accuracy, and completeness of its content.

Based on the principle of "balance", this report discloses the positive and negative information of the Company in an unbiased manner, and there are no negative events that should have been disclosed but have not been disclosed, or that have been penalized by the competent authorities or have had a significant impact due to violations of relevant laws or regulations.

❖ Reporting Language

This report is compiled in simplified Chinese. In case of any ambiguity, the original simplified Chinese shall prevail.

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Chairperson’s Statement

Dear Shareholders and Stakeholders,

It is an honor for me to be here today, alongside all shareholders, partners, stakeholders, and colleagues who have been instrumental in the growth of Asymchem Group. Together, we will reflect on and share the significant business achievements we attained in 2023, as well as the substantial progress we made in the realms of environment, social, and corporate governance (“**ESG**”). Throughout the past year, while continuously expanding our business horizons, we have dedicated ourselves to strengthening our ESG practices, resulting in a dual enhancement of economic and social benefits.

Since our establishment in 1998, Asymchem has steadfastly upheld a pragmatic approach and steady progress, successfully transitioning from a local to a global player. Over the past 25 years, driven by a commitment to scientific & technological advancement and the implementation of a dual-engine strategy, we have steadily gained significant competitive advantages in the field of biopharmaceuticals. On one hand, within the core segment of small molecule drug CDMO, we have continually honed our expertise, solidifying our leading position through accumulated industry experience. On the other hand, we have judiciously expanded into emerging business segments, including peptides, oligonucleotides, drug products, biologics CDMO, biosynthesis, and other cutting-edge areas, thereby providing a diversified business structure that fuels the Company's long-term development.

In terms of global expansion, we have leveraged our strong foundation in China to establish a research and production network with a global footprint, thereby empowering "Made in China" to play a pivotal role in the global pharmaceutical industry. Our commitment to providing efficient and high-quality services reflects our dedication to contributing tangibly to the advancement of global health. Looking ahead, we are committed to deepening this strategic model, maintaining our leading position in the small molecule CDMO business while also increasing investment to comprehensively develop diversified business lines.

Furthermore, we recognize the core value of sustainable development and have deeply embedded it into the overall strategy and daily operations of our Company. In the realm of environmental responsibility, we are continuously innovating green chemical and biosynthesis processes, effectively reducing the impact of energy consumption and environmental pollution in cutting-edge areas such as drug production and new business ventures. Leveraging eight major research platforms and integrating two flagship technologies, Continuous Flow Technology and Biology Synthetic Technology, we are improving resource utilization efficiency and championing a low-carbon environmental protection path. The application of two flagship technologies projects externally within the year has become another milestone for us in the field of pharmaceutical CDMO in China, leading industry trends practically to achieve green emission reduction, increase yield, and assist customers in addressing pain points.

In terms of social responsibility, we stand committed to safeguarding employee benefits and rights, fostering a fair and inclusive working environment, and actively tackling research and development (“**R&D**”) technical challenges in production to promote drug accessibility,

allowing more patients to benefit from high-quality drugs and medical solutions. In addition, we are strengthening community relations and participating in public welfare projects, such as health revitalization, to fulfill our corporate citizenship responsibilities. Within our corporate governance structure, we are continuously enhancing information disclosure mechanisms, fostering transparency and communication, strengthening risk management frameworks, and ensuring the coordinated development of economic benefits with social and environmental benefits.

I wholeheartedly thank all the partners who have supported and accompanied the growth of Asymchem. It is your trust and collective efforts that have paved the way for our remarkable journey. Let us move forward hand in hand, with a higher perspective, broader vision, and deeper sense of responsibility, as we jointly outline and implement the magnificent blueprint of Asymchem on the ESG path, contributing greater strength to the green development of the global pharmaceutical industry and social progress.

1. About Asymchem

❖ Company profile

Asymchem is a global leading, technology-driven one-stop integrated CDMO service provider, offering remarkable pharmaceutical contract development manufacturing organization ("**CDMO**") services and solutions throughout the full life circle of drugs from manufacturing development to commercialization. Committed to expediting the mission of accelerating the launch of new drugs and enhancing drug accessibility, the Company harnesses continuous technological innovation to deliver unparalleled one-stop chemistry, manufacturing and controls ("**CMC**") services to multination and China domestic pharmaceutical companies and biotechnology companies. Our integrated offerings encompass CMC services, facilitating swift development and application of new drugs with utmost efficiency and quality.

Company name	Asymchem Laboratories (Tianjin) Co., Ltd.
Stock code	002821.SZ & 6821.HK
Address of headquarter	No. 71, 7th Avenue, TEDA Tianjin, P. R. China
Year of founding	1998
Company size	• 8 major R&D and Manufacturing Center • Over 20 R&D, manufacturing, subsidiaries, and branches/ sales offices are dotted in Boston, North Carolina and London, United Kingdom, as well as in Tianjin, Jilin, Liaoning, Beijing, Shanghai and Jiangsu of China • Staffed with 9,788 employees



❖ Main business

Leveraging our deep industry insights, well-established R&D and manufacturing capabilities, and distinguished reputation cultivated over 25 years, the Company has solidified its position as an indispensable component of the global industry chain for innovative drugs and a reliable partner of preferred choice for the global pharmaceutical industry. The Company accelerates

the clinical research and commercialization of drugs through comprehensive one-stop CMC services and streamlined, top-tier R&D and manufacturing solutions tailored to pharmaceutical and biotechnology companies both domestically and internationally. Drawing upon our expertise in the small molecule CDMO field, we are actively pursuing and rolling out emerging business to build a professional all-inclusive service platform.

Small molecule CDMO main business segment	Small molecule drugs	• The Company specializes in offering comprehensive CDMO outsourcing solutions tailored to the entire lifecycle of small molecule drugs. Our primary focus lies in sectors characterized by high product quality standards, substantial production volumes, and stringent regulatory requirements. The drugs we support encompass a wide range of major diseases, including but not limited to antiviral, infectious, oncological, cardiovascular, neurological, and diabetic conditions.
Emerging business segment	Chemical macromolecules	• Our chemical macromolecule business segment includes comprehensive CMC solutions for peptides, oligonucleotides, toxin-linkers, drug conjugates, polysaccharides/ polymers, excipients/adjuvants, etc., from pre-clinical stages to NDA filing and commercial production.
	Drug product	• We offer one-stop drug product services from crystal screening, pre-preformulation studies, drug products process development, analytical method development and validation, IND and NDA registration batches, clinic to commercial GMP manufacturing services, stability studies, etc.; Our drug product development and manufacturing services cover a variety of dosage forms including conventional tablets and capsules, sustained-release and controlled-release tablets, granules, sterile solution, sterile lyophilized powder, eyedrops, complex drug products, etc.
	Synthetic biology	• The Company has established a comprehensive biocatalytic technology platform, encompassing enzyme screening, development, evolution, immobilization, enzyme fermentation manufacturing and pilot scale-up, bio-enzymatic catalysis, and green synthesis for the efficient production of small molecule drugs. Underpinned by the four core pillars of artificial intelligence ("**AI**") technology, cell-free biosynthesis ("**CFBS**") technology, high-throughput screening technology, and continuous flow technology, the integrated enzyme technology platform stands at the forefront of the industry, showcasing technological leadership.
	Biology macromolecules	• The Company has distinguished itself and offers a wide selection of CDMO services such as DNA recombination products (including monoclonal antibodies), antibody drug conjugates ("**ADCs**"), plasmids and mRNAs. Catering to the fast-growing demand from domestic and international customers, we have set up a specialized facility in Shanghai dedicated to antibody and ADC drug development and manufacturing as well as a business development and pilot plant in Suzhou focused on plasmid and mRNA solutions. The strategic expansion ensures that we can effectively deliver high-quality CDMO services to our clientele.
	Clinical research services	• We offer comprehensive services in clinical trial operation, clinical trial on-site management, data management and statistical analysis, clinical trial digitization services, and

		registration filing. Empowered by the innovative model of technology and academic leadership of CARO, we are committed to a closed loop of integrated services for Asymchem's new drug R&D, which holds the key to regulatory approvals for our clients' drugs. By seamlessly connecting and coordinating CMC, non-clinical and clinical medical resources, the Company is in a position to reduce overall R&D costs and time while improving R&D efficiency for its clients.
	Export of green technologies	• The two flagship technologies, namely continuous flow technology and synthetic biology technology have blossomed into mature technology platforms. Leveraging the global application and export of our core green technologies, we empower our partners in fields to eliminate the pain points of our clients. These efforts have well improved the efficiency and safety and lowered the cost, securing faster and more economic benefits from the Company's development and updating the industry.

❖ Annual honors and social recognition

Field	Description
ESG	• One subsidiary of the Group received EcoVadis Silver certification in 2023, and 4 subsidiaries joined the Science-Based Carbon Target Initiative ("**SBTi**") in June 2023 • The Company was honored with the title of 2022 Advanced Ecological and Environmental Protection Enterprise by the TEDA Administrative Commission • The Company was honored with the title of 2023 Top 20 Listed Chinese Pharmaceutical Companies in ESG Competitiveness • The Company was honored with the 2022 Top 50 Technologically Leading Companies ESG Golden Bull Award of the 1st Guoxin Trophy • The Company was honored with the 2023 ESG Top 50 Chinese Listed Companies (non-financial industry) by China Corporate Governance Experts 50 Forum
Operation	• The Company was honored with the title of Eyas Enterprise by the Tianjin Science and Technology Bureau • The Company was honored with the title of 2022 Top 100 Enterprises in Tianjin Development Zone by the TEDA Administrative Commission • The Company was honored with the 2022-2023 Most Influential List of China's Pharmaceutical Industry - Top 50 Enterprises in Chinese Pharmaceutical Industry by the All-China Federation of Industry & Commerce, Medical & Pharmaceutical Chamber • The Company was honored with 2022-2023 Top 100 Pharmaceutical Manufacturers in China by the All-China Federation of Industry & Commerce, Medical & Pharmaceutical Chamber • The Company was honored with the 2022-2023 Top 50 Growth Enterprises in the Chinese Pharmaceutical Industry by the All-China Federation of Industry & Commerce, Medical & Pharmaceutical Chamber • The Company was honored with the title of 17th Top 100 Listed Companies

Field	Description
	on the Main Board in Value by the Securities Times • The Company was honored with the Best Investment Value Prize-Gold Bull Award in 2022 by the China Securities Journal • The Company was honored with the title of Top 20 Most Competitive Listed Chinese Pharmaceutical Companies in 2023 by the China Pharmaceutical Enterprises Association, Healthcare Executive and www.hejun.com • The Company was honored with the title of Top 100 Chinese Life Science Service Enterprise Brands in 2023 by Healthcare Executive • The Company was honored with the title of Top 20 Chinese Pharmaceutical CDMO Enterprises in 2023 by www.yaozh.com, the organizing committee of China Pharmaceutical R&D Innovation Summit ("**PDI**") and China Pharmaceuticals
Clients	• The Company was honored with the DP Team honorary trophy by Mirati • The Company was honored with the "AnHeart Excellent Partner Group Awards" by AnHeart • The Company was honored with the "Excellent Partner Group Awards" and "Excellent Partner Awards" trophy by Avistone • The Company was honored with the "Excellent Partner Awards" trophy by JOYO Pharma • The Company was honored with the "Excellent Partner Awards" trophy by Guangzhou JOYO Pharma
Employment	• The Company was granted the honor "Tianjin Best Employers" by Zhaopin Limited • The Company was granted the honor "Tianjin Outstanding Employers" by Liepin • The Company was granted the honor "Top50 GlocalIN Technology Faces of China's Global Enterprises" by LinkedIn

2. Sustainable Development and Governance

❖ Sustainable development strategy

With a steadfast commitment to our mission of “being the partner of choice to global pharmaceutical companies of all sizes providing R&D and manufacture solutions throughout the full lifecycle of innovative drug development”, Asymchem has adhered to our operational philosophy of "International Standards, Chinese Advantages, Technology-Driven, and Eco-Friendly" for many years. Leveraging our continuous innovation and development of several internationally leading patented technologies, we have been dedicated to serving the realm of innovative and breakthrough medicines, expediting our clients' product launches to market. These endeavors have contributed to enhancing the quality of life for patients, relieving their suffering. To further integrate ESG into the Company's corporate operations and management, the Company has established a top-down ESG governance framework to harmonize our ESG strategies across the organization and ensure the efficient implementation of ESG management practices, thus fostering our sustainable development.

ESG Governance Structure



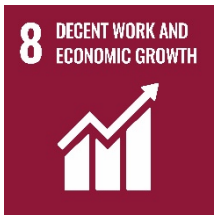
The Board of Directors	As the supreme decision-making body of ESG management, the Board of Directors is responsible for the Company’s ESG supervision and management.
The Strategy Committee	As the management body of ESG efforts, it is responsible for evaluating the important issues of ESG management of the Company and overseeing the implementation of ESG management, and plays its part in the following tasks: • To research the ESG development strategy, vision and goal setting of the Company and make corresponding suggestions. • To propose opinions and suggestions on the Company's sustainable development and the formulation and implementation of the ESG management work plan. • To monitor the implementation and improvement of the sustainable development and the management of ESG, ensure that the management and decision-making mechanisms of relevant issues meet the requirements of relevant laws and regulations, and improve the performance of relevant issues. • To review the Company's annual ESG report and submit it to the

	Board for consideration.
ESG Working Group	It is led by the investor relations functions and consists of the heads of the Company's departments and subsidiaries, assisting the Strategic Committee in promoting and implementing ESG efforts.

❖ To contribute to global sustainable development goals

The United Nations Sustainable Development Goals ("**SDGs**") map out a framework for building a more sustainable and prosperous future for all. As a pioneer in the CDMO industry, Asymchem is dedicated to advancing sustainable development through enhanced ESG management and practices. Our commitment to these principles has not only contributed to the achievement of sustainable development goals but also propelled efforts toward creating a healthier and more environmental-friendly world.

SDGs	Major efforts in 2023
	• We cared for employees in need, conducted condolences, and raised funds to help those with serious illnesses and other measures to solve the worries of employees. • We actively participated in public welfare and charitable projects in healthcare, community development and village revitalization and more.
	• Through research and innovation, we improved the quality of life for patients by alleviating their pain and facilitated our clients in swiftly launching their products to market. • Our Environmental Health and Safety ("**EHS**") management system ensured the establishment of a healthy and safe workplace environment for our employees.
	• Established a sound training system and the Asymchem Learning Center to empower employees to develop their careers and improve their comprehensive competence on all fronts. • Joined by social educational institutions, we supported all employees to participate in educational background upgrading and vocational skills certification to further enhance their professional skills and overall competence.
	• Formulated the Diversity Policy of the Board of Directors and set up the diversity target of the Board of Directors as efforts to build a diversified board of directors. • Committed to building a diversified and inclusive working environment, encouraging talents of different genders to join the organization and enjoy equal access to development.
	• Reduced water resource consumption with better water consumption efficiency by means of water resource recycling and more equipment maintenance. • Strictly complied with relevant laws and regulations, standards, and norms to strengthen the management of wastewater to meet the discharge standards.

SDGs	Major efforts in 2023
	• Improved the efficiency and steam supply of incinerators and waste heat boilers to bring down raw coal consumption. • Installed and used solar streetlamps in the factory. • Purchased and used green power.
	• Provided employees with management development paths and technical development paths to help them accurately map out their careers and assist them in their career development and self-worth realization.
	• Maintained active exploration of cutting-edge technologies and worked to improve the innovation capabilities to seek faster solutions to new and complex process problems and technical challenges faced by customers through technological innovation, thereby rapidly transforming from small laboratory trials to large-scale mass production.
	• We established a comprehensive external publicity and information protection mechanism to standardize and improve the processes of the Company's marketing for the Company's compliant and responsible marketing. • Adhering to the development concept of "Green for the Future", we have long been committed to the development and application of environment-friendly and low-carbon new green chemical technologies to reduce emissions of three wastes for safer large-scale enlarged production.
	• We submitted a short-term target commitment to SBTi and set targets accordingly. • We continued to improve our climate management mechanism and worked on R&D of green pharmaceutical technologies to reduce greenhouse gas emissions with better resource utilization rates.
	• We have formulated management systems such as the Anti-Corruption and Anti-bribery Policy and the Whistleblowing Policy to prevent and detect corruption and bribery for better integrity management. • We have signed the Sunshine Cooperation Agreement with all project suppliers to ramp up the management of suppliers' business ethics.

❖ Communication with stakeholders

Asymchem is committed to building long-term, trust-based relationships with its stakeholders. The Company implements a structured communication mechanism to deeply comprehend their perspective and anticipation, proactively addressing their inquires through interactive two-way

dialogues. Aligning with its business strategies and benchmarking against global standards, Asymchem has identified key stakeholders, encompassing governmental bodies, regulatory agencies, shareholders, investors, clients, partners, suppliers, employees, communities, and the general public. Tailored management approaches and targeted communications have been initiated to address their concerns effectively, aligning with their expectations and aspirations.

Stakeholder Communication Methods and Issues of Concern

Major stakeholders	Stakeholder representatives	Issues of concern	Communication methods and channels
Governments and regulatory authorities	• The National Health Commission, the State Medical Products Administration, the China Securities Regulatory Commission, and local government departments of overseas operations, etc.	• Product quality and safety • Anti-corruption and anti-bribery • Occupational health and safe production • Environment management system	• Daily policy implementation • Whole process product quality control • Subject to regular official and customer audits • Anti-corruption and anti-bribery management • Green operation • Application of green chemistry technology • Safe production management
Shareholders and investors	• Investors, financial institutions and credit rating agencies that engage in equity and bond investments within companies	• Product quality and safety • R&D innovation • Corporate governance • Risk management • Investor rights protection • Response to climate change	• General meeting • Regular result conference • Special meeting communication between securities dealers and capital market • Regular reporting and timely information disclosure mechanism • Risk management systems • Early warning system for major risks • Whole process product quality control • Eight major innovation platforms • Green operation • Identification of and response to climate change risks and opportunities
Clients	• Pharmaceutical enterprises, R&D enterprises, sponsors, etc.	• Product quality and safety • R&D innovation • Energy	• Customer service quality assurance • Customer satisfaction survey

Major stakeholders	Stakeholder representatives	Issues of concern	Communication methods and channels
		management • Response to climate change • Intellectual property protection • CSM • Information security • Green chemistry	• Customer visit reception • Whole process product quality control • Application of green chemistry technology • Anti-infringement search and patent navigation
Partners	• Industry associations, research institutions, universities, etc.	• R&D innovation • Intellectual property protection • Information security • Industry cooperation and development • Human capital development	• Industry events, including exhibitions, seminars, etc. • Anti-infringement search and patent navigation
Suppliers	• Raw material suppliers, equipment suppliers and service suppliers	• Supply chain management • Sustainable supply chain • Industry cooperation and development • Response to climate change • Occupational health and safe production	• Supplier quality control • Quality improvement incentive • Building stable supplier relationship • Regular on-site or remote audits • Social responsibility training
Employees	• All employees of the Company and its subsidiaries, including junior employees, junior management, middle management, and senior management	• Human capital development • Occupational health and safe production • Diversity, equality, and inclusion • Employee equity and benefits • Talent attraction	• Diversified employee benefits • Employee communication platforms (including: DingTalk, and email) • Offline forums • Employee representative meetings • Employee training system • Safety production training

Major stakeholders	Stakeholder representatives	Issues of concern	Communication methods and channels
		and retention • Product quality and safety	• Occupational health protection
Community and public	• Community residents, non-profit organizations, social groups, media, etc. around the operation site	• Community communication and development • Public welfare and voluntary services • Response to climate change • Healthcare accessibility • Resource management • Wastewater management • Waste gas management • Waste management	• Public welfare activities • “Three wastes” disposal mechanism • Green operation • Identification of and response to climate change risks and opportunities

❖ Substantive issue analysis

In accordance with the "materiality" principle outlined the ESG Guide of the Stock Exchange, the management standards for substantive issues in the Sustainability Reporting Standards of the Global Reporting Initiative (“**GRI**"), the Company undertakes an annual review of the results of substantive issues for the previous year, and carries out research and development on substantive issues every two years, in order to identify and analyze the Company's substantive issues, which serves as focal points of the Company's management decisions and reporting disclosures.

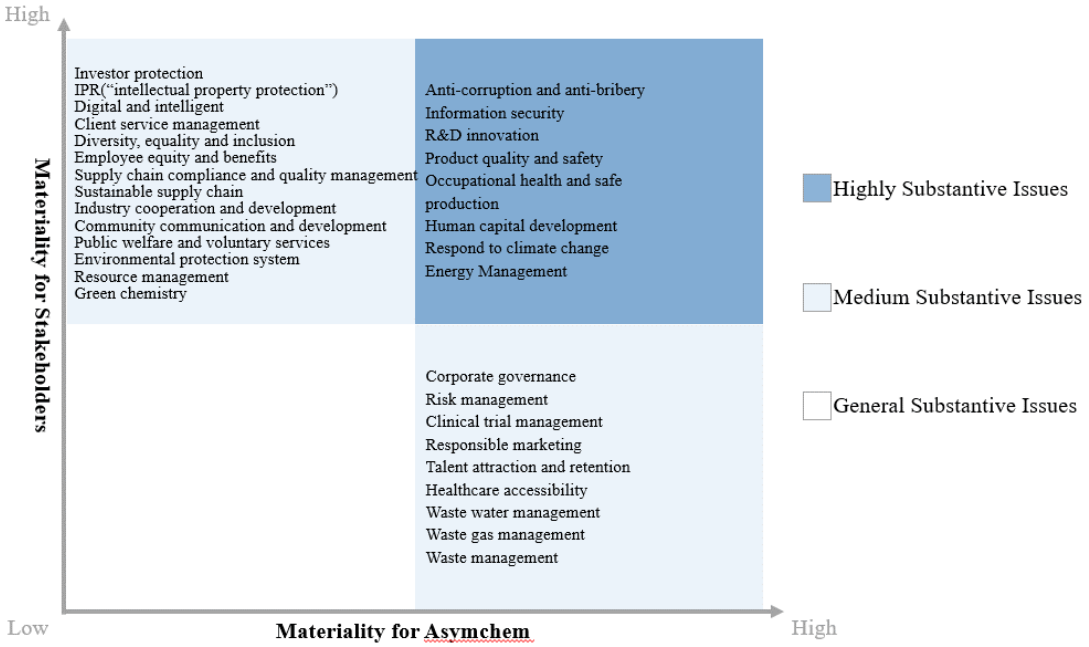
Substantive Issues Identification Process

Initial issue identification	Communication with stakeholders	Results comprehensive analysis and report
• Based on the characteristics of the Company's industry and domestic and international industry policies to analyze and identify current policy hotspots. • The GRI standards, the ESG Guide, industry practices, and ESG ratings are used to identify substantive issues.	• Identify key stakeholders and methods and means of communication with them. • Conduct research on substantive issues with internal and external stakeholders on a biennial basis. • Review the results of the substantive issues of the previous year every year and confirm or adjust the	• Based on ESG diagnostic opinions, judge the materiality of substantive issues, and form the substantive issues matrix. • High substantive issues are reviewed and identified by the Board and highlighted in the annual ESG report.

Initial issue identification	Communication with stakeholders	Results comprehensive analysis and report
	issues according to the opinions of internal and external stakeholders.	

During the Reporting Period, the Company analyzed and researched Chinese and international industry policies and regulations related to sustainable development, the latest rules of the stock exchanges, etc., and identified the key points of concern of external stakeholders to the Company. Meanwhile, based on ESG management practices of Chinese and international counterparts, the Company sought opinions from representatives of internal and external stakeholders, and reviewed, reanalyzed, and adjusted the results of the Company's substantive issues in the previous year.

Asymchem 2023 Substantive Issues Matrix



3. Robust Operation Making Possible Sustainable Development

❖ Corporate governance

In strict accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Governance of Listed Companies and other laws, regulations and regulatory documents, Asymchem has formulated the Articles of Association, the Rules of Procedures of the Board, the Rules of Procedures of General Meeting, and the System for the Work of Independent Non-executive Directors and other management systems to improve the corporate governance structure and regulate the operation of the Company.

The Company has implemented a robust corporate governance framework consisting of the General Meeting, the Board of Directors, and the Supervisory Committee, complemented by specialized committees such as the Audit Committee, the Remuneration and Examination Committee, the Nomination Committee and the Strategy Committee under the purview of the Board of Directors. This framework delineates a corporate governance mechanism with clear authority, responsibilities and well-established operational protocols, empowering the Board of Directors, the Supervisory Committee, and the independent directors to effectively improve corporate governance practices.

"General Meetings, Board Meetings and

Meetings of Supervisory Committee" and their Terms of Reference

Three Sessions	Composition	Terms of Reference
General meeting	All shareholders	The General Meeting, as the Company's authoritative organization, shall, in accordance with law, exercise the following terms of reference: • To exercise the right to determine the Company's business objectives and investment plans in accordance with law. • To elect and replace directors and supervisors who are not employee representatives, and to decide on matters relating to the remuneration of such directors and supervisors. • To consider and approve the reports of the Board of Directors and the Supervisory Committee.
Board of directors	The board shall consist of nine directors, comprising one chairperson, three independent non-executive directors and four female directors.	The Board of Directors is a standing organization for the Company's business decision-making and is accountable to and reports its work to the General Meeting, and shall, in accordance with law, exercise the following terms of reference: • To convene the General Meeting and report its performance at the meeting. • To implement resolutions of the General Meeting. • To decide on the operation plans and investment schemes of the Company etc.
Supervisory committee	It shall be made up of three supervisors, who are	The Supervisory Committee is accountable to the General Meeting and shall, in accordance with law, exercise the following terms of reference:

Three Sessions	Composition	Terms of Reference
	representatives of shareholders and employees of the Company.	• It shall review and provide a written audit opinion on the Company's periodic reports prepared by the Board of Directors. • To check the Company's finance. • To supervise the conduct of the Company's directors, chief executive officer ("**CEO**") and other senior management in performing their duties with the Company, and to propose the removal of such directors or senior management as have violated the laws, administrative regulations, the Articles of Association, or the resolutions of the General Meeting, etc.

In accordance with the Articles of Association, the Rules of the Nomination Committee of the Board of Directors and other relevant systems, the Nomination Committee of the Company evaluates the qualifications, selection procedures and term of office of the members of the Board of Directors in accordance with the relevant laws and regulations and in the light of the realities of the Company, and then formulates and submits the resolutions to the Board of Directors, which will be formally implemented upon the approval of the Board of Directors and considered and approved by the General Meeting. The term of office of the directors of the Company shall be three years, and they shall be elected or replaced by the General Meeting, and shall be eligible for re-election upon expiration of the term of office. During the Reporting Period, upon the resignation of the former independent directors upon expiry of their terms of office, the Company has, in accordance with the relevant laws and regulations, by-elected and appointed new independent directors upon the approval of the First Extraordinary General Meeting ("**EGM**") in 2023 to ensure the compliance and normal operation of the Board of Directors.

The Company is deeply aware of the importance of a diverse Board of Directors in achieving its strategic objectives and sustainable development. Therefore, the Company works on building a diverse Board of Directors by formulating the Board Diversity Policy, which specifies that several factors including, but not limited to, gender, age, cultural and educational backgrounds, professional experience, skills, knowledge and years of service, shall be taken into account in the composition of the Board of Directors. The Company has also mapped out a board diversity goal, which is to maintain at least 20% female representation on the Board and in the past has generally maintained 30%. To diversify the gender of the Board of Directors, the Company will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee periodically to maintain gender diversity of the Board.

During the Reporting Period, the percentage of female directors of the Company was 44.44%, topping the set target. Female directors of the Company have played an irreplaceable role in strategy formulation, risk management and sustainable development, injecting "her power" into the Company's breakthrough, innovation, and sustainable growth. Going forward, the Company will continue to pay attention to and endeavor to enhance the diversity of the Board of Directors and work to realize the concept of sustainable development.

Convening of General Meetings, Board Meetings and Meetings of Supervisory Committee

Name of meeting	Number	Attendance
General meeting	2	During the Reporting Period, about 102 proposals and reports were considered, reviewed, examined, or heard. Attendance at the Board meetings was 100%.
Board meeting	10	
Supervisory committee meeting	10	

The Company has had in place a comprehensive Board performance review mechanism and regularly evaluates the performance of Board members to ensure the effectiveness of Board governance. In accordance with the Articles of Incorporation, the Board of Directors of the Company periodically summarizes its work throughout the year and discloses it in the Annual Report. Furthermore, the independent directors conduct performance reviews based on personal assessment and regularly disclose their duty reports to the public, so as to give full play to the role of the independent directors in safeguarding the overall interests of the Company and the lawful rights and interests of all shareholders, in particular the small and medium-sized shareholders.

❖ Information disclosure

Asymchem is committed to ensuring the accurate, complete and timely disclosure of information in strict compliance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Hong Kong Corporate Ordinance, the Securities and Future Ordinance of the Hong Kong SAR, the Guidelines for the Governance of Listed Companies and other laws, regulations and normative documents, and has formulated the Measures for the Management of Information Disclosure, which specifies the division of responsibilities for the disclosure of information as well as the procedures for the handling and release of insider information and other information that shall be disclosed.

To disseminate information effectively, the Company utilizes renowned platforms such as China Securities Journal, Securities Times and Cninfo (http://www.cninfo.com.cn/) as our designated media for information disclosure. The Chairperson assumes the primary responsibility for information disclosure, and the secretary of the Board of Directors and the investor relations function are entrusted with specific roles in facilitating the information disclosure process. Through this structure, we ensure the timely and accurate disclosure of all information that may significantly impact the decision-making of shareholders and stakeholders, thereby safeguarding their right to access crucial information.

As of 31 December 2023, the Company has successfully disclosed a total of 308 announcements and other reporting information for its A+H shares. Among them, the Company disclosed 131 announcements on the SZSE, while 177 announcements and other reporting information uploaded on the HKSE. In addition, the Company has been rated A for three[1] consecutive years in the information disclosure assessment conducted by the SZSE. The achievenment underscores our commitment to transparency and accountability in our information disclosure practices.

❖ Investor rights protection

[1] The Company has been rated A for three consecutive years (2020-2022) in the information disclosure assessment of the Shenzhen Stock Exchange, and the assessment results for 2023 have yet to be announced.

Asymchem places a high priority on safeguarding the rights of its investors and maintains proactive, balanced, transparent and clear communication with shareholders and investors. This communication aims to offer the comprehensive insights into the Company's performance, prospects and the market landscape in which it operates. To facilitate effective investor relations, the Company has formulated the Investor Relationship Management System. In the second half of 2023, the Company introduced professional talents in the industry with expertise in investor relationship management in both domestic and overseas capital markets specialized in healthcare industry to strategically enhance comprehensive investor relations management and maintenance efforts from various dimensions. Throughout the Reporting Period, the Company has upheld an open and transparent dialogue with the investment community to expand its presence in the capital market continually. This approach ensures that stakeholders possess a comprehensive understanding of Asymchem's business development, core strategies, and governance principles.

The Company regularly reviews the two-way communication policy to sustain its effectiveness. During the Reporting Period, the Company took a proactive approach to investor communication, which remarkably attracted more global funds to follow the Company, expanding to over 50 domestic and global sell-sides of the investment banking covering the Company. Numerous Chinese and international sell-side brokerage firms and brokers issue research reports on the Company from time to time, covering and introducing global and domestic renowned institutional investors, etc., which comprehensively spreads in full swing and attracts a high degree of attention from internationalized institutional investors in the capital market.

The Company has shaped effective communication channels with investors to ramp up communication with investors and carry out effective investor relations management through, including but not limited to, regular reports, the Company's website, investor conferences, non-deal roadshows and healthcare summits, earnings call, on-site visits, and research tours.

Major Investor Communication Channels and Initiatives

General meeting	• The Directors (or appropriate proxies) will meet with shareholders and answer their inquiries through the annual general meeting and other general meetings.
Investor reception	• Earnings call and on-site interviews and survey tours for investors are specially held. • Occasional customized survey activities for various investment institutions and investors are held from time to time.
Online communication	• An "Investor Relations" feature on the Company's official website has been devoted to helping the public obtain up-to-date information on the Company's business operations and development, financial information, as well as information on the Company's governance practices and shareholders, investors, and stakeholders. • We enhanced institutional investors' understanding of the Company's business and operations through investor phone calls, emails, and online and offline face-to-face meetings. • Considering the small and medium-sized shareholders and individual shareholders, we worked to cover the needs of investors in an all-round manner and enhance the Company's recognition and image in the capital market by offering online interactive group meetings and non-deal roadshows through platforms such as ZhiTong Financial, Roadshowing.com and Roadshowchina.cn on a

	quarterly basis.
External events	• We actively participated in brokerage strategy/industry conferences, investor group or one-on-one communication meetings, annual, quarterly, monthly, or customized roadshows, and global healthcare investment summits.

As of 31 December 2023, the Company has actively participated in online and offline investor conferences, non-deal roadshows, global investor strategy conferences and medical summits, etc., and has held over 400 investor conferences in total, including over 290 one-on-one meetings with institutional investors and research analysts and over 110 small or large group meetings. Such summits and conferences have been held in Mainland China, Hong Kong, Singapore, Europe, and the United States, covering more than 1,000 funds.

The Company stresses the reasonable return on investment for investors and protects their rights and interests. During the Reporting Period, the Company, taking into account the Company's operating results, financial condition, development prospect and other important factors, has formulated the Shareholders' Dividend Payment Plan for the Next Three Years (2023 - 2025) in accordance with the Circular on Further Implementation of Matters Relating to Cash Dividends for Listed Companies, the Supervisory Guideline for Listed Companies No. 3 - Cash Dividends for Listed Companies (Revised in 2022)", and the Articles of Association of the Company. During the Reporting Period, the Company implemented the cash dividend for the year 2022 amounting to a total of RMB664,411,282.20 (tax-inclusive). The Board of Directors has formulated a cash dividend proposal for the year 2023, which will be implemented upon consideration and approval by the shareholders at the General Meeting, with an estimated amount of RMB664,080,355.80 (tax-inclusive).

The Company has formulated the Management and Decision-making System for Related Party Transactions to regulate such transactions, safeguard the lawful rights and interests of the Company's shareholders, and ensure that such transactions between the Company and related parties comply with the principles of fairness and impartiality. In conducting transactions with related parties, the Company shall follow the principles of honesty and creditworthiness, equality, voluntariness, equivalence, compensation, openness, fairness, and impartiality, and shall not jeopardize the lawful rights and interests of the Company itself and its unrelated shareholders in related transactions with related parties. In the event that a related transaction is subject to the Board of Directors' review process, the related shareholders and directors shall follow the disqualification voting system as stipulated in the Articles of Association and this system, and the independent directors shall express their independent opinions on material related transactions. If necessary, the Company shall engage a professional intermediary to conduct a valuation and audit or an independent financial adviser to give an opinion. During the Reporting Period, the Company did not enter into any material related transactions. The decision-making procedures for other minor related transactions were in compliance with the relevant laws and regulations and the Articles of Association of the Company, and the pricing of the related transactions was fair and reasonable, and there were no circumstances that would jeopardize the interests of the Company and its shareholders, in particular the interests of the small and medium-sized shareholders.

❖ Risk management

Asymchem has established a top-down risk management structure to specify risk management responsibilities at all levels, ensuring continuous tracking of risk management practices and improving risk management standards.

Risk Management Structure

	The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems.
	The Audit Committee oversees and manages the overall risks associated with the business operations of the Company from time to time. It is mainly responsible for reviewing and overseeing financial reporting procedures, risk management systems and internal control systems of the Company.
	Senior management is responsible for the following risk management efforts, including: • To develop and update risk management policies and objectives. • To conduct risk assessments, including the identification, prioritization, measurement, and classification of all such major risks as may potentially disrupt the Company's operations. • To work out action plans to mitigate potential risks. • To report material risks to the Audit Committee.
	The internal audit department and other relevant departments are responsible for implementing the Company's risk management policy and day-to-day risk management regulations.

The Company has formulated a series of internal control policies and procedures, such as the Risk Management System, which are incorporated into the Company's internal control management system. The Company also continuously seeks risk-oriented internal audits to identify risks and control existing and new risk items in a timely manner. During the Reporting Period, the Company launched risk identification and assessment at all operational levels, holistically expanded audit supervision, from a single process of audit to the addition of confirmation and evaluation of the integrity and effectiveness of internal controls and various risk assessments and promoted a number of specialized combing or investigation.

Risk Identification and Control (Partially)

Risk type	Control measures
Procurement risk	• To specify the workflow and approval authority of key business processes, such as requisition and approval, bidding and price comparison, procurement acceptance, procurement payment and supplier management, etc., of the procurement program. • To step up control over procurement approval, tendering and price

Risk type	Control measures
	comparison to ensure the control of procurement risks.
Compliance risk	• To launch a special audit of the Company's subsidiaries on the protection of intellectual property rights, identify management risks related to the protection of intellectual property rights, and make targeted recommendations for improvements. • To conduct compliant training sessions for employees.
Social responsibility risk	• To formulate policies or codes of conduct related to business ethics in order to manage the business behavior of the Company or factory and its employees against corruption, embezzlement, bribery, etc., and to maintain fair competition in the market operation and business environment.
Construction project management risk	• To maintain vigilant oversight of construction safety measures and fire hazards at the project site.

In addition, the Company has had in place an early warning system for major risks and an emergency response mechanism for emergencies to specify the risk warning standards. For major risks or emergencies that may present themselves, the Company has laid down corresponding contingency plans, which specify the responsible personnel and standardize the handling procedures to ensure that emergencies can be handled properly in a timely manner.

The Company has incorporated risk management into the performance evaluation of middle and senior management, including key indicators such as safety incidents, environmental complaint practices, occupational health practices, intellectual property rights leakage incidents, important audits, customer complaints, and quality incidents as one-vote disapproval items. These indicators serve as decisive factors that directly influence employee performance, aiming to reinforce their focus on the effective risk management.

The Company has established a comprehensive internal control evaluation system covering the dimensions of organizational structure, development strategy, asset management, capital activities, procurement contract management and information technology ("**IT**") construction and the Internal Control Management System to regulate internal control management audits. The Company carries out internal control audits by means of on-site visits, sample inspections and factual verifications, alerts the relevant business departments to the risks identified in the inspections, strengthens the management and control of the problems, and follows up with the relevant departments on the implementation of remedial measures.

During the Reporting Period, the Company launched special audits on fixed assets inventory, seal and license management, intellectual property rights protection management, monthly budget management, depot management, and three wastes and audits on construction management, business ethics management, human resources management and other dimensions. These efforts were designed to improve the Company's business processes and operation mechanism.

❖ Anti-corruption and anti-bribery

Asymchem is dedicated to conducting business responsibly and strictly adheres to all anti-corruption laws and regulations, including the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region, and anti-corruption regulations and rules in overseas jurisdictions where Asymchem operates.

During the Reporting Period, the Company formulated management systems such as the Anti-Corruption and Anti-bribery Policy and the Whistleblowing Policy to prevent and detect corruption and bribery for better integrity management. The Board of Directors oversees the formulation and implementation of anti-corruption and anti-bribery policies. The Audit Committee manages anti-corruption and anti-bribery efforts. The Audit Department engages in specific tasks such as auditing ethical standards, receiving whistleblowing reports, and investigating and handling whistleblower complaints, and reporting audit results and whistleblowing cases to the Audit Committee.

The Company reinforces employees' awareness of compliance and integrity through daily management, key positions control, and fostering a culture of integrity, thereby preventing corruption and bribery effectively.

Internal Anti-Corruption and Anti-Bribery Management Measures and Achievements

Measure	Description
Daily management	• Employees are explicitly instructed to avoid inappropriate contact with customers and suppliers. • All employees are required to participate in training on the Anti-Corruption and Anti-Bribery Policy and the Whistleblowing Policy to cultivate a culture of integrity and self-discipline. • The Audit Department collects, registers, summarizes, and reports all gifts received by employees from customers and suppliers. All forms of gifts or benefits, whether direct or indirect, will be uniformly surrendered to the Company for handling. • The Company strictly prohibits all employees and other personnel acting on behalf of us from making, proposing or promising improper payments, directly or indirectly, in any form of cash, physical assets, loans, gifts, luxury trips, entertainment, donations, other valuables or benefits to anyone, including government officers and healthcare professionals, for the purposes of acquiring or securing any business or improper advantage, regardless of whether the Company benefits from such improper payments. • Anti-corruption requirements are integrated into the performance evaluation and management of all employees. The "Rewards and Penalties Management" section of the Employee Handbook clearly defines the assessment and penalty standards for violating integrity and self-discipline and making use of one's position for personal gain. Employees who violate the integrity and self-discipline agreement or other ethical codes, or who take advantage of their positions for personal gain with an amount of RMB5,000 or more, will be dismissed.
Key positions control	• Positions requiring key control in preventing bribery, extortion, fraud, and money laundering are identified, including senior management, procurement personnel, and finance personnel. For such key personnel, the Human Resources Department and the Audit Department will jointly initiate an exit audit before their resignation.
Fostering a culture of integrity	• For all employees and new hires: at least one training session on business ethics is held annually, with emphasis on ethical conduct, prohibiting employees from accepting kickbacks and bribes, and prohibiting acceptance of any form of bribe from work-related parties. The participation rate of employees in business ethics training reaches 100%. • For the members of the Board of Directors: all members of the Board of Directors have participated in internal anti-corruption training.

Measure	Description
	• For employees of subsidiaries: the Company offers multiple special training sessions for employees of subsidiaries. During the Reporting Period, the Company held "Integrity Training and Promotion Conferences" for Shanghai Asymchem Biotechnology and Clin-nov Medical, respectively, to instill the Company's anti-corruption and anti-bribery policies in each of their employees and make the integrity deep-rooted. Additionally, all trainees at Shanghai Asymchem Biotechnology signed the "Integrity Commitment Letter".

The Company continuously strengthens its anti-corruption and anti-bribery management by extending these requirements to its supply chain partners. At the beginning of cooperation, the Company signs a "Sunshine Cooperation Agreement" with all suppliers and regularly conducts spot checks on the signing of the agreement to ensure that stakeholders clearly understand the Company's compliance management policies. The Company also requires all its suppliers to comply with all applicable laws and regulations, adhere to industry-accepted ethical standards, and abide by its anti-corruption policies and Sunshine Cooperation Agreement when providing services and fulfilling contractual obligations to the Company in order to ensure effective management of anti-corruption and anti-bribery risks. Additionally, the Company conducts compliance communication with suppliers through telephone interviews and other methods on an irregular basis to continuously clarify its stance and requirements on anti-corruption and anti-bribery.

The Company always maintains an open, trusting, and respectful atmosphere and establishes dedicated channels for suggestions and whistleblowing. These channels allow all employees, third-party collaborators, and other stakeholders to submit suggestions and whistleblowing reports, either openly or anonymously, regarding any known or potential misconduct, violations, or illegal activities. The Company also properly and seriously deals with all opinions and suggestions and attaches great importance to protecting the personal information of those who submit them.

Whistleblowing Channels

Tel.	+86 022 6625 2888
Email	asymchemaudit@asymchem.com.cn

The Company has established a Whistleblowing Policy that outlines a clear mechanism for protecting whistleblowers. This policy defines the requirements and scope of whistleblowing, the investigation process, and measures to protect whistleblowers. Once a whistleblowing report is received, the management takes immediate action to ensure that no whistleblower is subjected to discrimination, unfair treatment, or any other form of retaliation, and protects them to the greatest extent. The Company strictly prohibits any retaliatory actions against whistleblowers. Individuals who violate confidentiality by leaking whistleblower information or who engage in retaliation will be dismissed and their employment contracts will be terminated. If they violate the law, they will be transferred to judicial authorities for legal action.

Whistleblowing Response Procedure

Receipt of whistleblowing report	Confirmation for investigation	Corresponding action
• The Audit Department confirms the receipt of the	• Establish a dedicated	• Indicate whether any remedial or legal actions

whistleblowing report and evaluates diligently each report. Based on the evaluation, a decision is made on whether to initiate an investigation and what appropriate actions to take. • Record information from the report in the "Whistleblower Tracking Matrix".	investigation team. • Inform the whistleblower whether further investigation will be conducted and, at the discretion of the team, inform them of the actions taken or the reasons for not conducting an investigation. • Provide an estimated timeline for the investigation and final response, if feasible.	will be taken or have already been taken.

To further strengthen anti-corruption and anti-bribery management, the Company conducts an annual company-wide audit of commercial ethics standards to review the signing of the Integrity and Self-Discipline Agreement by key control positions and senior management, and on the signing of the Sunshine Cooperation Agreement by first-time cooperative suppliers and suppliers under annual procurement agreements.

During the Reporting Period, the Company did not experience any non-compliance incidents in relation to corruption, bribery, conflicts of interest, fraud, money laundering, extortion, or unfair competition.

❖ Information security and privacy protection

The Company prioritizes information security and strictly adheres to applicable laws and regulations such as the Cybersecurity Law of the People's Republic of China. It has established a comprehensive set of management systems covering various aspects of information security, including Information Security Management System, File Server Management System, Corporate Mobile Phone and Email Management System, IT Asset Procurement Process, Management Regulations for Adjustment to Network Security Management Regulations, Laptop Equipment and Data Management System, and Mobile Storage Device Usage and Control System. During the Reporting Period, the Company updated and revised 7 information security management systems and newly formulated the Cloud Supplier Selection Standards and Management System to further optimize internal information security management.

The Company has established a dedicated data security management structure directly managed by the IT Vice President. Under this structure, an information security team is set up to take charge of network security, data security, and system building. Furthermore, the IT Vice President reports to the Company's Co-CEO, and the senior management regularly receives briefings from the IT Vice President to supervise intellectual property protection and data security.

The Company implements various information security management measures and procedures through daily information security management, information security awareness promotion, and information security risk control to comprehensively defend against security threats.

Information Security Management Measures and Achievements

Measure	Description
Daily information security management	• Join all computers of the Company to a domain and disable USB ports. • Control external email boxes and storage tools through behavior management, and add watermarking functionality.

Measure	Description
	• Implement permission control on file servers. • Update the Data Leakage Prevention system **("DLP").** • Expand monitoring scope of antivirus software. • Add situational awareness equipment.
Information security awareness promotion	• Provide monthly information security training to all employees through DingTalk announcements, introducing information security knowledge. • Conduct quarterly "Employee Information Security Awareness Training" by means of online conference for all employees across the Group. During the Reporting Period, the Company conducted quarterly information security awareness training for all employees, covering data security strategies, anti-virus strategies, computer equipment and mobile media management strategies, internet usage regulations, and analysis of information security incident cases.
Information security risk control	• Establish a comprehensive business continuity management procedure to protect the Company's business activities from the impact of information security incidents. Conduct business continuity and impact analysis according to the Information Security Procedure Document and formulate a business continuity strategic and management implementation plan. Additionally, test and review the business continuity management plan annually. • Conduct Red Team/Blue Team testing annually to comprehensively test the Company's security protection capabilities and security awareness across all dimensions. During the Reporting Period, the Company invited a third-party organization to assist with Red Team/Blue Team exercises, with clearly defined responsibilities of both parties, attack methods, execution of attacks, and the issuance of attack and defense reports and rectification plans. After that, reinforcement or improvement measures are made in connection with identified information security issues. • Perform penetration testing and vulnerability scanning every six months to identify vulnerabilities and problems in the management system. During the Reporting Period, the Company performed two vulnerability scans on all internal and external network systems, focusing on vulnerability discovery and analysis in connection with the database, middleware, and operating system.

To further strengthen information security management, the Company conducts irregular information security inspections every year. These inspections aim to identify risk points in daily work by investigating from the bottom up, continuously optimize information security efforts, and eliminate information security risks at the source, which provides a solid guarantee for the effectiveness of information security management. Additionally, the Company regularly invites third-party organizations to audit and certify its information security management system, helping integrate information security into business processes and ensuring the effective implementation of regulations on data security and privacy protection. During the Reporting Period, the Company conducted irregular information security inspections as required. Asymchem Laboratories (Tianjin) Co., Ltd. obtained ISO 27001 information security management system certification and received the certificate in connection therewith during the Reporting Period. During the Reporting Period, the Company did not experience any illegal or non-compliance incidents that compromised customer information security.

4. Delivering Comprehensive Lifecycles Services with a Customer-Centric Approach

❖ Service control system

Product quality control

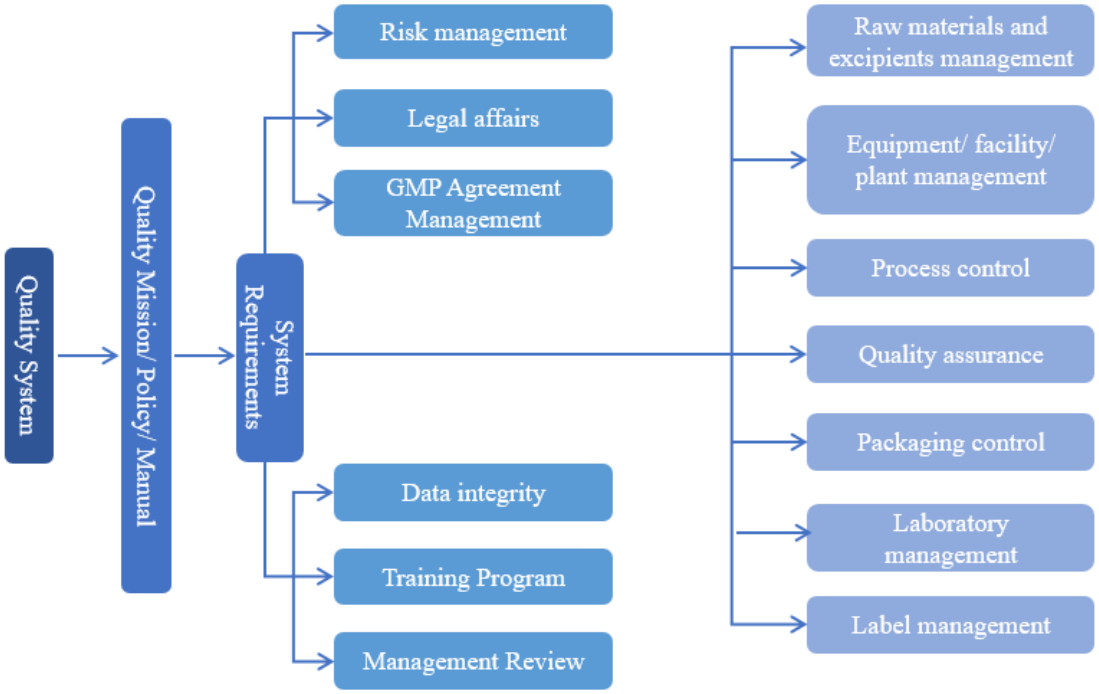
The quality of pharmaceuticals directly impacts patient safety and treatment efficacy. Asymchem, a provider of pharmaceuticals production services for its partners, adheres to the latest requirements set out in stringent international and national laws, regulations and guidelines, including Norms and Standards for Pharmaceuticals by World Health Organization ("**WHO"**), Pharmaceutical Administration Law of the People's Republic of China, Good Manufacturing Practice ("**GMP"**) for Pharmaceutical Products of the People's Republic of China, dominant GMPs in the industry, and guidelines by The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("**ICH"**), and establishes a quality policy focusing on "developing and producing high-quality standard APIs and drugs that comply with cGMP and ICH Q7, Q8, Q9, Q10, and Q11 guidelines, and meet the regulatory requirements of the Europe, United States, Japan, and China for pharmaceuticals for human use".

The Company's comprehensive quality control system covers a wide range of areas, including R&D and production of small molecule, chemical macromolecule, drug products, biological macromolecule, clinical CRO, and synthetic biology, and is designed for the life cycle management of products under research and development, technology transfer, production at clinical stage and commercial stage. Asymchem Laboratories (Tianjin) Co., Ltd. and its subsidiary Clin-nov Medical obtained ISO 9001 quality control system certification and received the certificate in connection therewith during the Reporting Period.

The Company has established management systems such as the "Quality Policy" and "Quality Manual." During the Reporting Period, the Company conducted gap analyses and implemented improvement measures in accordance with the Announcement of the National Medical Products Administration on Matters Concerning the Re-registration of Active Pharmaceutical Ingredients, Administrative Measures for Drug Standards, Questions and Answers on Nitrosamine Impurities (EMA/409815/2020 Rev.17), and Manufacture of Sterile Medicinal Products (EU GMP Annex 1). These efforts ensure that the Company's systems and procedures meet the latest legal, regulatory, and standard requirements.

The Company has established an independent quality assurance department and built a quality system management model based on the scope of GMP activities. This model covers processes such as risk management, regulatory affairs, GMP agreement management, data integrity management, training programs, and management reviews. It permeates all aspects of GMP, including raw materials and excipients management, equipment/utility/facility management, process control, quality assurance, packaging control, laboratory management, and label management. This effectively guarantees the production of high-quality standard APIs and pharmaceuticals.

Quality System Management Model



In line with its quality objectives, the Company has built workshops that comply with the current Good Manufacturing Practice ("**cGMP"**) and international standards, always maintaining high standards of quality regulatory requirements, and constantly practicing quality culture, in order to ensure that the products it manufactures consistently meet pre-determined requirements and quality standards.

Product Quality Control Measures and Achievements

Measure	Description
Convene quality communication meetings	• Convene internal quality communication meetings on a monthly basis to analyze and discuss industry trends, and to propose and implement optimization measures.
Conduct product quality review	• Annual product quality reviews are conducted for all commercialized products by variety. These reviews include an examination of critical process controls and key product test results, all products that do not meet quality standards, all critical deviations or violations and related investigations, stability test results, and all quality-related returns, complaints, and recalls. This allows for the timely identification of adverse trends and implementation of improvement measures.
Provide quality training to employees	• GMP awareness training and data integrity training are provided to all GMP production-related personnel at least once a year. • General courses are offered to all employees, including quality-related topics such as "GMP Management in API Production".
Conduct internal audits on	• Internal audits on the quality control system are conducted

Measure	Description
the quality control system	regularly at each factory, including both internal audits within the factory and cross-audits between factories. At least 1 cross-audit between factories is conducted annually. For any issues identified during the audits that require corrective action, such action is taken within a specified timeframe to prevent or minimize recurrence. • During the Reporting Period, all factories conducted regular internal audits within them and at least 1 cross-audit between factories annually.
Ensure stable production	• The Company has established a business continuity management mechanism and formulated a business continuity plan ("**BCP**"). The Company organizes drills based on the plan every year, simulating business interruption scenarios, and testing the effectiveness of business recovery plans. This ensures that the Company can quickly recover and continue operations in the event of a major business disruption.

Additionally, the Company has established systems such as Sampling and Testing Procedures for Raw Materials and Excipients of Drug Products, Packaging Materials, and Products. With comprehensive internal testing capabilities, it has established a product testing mechanism to conduct internal quality inspections on raw materials, intermediates/intermediate products, and finished products. This ensures that all products shipped from the Company meet the approved quality standards. The Company pays close attention to any issues arising during product testing and conducts timely investigations. Before product release, the Company performs tests according to the approved quality standards, and only products that have been approved for release can be shipped from the Company. If any quality issues arise with the products thereafter, the Company will conduct corresponding investigations according to established procedures.

The Company is subject to ongoing audits by competent government authorities and customers. As at the end of the Reporting Period, the Company has successfully passed over 50 audits by competent government authorities, including the U.S. Food and Drug Administration ("**FDA**"), Japan Pharmaceuticals and Medical Devices Agency ("**PMDA**"), Australian Therapeutic Goods Administration ("**TGA**"), Korean Ministry of Food and Drug Safety ("**MFDS**"), and China National Medical Products Administration ("**NMPA**"). During the Reporting Period, the Company received a total of 195 quality audits by customers, with a 100% pass rate.

During the Reporting Period, the Company had not received any penalty by competent authorities for violating any laws and regulations on product quality.

Product recall mechanism

The Company has established a product recall mechanism and formulated systems such as "Product Recall/Withdrawal," which clearly stipulate the procedures for recall notice, recall methods, recalled product evaluation, disposal of recalled products, and implementation of corrective measures. Upon receipt of information related to product defects, the responsible departments of the Company should conduct specific assessments and report the recall incident to competent authorities. Additionally, the Company performs an annual mock recall to ensure that the product recall procedure is reasonable and effective.

During the Reporting Period, the Company did not experience any product recalls.

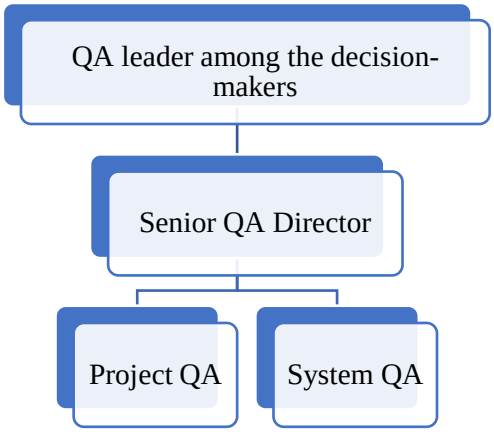
Clinical trial management

The Company's subsidiary, namely Tianjin Clin-nov Medical Technology Co., Ltd. (**hereinafter "Clin-nov Medical"**), provides clinical research services to partners, covering pre-clinical studies and Phase I to III clinical trials.

Quality is the lifeblood of clinical trials. Clin-nov Medical strictly adheres to the latest requirements of China's Good Clinical Practice for Drugs, Drug Registration Management Measures, and Good Pharmacovigilance Practice for Drugs, applicable laws and regulations in overseas locations where the Company operates, and the ICH E6 guideline, and has established a comprehensive quality control system with the quality policy of "providing full-process, high-quality new drug research and development services, and meeting the requirements of customers and applicable laws and regulations such as Good Clinical Practice ("**GCP**"). The quality control system of Clin-nov Medical covers early development and registration applications for drugs and biological products, as well as management, monitoring and auditing, data management and statistical analysis, and pharmacovigilance services of clinical research projects.

Clin-nov Medical has formulated a series of quality system documents and updates them in a timely manner based on the latest requirements of domestic and international laws, regulations, and standards.

Clin-nov Medical has established an independent quality control department, consisting of Project Quality Assurance ("**QA**") and system QA, with bottom-up reporting of quality control progress. The Senior QA Director is mainly responsible for promoting the implementation of the Company's quality control objectives, improving and maintaining the Company's quality assurance system, and managing the quality assurance department and personnel development. The QA leader among the decision-makers is mainly responsible for leading the quality system project, including system improvement and process optimization.



Organizational Structure for Quality Control of Clin-nov Medical

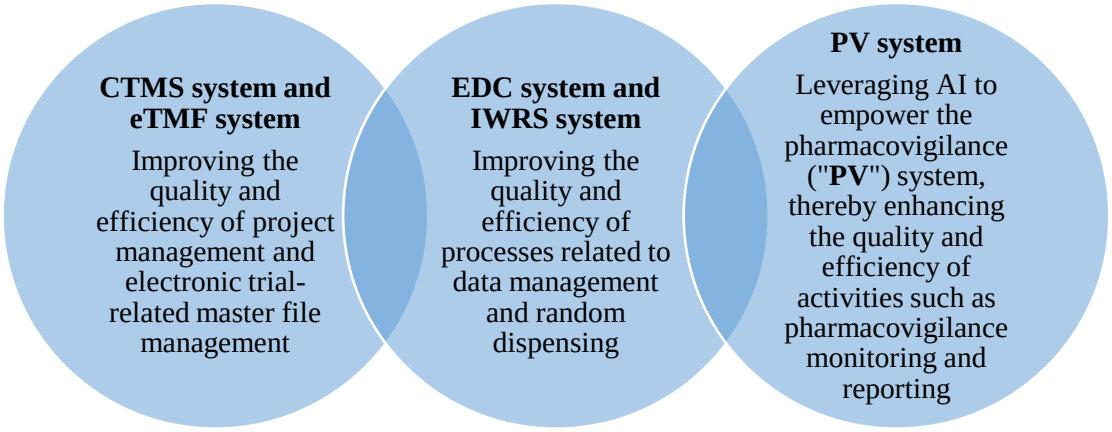
Clin-nov Medical implements various clinical trial management measures to ensure quality, including full-process risk management, Standard Operating Procedure ("**SOP**") updates, and process optimization, all based on its own quality objectives. During the Reporting Period, all projects delivered by Clin-nov Medical passed client acceptance, and no issues related to delivered services were identified during audits by competent government authorities. This indicates that Clin-nov Medical successfully achieved its quality goals for the year.

Clinical Trial Management Measures and Achievements

Key Aspects	Management Measures
Full-process risk management	• Identify potential risks related to its quality system through annual reviews, inspections, and internal audits. All employees participate in risk identification by evaluating internal and external environments and fully understanding stakeholder needs. • Take targeted measures, such as improving the quality system, to mitigate or eliminate identified risks.
SOP updates and process optimization	• Streamline and optimize business processes with project operation as the core. System documents are made in both English and Chinese, with over 300 documents improved or updated during the Reporting Period. • All departments follow unified, standardized, and compliant processes to push forward projects under the quality system and to ensure clinical trial quality.
Business continuity guarantee	• Conduct planned drills to ensure rapid response and recovery in case of disruptions, guaranteeing business sustainability.
Customers' and subjects' privacy protection	• Establish clear requirements for information and intellectual property protection. Ensure the security of services and customer information through account and permission management. For more details, please refer to the "Information Security and Privacy Protection" section of the report. • Establish SOP for Informed Consent Form writing, specifying a series of process requirements from the writer's ICF writing, line manager/medical staff/project manager review, to sponsor review and finalization. Subjects must read and sign the Informed Consent Form before participating in trials. All study reports or process documents shall use initials or codes to indicate the subjects.
Providing quality training to employees	• Clin-nov Medical provides regular training on the quality system and professional skills to all employees at least once a year and offers irregular training on interpretation of the latest regulations. Clin-nov Medical also offers customized, professional training in relevant business areas on an ad-hoc basis by taking advantage of the resources and expertise available within Asymchem group. • Dedicated trainings were provided during the Reporting Period, covering quality event management, corrective and preventive action ("**CAPA**"), quality by design, key points and judgment principles for drug registration verification, and compliance requirements. This enhances employees' compliance awareness, skills, and service quality.
Strengthening supervisory and management capabilities	• Conduct inspection-themed training for employees to improve their inspection skills. • Establish a quality event reporting mechanism and hold regular project team meetings to ensure timely identification and resolution of quality issues. • Conduct internal audits to monitor the implementation of the

Key Aspects	Management Measures
	quality system; perform special internal process inspection to ensure the compliance and adequacy of key processes. • Hold regular meetings for the management to review quality-related matters.

Clin-nov Medical actively embraces digital systems and AI to empower its smart pharmacovigilance platform. This enhances the quality and efficiency in various aspects of clinical research, including project management, clinical trial document management, clinical research data management, and pharmacovigilance monitoring, and empowers the entire clinical research process. Additionally, Clin-nov Medical strictly adheres to internal procedures such as “Account and Permission Management” and “Information Protection” to guarantee the security of relevant data and information.



Digital Systems (Partially) Used in Clinical Research

To further guarantee the quality of the ongoing clinical trials, Clin-nov Medical provides inspection services for clinical trial projects that have begun.

Qualified inspectors: the inspectors are QA personnel who is independent from clinical trials, holds NMPA GCP certificates and possesses relevant project experience.

Inspection process and items: The clinical trial inspections follow a rigorous process that includes planning, implementation, issue tracking, and closure. The inspection teams examine compliance with regulations, protocols, and procedures involved in the clinal trial, and the subjects’ rights protection and data reliability.

Corrective action: Any issues identified during the inspection are addressed by the project team through targeted corrective and preventive actions to ensure the quality of clinical trials.

As of the end of the Reporting Period, Clin-nov Medical boasts extensive experience in managing nearly 150 registration application projects and over 700 clinical research projects, with a strong focus on key advantageous therapeutics such as oncology and infectious diseases. During the Reporting Period, the Company did not encounter any incidents violating clinical trial-related laws, regulations, or ethical norms.

❖ Intellectual Property Protection

Asymchem places great importance on intellectual property ("**IP**") management and protection by strictly adhering to relevant laws and regulations, including the Patent Law of the People's Republic of China, the Implementation Rules of the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Trademark Law of the People's Republic of China. Additionally, Asymchem has established internal management systems, such as the Patent, Software Copyright, and Article Publication Management System, to standardize IP management for mitigating external infringement risks.

The Company has been following a comprehensive IP application and management mechanism. Safeguarding our own IP, the Company respects and protects the IP of others. The Company conducts anti-infringement searches and patent navigation in connection with our core technological achievements to minimize our infringement risks. Additionally, the Company further improves our patent footprint to further protect our IPs. Patent instructions are formulated upon the approval by the Co-CEO Office, and technical departments and the public affairs department then complete patent applications based on these instructions.

The Company deeply values the long-term trust of our customers and recognizes the critical importance of protecting their IP. "Securing customers' intellectual property" comes at the core of the value and code of conduct of the Company. Employee confidentiality obligation extends beyond employment contracts. IPs of the customers and Asymchem are doubly protected by both local laws and agreements with the Company.

To enhance employees' awareness of IP protection, the Company conducted 4 specialized training sessions covering various topics, including the IP application process, application strategies, responding to review opinions, and infringement risk identification and search skills. This has improved our employees' overall competence in IP creation and management.

Additionally, the Company regularly conducts special audits on subsidiaries to identify IP protection-related management risks and propose targeted improvement suggestions. The Company also refines relevant processes, standards, and regulations. During the Reporting Period, the Company conducted internal IP audits of 2 subsidiaries, and no significant risk points were identified. The Company issued the Management System for IP Protection, Confidential Documents, and Information Transmission to further enhance IP management.

During the Reporting Period, the Company received several external recognitions for our IP management, including being named a "National Intellectual Property Advantage Enterprise", a "Tianjin High-Value Intellectual Property Creation Pilot", and a "Tianjin Intellectual Property Industry Operation Center". Notably, the Company has not encountered any IP-related violations or lawsuits. As at the end of the Reporting Period, the Company had 383 domestic and international authorized patents, including 319 domestic patents and 64 overseas patents, and including 108 patents in synthetic biology and 112 in continuous flow technology.

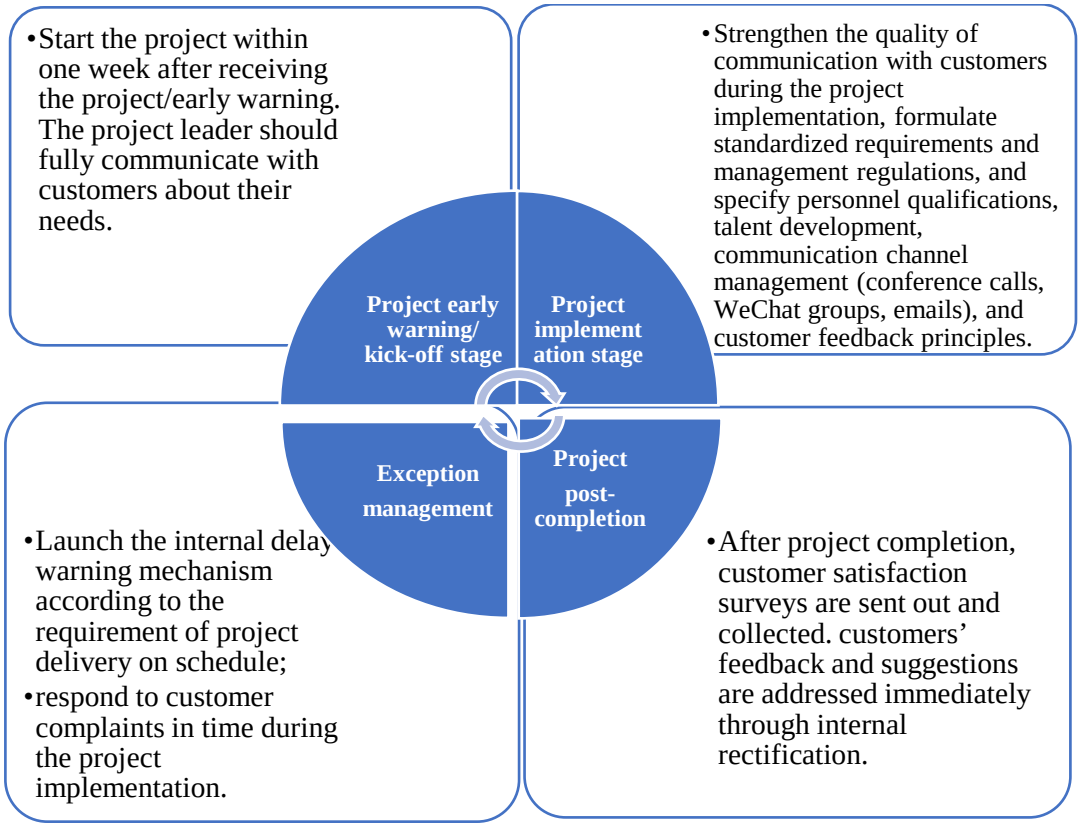
❖ Customer Service Management

Driven by the mission of "Collaboration for Innovation" and the vision of "To be the partner of choice to global pharmaceutical companies of all sizes providing R&D and manufacture solutions throughout the full lifecycle of innovative drug development", Asymchem is committed to "becoming the most creative escort and participant in the global development and supply of new drugs and becoming a partner of global drug R&D and production". This philosophy is supported by a comprehensive customer service management system designed to help customers bring their products to market quickly.

The Company's customer service management system covers the entire customer service process, including the project pre-warning or kick-off stage, the project implementation stage, and the post-completion stage. It focuses on key areas such as customer communication and management, customer satisfaction management, and product complaint handling.

The Company has established various regulations, including "Project Kick-off and Early Warning Kick-off", "Customer Management and Communication Management System of the Group", "Customer Complaints", and "Requirements on Non-Quality Complaints Management". These regulations establish management mechanisms at each stage of the projects, standardize customer service behavior and processes, and continuously improve customer service quality and capabilities.

In order to comprehensively and promptly understand customer needs, the Company has set up corresponding customer communication management requirements and mechanisms at the three stages of project kick-off, project implementation and project completion. This ensures timely, comprehensive, and efficient communication with customers, guaranteeing that the provided products and services meet their needs.



Customer Service Process

Asymchem Tianjin Clinical Supply Chain Service Center was officially launched, efficiently empowering lifecycle development of drugs

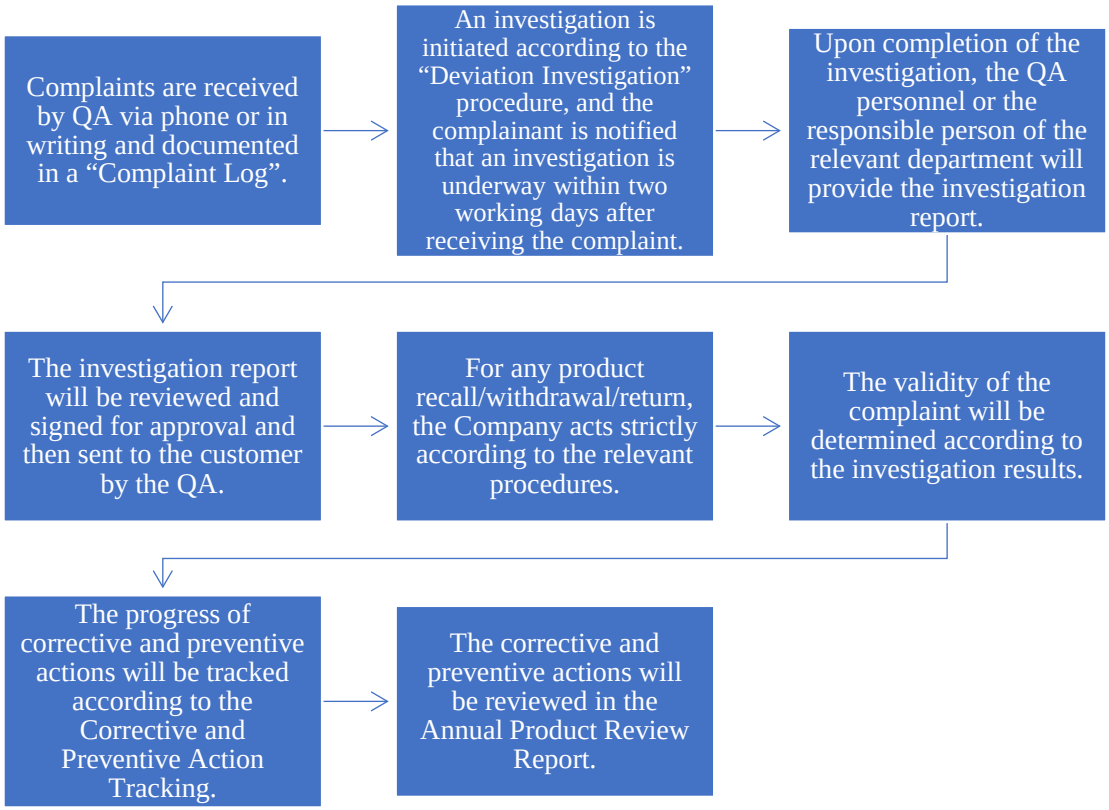
The "Clinical Supply Chain Service Center" of the Company was officially launched during the Reporting Period. As a crucial component of the Company's GXP one-stop service, the Clinical Supply Chain Service Center further enhances the Company's one-stop service system from IND to NDA. It provides customers with high-quality and efficient clinical drug supply chain services, helping sponsors improve clinical trial supply efficiency, shorten project cycles, and ensure compliance. This effectively empowers the development of drugs throughout their lifecycle and accelerates the launch of new drug candidates.

The Company prioritizes and strives to improve customer satisfaction. The Company has established a self-assessment system for key account satisfaction and formulated satisfaction goals based on this. Focusing on aspects such as raw material management, quality control, and project delivery, the Company conducts self-assessments every six months to identify areas for improvement and implement timely corrective actions. Additionally, the Company conducts satisfaction surveys among domestic and international customers, covering aspects such as general situation and implementation of projects, product quality, and project delivery.

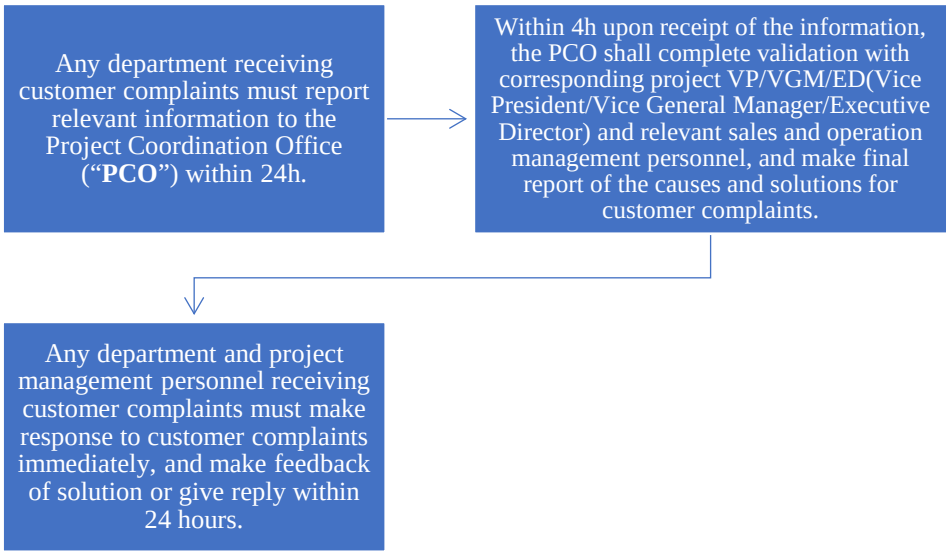
To further enhance customer service quality, the Company has established quantitative assessment indicators related to service quality and customer satisfaction for both the management and employees. During the Reporting Period, both the self-assessment of key account satisfaction and the customer satisfaction survey feedback achieved a 100% rate, meeting the annual customer satisfaction goals.

With the established customer complaint handling mechanism, the Company accepts customer complaints, and the QA department is responsible for the registration, classification, coordination, investigation and handling of customer's quality-related complaints, and the establishment of corresponding corrective and preventive measures against the root causes to improve product quality on an ongoing basis. During the Reporting Period, all customer complaints, whether or not they are related to quality, were handled promptly and effectively through internal examination and investigation according to the relevant management mechanisms. Communication with customers ensured mutual understanding, and relevant measures were taken to minimize and eliminate the subsequent impact of customer complaints.

Process and measures for handling customer quality complaints



Process and Measures for Handling Customer Non-quality Complaints



Additionally, the Company has established an audit and supervision mechanism for customer visit reception. Based on the customer visit reception process and the specific clauses of customer visit notification approved and issued, the mechanism requires random checks on all aspects of customer visit reception. Any identified issues are promptly addressed to further standardize customer visit reception behavior and improve service quality in connection therewith.

As a global industry-leading provider of integrated one-stop CDMO solutions, the Company has been implementing all standards with high requirements, high standards and high-quality

work specifications, and adhering to the cGMP quality management system and EHS management system with first-class international standards and improving the production management and project management capabilities. The Company has also established a "customer-centric" business orientation. These efforts have contributed to the Company's position as a "trusted and reliable CDMO partner" in the industry, enabling it to meet the diversified needs of customers, provide efficient and high-quality R&D and production services, and form deep embedded cooperative relations with international pharmaceutical manufacturing giants and emerging pharmaceutical companies, and become a long-term strategic partner of many multinational pharmaceutical companies.

Since its inception, the Company has been awarded "Tier 1 Supplier" and "Most Valuable Partner" by global leading pharmaceutical companies such as Pfizer, Merck, and Roche. During the Reporting Period, the Company had 426 projects in the small molecule CDMO business alone, spanning from Phase I to Phase III clinical trials and even commercialization projects, and more than 1,100 accumulated active customers. The key drugs it serves cover virus, infection, tumor, cardiovascular, nervous system, diabetes, and other major disease treatment fields, including several breakthrough blockbuster drugs with annual sales or predicted sales peak of more than US$1 billion. During the Reporting Period, the Company received numerous recognitions from customers, as detailed in the "Annual Honors and Social Recognition" section of this report.

❖ Responsible Marketing

Asymchem is committed to conducting responsible marketing activities with customers. The Company strictly adheres to laws and regulations such as the Advertising Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China and establishes a comprehensive external publicity information guarantee mechanism to ensure the authenticity and accuracy of its external publicity information.

External Publicity Information Guarantee Mechanism

Guarantee Mechanism	Description
Professional team's management and operation	• Set up a dedicated team to manage and operate external publicity information to ensure that public information is accurate, detailed, and disclosable.
Cross-departmental/Company collaboration review mechanism	• For the Company's own external publicity information, relevant departments take the lead and collaborate with business unit heads to verify the information, further ensuring its authenticity and accuracy. • For information related to partners, the partners are responsible for information review and approval.
Implementation of the "Three Reviews and Three Proofreads" system	• All external information is reviewed by the Company's responsible senior executives from different perspectives. Significant public information is submitted to the Company's highest level for approval.

Additionally, the Company has formulated policies such as the Guidelines for Product Commercialization in Overseas Markets, Guidelines for Product Commercialization in the Chinese Market, Responsibilities for GMP in CDMO Collaborations with Customers, and Management Requirements for Business Development in the Domestic Market to standardize and improve various processes of the Company's marketing work, ensuring that the Company conducts marketing activities in a compliant and responsible manner.

Responsible Marketing Management Measures and Achievements

Measure	Description
Transparent communication with customers	• Open and transparent dissemination of the Company's values, goals, and commitments in all types of publicity materials provided to customers.
Publicity on sustainable products and services	• Dedicated showcase of the Company's green technologies in all types of publicity materials provided to customers, highlighting the sustainability of products and services to meet customers' concerns and needs for environmental protection and social responsibility.
Publicity on anti-corruption and business ethics	• Active signing of agreements with customers regarding compliance with anti-corruption and business ethics principles in order to ensure that marketing activities comply with such principles.
Responsible marketing training for employees	• Regular thematic training on the Company's marketing-related systems for all marketing-related employees at least once a year. New employees are required to complete training and assessments before becoming regular employees, and refresher training is conducted annually. • Regular information release training for employees on a department-by-department basis at least once a year to supervise the implementation of information release-related systems. • Regular customer communication training and assessments for eligible employees on a department-by-department basis at least once a year. Simulated customer communication meetings are arranged for qualified personnel, and a grading list is determined based on the evaluation results. The Audit Department also supervises the use and effectiveness of the grading results on an irregular basis. • During the Reporting Period, external experts were invited to conduct training for all employees on the theme of "cybersecurity is a matter of heart, secure networks are built through action", covering information security strategy, risk management, law and regulation compliance, legal responsibilities, emergency response, and crisis management, further enhancing employees' awareness and capabilities in responsible marketing.

During the Reporting Period, the Company did not experience any violations of laws or regulations related to product and service marketing.

5. Pioneering Innovation to Cultivate Drivers of High-quality Development

❖ R&D innovation

CDMO services, which include process development, scale-up and commercial manufacturing services, are critical to the R&D of new drugs and directly affect the possibility of drug clinical application and commercialization success. As a world-leading, technology-driven one-stop integrated CDMO service provider, Asymchem actively explores cutting-edge technologies, continuously enhances its innovation capabilities, and leverages the capability of "D" ("**Development**") as a strategic pillar. It can quickly solve the new and complex process problems and technical challenges faced by customers through technological innovation, and quickly realize the transformation from laboratory pilot trials to large-scale commercial production.

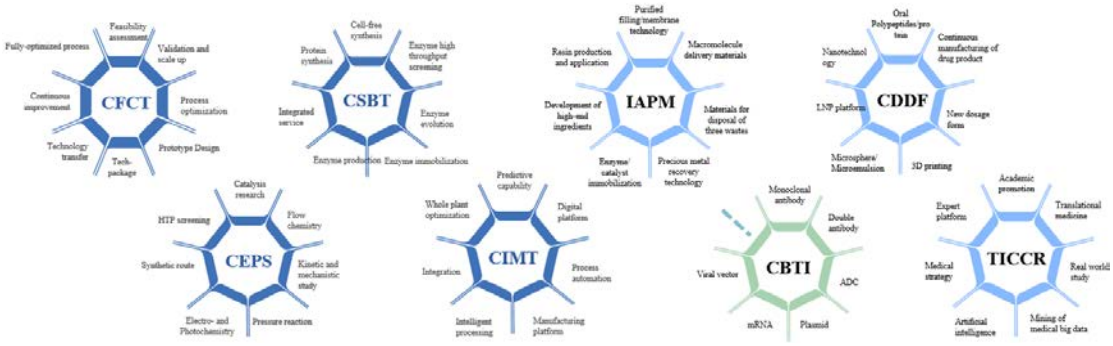
The Company has vigorously built the R&D team, which had 4,752 personnel as at the end of the Reporting Period, accounting for 48.55% of the total workforce. During the Reporting Period, the Company invested RMB708 million in R&D, representing 9.10% of the operating revenue. The Company has established employee incentive plans for core technical personnel to promote the organic integration of employee development and the Company's growth (for details, please refer to the "Human Capital Development" section of this report). Additionally, the Company has established the Asymchem Board of Scientific Advisory ("**BSA**") and the Asymchem Committee of Experts on Development Strategy("**BDSA**"), composed of Nobel laureates in Chemistry, professors from renowned research institutes, executives from multinational pharmaceutical companies, and authoritative experts, scholars, and industry leaders in relevant fields of the pharmaceutical industry both domestically and internationally. These boards provide the Company with world-class technical guidance, further propelling the Company towards the forefront of international pharmaceutical technology and improving the professional and scientific level of strategic decision-making of the Company.

The Company has constantly improved the building of the R&D platforms. As at the end of the Reporting Period, the Company has established eight technology centers, namely Center of Flow and Continuous Technology ("**CFCT**"), Center of Synthetic Biology Technology ("**CSBT**"), Center of Excellence for Process Science ("**CEPS**"), Centre for Intelligent Manufacture Technology ("**CIMT**"), the Institute for Advanced Pharmaceutical Materials ("**IAPM**"), Center of Drug Delivery and Formulation ("**CDDF**"), Center of Biological Technology and Innovation ("**CBTI**"), and Technology Innovation Center for Clinical Research ("**TICCR**"). The eight technology centers strive to develop cutting-edge and future-critical technologies in different directions to provide strong technical support for the Company's new footprint and direction, and to create a new engine of GXP one-stop service of "GMP-GLP-GCP" in the Company.

In May 2023, the CBTI technology platform was officially launched and put into use in Zhangjiang, Shanghai. It aims to strengthen internal R&D capabilities, enhance forward-looking capabilities, and optimize process development. Through the CBTI technology platform, the Company has optimized development cycles, improved delivery quality and efficiency, and streamlined and coordinated the entire process of applying for biomacromolecule CDMO services, including the filing of trademarks. In 2023, the R&D center established by the Company in Boston was put into use, dedicated to development of innovative drug process production, which becomes a key link between the Company's China production base and its U.S. partners, and helps the Company attract and foster strong relationships with U.S. biotechnology companies with innovative drug pipeline. The Company fully leverages its strong technical foundation and expertise and seasoned experience to provide

a comprehensive range of one-stop CDMO services and full life cycle solutions for numerous overseas biotechnology companies, encompassing small molecules and emerging business segments. Through these initiatives and efforts, the Company will further establish a solid base in the global biotechnology market, further optimize and diversify its customer mixture through the "funnel effect", significantly enhance the pipeline of innovative drug projects, and considerably elevate its influence and reputation in the R&D of innovative drugs.

Eight Technology Centers



R&D Platforms and Achievements

R&D Platforms	R&D Positioning and Direction	Achievements during the Reporting Period
Center of Flow and Continuous Technology	• Continuously optimizing equipment upgrades and innovation teams.	• CFCT has continuously optimized its equipment upgrades and innovation teams, submitting a total of 42 patent applications during the Reporting Period and steadily increasing the number of laser 3D printing and other equipment. • With supercomputers, CFCT upgraded and optimized highly exothermic reactors, continuous gas-liquid reactors, continuous liquid-solid reactors, and various other continuous reaction equipment. • Based on the integration of key technologies and intelligent development for experimental continuous reaction equipment within the year, CFCT has launched a laboratory-based intelligent continuous reaction platform, laying the foundation for the promotion and application of continuous reaction technology. • During the Reporting Period, CFCT overcame multiple high-risk and challenging technical obstacles, conducted pilot-scale verification for several oxidation, nitration, and hydrogenation projects, and implemented full-process continuous process packages for several ton-scale and kiloton-scale projects, rapidly enhancing the Company's market influence in continuous technology within China.
Center of	• Establishing a	• The enzyme engineering module aims to expand

R&D Platforms	R&D Positioning and Direction	Achievements during the Reporting Period
Synthetic Biology Technology	mature one-stop synthetic biology service capability starting from molecular biology (recombinant expression).	the application of biocatalytic synthesis technology in novel therapeutic drugs, including small peptides, oligonucleotides, and non-natural amino acids. The Company has successfully established an engineered enzyme library encompassing over 2,700 enzymes, with intellectual property rights secured for over 1,100 of them. The Company has developed customizable enzyme evolution methodologies and applied appropriate post-modification technologies, such as affinity purification, lyophilization, and immobilization, to improve enzyme performance. Currently, the enzyme evolution process has been accelerated to one week, significantly surpassing current industry standards. • It further enhanced the core technology platforms of enzyme evolution and continuous enzymatic catalysis, completed the construction of a full continuous synthesis platform for non-natural amino acids, and achieved commercial production of multiple ton-scale continuous enzymatic catalysis projects. • It established a technology platform for E. coli microbial cell factories and conducted feasibility studies on various bio-based small molecules. • It completed the construction of a polypeptide biosynthesis technology platform, capable of efficiently synthesizing various polypeptide products, while completing the construction of production capacity.
Center of Excellence for Process Science	• Exploring advanced technology platforms, developing and applying innovative technologies and strategies for pharmaceutical process development, striving to achieve green chemistry, cost reduction, and efficiency enhancement while reducing process risks and improving safety factors.	• It supported approximately 127 R&D projects during the Reporting Period, including 45 hydrogenation development and application projects, and established a cross-center collaborative development model with CEPS, the Chemical Engineering Department ("**CED**"), and CFCT. Through technology promotion and demonstration, 12 continuous hydrogenation projects are currently underway. • Precious metal recovery technology has been successfully applied to project production, and the control strategy for liquid-phase synthesis scale-up verification has been recognized by multiple customers. This supported 80 quotation projects, evaluated 98 routes, designed 103 new routes, completed 12 technical proposals, and applied exploratory research and development methods to support order execution.
Centre for	• Building an	• It completed the construction of an intelligent +

R&D Platforms	R&D Positioning and Direction	Achievements during the Reporting Period
Intelligent Manufacture Technology	intelligent manufacturing technology platform to promote the intelligent upgrade of R&D and production, empowering the Company's digital transformation.	Process Analytical Technology ("**PAT**") experimental technical platform. CIMT has developed modular solutions for the application of soft measurement technology, integrating data acquisition and automatic control based on the experimental platform. • CIMT has developed modular solutions to enhance the automation of unit operations, such as temperature control, pressure control, titration, and pH control, significantly improving production efficiency and flexibility in process implementation. • CIMT has supported advanced automation applications in the factory, optimized batch processing technology in commercial projects, and promoted the efficient application of batch processing automation technology in commercial project production, realizing the transformation towards digital and intelligent manufacturing. • To support the automation upgrade and digital development of the Company's laboratories, CIMT has created a data acquisition and digital twin application platform, completed the automation upgrade of the continuous hydrogenation experimental device group, and enhanced the control of continuous reactions. Through these efforts, CIMT has created conditions for further iteration and promotion of continuous reaction technology.
Institute for Advanced Pharmaceutical Materials	• R&D, production, and promotion of advanced separation and purification materials, high-end excipients, and other high-value-added green functional materials.	• It established a rich product pipeline in multiple fields, including medical and pharmaceutical polymer materials and green manufacturing materials; formulated product specifications and completed performance tests, with promotion and application within the Company's internal production already underway. • Two other noteworthy emerging functions on the IAPM platform are three wastes treatment and precious metal recovery technologies. These functions further demonstrate the Company's commitment to green manufacturing practices and showcase its expertise in sustainable long-term solutions. IAPM has been widely used in the Company's internal production and collaborations.
Center of Drug Delivery and Formulation	• Developing innovative drug delivery technologies, new	• It undertook multiple projects in high-end formulations and drug delivery technologies, including oral peptides, continuous manufacturing of formulations, novel liposomes,

R&D Platforms	R&D Positioning and Direction	Achievements during the Reporting Period
	formulation technology platforms, and novel dosage forms to help clients overcome formulation bottlenecks and provide them with more formulation options.	lipid nanoparticles ("**LNP**"), 3D printing of drugs, nanoemulsions, and exosomes. CDDF possesses full-process service capabilities from early-stage R&D to production, with several orders already secured or under negotiation. • Leveraging its advantages in continuous flow production technology, CDDF has gradually established an independent micro (milli) fluidic system, integrating intelligent and digital technologies for the development of new nanoparticle formulations such as liposomes, LNPs, and nucleic acid vectors. This lays the foundation for meeting service needs in subsequent production stage. This independent micro (milli) fluidic system significantly shortens the development time of the formulation process, facilitates rapid production expansion, and improves production efficiency and quality.
Center of Biological Technology and Innovation	• Undertaking the building of capabilities in scientific development, process R&D, technology platform establishment, and supply chain optimization related to biomacromolecules (antibodies, fusion proteins, etc.) and advanced therapies.	• The official launch of the CBTI technology platform in Zhangjiang, Shanghai in May 2023 marked a significant milestone in the Company's efforts to strengthen internal R&D, enhance forward-looking capabilities, and optimize process development. • Through the establishment of this platform, the development cycle has been successfully optimized, and delivery quality and efficiency have been improved.
Technology Innovation Center for Clinical Research	• Undertaking the innovative tasks of academic leadership and efficiency improvement in the clinical trial stage, enhancing the quality and efficiency of the clinical trial process.	• The Company's information technology department has begun to establish an artificial intelligence team for collaborating with the R&D department to utilize AI algorithms in areas such as enzyme molecular computing and protein evolution to improve R&D efficiency.

Asymchem Has Claimed Milestones in GLP-1 Single/Multi-Target Drug Development

During the Reporting Period, the Company completed the FDA's DMF filing for its biotechnologically developed Semaglutide API, marking a milestone in the development of

single/multi-target drugs in the field of glucagon-like peptide-1 ("**GLP-1**") using the Company's synthetic biology-related technology platform.

Simaglutide is a GLP-1 analog that has received marketing approval for indications including type II diabetes in adults and long-term weight management of obesity or overweight, and also holds great potential for clinical use in the cardiovascular field.

Catering to the high demand for GLP-1, the Company pools its own technological expertises and experience to fully tap into its strong bio-fermentation capabilities. Through collaborative efforts and teamwork across departments, the Company has successfully overcome a number of technological challenges, resulting in cost reduction and improved accessibility to drugs without compromising quality.

Unlike the traditional solid-phase synthesis process, the Company adopts a combination of bio-fermentation technology and chemical modification to produce Simeglutide APIs. Throughout the process, the Company has ensured that the source of key materials quality and costs are controllable by independently developing and optimizing its own process routes and key starting materials. This filing can serve as a reference for future drug applications, expediting the review and evaluation process and streamlining the approval process for similar projects.

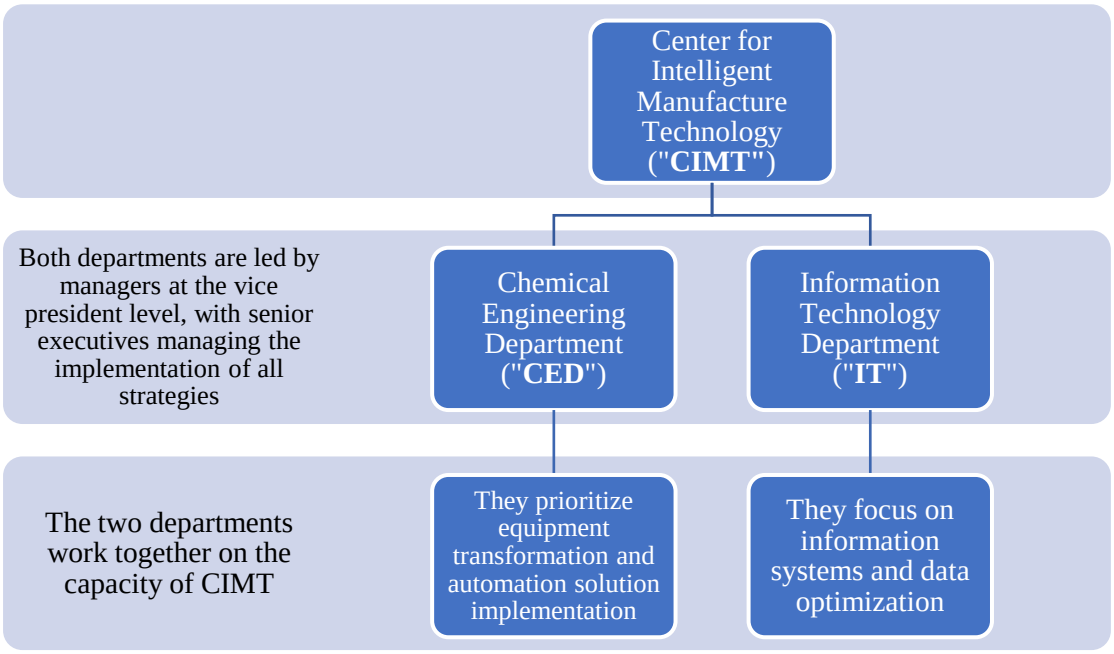
At present, the Company possesses the capability to rapidly apply this mature technology to GLP-1 single/multi-target and other polypeptide drugs. Moving forward, the Company, stretching its world-leading synthetic biotechnology, will empower and improve the commercialization of its whole industrial chain capacity and stay focused on the polypeptide drug field to undertake GLP-1 commercialization projects for the benefit of global patients.

❖ Digitalization and intellectualization

The digital transformation of the pharmaceutical industry has become a powerful force for the high-quality development of the industry, driven by the rapid advancement of new-generation digital technologies such as big data, cloud computing, Internet of Things, artificial intelligence and more. As a benchmark enterprise of digital workshops and smart factories, Asymchem has set up the Center for Intelligent Manufacture Technology ("**CIMT**") using its more than two decades of accumulation of innovative technology and service experience, which empowers intelligent management and manufacturing through the strategy of digitization, artificial intelligence, and data science.

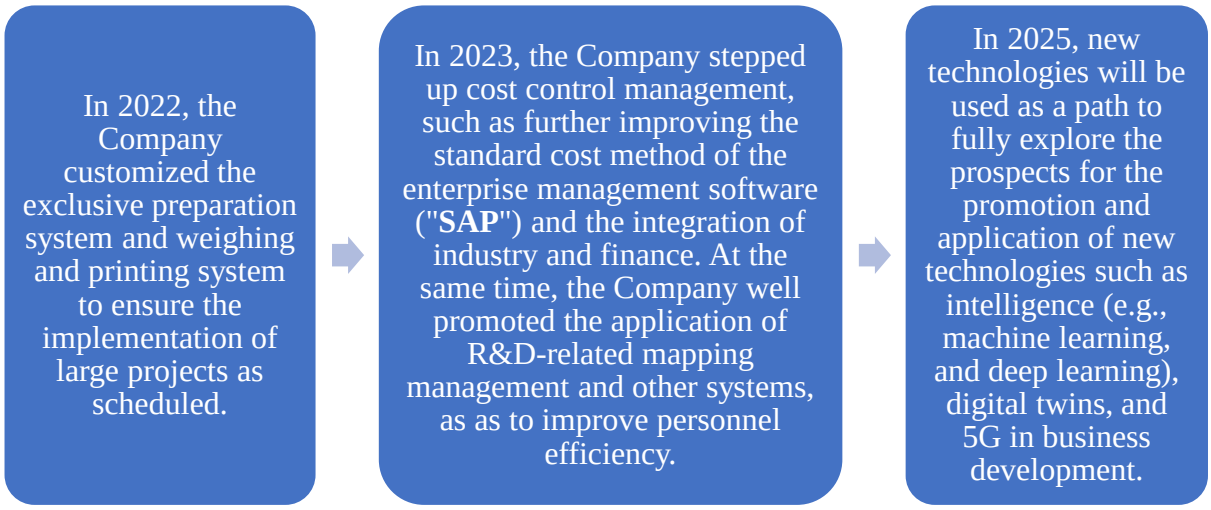
The CIMT of the Company applies advanced methods such as artificial intelligence, machine learning, and multi-variable online control to the Company's R&D, production, and operation for the digitalization, automation, and intelligence of R&D, production, and operation, directly transforming advanced control methods into productivity. On one hand, CIMT, having demonstrated various advanced methods through the Center Pilot Laboratory, serves as a model for factory production to improve the level of factory self-control on all fronts. On the other hand, CIMT continues to provide large-scale data support to R&D and production. The application of these advanced methods and technologies not only caters to the Company's own development for better production efficiency, but also enables the provision of favorable R&D and technical services to its clients. This strategic approach positions the Company to lead the CDMO industry in the future.

Underpinned by the CED and IT team, CIMT witnesses good teamwork with the R&D, production, and analysis teams, as well as CEPS, CSBT, CFCT, QA, BD, purchasing and supply chain to take further the scale of R&D and production automation and intelligence.



Organizational Structure of CIMT

As of 2020, the Company has activated various self-developed production systems and support systems, such as production billboard, scheduling, and smart project billboard, which have helped accomplish the management objectives of expanding production capacity and improving project delivery. In addition, the Company has formulated the implementation and planning of its IT development strategy for 2022-2025, specifying that it will concentrate on guaranteeing the advancement of major projects in 2022, stress efficiency enhancement and cost control in 2023, and realize leapfrog development in 2025.



Implementation and Planning of IT Development Strategy from 2022 to 2025

During the Reporting Period, the Company continued to follow IT planning by applying itself to efficiency enhancement and cost control and strengthen the protection of intellectual property rights and quality red line control, laying a solid foundation for leapfrogging development from 2024 to 2025.

Measures and Achievements of Digital and Intelligent Construction

Category	Achievements during the Reporting Period (Part)
R&D empowerment	• The Company has independently developed a sample delivery system to transparently manage the progress of sample delivery and analysis to replace manual statistical analysis. • The Company utilized AI for the exploration of enzyme engineering and Oligo R&D efficiency enhancement, including the use of machine learning to assist enzyme evolution, protein mutation effect prediction, polypeptide fragment retention time prediction, and protein solubility improvement, etc., and the relevant results have been published in papers in the foreign journal ("**ACS**").
Production empowerment	• The Company has independently developed its own equipment management system to digitize and manage its equipment. Specifically, the Company has prepared equipment files for the equipment in each plant, worked out maintenance plans and spot check confirmation, and formulated preventive maintenance plans through the accumulation of data. • The Company has introduced the Laboratory Information Management System ("**LIMS**") system in its chemical macromolecule-related plants for the digital management of quality control ("**QC**") laboratories, which includes stability management, sample retention management, standard substance management, chromatography column management, and other module functions to enhance QC compliance management.
Operation empowerment	• Launching the SAP system, the Company has enhanced efficiency and strengthened the standardization of operations by optimizing some 120 financial items. • The development and optimization of key statements on the Company's financial operations has made more transparent the Company's management information. • The Company has employed automated robots to release the workload of frontline financial employees by replacing large quantities of manual repetitive labour. The Company is transforming from accounting to management accounting, focusing more on efforts related to management analysis. • The Company has had in place an interface between sales orders and financial processes, realizing a consistent flow of information from sales to invoicing.

In addition, during the Reporting Period, the Company was involved in the drafting of two industry digitization plans, namely the “Chemical API Digital Chemical Plant Construction Plan” and the "Injection Digital Chemical Plant Construction Plan”, which contributed to the digital transformation of the pharmaceutical industry.

Asymchem’s Chemical API Digital Workshop claimed the title of "Tianjin Digital Workshop and Intelligent Factory".

During the Reporting Period, the Company's chemical API digital workshop, thanks to its core strengths in intelligent research and development, automated production and informatization of operation, successfully ranked among the list of "Tianjin Digital Workshop and Intelligent Factory" in 2022, which was evaluated by the Tianjin Industrial and Information Technology Bureau.

The chemical API digital workshop production system comprises the production process system, auxiliary process system and utility system. Meanwhile, in terms of production process R&D and production process amplification, it is equipped with process R&D laboratories, pilot

laboratories and other R&D laboratory systems. The workshop management information system, consisting in production planning and scheduling management, experiment management, quality control, supply chain management, EHS management, energy management and more, is designed for planning, management, diagnosis, and optimization of the production operation process.

- **Production automation:** underpinned by the automated production equipment and laboratory equipment, the chemical API digital workshop conducted the automated execution of production processes, the self-awareness and self-adjustment of production and experimental parameter data, and the collection and edge calculation and storage of key process data at the on-site equipment level.
- **Process digitization:** the workshop deploys a perfect equipment industrial control network, production management network, and video monitoring network to transmit the equipment data from the production and R&D sites through direct connection or gateway protocol conversion and realizes the data security scheme and transmission reliability assurance.
- **Management informatization:** data from the upper-level informatization platform, such as production process data, experimental formula data, production scheduling data and more., are sent downward to the production and experimental equipment on site, or to the on-site production management system, so as to realize the interconnection and interoperability of the enterprise's digital system and data, and the seamless integration of management informatization and production automation.

Looking ahead, the Company will continue its development on intelligent manufacturing R&D capabilities to trend in the CDMO industry and lift its technological leadership in the global CDMO market for accelerating the empowerment of R&D and transformation of innovative drugs.

❖ Supply chain management

Supply Chain Compliance and Quality Control

Asymchem’s suppliers fall into two types that are product-based and service-based. The Company's procurement items consist of chemicals (APIs, raw materials, and auxiliary materials), non-chemicals (laboratory consumables, and production spare parts), large engineering equipment and administrative and office supplies and more. The Company's procurement services feature testing and calibration services, human resources services and consulting services. For the suppliers under the quality control system, the Company categorizes them into class 1, 2, 3 and 4 project suppliers based on the type of projects, and into tier 1, 2, 3 and 4 suppliers based on the content of supplier control and assessment requirements. For other suppliers, the Company takes relevant management measures as the case may be.

The Company stresses a long-term and stable business relationship with suppliers and works on it. Staying true to the concept of green procurement, the Company continues to improve the procurement process for integrity and fairness. Having formulated the Supplier Management System, Supplier Control and other systems, the Company specifies the contents of the supplier admission, evaluation, and withdrawal mechanism for the whole life cycle management of suppliers.

The Company's selection of suppliers is based on the overall quality of the supplier. Key factors include quality, price, delivery time, technical support, service level and other influencing factors such as environmental protection measures and creditworthiness.

The Company stays on track for strengthening supplier quality control. In 2022, the Company updated the Supplier Management System by adding the new chapter of supplier management strategy to the supplier management system, which systematically includes the quality

management supply chain (**"QMS"**) into the supplier management mode. Besides, taking into consideration the realities, the Company, for the technical problems presented during the implementation of customized projects, convenes technical communication meetings from time to time to guide suppliers for better quality control ability of suppliers, thus improving the product qualification rate and on-time delivery rate. In addition, for suppliers with excellent performance in quality of supply, the Company grants preferential procurement and other means as incentives. Furthermore, the Company has initiated the management of sub-tier suppliers in accordance with the Supplier Control and other systems.

Supplier Full Lifecycle Management Measures and Results

Management Link	Measure
New supplier access	• **Declaration of access**: Potential suppliers shall declare access materials, including certificate qualifications, business information, safety information and credit information, etc. Suppliers within the scope of quality control are required to fill out questionnaires and declaration files and provide quality certificates for materials within the scope of national control. • **Supplier provision**: Supplier level shall be determined based on the type of projects and raw materials to be purchased, and where necessary, potential suppliers shall provide materials for quality evaluation. • **Audit and evaluation**: The Company shall conduct qualification audits or site visit audits and evaluate potential suppliers from the aspects of market share, peer utilization, business status and supply capability. After the application for access is approved, the suppliers shall be put in supplier pool.
Eligible supplier management	• **Hierarchical and classified management**: Suppliers shall be classified as approved suppliers/annual purchase agreement suppliers/strategic suppliers/blacklisted suppliers by procurement strategy. A supplier management checklist shall be developed for suppliers within the scope of quality control, including a project-specific Qualified Supplier List, an annually updated Qualified Supplier List at the Group level, and a quarterly maintained Quarterly Updated List of Suppliers. The checklist will facilitate the classified and hierarchical management of suppliers, improve standardization, and process, and ensure the efficiency and quality of procurement. • **Annual evaluation**: An annual evaluation shall be conducted on suppliers within the scope of quality control around the themes of the supply of materials, quantity, batch, complaint, timeliness, accuracy, creditworthiness, and services, and an Annual Supplier Evaluation Form shall be formed. Quality evaluation shall be conducted on commercialized project suppliers by grade every 1 to 2 years, and a review report shall be generated. If, upon evaluation, a supplier's qualifications fail to meet the requirements, a Deviation Investigation Report shall be submitted to evaluate the impact on product quality, and corrective and preventive measures shall be laid down. In particular, in terms of quality assessment, the Company carries out surveys and questionnaires for suppliers of raw and auxiliary materials at different levels in accordance with the provisions of the Supplier Control, conducts inspections of Material Safety, assesses the quality of samples in batches, signs quality agreements, and conducts on-site or remote audits, to ensure the quality of raw and auxiliary materials supplied to the Company. • **Inspection and audit**: The Purchasing Department shall regularly organize relevant departments to conduct on-site inspections and evaluations on

Management Link	Measure
	suppliers whose annual purchase amount is greater than a certain amount or high-risk suppliers. On-site audits or remote audits shall be conducted on suppliers within the scope of quality control in accordance with the provisions of the Supplier Control.
Supplier downgrading or withdrawal	• **Downgrading or withdrawal**: Suppliers will be downgraded or disqualified under any of the following conditions: ■ Falling far short of audited requirements, failure of audited critical observations to be rectified within the deadline, quality incidents, quality problems, or failure to supply goods as agreed in the contract. ■ Serious violation of contract terms or quality agreements by the suppliers. ■ Other reasons, such as bankruptcy, closure, shutdown, etc. • **Reappointment**: If a disqualified supplier is reappointed as required by projects, the supplier shall be managed as a new supplier and the audit shall be performed once again. The audit shall focus on the reasons for the last disqualification and the rectification of non-conformities.

Sustainable supply chain

The Company renews its efforts to standardize supplier management. To that end, the Company establishes a collaborative supply chain mechanism, integrates ESG into the supply chain management, and giving full play to the market, encourages more partners in the upstream to practice the concept of sustainable development. By making these efforts, the Company endeavors to build a stable, green, and sustainable supply chain for the green upgrading and sustainable development of the industry as a whole.

The Company has formulated the EHS Management Procedures for Suppliers and other policies to standardize its own supplier ESG management-related work. The Company imposes ESG requirements on suppliers through the formulation of ESG-related documents, ESG risk assessment of suppliers, and ESG-themed training for suppliers, to guard against ESG risks in the supply chain. In addition, the Company empowers suppliers to enhance their ESG management awareness and capabilities.

Management Measures and Achievements of the Sustainable Supply Chain

Measure	Description
Suppliers are required to sign the Supplier Code of Conduct and the Sunshine Cooperation Agreement	• Based on the Pharmaceutical Supply Chain Initiative ("**PSCI**") Principles for Responsible Supply Chain Management, the Company draws up the Supplier Code of Conduct and the Sunshine Cooperation Agreement, which contain requirements for suppliers in environment, health and safety, labour, business ethics and other aspects. All suppliers are required to sign and comply with the agreements. • As of the end of the Reporting Period, the proportion of suppliers who have signed the agreements reached 100%.
ESG risk assessment on suppliers	• The Company annually selects tier 1 and tier 2 suppliers that may have an impact on the continuity of the Company's business or present ESG risks and conducts on-site or remote audits on them on a quarterly or semi-annual basis. • The Company develops a Supplier Questionnaire that contains

Measure	Description
	environment, labour, and ethics requirements, which shall be completed by tier 1, tier 2, and tier 3 suppliers. As of the end of the Reporting Period, the proportion of tier 1, tier 2 and tier 3 suppliers completing the Supplier Questionnaire reached 100%.
ESG training for suppliers	• The Company conducts social responsibility training for all suppliers who cooperate with us annually at a frequency of once a year. The training mainly covers the concept and importance of social responsibility, laws and regulations and compliance, employee rights, environmental protection and sustainable development, ethics and integrity management, risk management, and continuous improvement. As of the end of the Reporting Period, the proportion of suppliers of category 1 and 2 projects reached 100%.
Building a green supply chain	• The Company has formulated the EHS Management Procedures for Suppliers, which stipulate that suppliers whose EHS system complies with standards such as ISO 14001 and ISO 45001 or other regulations shall be selected. The Company evaluates the ability of suppliers to dispose of the three wastes, requires suppliers to improve their management capability, encourages suppliers to use environmentally friendly products and services, and procures suppliers to improve their environmental performance. • In particular projects, the Company improves suppliers' management capabilities and encourages them to reduce the use of hazardous substances by guiding them to dispose of the three wastes.

The Company conducts audits on suppliers' compliance with the requirements of the Company's anti-corruption and bribery policy. The Audit Department of the Company conducts regular audits of the Group's business ethics standards, including random checks on the signing of the Integrity and Self-Discipline Agreement by key control positions and senior management, and on the signing of the Sunshine Cooperation Agreement by first-time cooperative suppliers and suppliers under annual procurement agreements.

In ensuring the stability of the supply chain, the Company, based on the principle of "building long-term stable relationships with suppliers", has developed a diversified supplier strategy and established an information sharing mechanism with certain core suppliers and key business partners (excluding confidential information or intellectual property information), for the timely transmission of the information about supply chain risks and jointly working out countermeasures. The Company, by strengthening risk management and inventory management, continues improving supplier management to mitigate supply chain risks and increase supply chain resilience.

6. Going Green to Lead Sustainable Industry Development

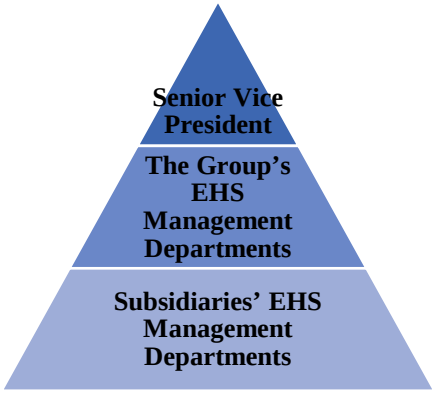
❖ Environmental management system

Asymchem adheres to the development strategy of "international standards, China's advantages, and being technology-driven and green-oriented" and implements the concept of green manufacturing. The Group, in strict accordance with the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and the Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution Environment (《中華人民共和國固體廢物污染環境防治法》)and other laws and regulations and with reference to the requirements of standards such as the ISO 14001, establishes an EHS management system which covers the Company and all its subsidiaries. During the Reporting Period, Asymchem Life Science, a subsidiary of the Company, got certified with the ISO 14001 and obtained the corresponding certificate.

The Company has mapped out policies such as the Recognition Management of EHS Laws and Regulations, and during the Reporting Period, updated the relevant policies and practices in accordance with the latest laws, regulations, and standards. At the same time, the Company has been considering honing the specific framework, procedures, and regulations from the aspects of the management of sewage stations, waste gases, and solid wastes. This aims to further strengthen the management of the Company's construction projects in the areas of environmental protection, pollutant discharge, treatment of water and air pollutants, and disposal of waste.

The Company establishes a three-tier EHS management organization structure, with the senior vice president responsible for coordinating the Company's EHS management, consisting of the EHS Management Departments of the Group and its subsidiaries. The EHS Management Departments of the Group and its subsidiaries have set up 4 teams, namely the Compliance Team, the Environmental Protection Team, the Process Safety Team, and the Occupational Health Team, which are responsible for EHS-related compliance system construction, environmental management, process safety management, and occupational health management.

Three-tier EHS Management Organization Structure and Responsibilities

	• The senior vice president is responsible for coordinating the EHS management of the Company.
	• The Group's EHS Management Department is responsible for supervising and managing the EHS management of subsidiaries and providing technical support. • The Group's EHS Department reports directly to the senior vice president.
	• Subsidiaries' EHS departments are responsible for implementing the EHS management of the subsidiaries. • Subsidiaries' EHS supervisors report directly to the subsidiaries' plant managers, and to the Company's

	senior vice president.

The Company has set environmental management indicators and targets covering the Company and all its subsidiaries, including the environmental management indicator of "achieving smooth EHS-related governmental inspections/unannounced inspections of customer audits" and 2 "one-vote veto" indicators, namely "major environmental complaints" and "failure of major audits and governmental audits". The Company has established a "one-vote veto" system for major events, which is linked to the performance appraisal of the Company's middle and senior managers. If an event meets the definition of "one-vote veto", it will be deemed that the Company's overall environmental management objectives have not been met, and the performance score of the relevant employees, including the primary and secondary person in charge, will be deducted. During the Reporting Period, all of the Company's environmental management objectives were achieved.

In order to further improve its environmental performance, the Company refined its environmental control objectives and established a Company-wide performance appraisal and incentive mechanism for environmental control objectives during the Reporting Period. The Company also set Company-level and individual-level appraisal indicators around energy, water resources, process quality and strength and clarified the reward and punishment system. During the Reporting Period, the mechanism operated well, which improved employee motivation in environmental management and elevated the Company's environmental performance.

The Company's pharmaceutical R&D and manufacturing process involves the use of resources such as energy, water resources, raw materials, and packaging, as well as the emission of water pollutants, air pollutants, greenhouse gases and the generation of waste. During the Reporting Period, the Company and its 7 subsidiaries were identified as key polluters by the ecological and environmental management authorities of the locations where they operate.

Resting upon environmental risk identification and management, the Company strictly enforces the management system of “Three Simultaneities” and integrates environmental management throughout the Company's operation. Through the continuous investment in environmental protection, upgrading of environmental protection facilities and other measures, we have pollutants disposed of in a compliant and efficient manner. At the same time, we further enhance our environmental management capabilities by tracking laws and regulations, conducting internal audits of our environmental management system, and providing environmental management training.

During the Reporting Period, the Company organized its subsidiaries to sort out the management procedures of environmental protection facilities and optimized their management responsibilities and processes in light of their respective management characteristics, to enhance the efficiency of environmental management and bring down management costs. The Company's environmental protection facilities were in good operation and there were no incidents of violation of laws and regulations on environmental protection.

Environmental Management Measures and Achievements

Measure	Description
Tracking laws and regulations **Timely rectification**	• Regularly collate the latest laws and regulations, work out a gap identification list, and conduct timely training on the interpretation of laws and regulations for all employees in environmental protection-related positions in the Company. • Relevant departments conduct gap analysis, formulate, and implement improvement programs and plans, track the

Measure	Description
	implementation of the programs and plans, and organize reviews to ensure that the Company's operations comply with the latest laws and regulations.
Risk assessment **Preparation of emergency plans**	• The Company and all its subsidiaries conduct regular risk assessments of potential environmental risks and prepare emergency plans for environmental emergencies. • They conduct environmental emergency drills to improve the emergency response capabilities of employees. During the Reporting Period, emergency drills were conducted around the topics of chemical leakage, hazardous waste leakage and hydrogen sulfide poisoning.
Investing in environmental protection **Payment of environmental protection taxes and fees**	• The Company makes continuous investment in environmental management and protection. • The Company pays environmental protection taxes and fees in accordance with the law. During the Reporting Period, RMB426,000 was paid as environmental protection taxes and fees.
Upgrading environmental protection facilities **Environmental monitoring**	• The Company upgrades environmental protection facilities and improves the pollutant treatment efficiency for less emissions. • The Company conducts the online monitoring of pollutants to see that environmental protection facilities operate properly and efficiently, and that pollutant discharge is up to standard. • For details, please refer to the section headed “Emissions and Waste Management” of this report.
Internal and external audits of the environmental management system	• Internal audits of the environmental management system are conducted quarterly throughout the Company and all subsidiaries, focusing on the compliance with the environmental management system, environmental management system, operation of environmental protection facilities, and payment of environmental protection taxes and fees. For the problems identified in the audits, solutions and plans are developed and implemented in a timely manner to further improve the environmental management capability and are reported to the Company's management. The high-risk items identified in the audits will be linked to the KPIs of the Company's management. During the Reporting Period, a total of 4 internal audits were conducted on the environmental management system, covering all subsidiaries, and no major deficiencies were found. • The Company undergoes external environmental management audits at the request of its customers (or "stakeholders"). During the Reporting Period, the Company was subject to a total of 9 external environmental management audits (customer audits), involving environmental system operation, pollutant discharge control and pollution prevention. The scope of the audits also covered the Company's subsidiaries, namely Tianjin Asymchem Pharmaceuticals Co., Ltd., Jilin Asymchem Pharmaceuticals Co., Ltd., Jilin Asymchem, and Asymchem Life Science. • Regular internal audits on cleaner production are conducted. During the Reporting Period, a total of 1 internal audit on cleaner

Measure	Description
	production was conducted, covering the entire DH1 plant. An external expert reviewed the audit report on the cleaner production of TJ2, including all the plants on the TJ2 site.
Environmental management training	• Environmental management training is provided to all employees on an irregular basis to heighten their environmental awareness and enhance their capabilities. During the Reporting Period, a total of 46 environmental management training sessions were held on topics such as the interpretation of laws and regulations, the explaining and publicity of internal systems, the operation and management of environmental protection facilities, and the disposal of hazardous waste.

❖ Green chemistry

Adhering to the development concept of "Green for the Future", we have long been committed to the development and application of environment-friendly and low-carbon new green chemical technologies to reduce emissions of three wastes for safer large-scale enlarged production. We insist on investing in and diving deep into the field of technological innovation and the industrialization of technological innovation fruits.

The Company builds technological innovation platforms in the industry such as the enterprise technology center and the state-local joint engineering laboratory of green pharmaceutical technology, leading the industry change. At the same time, the Company demonstrates strong competitiveness to its global innovative pharmaceutical partners by offering "environmental-friendly" technology services such as the continuous reaction technology, enzyme catalysis technology, and continuous synthesis biotechnology.

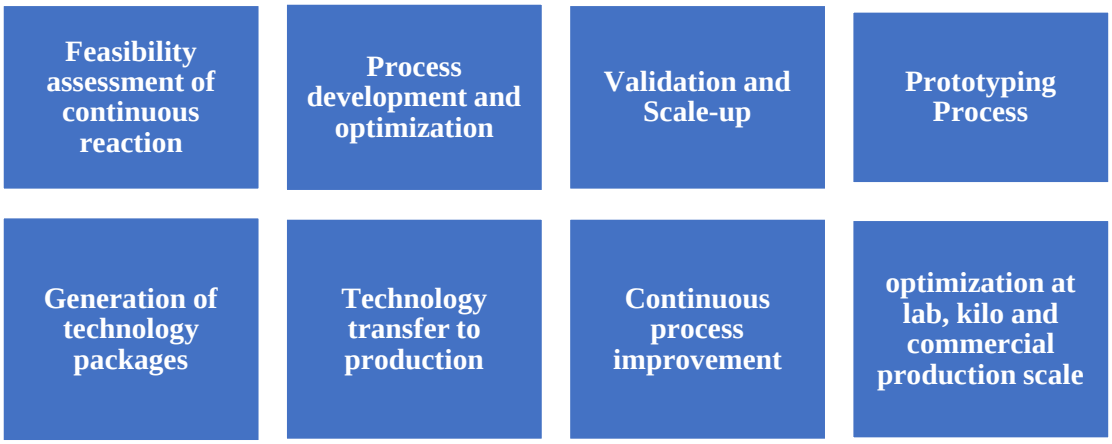
Flow and Continuous Technology

Continuous flow reaction is a chemical reaction carried out continuously in a system with strict parameter control. Flow and continuous technology ensures safety and reduces pollution at the source of technology, which is a globally recognized green path for pharmaceutical R&D and manufacture.

The Company is at the forefront of continuous reaction technology. Upholding the concept of scaling up production, the Company takes the independent R&D road to build a continuous reaction modular technology platform. Thanks to more than one decade of efforts, the Company has been equipped with capabilities of efficient process screening plus equipment development and application. Through module combination and automation control, the Company truly realizes “End-to-End” green production, and ranks as one of the few companies in the world that successfully applies continuous production technology to tonnage-scale pharmaceutical manufacturing. Currently, the Company has applied this continuous production model to a string of key intermediates for innovative drugs and API commercialization projects.

During the Reporting Period, the Company commenced the external export of flow and continuous technology. Relying on its strong R&D capabilities, the Company expands its flow and continuous technology to pharmaceuticals, fine chemicals, and others. Capitalizing on its technological strengths and continuous production experience, the Company has won cooperation in projects of continuous process development, optimization, and equipment customization, 1/3 of which are production-scale commercial equipment customization projects. The Company has broken through the technical barriers of high-risk and difficult processes and realized the pilot scale-up verification of oxidation, nitrification and hydrogenation projects and the application of 1,000-ton to 10,000-ton full-flow process packages.

Technology service for flow and continuous reaction process development



Advantages of the continuous reaction technology

The flow and continuous technology outstrips the traditional batch production in large-scale production and application as follows [1]:

- Reaction yield: 30% higher
- Production cost: relatively lower
- Personnel cost: 50-70% lower
- Energy consumption: 50% lower
- Floor space: 70% lower on average
- Emission of three wastes: 30-60% lower

Note 1: The information is within an average measurement range and is not precise.

Development and application of a continuous nitrification process for antianginal drugs

In the continuous nitrification process for antianginal drugs, the highly efficient mixing reactor, designed and developed by the Company, tackles uneven mixing that is common in the production process of batch reactors and eliminates the safety hazards hidden in local overheating. This improvement reduces the volume of reaction materials required inside the equipment and intensifies the mixing effect. It also ensures the safety and reliability of the production process while increasing production efficiency by about 50%.

Furthermore, the Company reduces solvent consumption by adopting the continuous post-treatment technology, which is in alignment with the concept of green chemistry and sustainable development. The technology reduces the floor space of the production equipment, which is instrumental for optimizing the layout of production space. The technology significantly shortens the operation cycle of the whole process by streamlining non-essential operational steps, which results in higher overall production efficiency and more economic benefits. As a result, the quality yield of the product reaches 30%-35%, which satisfies the requirements of Chinese Pharmacopoeia.

Enzyme catalysis technology

Enzymes have such advantages as high efficiency, high selectivity, mild reaction conditions, and being degradable, fermentable, and evolvable. Enzyme catalysis technology is among the best solutions to achieve green chemistry.

The Company has had in place an integrated biocatalytic technology platform for enzyme screening, development, evolution, immobilization, enzyme fermentation manufacturing and pilot scale-up, bio-enzymatic catalysis, green synthesis, and efficient synthesis of small molecule drugs. Underpinned by the four core pillars of artificial intelligence ("**AI**") technology, cell-free biosynthesis ("**CFBS**") technology, high-throughput screening technology and flow continuity technology, the current enzyme technology platform has been well established, technologically leading the industry. Providing greener and more environmentally friendly processes, the platform reduces customers' costs and mitigates the supply risk and the impact on the environment. The Company has applied multi-variety, highly active and selective engineered enzymes in the commercial production of statins, glitazones, penem and other blockbuster drugs.



One-stop service for bio-enzyme catalysis technology	**Enzyme engineering:** • Enzyme discovery/development/evolution/immobilization • Enzyme screening kits
	Bioorganic chemistry: • High-throughput screening of enzyme libraries • Development and production of immobilized enzymes • Development of scalable biotransformation processes
	Enzyme production: • The CSBT center boasts more than 280 scientific researchers, of which more than 81% have doctoral and master's degrees in biology. Relying on the existing biotransformation, protein synthesis and production capabilities, the Company is leading the research and development of the biosynthesis technology. • The fermentation scale is up to 5,000 liters.
Self-owned enzyme library	• We, through enzyme engineering technologies such as DNA recombination, rational design and directed evolution, obtain new enzymes with higher activity, higher selectivity, greater stability,

	and longer life cycle to constantly enrich our own enzyme libraries. We have developed customizable enzyme evolution methodologies and applied appropriate post-modification technologies, such as affinity purification, lyophilization, and immobilization, to improve enzyme performance. • We have developed a variety of engineered enzymes including ketoreductase, transaminase, amino acid dehydrogenase, hydrolase, olefin reductase, monooxygenase, imine reductase and amine lyase. The number of enzymes in our enzyme libraries exceeds 2,700, and that of patented enzymes exceeds 1,100, which are being updated. • We have the right of "freedom to operate ("**FTO**")" all enzymes in our enzyme libraries and maintain regular inventories of the enzymes.
Combining the enzyme technology with the continuous reaction technology to provide customized biotransformation solutions for the pharmaceutical industry	• The combination of immobilized enzymes with the continuous reaction technology considerably increases reactor throughput while keeping the enzymes reused. • The multi-enzyme co-immobilized continuous reaction system, with its superior mixing efficiency, enhances mass transfer, accelerates the process, and enables easy integrated processing and analytical control.

Promoting the development of acute migraine drug intermediates with the enzyme catalysis technology

Rimegepant is an oral calcitonin gene-related peptide ("**CGRP**") receptor antagonist approved by the FDA in 2020 to treat acute migraine headaches. The metal catalyst used in the production of the key chiral intermediate 1 of these drugs is costly and involves a two-step reductive amination under high-pressure reaction, with a yield of merely 55%.

The Company has obtained a transaminase mutant that could synthesize the intermediate through enzyme evolution and used the new mutant to achieve the kilogram formulation of key chiral intermediate of Rimegepant. Compared with the existing process, the enzymatic process greatly increases the yield, reduces the production cost and emissions of the three wastes, and is thus safer and more environmentally friendly.

Advantages of enzyme catalysis technology

- Reaction yield: 30% higher than the original process
- Precious metal catalyst: not used
- API production cost: 50% lower than the original process
- Emission of three wastes: the reaction is carried out in the aqueous phase, which reduces the emission of organic solvents.

The enzyme catalysis technology facilitates the commercial production of innovative anti-tumor drugs

During the Reporting Period, in developing an innovative anti-tumor drug, the Company obtained chiral sulfoxide by catalytic oxidation with the enzyme method and in one step,

starting from the precursor thioether. The act topped the 50% theoretical splitting yield of the original process and achieved a yield of more than 80%, while avoiding the use of a large number of splitting solvents. Currently, the Company has completed the production of batches of 8,000 liters. This revolutionary technological breakthrough guarantees the production of the drug in the subsequent commercialization stage.

Continuous biosynthesis technology

The perfect combination of continuous flow technology with biosynthesis technology enhances the catalytic efficiency of bio-enzymes, significantly shortens the reaction time, and increases the space-time-yield ("**STY**"). Meanwhile, the combination enables the production process to be scaled up and finely controlled in a compact facility, thereby increasing efficiency, and reducing waste emissions. The modular design allows for flexible capacity adjustment, while the mild continuous flow environment helps to maintain enzyme stability, reduce the catalyst loss, and promote a more environmentally friendly production process.

Recognizing the immense potential of synthetic biology in pharmaceutical manufacturing, the Company has swiftly integrated its long-standing bioconversion technology capabilities and pioneered the organic combination of its "technological business card"-continuous reaction and synthetic biology. By establishing a technology platform that combines continuous reaction with synthetic biology, the Company is driving forward large-scale and rapid advancements in low-carbon and environmentally friendly innovations within chemical industry. A key focal point in this endeavor is the utilization of continuous immobilized enzyme technology, which serves as the optimal starting point for the Company.

The continuous immobilized enzyme technology empowers customers and industry partners

- **Building a mature and continuous immobilized enzyme technology platform**

The Company has developed various forms of immobilization methods based on the molecular properties of enzyme proteins. The Company has also pioneered the synthesis and development of hundreds of immobilized carriers, from which the Company selects more than 40 inorganic, porous silica, polyvinyl alcohol, metal affinity, and other series of commonly used carriers that are top-quality and universally applicable.

During the Reporting Period, the Company further ramped up carrier research and development, and independently developed a carrier library of a scale comparable to its own enzyme library, to cater to the growing demand for screening. The Company strove to find the most suitable and efficient immobilized enzyme-carrier combinations for its customers.

- **Self-developed full series of continuous immobilized enzyme reactors**

The Company has independently researched and developed a full range of continuous immobilized enzyme reactors, primarily continuous reactors, which are used in scenarios ranging from small laboratory trials, kilogram tests to tonnage production. The reactors can continuously complete different forms of enzyme solidification and reduce at least 40% of the time for equipment cleaning and the transfer of immobilized enzymes. The reactors can also complete different types of catalytic reactions of continuous immobilized enzymes, which significantly reduce equipment usage and improve reaction efficiency, realizing tens of times or even hundreds of times of capacity increase. In addition, they simplify the post-processing technology by eliminating the need for tedious enzyme separation or recycling operations.

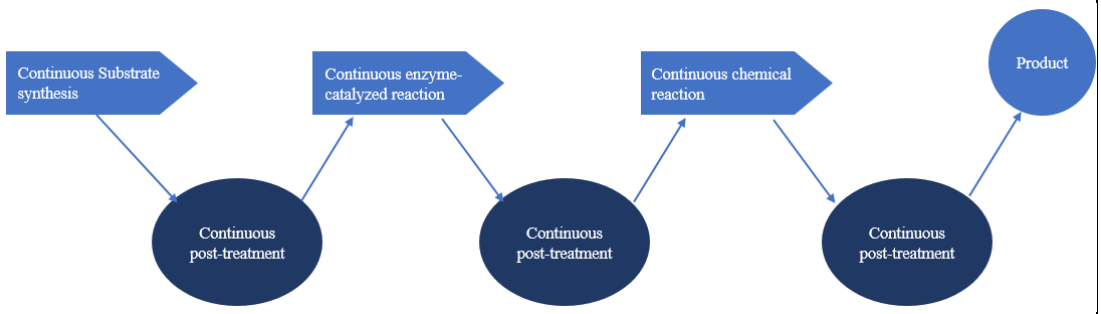
- **Empowering customers with the continuous production of immobilized enzymes**

With the mature enzyme immobilization technology and advanced continuous reaction technology, the Company has empowered a wide array of enzyme catalytic projects to upgrade magnificently. As of the end of the Reporting Period, the Company completed the continuous

production of immobilized enzymes for kilogram-to-ton orders of renowned multinational pharmaceutical enterprises at home and abroad. The continuous reaction can be sustained for more than ten days without interruption, saving the enzyme cost by more than 70% [1].

For faster popularization in the industry, the Company will market a slew of pre-populated immobilized enzyme reaction columns to satisfy the full-flow screening requirements of enterprises from laboratory to commercial production. This will truly transform the green technology into the common wealth of the whole industry.

Note 1: The information is within an average range for the project and is not precise.



Continuous production process of immobilized enzymes

Going forward, the Company will integrate flow and continuous reaction, synthetic biology and commercial production which is its greatest strength, for the continuous production of various bioactive substances. The three will form an iron triangle to lay the foundation for the green future of the industry. With the spirit of "craftsmanship", the Company will continue with iterative technology computing upgrades by giving full play to its experience and advantages in advanced green pharmaceutical technology, to boost the sustainable development of the industry.

❖ Response to climate change

In active response to climate change, the Company is committed to achieving "carbon peaking" by 2030 and "carbon neutrality" by 2060, while maintaining a reasonable rate of growth in its business development. The Company establishes a governance mechanism for climate issues and makes climate-related information disclosure from the perspective of the four core pillars of governance, strategy, risk management, and indicators and targets, with reference to the framework of ISSB's IFRS S2 Climate-related Disclosures (2023).

Climate governance

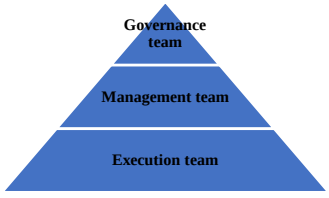
The Company has in place a climate governance mechanism and a three-level governance structure comprising the "governance team, management team and execution team", to carry out comprehensive risk management and cope with climate change.

Climate Governance Mechanism

	Governance: • The Board assumes the highest management responsibility for the Company's response to climate change, the Strategy Committee is responsible for overseeing and managing the work related to climate change, and the ESG working group is responsible for implementing tasks. • Each level reports the progress of the relevant work to the higher level on a quarterly basis.

	**Strategy:** • To conduct climate-related qualitative and quantitative scenario analysis. • To identify climate-related risks and opportunities for the Company. • To evaluate the potential impact, extent, and likelihood of occurrence of climate-related risks and opportunities on the Company.
	Risk management: • To incorporate climate-related risks and opportunities into the Company-wide risk management process and work out and implement response programs and plans.
	Indicators and targets: • To set targets to address climate change and propose and implement actions to reduce energy consumption and emissions, based on the particular conditions of the Company. • To communicate with stakeholders through channels such as ESG reports and CDP questionnaires.

Climate Governance Framework

Climate governance framework	Responsibilities
	**Governance team: The Board is responsible for the following work:** • To identify climate-related risks and opportunities for the Company. • To make decisions on the setting of strategies and targets for the Company to address climate change, and approve relevant systems for the Company to address climate change. • To regularly review the Company's key performance in managing climate change. • To regularly receive reports on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets. • To review and approve the disclosure of information on the Company's response to climate change.
	Management team: The Strategy Committee is responsible for the following work: • To develop and monitor the management process of climate-related risks and opportunities, ensure that the process is scientific, reasonable and effective, and review the Company's climate-related risks and opportunities. • To study and put forward the Company's strategies, targets and systems to cope with climate change.

Climate governance framework	Responsibilities
	• To study and put forward proposals on the Company's work plan for addressing climate change. • To regularly review the Company's management performance and target progress in response to climate change, and propose the direction of optimization and improvement in the next stage. • To regularly report to the Board on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets. • To review the disclosure of information on the Company's response to climate change.
	Execution team: The ESG working group is responsible for the following work: • To identify, assess, prioritize, and monitor climate-related risks and opportunities. • To implement the Company's climate change strategy and system. • To implement the Company's work plan for addressing climate change, and organize the implementation of specific measures. • To regularly monitor, make statistics of and analyze the Company's management performance on climate change, and summarize the progress of the target. • To regularly report to the Strategy Committee on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets. • To organize the collation of the disclosure of information on the Company's response to climate change.

The Company has formulated an incentive and penalty mechanism to address climate change. The Company links its environmental control objectives (please refer to the section headed "Environmental Management System" in this report for details) to the performance appraisal and remuneration of the relevant departments and employees, and encourages its employees to implement practices related to improving environmental sustainability (including the reduction of greenhouse gas emissions). At the same time, the Company carries out accounting and monitoring of greenhouse gas emissions from sources such as employee commuting, encourages employees to reduce their personal carbon footprints and provides them with relevant incentives.

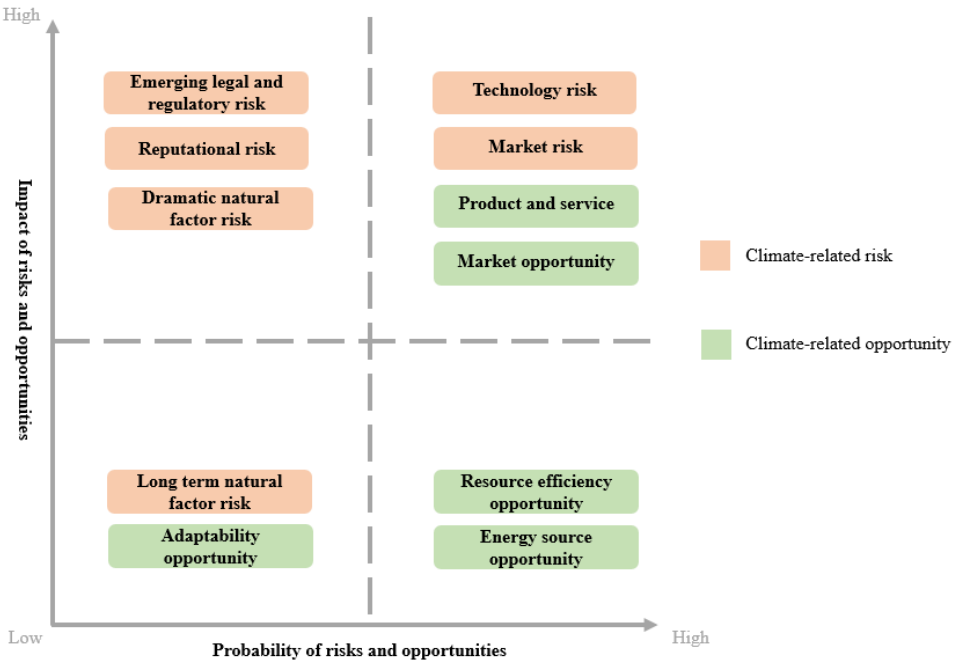
Climate strategy

The Company has a process for identifying and assessing climate-related risks and opportunities. Every year, the Company assesses and analyzes the climate-related risks and opportunities facing the Company's own operations and the upstream and downstream of its value chain in the short-, medium- and long-term time scales, and formulates and implements appropriate solutions and plans.

Assessment Process for Climate-related Risks and Opportunities

Identification	Assessment	Response
• To understand the external and internal environments in which the Company operates, conduct climate-related scenario analysis, and identify climate-related risks and opportunities facing the Company. • To consider risk types including the emerging legal and regulatory risk, technology risk, market risk, reputational risk, dramatic natural factor risk, and long-term natural factor risk.	• To assess the potential impact, extent and likelihood of occurrence of climate-related risks and opportunities. • To construct a matrix of climate-related risks and opportunities and prioritize risks and opportunities based on the assessment results.	• To establish an early warning system for major risks and an emergency response mechanism. • To develop and implement response programs and plans for climate-related risks and opportunities. • To hold regular meetings to summarize the implementation of plans.

The matrix of climate-related risks and opportunities identified by the Company during the Reporting Period is shown below.



Matrix of climate-related risks and opportunities

Management of climate-related risks and opportunities

For identified climate-related risks and opportunities, the Company assesses the potential operational and financial impacts and incorporates them into the Company-wide risk management process.

Analysis of The Financial Impact of Climate-related Risks

Type		Impact description	Potential financial impact
General risks in the industry	**Emerging legal and regulatory risk**	As countries and regions around the world attach even more importance to climate change, the Company may face more stringent regulatory requirements in the field of climate change. If the Company fails to optimize the relevant management mechanism or take relevant action and measures in accordance with the latest regulatory requirements in time, the consequences will be higher expenses and changes in business credit.	Capital expenditure ▲ Credit change ▲
	Technology risk	As countries and regions around the world attach even more importance to climate change, green and low-carbon technologies will become increasingly critical to the development of the pharmaceutical industry. If the Company fails to grasp the trend of technological development, invest in resource research and development, or deploy leading-edge, green and low-carbon technologies, its competitiveness will decline in the industry.	Capital expenditure ▲
	Market risk	An increasing number of investors and customers are concerned about the Company's action on climate change and pay more attention to the action. If the Company does not take proactive action to address climate change, its attractiveness to investors and customers will change, which could affect financing opportunities and operating income.	Financing channel▼ Possible impact on the demand for products and services▼
	Reputational risk	Stakeholders or related parties of the Company are paying more attention to the Company's action in addressing climate change. If the Company does not take proactive action to address climate change and respond to the concerns and demands of stakeholders, it will face reputational damage and other consequences, which will in turn affect operating income.	Revenue from changes in the demand for products and services▼
Force majeure risk	**Dramatic natural factor risk**	Against the backdrop of climate change, there are frequent occurrences of extreme weather such as cold waves, typhoons, droughts, and floods. Extreme weather will affect the Company's business including pharmaceutical R&D and production activities. Extreme weather will also cause losses to the Company's fixed assets, and obstruct employees' commuting and the transportation of raw materials, packaging and products. As a result, the Company's production capacity will decrease, whereas indirect costs will increase.	Revenue from reduced productivity▼ Indirect cost▲
	Long-term	Climate change may lead to long-term changes in	Indirect cost▲

Type		Impact description	Potential financial impact
	natural factor risk	natural patterns such as sea level rise, water scarcity, and changes in average temperature, affecting the Company's pharmaceutical R&D and production plus other activities. As a result, the Company's indirect costs will go up in the process of adapting to these changes.	

Analysis of Financial Impacts of Climate Change

Type	Specific description	Major potential financial impacts
Resource efficiency	Proactive responses to climate change aimed at reducing greenhouse gas emissions will help the Company to use more efficiently such resources as energy, water, raw materials and packaging materials in R&D, manufacturing, product transport and administration among other operations, so as to cut direct and indirect costs.	Direct cost▼ Indirect cost▼
Energy source	Against the backdrop of ramped-up support for developing renewable energy and carbon trading in the place where the Company operates, the Company will be increasingly likely to use renewable energy, the cost of which will probably drop. Meanwhile, if the Company actively participates in carbon trading, additional profits may be generated.	Indirect cost▼ Diversity of financial assets▲
Products and services	If the Company responds actively to climate change and provides green and low-carbon products and services through R&D innovation, green procurement and logistics, and operational improvements, it is likely to have more appeal to investors and clients, and then widen its financing channels and create more revenue.	Financing channels▲ Revenue resulting from higher demand for products and services▲
Market	The mainstream market increasingly demands green and low-carbon products and services both in number and quality. If the Company responds actively to climate change and provides green and low-carbon products and services, it is more likely to access related markets, and then have more appeal to investors and clients, widen its financial channels and create more revenue.	Financing channels▲ Revenue resulting from higher demand for products and services▲
Competitiveness and adaptability	If the Company responds actively to climate change and makes itself more resilient in operation and more adaptable to climate change through resource substitution, emergency management and diversified procurement among other means, it is likely to reduce or avoid	Indirect cost▼

Type	Specific description	Major potential financial impacts
	related operating losses.	

Climate Targets and Key Actions

Calculation of greenhouse gas emissions paves a solid foundation for the Company to set climate targets, and pursue energy conservation and emission reduction. In 2022, the Company checked the greenhouse gas ("**GHG**") inventory in its production facilities, and calculated the GHG emissions in its scopes of operation (scope 1 and scope 2). In the Reporting Period, the Company widened the scope of calculation, and calculated the GHG emissions in scope 3.

Based on annual calculations of GHG emissions on a continual basis and analysis of climate-related scenarios, the Company has set up the climate target. Meanwhile, in the Reporting Period, 4 subsidiaries of the Company, namely Jilin Asymchem Medical Technology, Asymchem Life Technology, Jilin Asymchem and Asymchem Pharmaceuticals, presented their commitment to short-term goals to SBTi, and drew up specific targets.

To fulfill the above climate target, the Company continued to improve mechanisms for tackling climate change and made dedicated efforts to develop green pharmaceutical technology to improve the efficiency of resource utilization and cut GHG emissions. Please refer to the sections "Green Chemistry" and "Resource Management" in the report for details. At the same time, the Company regards addressing climate change as a key issue, and communicates with stakeholders through ESG reports, CDP questionnaires and other channels. In the Reporting Period, the Company's CDP Climate Change Questionnaire was rated as B-grade, and outperformed the average levels in Asia and other service sectors.

❖ Resources management

Energy Management

Primary energy that Asymchem and its subsidiaries use in operations includes raw coal, diesel, gasoline and natural, while processed energy used involves electric power, steam and hot water, among which electric power is the most prevalent.

The Company strictly observes laws and regulations including the Law on Energy Conservation of the People's Republic of China, and has laid down the Handbook of Energy Management System to regulate energy purchasing and consumption. The Company favors the use of renewable energy to reduce fossil fuel consumption and GHG emissions. The Company works hard to improve the efficiency of energy utilization and cut energy consumption by making progress on manufacturing techniques and updating technologies of energy conservation. Furthermore, we launch publicity and training sessions on energy conservation to make employees increasingly aware, and practice green operation on a routine basis.

Energy Management Measures and Results

Measures	Descriptions
Using renewable energy	• Solar street lamps, which can annually generate about 38.2 megawatt hours, have been erected and put into use in the plant in Tianjin. • Green electric power was purchased for use. In the Reporting Period, 21,431.02 megawatt hours of green electric power was purchased for use.
Making progress on	• Technologies of continuous reaction and bio-enzyme

Measures	Descriptions
manufacturing techniques	catalysis have been developed and put into practice to cut energy consumption. Please refer to the section "Green Chemistry" in the report for details.
Updating technologies of energy conservation	• In the Reporting Period, the variable air volume ("**VAV**") system was mounted, air feeding and exhausting units were renewed and frequency-converting control was added for fume cupboards in our labs. Circulating pumps in the power station were renovated to reduce the consumption of electric power. • In the Reporting Period, the water cooling system was renovated. As a result, energy consumption can be reduced, as water cools itself in winter without the operation of water cooling units. • In the Reporting Period, high-voltage ice makers were put into use to improve the efficiency of energy conservation.
Launching publicity and training sessions on energy conservation	• In the Reporting Period, publicity and training sessions on energy conservation, covering green technology development, economic use of electric power in offices and production and green travel, were launched among all employees.
Practicing green operation	• In the Reporting Period, prefabricated architectural design was employed in its construction projects to make an increasing number of building components and parts prefabricated, and reduce the consumption of energy and water in construction.

Water Resource Management

The Company and its subsidiaries are reliant on public water supply utilities in their daily operations, and don't face any problems with the access to water.

The Company strictly observes laws and regulations including the Water Law of the People's Republic of China, and regulates the use of water resource. We step up efforts for water recycling and equipment overhaul to improve the efficiency of water utilization and reduce water consumption. Furthermore, publicity and training sessions are launched to make employees increasingly aware of water conservation.

Water Resource Management Measures and Results

Measures	Descriptions
Pursuing water recycling	• In the Reporting Period, we prioritized recycling of steam condensates and air conditioner condensates in heating periods, and reuse of water to reduce water consumption. • Recycled water is used for cooling techniques and equipment.
Ramping up efforts for equipment overhaul	• For the purpose of water conservation, efforts are ramped up for examination and overhaul of water pipe networks in our plants, water supply and drainage pipelines are regularly checked and repaired in the case of leakage. • Buried water service pipelines are overhauled to prevent

Measures	Descriptions
	leakage to reduce water consumption.
Launching publicity and training sessions on energy conservation	• In the Reporting Period, publicity and training sessions on water conservation, covering green technology development and economic use of water in offices and production, were launched among all employees.

Management of Raw Materials and Packaging Materials

Packaging materials that the Company and its subsidiaries mainly use in product R&D, production-manufacturing and transport include glass, paper, rubber and plastics. The company has drawn up rules to regulate the use of raw materials and packaging materials.

We improve manufacturing techniques, guard against excessive packaging and promote the use of degradable materials to make more efficient use of raw materials and packaging materials, and to reduce the consumption of raw materials and packaging materials.

Management Measures for Raw Materials and Packaging Materials and Results

Measures	Descriptions
Improving manufacturing techniques	• Technologies of continuous reaction and bio-enzyme catalysis have been developed and put into practice to reduce the consumption of raw materials. Please refer to the section “Green Chemistry” in the report for details.
Guarding against excessive packaging	• To reduce the use of packaging materials and guard against excessive packaging, the least amount of resources should be used for packaging as long as packaging requirements are met.
Promoting the use of degradable materials	• We promote the use of degradable materials, and more low-carbon or sustainable raw materials and modes of production.

❖ Discharge and waste management

Wastewater Management

Wastewater generated by Asymchem and its subsidiaries in their operations mainly includes industrial wastewater arising from R&D, pilot scale tests, production and public works as well as domestic wastewater from offices, logistics, etc.

The Company strictly observes laws and regulations including the Law on the Prevention and Control of Water Pollution of the People’s Republic of China and the local water pollution prevention and control regulations where the factory operates, as well as national/industry and local water pollutant emission standards and other standards and norms, and has drawn up administrative procedures such as the Operation Management of Sewage Station, the Operation Management of Online Monitoring System for Water Pollution Sources and the Environmental Protection Monitoring Equipment Use and Management. Furthermore, in the Reporting Period, the Company had the above procedures updated according to the ISO 14001:2015 Environmental Management Systems-Requirements with Guidance for Use, with the aim to reinforce the administration of sewage treatment plant operation and online sewage monitoring to ensure that wastewater discharged by the Company is up to standard.

The Company and its subsidiaries have built wastewater treatment facilities, engaged experts to lay down appropriate treatment techniques and operating instructions, and asked specialized

departments to provide regular maintenance services. The Company monitors on a daily basis data and indicators relating to wastewater treatment, and adjusts instruction parameters from time to time based on monitoring data to ensure that treatment facilities can work in a normal and highly efficiency way. Furthermore, as required by pertinent national rules and regulations, the Company submits on a daily basis monitoring data of water environment for key pollutant discharge units to local competent authorities for environmental protection.

In the Reporting Period, no incident of excessive discharge of wastewater occurred to the Company and its subsidiaries.

Wastewater Management Measures

Types of wastewater	Main monitoring indicators	Treatment methods	Means of discharge
Industrial wastewater	• Chemical Oxygen Demand (COD), ammonia nitrogen (NH_3-N), total nitrogen (TN), etc.	• Techniques ranging from "Hydrolysis Upflow Sludge Bed(HUSB)+A2/O+Floccula tion Precipitation", "HUSB+DAT-IAT" to "Iron-carbon Micro-electrolysis-Catalytic Oxidation Pretreatment+DAT-IAT" are used to treat wastewater depending on the characteristics of wastewater.	• Up to standard wastewater after treatment is discharged to public drainage systems or sewage treatment plants in industrial parks.
Domestic wastewater	Petroleum, animal and plant oils, etc.	• Prior to treatment in sewage plants, domestic wastewater is subject to oil separation and grating.	• Up to standard wastewater after treatment is discharged to public drainage systems or sewage treatment plants in industrial parks.

Waste Gas Management

Waste gas generated by the Company and its subsidiaries in their operations mainly arises from R&D, pilot scale tests and production, as well as gas-fired boilers, incinerators and wastewater treatment.

The Company strictly observes laws and regulations including the Law on the Prevention and Control of Air Pollution of the People's Republic of China, abides by the GB 37823-2019 Emission Standard of Air Pollutants for Pharmaceutical Industry, the GB 13271-2014 Emission Standard of Air Pollutants for Boiler, the GB 18484-2020 Standard for Pollution Control on Hazardous Waste Incineration, the DB12/524-2020 Emission Control Standard for Industrial Enterprises Volatile Organic Compounds, the DB12/356-2018 Integrated Wastewater Discharge Standard and the DB31/373-2010 Discharge Standard of Pollutants for Bio-pharmaceutical Industry among other standards, and has drawn up administrative procedures such as the Administrative Rules for Tail Gas Equipment (Environmental Protection) Operation Management, the Operation Management of Online Monitoring System for Air Pollution Sources and the Environmental Protection Monitoring Equipment Use and Management. Furthermore, in the Reporting Period, the Company had the above procedures updated, with the aim to reinforce the administration of waste gas treatment equipment operation and online waste gas monitoring to ensure that waste gas emitted by the Company is up to standard.

The Company and its subsidiaries have put in place waste gas treatment facilities and ensure they can work in a normal and high-efficiency way. The Company monitors and announces on a regular basis data and indicators relating to waste gas management. In the Reporting Period, we made gap analysis and took rectification measures in accordance with the HJ 1286-2023 Stationary Source Emission-Specifications for Continuous Monitoring of Non-methane Hydrocarbons, in an effort to ensure that our online monitoring system for non-methane hydrocarbons can meet up-to-date national requirements.

Furthermore, the Company continues to spend money on introducing new technologies, and renovating and upgrading waste gas treatment techniques and facilities. In the Reporting Period, the Company and its subsidiaries had spray towers and high-capacity activated charcoal cabinets replaced, added gaseous phase balancing devices and built new regenerative thermal oxidizers ("**RTO**") among other measures to make the treatment of waste gas more efficient and cut the emission of air pollutants.

In the Reporting Period, no incident of excessive emission of waste gas occurred to the Company and its subsidiaries.

Waste Gas Management Measures

Type of waste gas	Main monitoring indicators	Treatment methods	Means of emission
Waste gas	• Volatile organic compounds (VOCs), nitrogen oxide (NOx), non-methane hydro carbon (NMHC), sulfur dioxide (SO_2), particles, etc.	• Techniques ranging from activated carbon absorption, alkali spraying to bag dust cleaning are used to treat waste gas depending on the characteristics.	• Up to standard waste gas after treatment is emitted to air.

Waste Management

Solid waste generated by the Company and its subsidiaries in their operations mainly includes domestic waste, general industrial solid waste, hazardous waste and construction waste.

The Company strictly observes laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste and the Administrative Measures for the Transfer of Hazardous Wastes, and abides by the GB18597-2023 Standard for Pollution Control on Hazardous Waste Storage among other standards. We have put in place and updated in the Reporting Period procedures such as the Solid Waste Management Procedures and the Administrative Measures for Hazardous Waste to set out the operating procedures of solid waste generation, collection, storage and disposal. Furthermore, the Company pilots the building of an intelligent administration system for hazardous waste in its plants to reduce manual input, and improve the capability and efficiency for information management of hazardous waste.

The Company chooses an eligible unit to dispose of its wastes in compliance with laws and regulations. The Company and its subsidiaries conduct an annual on-site examination of the hazardous waste disposal unit based on technical competence and qualifications. After the examination concludes, the Company draws up reports and evaluates findings in the examination to ensure that the hazardous waste disposal unit operates in accordance with related laws and regulations.

In addition, the Company semiannually organizes emergency drills on solid waste pollution incidents among all its subsidiaries, covering leakage of hazardous waste, leakage of chemicals, sewage station emergency drills, tank farm emergency drills, workshop fire drills, etc. After

drills, reports are drawn up to sum up inadequacies found in drills so that rectification measures are taken without delay.

In the Reporting Period, no pollution incident on solid waste occurred to the Company and its subsidiaries.

Waste Management Measures

Waste type	Main wastes	Treatment methods
Domestic waste	• Waste paper, waste plastic packaging materials, waste metal ware (zip-top cans, etc.) and so on.	• Collected and regularly cleaned by environmental sanitation departments.
General industrial solid waste	• Waste packaging boards and cartons, waste glass, waste foam materials, scrap metal, etc.	• Stored in a designated place of the plant area, and disposed of by an eligible unit in the place where the Company operates.
Hazardous waste	• Process exhausted liquids, waste residues, activated sludge, contaminated waste, activated carbon, waste halogen solvents, waste solvents, waste solvent containers, high-concentration waste liquids, used engine oil, inorganic salt, exhausted liquids in labs, activated carbon, stillage residues, incineration residues, used filtering membranes, used cultivation bottles and bags, used consumables, tail production materials, defective products, used chromatographic column fillings, used activated carbon for waste gas treatment systems, etc.	• Collected and transported by specially-assigned persons to a temporary storage site for hazardous waste, and disposed of by an eligible unit in compliance with laws and regulations. • Waste solvents can be subject to rectification and purification for comprehensive utilization. Dead catalysts can be recycled through calcination+wet-process purification to improve the efficiency of resource utilization and generate less waste.
Construction waste	• Crushed stones, slags, concrete blocks, etc.	• Stored in a designated place of the plant area, and disposed of by an eligible unit in the place where the Company operates.

7. Fostering Solidarity and Harnessing Collective Strength for a Comprehensive Growth Platform

❖ Diversity, equality, and inclusiveness

Asymchem upholds the "people-oriented" culture and adheres to the employment principle of "leveraging talents to their fullest potential". We offer our staff with an inclusive, diversified, and safe working environment and place, and we are dedicated to the development of each employee, assisting them in achieving their professional aspirations.

Staff in the Company are composed of contract workers, employees re-hired after retirement and interns. The Company strictly observes laws and regulations including the Labour Law of the People's Republic of China, the Tianjin Implementing Regulations for A Few Issues in Labour Contract Law, and the Circular of the Tianjin Municipal Human Resources and Social Security Bureau on Adjusting Minimum Wages. We have put in place a sound administrative system for human resources, drawn up administrative rules such as the Employee Handbook and the Value and Code of Conduct and incorporated these rules into our day-to-day operations and corporate culture, to ensure that no one is discriminated against or favoured based on their race, religions belief, gender, age, marital status, handicap, and nationality among other factors.

Diversified, Equitable and Inclusive Management

Domains	Descriptions
Prohibition of child labour	• We strictly observe laws and regulations including the Labour Law of the People's Republic of China, prohibit the employment of child labourers under the legal working age by following rigorous recruitment and identity verification procedures, and disapprove of the use of labour by other companies and mass organizations.
Respect for employees' rights and interests	• The Employee Handbook and the Value and Code of Conduct set out the necessity of respecting basic rights and interests of employees, and firm opposition against any form of forced labour, human trafficking and other infringements of employee rights and interests.
Upholding diversity and inclusiveness	• We always stay committed to building a diversified and inclusive working environment, open our arms to embrace all talented people regardless of gender, race, religious belief, cultural background, age and physical ability, and grant them equal access to development.

Upholding law-based employment and insisting on promoting diversity, the Company places emphasis on capabilities, experience, soft skills, and potential of job candidates in the recruitment, ramping up efforts to introduce talented personnel at home and abroad to expand its pool of high-quality innovative professionals. We attach great importance to building a working environment where all employees have equal access to opportunities, launch staff-wide training sessions on different topics, and put in place a sound complaint handling mechanism for discrimination and harassment. The Company sets up the goal of promoting diversity in the Board of Directors, and the Nomination Committee under the Board of Directors is charged with examining the progress on a regular basis (please refer to the section "Corporate Governance" in the report for details). The Human Resources Department in the Company asks the person in charge of the Development and Remuneration Management Group to regularly check and oversee diversified performance of employees.

In the Reporting Period, the Company has maintained a commitment to ethical practices and

compliance with labour laws and regulations. We are pleased to report that there have been no instances of child labour or forced labour, workplace discrimination or harassment, strikes, radical downsizing, controversial incidents, or violations of labour laws and regulations. We have won multiple labour and employment awards, which are detailed in the section "Annual Honors and Social Recognition".

Measures and Results for Fostering Diversity, Equality, and Inclusiveness

Measures	Descriptions
Attracting and recruiting talent globally	• The Company draws up hiring plans, puts in place diversified, standardized, and transparent employment and recruitment procedures, and uses multiple channels for hiring to appeal to talented people of different nationalities, races, genders, social experiences, and professional backgrounds. • In view of business development planning, the Company locates offices across the globe to ensure employees are of different regional backgrounds, which is helpful in widening its global horizons and improving its capability for cross-cultural communication and integration. • The Company's labs and subsidiaries across the globe hire employees from 6 countries and regions including the US, Germany, and India. In addition, the Company's domestic employees cover 23 ethnic minorities including Bai, Buyi, Tibetan and Korean.
Hiring disabled persons	• The Company prevents any form of workplace discrimination against disabled persons in regard to recruitment, employment, training, promotion and remuneration. • We provide comfortable working conditions and renovate facilities so that disabled employees can exert their ability in a barrier-free working environment. • In the Reporting Period, we hired a total of 22 disable employees, whose degrees of disability range from level 1 to level 4.
Regularly launching training sessions on different topics	• The Company insists on promoting diversity, and regularly launches training sessions on business ethics, compliance management and control, and protection of employee rights and interests, among all frontline workers and senior executives.
Complaint handling for discrimination and harassment	• Administrative rules such as the Value and Code of Conduct have been laid down to set out conventional means to handle complaints relating to discrimination and harassment with an aim to eliminate such behaviors, covering multiple complaint channels including reporting in oral and written forms, letters of complaints from employees, informants' hot-line telephone or email box. • After receipt of employee complaints on discrimination or harassment, the Company promptly looks into involved incidents and consequences that have arisen in a cautious and confidential way. If harassment is proven to be true, perpetrators should be subject to punitive measures ranging from admonition, warning, job transfer, suspension to dismissal, and victims of discrimination or harassment should be consoled.

❖ Employee rights, interests, and welfare

Employee Welfare and Communication

In order to promote the health development of the Company and increase the sense of belonging and happiness among employees, Asymchem has formulated the Employee Welfare Policy to provide employees with benefits in all respects, including statutory benefits such as social insurance and housing fund, as well as supplementary benefits applicable to all employees like working meals.

Employee Welfare System

Statutory benefits	• Social insurance and housing fund, middle/night shift allowance, heatstroke and cold protection allowance, statutory allowance.
The Company's supplementary benefits	• Working meals, housing benefits, communication/transportation benefits, family visits, team building, condolences/birthday/marriage/holiday benefits, tourism development benefits, alumni association/club, delivery subsidy benefits, child support benefits, health benefits, interest-free loan benefits for house purchasing, and further education and training.

The Company is willing to listen to the voice of employees and puts up employee communication channels. We advocate open communication and establish a labour union that covers all employees, with an aim to follow up on employees' complaints and suggestions on a continual basis and facilitate communication with employees. The Company has tentatively employed the "Three Ones" working methodology, which prioritizes workforce health services, improvements of employee dormitory environment and comprehensive services for employees. We put in place a sound mechanism for employees to make complaints and offer opinions and suggestions, put up complaint and feedback channels for employees, solicit employees' opinions and listen to the voice of employees via online channels such as DingTalk and E-mail as well as face-to-face conversations, and resort to corporate resources to collectively resolve employee appeals.

Employee Communication Channels

Channels	Descriptions
Face-to-face conversations	• The Company organizes from time to time face-to-face conversations with both old and new employees to solicit their opinions and suggestions on work and life, and then refer to the opinions to make improvements and adjustments.
Opinion mailbox	• The Company has set up a special mailbox for employee complaints. Employees can send their opinions and suggestions anonymously through their personal mailboxes. Specially assigned persons in the Audit Department are responsible for checking the emails and giving feedback on the implementation.
Opinion-soliciting platform	• The Company has set up on DingTalk platform a workflow for "soliciting opinions and suggestions among employees". Employees can offer their opinions and suggestions in the workflow and inquire about the progress of the solution on the disclosure page.

The Company holds in confidence the information of those who offer their opinions and suggestions via either channel, specially assigns persons to sort out on a regular basis opinions, suggestions and complaints received, prioritizes frequently mentioned or grave issues, and

requires that all opinions, suggestions, and complaints should be replied to in regard to the status of progress within one week after receipt.

Care for Employees

Asymchem always cares about its employees' physical and mental health, organizes a variety of cultural and recreation activities, provides health care services to employees, and works hard to create a "home" culture.

Care Measures for Employees' Physical and Mental Health

Measures	Descriptions
Setting up employee clubs	• Asymchem has set up a total of 10 employee clubs for hobbies including basketball, football, badminton, table tennis, swimming, art, outdoor recreational activities and sports, martial arts, photography, and enthusiasm for cars, and regularly held contests to amuse employees and improve teamwork among employees.
Organizing employee family open day activities	• The Company organizes a wide and diverse variety of employ family open day activities such as Little Artists, the Most Beautiful Family Photo, Halloween Carnival, Dr. Eagle's Fitness Program and Parent-child Yoga to further enhance emotional communication between employees and their families.
Providing healthcare services	• We arrange health checks for employees. • To alleviate psychological problems facing employees, we provide employees with psychological counseling services with the aid of the psychological counseling platform under the Federation of Trade Unions in TEDA.

To inherit the corporate culture of caring about female employees, the Company launches exclusive activities for female employees, provides exclusive benefits on the International Women's Day, and helps female employees undergoing pregnancy, confinement, or lactation (employees undergoing three periods) to overcome workplace difficulties by creating favourable conditions.

Measures and Results for Caring about Female Employees

Measures	Descriptions
Exclusive activities	• The Company holds from time to time such activities as the cake DIY on the Mother's Day, parent-child circular fan DIY event and the training session on cheongsam culture and etiquette to increase the sense of belonging among female employees.
Benefits on the International Women's Day	• On the International Women's Day, the Company sent warmth and love to female employees and prepared three benefits including a health lecture under the theme of "Blossoming on the Charming International Women's Day", a half day off and a delicate gift.
Caring for female employees undergoing three periods	• We proactively build the "female workers' health and safety island" to protect the physical and mental health of female workers and build harmonious labour relations. • We provide cash gifts to female employees on their maternity leave. • We specially create baby care rooms equipped with refrigerators, lockers and

Measures	Descriptions
	sofas among other facilities, and daily necessities, to help female employees undergoing lactation to overcome their real difficulties.

The Company continues to ramp up efforts to assist distressed employees. Focusing on what is needed or wanted by employees in difficulties, we take concrete actions to alleviate their worries including condoling with hospitalized employees or showing sympathy on a regular basis, soliciting contributions, and assisting severely ill employees.

Measures and Results for Caring about Distressed Employees

Measures	Descriptions
Condoling with hospitalized employees or showing sympathy on a regular basis	• Upon receipt of the news that an employee is ill, the Company makes responses, proactively coordinates hospital resources to help the ill employee to seek medical attention as soon as possible and offers consolation money to the ill employee. • The Company conveys holiday greetings regularly to distressed employees.
Soliciting contributions	• On the basis of respecting the personal willingness of distressed employees, we solicit contributions to help them. In the Reporting Period, we initiated a total of 3 donating activities, in which around RMB 700,000 was raised.
Assisting severely ill employees	• We proactively help severely ill employees to apply for relief and assistance from competent authorities and assist distressed employees in accessing subsistence resources. In the Reporting Period, we helped 2 severely ill employees to apply for relief funds, which amounted to nearly RMB 10,000 in total.

❖ Human capital development

Talent Cultivation and Growth

Talented employees constitute the core competitiveness and important assets of Asymchem. We always regard staff development as one of the most important responsibilities and make sustained efforts to create better career development opportunities for our employees. The Company commits itself to building a high-quality workforce by promoting team integration, jointly creating value, and sharing development among team members.

The Company highly values talent cultivation, attaches importance to improving all employees' comprehensive abilities, and has put in place a sound training system, which is subject to regular reviews and revisions. In the Reporting Period, training systems such as the Special Training Program on Developing the Capability for Technological Risk Identification and Assessment were newly added to further standardize and regulate training sessions for employees to improve their core technical competence and cultivate industry-leading technical team and outstanding managerial personnel, in an effort to help the Company to create social value and deliver sustainable growth.

To continue to build up its strength in workforce, which underpins corporate business development, the Company has opened the Asymchem Learning Center, and put in place a talent cultivation and training system with its own characteristics thanks to its continuous efforts to dig into corporate culture, management philosophies and technical expertise over the past 25 years. By adopting the "721" learning methodology, the Asymchem Learning Center, which consists of a training camp for newly-hired employees, a technology center and a management center, tailors training schemes to the needs of personnel at different levels, and provides a wide and diverse variety of courses in a systemic and overall approach, with the aim of helping staff to seek better career development and improve their comprehensive abilities in all respects, and providing an adequate pool of talented personnel.

Staff Training System





Three centers	Descriptions
Training camp for newly hired employees	• We provide comprehensive induction training sessions on corporate culture and rules and regulations, smart office, and safety and quality awareness to help newly hired employees to familiarize themselves with and integrate into Asymchem as soon as possible. • We provide newly recruited graduates with comprehensive training sessions on occupational quality, covering workplace mentality and role shift, effective communication, reporting, positive mindset, emotion management and time management, to help them to quickly adjust to their workplace roles and grasp workplace skills. • In the Reporting Period, we organized a total of 71 training sessions for all newly hired employees.
Management	• A special training session is launched on a monthly basis among primary, middle and senior-level managerial personnel. These training sessions are

Three centers	Descriptions
center	about general management abilities such as role diversion, delegation of authority, tutorship and incentives, EQ, execution, and strategic management, as well as leadership skills including cultivation of leadership, high-efficiency decision-making, coaching and tutoring. • In the Reporting Period, a total of more than 40 training sessions were launched for over 2,500 attendances.
Technology center	• Targeted technical training sessions are launched among all bases or departments based on different departments, levels of personnel and categories.

Training Model for Top-level Design

Senior managers	• Focusing on improving leadership skills of senior managers. • Committed to building farsighted, imaginative, innovative, and industry-leading leaderships.
Mid-level managers	• Focusing on improving execution skills of mid-level managers. • Committed to building a high-quality and high-efficiency management team which has the spirit of challenging and excels in analyzing issues and working out solutions.
Grass-roots employees	• Focusing on the competence of grass-roots employees. • Committed to building a grass-roots team which has ideals and technical skills, is driven and willing to share weal and woe with the Company.

In addition to in-house training, the Company actively seeks cooperation with external educational institutions to offer training to its staff. In the Reporting Period, in an effort to further improve employees' professional skills and comprehensive quality, the Company arranged for its employees to attend external training sessions including the 2023 Training Session on Fermenting Process Control and Optimization and Pilot Magnification Technology, the 2023 National Tour of Thermo Fisher Scientific Gas Chromatography-Mass Spectrometry Analysis Technology and the Annual Biopharma Analysis and Quality Summit.

Furthermore, Asymchem keeps abreast of industrial development trends and international standards to bolster its workforce's professional quality and competitiveness. The Company has put in place the Administrative Rules for Subsidizing Continuing Education to financially support all staff in furthering their education and having their vocational skills certified and arrange for its employees to attend external training sessions on a regular basis. For example, in the Reporting Period, with the aim of helping its employees to obtain relevant certifications at home and abroad to enhance the technical expertise and business operations of the workforce, the Company arranged for its employees to participate in external training sessions including the "Training Session on Intermediate Building (Structure) Firefighters" and the "Operation of Chemical Process Automation Control Instruments", in which 33% and 50% of related job holders attended, respectively.

Workforce Promotion and Development

Asymchem has drawn up the Administrative Measures for Career Development Channels to set out rules, regulations and procedures for workforce promotion and development. We launch a selection system to promote workforce development, insist on developing workforce in practice by providing multiple development channels, and put in place a scientific and systematic training system to build a learning-oriented organization and foster harmonious labour relations.

Given the competence and personal willingness of employees, the Company provides separate development channels for employees who want to do administrative or technical jobs. We are glad to help our staff to find out their occupational direction, make progress and achieve self-worth in their careers. Administrative personnel and their technical peers are entitled to the same benefits.

Dual Promotion Channel

Promotion channel for administrative jobs	Promotion channel for technical jobs
Based on departmental needs and recommendations, the candidates should be assessed comprehensively from the aspects including work performance and actual contributions, work experience, the number of service years in their current posts, posts held in history, participation of training sessions, non-violation of regulations and discipline, span of control, organizational structure and performance of their duties.	The candidates should be assessed comprehensively from the aspects including work performance, professional ability, educational background, the total number of service years, the number of service years in their current posts, work experience, participation of training sessions and actual contributions, non-violation of regulations and discipline, technical review, results of examinations for professional skills and knowledge.

The Company has laid down the Administrative Regulations on Performance-based Incentives for Senior Managers, the Administrative Regulations on Performance-based Incentives for Mid-level Managers and the Administrative Regulations on Remuneration and Performance-based Bonus for Employees below Mid-level Management, which set out the methods, scopes and procedures of performance evaluation. An evaluation of performance at both the company level and the employee level is made on a semiannual basis among all levels of employees in different posts. Evaluation results are used as reference to decide on job promotions and short- and medium-term incentives, such as production project bonus, R&D project bonus, sales bonus, function bonus, project performance-based bonus and year-end bonus. In the Reporting Period, the Company piloted 360-degree evaluations in some regions to evaluate the performance of its employees in all respects. Focused on administrative capabilities and professional skills, evaluations of staff members involved in chemical R&D, production and analysis were made via both online and offline channels to help these employees to become more clearly aware of their strengths, shortcomings and potential, and to justify the next round of promotions.

To facilitate the implementation of the strategic layout and organizational development, the Company takes varied measures to optimize continuously the allocation of human resources to build up the strength in workforce and bolster workforce development.

Workforce Development Measures and Results

Measures	Descriptions
Making clear competence criteria for specific posts	• Based on business requirements and in view of the status quo of business operations and future demand for workforce, we have made clear competence criteria for specific posts by referring to competences and professional knowledge or skills required for key posts.
Screening out talented personnel and making workforce cultivation plans	• In the Reporting Period, we screened out talented personnel for part of business areas and certain posts. • In regard to core personnel in business operations, for the purpose of talented personnel identification and evaluation, we made evaluations of talented personnel in a multi-dimensional way and

	screened out talented personnel in trial regions and devised a plan to retain talented personnel in a targeted manner. • In regard to core personnel in production, for the purpose of improving the capability of managerial personnel across the board, we interviewed talented personnel of different levels from the perspectives of leadership skills and duty performance to put up a competence model, devised a plan to cultivate talented people in a targeted manner, and advanced the implementation of the plan.

Asymchem commits itself to appealing to and retaining talented personnel. The Company has launched the 5 equity incentive plans and 1 employee shareholding plan since listed on the capital market in 2016. In the Reporting Period, in order to fully mobilize the enthusiasm of managers of all levels and core backbone employees and attract and retain outstanding personnel, the Company bought back a combined total of more than 5 million shares via the secondary market and some of the shares used for the 2022 employee shareholding plan have been transferred.

❖ Safety in production

Asymchem highly values safety in production and strictly implements the responsibility for safety in production, faithfully observes laws and regulations including the Law on Safety in Production of the People's Republic of China and makes sustained efforts to reinforce safety management in production. In the Reporting Period, in view of adjustments in related laws and regulations, the Company updated administrative regulations including the Administrative Measures for Expenses for Safety in Production, the Process Safety Management, the Management of Chemicals, the Management of Hypertoxic, Precursor and Explosive Chemicals, the Management of Monitored Chemicals, the Management Procedures for Fire Fighting Facilities and the Management Procedures for Fire Control Rooms, followed the principle of "level-to-level administration, division of responsibilities" to conduct safety management, and implemented prevention and control measures to help fulfill the target of safety in production.

To further reinforce management for safety in production, the Company sets EHS administrative targets to prevent and reduce safety accidents in production to protect the safety and health of its employees.

EHS Administrative Targets

- We will pass EHS inspections by government authorities/unannounced inspections by clients for audit.
- We will strictly implement health risk identification, assessment, and control for chemicals to prevent occupational health incidents.
- Lost Time Injury Frequency (LTIF) ≤1.08.
- Total Recordable Injury Rate (TRIR) ≤7.16.
- The number of contractor accidents (grade 3 to grade 4) ≤5.

The Company has drawn up the Administrative Measures for EHS Targets and Appraisal, which set out mechanisms for setting and appraising EHS targets. Appraisal results for safety in production, which are focused on such leading indicators as LTIF and TRIR, and targeted indicators, are directly linked up with performance-based salary and bonus incentives. Furthermore, managerial personnel and grass-roots employees are appraised semiannually or annually to ensure that targets and responsibilities of safety in production are fulfilled at all levels.

In the Reporting Period, the company's subsidiary Asymchem Life Science passed the certification of the ISO 45001 Occupational Health and Safety Management System and obtained the authentication certificate. Tianjin Asymchem Pharmaceuticals, Fuxin Asymchem and Jilin Asymchem Pharmaceuticals all received the grade 3 corporate certificate of standardization for safety in production.

The Company continues to foster the atmosphere that safety in production concerns everyone, regularly launches training sessions and emergency drills on safety in production on an annual basis to improve its employees' safety awareness and skills, thereby facilitating the fulfillment of safety measures of all kinds to reduce accidents relating to safety in production.

Training Sessions and Emergency Drills on Safety in Production

Types	Descriptions
Training sessions on safety in production	• We devise the annual training program for safety in production at the beginning of every year and conduct training on safety in production among all regular employees and staff members of all

Types	Descriptions
	contractors, including three-level training on safety education for newly hired employees before they work, annual training sessions on posts, training sessions for special operation personnel, and safety publicity activities among teams.
Emergency drills	• We regularly conduct emergency drills on an annual basis, covering fire and explosion, emergency evacuation, leakage of chemicals, toxic asphyxia, anti-terrorism and anti-riot, and accidents caused by power failure, to continuously improve employees' safety awareness and capability of dealing with emergencies. In the Reporting Period, we conducted more than 240 comprehensive, special or emergency response drills.

❖ Occupational Health

Asymchem strictly observes laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulations on Labour Protection in Workplaces Where Toxic Substances Are Used and the Administrative Rules for Supervision of Occupational Health in Workplaces, to protect occupational health of its workforce. In the Reporting Period, in view of adjustments in related laws and regulations, and the necessity of optimizing administrative procedures, the Company updated some administrative regulations including the Administrative Rules for Occupational Health Monitoring and Archives, the Administrative Measures for Occupational Health Supervision, the Management of Personal Protective Equipment, the Control Procedures for Chemical Exposure and the Testing Procedures for Local Ventilation Facilities. In the Reporting Period, neither occupational health accidents nor cases of occupational diseases occurred to the Company.

By taking measures such as health hazard assessment for chemical compounds, identification of hazardous factors for occupational diseases, occupational health protection and occupational health education, the Company is determined to forestall risks of occupational diseases to foster a safe and healthy working environment for its workforce.

Health hazard assessment for chemical compounds	• We put in place regulations on health hazard assessment for chemical compounds, XDCs medicine and oligonucleotides, and provide more accurate and scientific toxicity information to protect our workforce in a more scientific way.
Identification of hazardous factors for occupational diseases	• We identify and control on a regular basis hazardous factors for occupational diseases to verify and address all sorts of latent issues or perils of occupational health in workplaces. The hazardous factors for occupational diseases, which have been verified in the Reporting Period, mainly include chemical factors, dust and physical factors, and such jobs as production line workers, laboratory technicians, warehouse keepers, maintenance workers and electricians are vulnerable to hazardous factors for occupational health in production. • Before any new project goes into operation, we ask clients to provide toxicity or safety information on all raw materials, intermediates and products used in the project, or instruct the EHS department to calculate out Occupational Exposure Limit ("**OEL**") and Occupational Exposure Band ("**OEB**") values for all raw materials, intermediates, and product, and identify hazardous factors for occupational diseases and assess their risks.
Occupational health protection	• We continuously monitor exposure assessments and follow up health monitoring and provide appropriate personal protective equipment ("**PPE**") as additional protection as required in different cases. • We continue to improve protective works for occupational health management. For example, safety protection and isolation equipment and facilities are upgraded. • We put a ban on operations without any protective measures throughout the production and take full advantage of isolation and control measures such as airtight process, α-β valves, local ventilation systems and isolators. • Prior to any operation, risk exposure assessments shall be made on

	equipment and facilities in both qualitative and quantitative ways, to ensure that engineering control is sufficient to manage identified risks, and that necessary and adequate isolation and control techniques are in place.
Occupational health education	• We regularly launch EHS standard operation procedures and training sessions on process safety information and hazard communication, use of and access to safety data sheets ("**SDS**") or chemicals, proper container labeling and requirements for safety disposal. • We launch a high-level training session and an assessment of practical operation every two months among all departments' employees that are vulnerable to occupational health risks, covering topics such as industrial ventilation, double quantitative assessment, engineering protection, biosecurity, PPE, etc. • To cater to the needs of frontline workers and administrative personnel, we have compiled the Red Book on Occupational Health, a handbook of knowledge and skill learning, and taken videos that can be used as basic materials, launched the event "Occupational Health Concerns Every One", in which all related personnel received training, and attended knowledge contests and assessments, to make employees increasingly aware of occupational health, with a participation rate of 100%. • To cater to the needs of administrative staff including senior executives, we publish the quarterly electronic journal Occupational Health Headlines, which mainly comprises updates on the latest standards, highlights, popular knowledge, quarterly themed activities, cases of occupational health incidents, etc.

Furthermore, by consulting the Guidelines for Chemical Process Safety Management, an industry norm, the Company ramps up efforts to report on and investigate near-miss incidents to analyze causes, in an effort to devise preventive measures to forestall incidents.

8. Step Forward Hand in Hand to Create a Healthy and Promising Future

❖ Keep pace with industrial development

Asymchem lays stress on promoting industrial development in a coordinated way, pursues extensive and in-depth communication with industry enterprises, industry associations, institutions of higher learning and other partners by attending industry conferences and involving in the formulation of industry standards, takes the initiative to share its operating experience and strength with its peers in the industry, and steps forward hand in hand with its upstream and downstream enterprises to contribute its share to building a healthy and sustainable industry.

In an effort to facilitate knowledge sharing and communication, the Company continues to sponsor or attend industry conferences to share and learn about the latest trends, technological progress and R&D achievements. Furthermore, we emphasize establishing partnerships across the industry, and work together with partners to accelerate industrial development.

Participation in Industry Conferences in 2023 (Partially)

Types	Descriptions
Sponsoring Conferences	• As a member of the Specialized Committee for Advanced Manufacturing of Bulk Pharmaceutical Chemicals (BPC) under China Pharmaceutical Association of Plant Engineering ("**CPAPE**") and under the guidance of CPAPE, we co-sponsored the 2023 Conference on Advanced Manufacturing of BPC and Summit Forum on Intelligent Pharmaceutical Manufacturing themed "High-end, Intelligent, Green, Win-win Cooperation" with the Management Committee of TEDA. The event was designed to facilitate connection between enterprises and industry parks or platforms, and to promote exchanges and cooperation in the advanced manufacturing sector for BPC and across the industry chain of biological pharmaceuticals.
Attending conferences and delivering speeches	• We attended the 16th China Parenteral Industry Conference and delivered a keynote speech named Research Progress and Application of New-type Parenteral Drugs, which was focused on application scenarios, advantages, and challenges, as well as research progress, application, development and outlook on new-type parenteral drugs. • We attended the China Pharmaceutical Engineering Technology Conference (CPET 2023) and CPAPE Annual Meeting 2023 and shared our technological and case studies on the application of continuous reaction technology in the commercialization of micro-molecular BPC that Asymchem has tapped into for more than one decade. • Asymchem attended the 62nd (2023 Autumn) China National International Pharmaceutical Machinery Exposition & 2023 (Autumn) International Pharmaceutical Machinery Exposition, where we showcased a series of products including "in-depth designs for continuous reaction process package", "flow and continuous reaction technology equipment and platform", "whole-process one-stop comprehensive services from testing grades to industrial grades", "independently designed and developed high-end biological pharmaceutical instrument" and "intelligent continuous reaction system for labs", and was invited to make a speech named "Discussion of the

	Application of Flow and Continuous Reaction Technology in the Commercialization of Micro-molecular BPC". Furthermore, Asymchem attended the ACS GCI's Green Chemistry and Engineering Conference, where we exchanged opinions on how to promote high-quality industrial development with other experts and scholars in the industry.
Taking part in conferences	• We took part in the 7th China BioMed Innovation and Investment Conference, the Saloon on Trade Compliance in the Pharmaceutical Industry, the Conference on the Development of China's Pharmaceutical Industry (Forum for Digital Pharmaceutical Innovation and Development), the 11th China Forum for Hospital Biotechnology and the 16th Zhongshan Forum for Health and Development among other industry events.

The Company actively joins industry associations to access the latest information and status of industrial development and share its operating experience and outstanding practices to facilitate information sharing across the industry. Moreover, we can make our voice heard through industry associations to leave our positive effects for policy formulation and industrial development. As at the end of the Reporting Period, the company obtained memberships of a total of 11 industry associations. In the Reporting Period, membership fees amounted to RMB 261,000.

List of Industry Associations Participated and Role (Partial)

Industry Associations	Role
China Pharmaceutical Industry Association	Managing director
China Pharmaceutical Innovation and Research Development Association	Member
All-China Federation of Industry & Commerce, Medical & Pharmaceutical Chamber	Member
China Chamber of Commerce for Import & Export of Medicines & Health Products	Member
China Pharmaceutical Enterprise Association	Member
China Pharmaceutical Association of Plant Engineering	Director
China Chemical Safety Association	Member
China Association for Pharmaceutical Equipment	Member
Tianjin Industrial and Economic Federation	Member
Tianjin International Trade and Service Association	Managing director unit

In addition, the Company participates in the formulation of industry standards, including the assistance in the formulation of standards that are more in line with the actual development of the industry and future trends, which makes positive contributions to the development of the industry. During the Reporting Period, the Company was responsible for the compilation of the group standards, the Guideline for the Continuous Manufacturing of APIs and Intermediates, and proactively participated in the compilation of various guides organized by China Pharmaceutical Enterprise Association and other institutions, such as the Guide to Typical

Scenarios of Intelligent Manufacturing of Pharmaceutical Enterprises, the Construction Scheme of the Digital Chemical Plant for Chemical APIs, and the Construction Scheme of the Digital Chemical Plant for Injections.

❖ Social welfare and volunteer service

Asymchem believes that social welfare is the belief that supports an enterprise to maintain the sound and sustainable development. With the active assumption of social responsibility, the Company focuses on the healthcare, community development, rural revitalization, education assistance, etc., and initiates and participates in the social welfare programs, joining hands with various social forces to build a sound and bright future.

2023 Participation in Social Welfare Programs

Area	Specific Projects and Progress
Healthcare	• Donated RMB200,000 to TEDA Charity Association for the congenital heart disease program of TEDA International Cardiovascular Hospital. • Donated RMB50,000 to the Nankai Branch of Red Cross in Tianjin for the purchase of an automated external defibrillator ("**AED**") for rescue and ambulance services.
Community Development	• Donated RMB460,000 to the Committee of Non-public Economic Organizations and Social Organizations and the Federation of Trade Unions of TEDA for promoting the high-quality East-West collaboration and supporting cooperation.
Rural Revitalization	• Donated RMB100,000 to the Dapuchai town and village of Dunhua City, for the repair and maintenance of the village building to further improve the local livelihood conditions. • Donated RMB120,000 to the Jiangdong Linjian Community in Dunhua City for replacing the roofs of villagers' houses with new tiles for winter.
Education Assistance	• The Company established the TEDA-Asymchem Scholarships in several universities and colleges to support the studies and research of students there, and to give attention and encouragement to the growth of youthful students. • The Company established various scholarships in a number of universities and colleges to support the development of needy students there. • The Company established various scholarships in relation to the outstanding research in drug synthesis in a number of universities and colleges and organized various academic conferences and symposia to promote academic development and encourage the growth of young researchers. • Scholarships totaled RMB200,000 during the Reporting Period.

Meanwhile, the Company actively launched volunteer service activities and encouraged and guided its employees to participate in volunteer service activities, further contributing to the development of education through practical actions. During the Reporting Period, the Company participated in the 2023 Tianjin Goodness Charity Walk and organized more than 100 employees to participate in activities such as making donations and spending money to help farmers. Eventually, all the donations were collected by the organizer and directed towards public welfare activities. These endeavors encompassed aiding rural children and families in impoverished regions of Gansu Province, as well as supporting academically proficient university students in Tianjin to successfully pursue their studies.

9. ESG Data Performance Tables

❖ Governance and Economic Performance

Economic Performance[1]

Indicator	Unit	2021	2022	2023
Revenue	RMB10,000	463,212.1	1,023,018.6	787,302.5
Total assets	RMB10,000	1,515,629.7	1,823,927.3	1,981,340.6
Net profit attributable to shareholders of the listed company	RMB10,000	106,927.4	330,163.5	230,652.8
Total of cash dividends (tax inclusive)[2]	RMB10,000	21,141.97	66,441.13	66,408.04
Cash dividends per 10 shares (tax inclusive)	RMB	8.00	18.00	18.00

1 Information note: All financial data in this ESG Report is prepared in accordance with International Financial Reporting Standards ("**IFRS**"), differing from the financial information disclosed in the SZSE report, which follows the China Accounting Standards for Business Enterprise.

2 Information note: Total of cash dividends (tax inclusive) for 2021 and 2022 represent the actual distribution amounts, while the total cash dividends (tax inclusive) for 2023 reflect the proposed distribution amount approved at the General Meeting.

Corporate Governance

Indicator	Unit	2021	2022	2023
Number of members of the Board of Directors	Person	9	9	9
Number of independent directors	Person	3	3	3
Number of executive directors	Person	4	4	4
Number of non-executive directors	Person	2	2	2
Number of independent non-executive directors	Person	3	3	3
Number of female directors	Person	4	4	4
Percentage of independent directors on the Board	%	33.33	33.33	33.33
Percentage of independent non-executive directors on the Board	%	33.33	33.33	33.33
Percentage of female directors on the Board	%	44.44	44.44	44.44

Indicator	Unit	2021	2022	2023
Number of members of Supervisory Committee	Person	3	3	3
Number of employee supervisors	Person	1	1	1
Number of Shareholders Meetings	Times	7	6	2
Number of proposals considered at General Meetings	Proposal	51	36	19
Number of Board Meetings	Times	21	15	10
Number of proposals considered at Board Meetings	Proposal	98	69	49
Number of meetings of the Strategy Committee under the Board of Directors	Times	1	1	1
Number of meetings of the Audit Committee under the Board of Directors	Times	6	6	5
Number of meetings of the Nominating Committee under the Board of Directors	Times	2	2	2
Number of meetings of the Compensation and Appraisal Committee under the Board of Directors	Times	2	2	2
Number of meetings of Supervisory Committee	Times	17	9	10
Number of proposals considered at meetings of Supervisory Committee	Proposal	51	38	34

Anti-corruption and Anti-bribery

Indicator	Unit	2021	2022	2023
Coverage of directors receiving anti-corruption and anti-bribery training[1]	%	100	100	100
Average hours of anti-corruption and anti-bribery training per director[2]	Hours	1.00	2.00	2.00

Indicator	Unit	2021	2022	2023
Coverage of employees receiving anti-corruption and anti-bribery training[1]	%	100	100	100
Average hours of anti-corruption and anti-bribery training per employee[2]	Hours	1.50	2.00	2.00
Number of concluded corruption cases regarding corruption practices against the issuer or its employees during the Reporting Period	Case	0	0	0

1 Calculation formula: Coverage of directors (employees) receiving anti-corruption and anti-bribery training = Number of directors (employees) receiving anti-corruption and anti-bribery training / Total number of directors (employees) * 100%.

2 Calculation formula: Average hours of anti-corruption and anti-bribery training per directors (employees) = Total hours of anti-corruption and anti-bribery training for directors (employees) / Total number of directors (employees).

Information Security and Privacy Protection

Indicator	Unit	2021	2022	2023
Number of confirmed incidents of leakage, theft, or loss of customer data	Incident	0	0	0

❖ Product and Service Performance

Product and Service Management Performance

Indicator	Unit	2021	2022	2023
Number of incidents of violating laws and regulations on products and services	Incident	0	0	0
Total amount of fines for violating laws and regulations on products and services	RMB10,000	0.00	0.00	0.00
Percentage of total products sold or shipped subject to recalls for safety and health reasons (by sales)	%	0.00	0.00	0.00
Total number of material products and service related complaints received	Incident	0	0	0
Rate of complaints handled regarding products and services	%	100	100	100

Intellectual Property Protection

Indicator	Unit	2021	2022	2023
Number of patents licensed during the Reporting Period	Patent	81	48	67
Number of software copyright registrations during the Reporting Period	Registration	6	1	22
Number of trademarks granted during the Reporting Period	Trademark	0	7	17
Number of incidents of violating laws regarding the protection of trade secrets (including intellectual property rights)	Incident	0	0	0

❖ R&D Innovation Performance

R&D Innovation

Indicator	Unit	2021	2022	2023
Number of R&D personnel	Person	3,381	4,656	4,752
Percentage of R&D personnel	%	47.45	47.91	48.55
Investment in R&D costs	RMB10,000	38,747.8	70,889.1	70,786.3
Percentage of R&D costs in revenue[1]	%	8.37	6.93	9.10

1. Information note: Given minor discrepancies resulting from the accuracy of the disclosed data compared to the direct calculation results obtained by dividing the R&D costs by the previously disclosed revenue, the data disclosed herein shall prevail.

❖ Supply Chain Performance

Supply Chain Management

Indicator	Unit	2021	2022	2023
Total number of suppliers	Supplier	3,981	5,084	5,594
Number of suppliers in Mainland China	Supplier	3,769	4,834	5,396
Number of suppliers in Hong Kong, Macao, Taiwan and overseas regions	Supplier	212	250	198
Percentage of suppliers signing the Sunshine Cooperation Agreement	%	100	100	100
Percentage of suppliers signing the agreement containing provisions on requirements for environment and labour	%	100	100	100
Number of suppliers conducting social impact assessments	Supplier	1,024	1,251	1,617
Number of suppliers conducting environmental impact assessments	Supplier	1,024	1,251	1,617
Number of suppliers participating in training on safety and environmental protection	Supplier	1,024	1,251	1,617
Number of suppliers with practical and potentially significant negative environmental impacts identified	Supplier	159	142	97
Total number of new suppliers	Supplier	797	1,110	1,089
Percentage of suppliers selected by social standards[1]	%	87	91	97
Percentage of new suppliers selected by environmental standards[1]	%	27	26	35

1 Calculation formula: Percentage of suppliers selected by social (environmental) standards = Number of new suppliers selected by social (environmental) standards / Total number of new suppliers * 100%.

❖ Environmental Performance

Environmental Management Compliance

Indicator	Unit	2021	2022	2023
Number of penalty incidents for violating environmental protection laws and regulations	Incident	0	0	0
Total amount of fines for violating environmental protection laws and regulations	RMB10,000	0	0	0

Energy Management

Indicator	Unit	2021	2022	2023
Consumption of purchased electricity	MWh	135,437	232,038	242,624
Of which, consumption of the green electricity in the purchased electricity[1]	MWh	/	/	21,431
Consumption of purchased steam[2]	GJ	183,227	285,393	482,991
Raw coal consumption[3]	Ton	12,784	34,829	15,933
Natural gas consumption[4]	m^3	4,199,118	4,592,471	6,565,448
Consumption of purchased hot water[1]	GJ	/	/	100,504
Consumption of diesel with stationary pollution source[1]	Tonnes	/	/	380
Gasoline consumption in official vehicles[1]	Litres	/	/	224,166
Diesel consumption in official vehicles[5]	Litres	145,668	23,000	137,530
Comprehensive energy consumption[6]	MWh	307,456	563,488	576,112
Comprehensive energy consumption intensity (RMB per unit of revenue)[6]	MWh/RMB10,000	0.66	0.55	0.73

1 Information note: The Company's operations involve the use of purchased green electricity, hot water, stationary source diesel fuel, and gasoline for official vehicles. However, as the information of such items disclosed was not included in the statistics for 2021 and 2022, there was no disclosure provided regarding related information.

2 Information note: In 2023, the purchased steam consumption increased compared to the previous year, primarily due to the Company’s improvement in the efficiency of incinerator and waste heat boiler, resulting in a reduction in raw coal consumption.

3 Information note: In 2023, the raw coal consumption declined compared to the previous year, mainly due to the

lower utilization of some of the Company's equipment and Company's improved efficiency of the incinerators and residual heat boilers, and steam supply, leading to a reduced raw coal consumption.

4 Information note: In 2023, the increase in natural gas consumption as compared to the previous year is primarily attributed to the gradual rise in natural gas in the Company's production processes, alongside decreased raw coal consumption and the utilization of natural gas in the new workshops and R&D centers.

5 Information note: In 2023, the diesel consumption in official vehicles grew compared to the previous year, mainly due to the increase in frequency of production material transfers between the Company's plants.

6 Information note: Comprehensive energy consumption was calculated in accordance with the GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption. Among them, the average lower heating values (raw coal 20,908 kJ/kg, natural gas 38,931 kJ/normal cubic meter, diesel 42,652 kJ/kg, and gasoline 43,070 kJ/kg) were from the China Energy Statistics Yearbook (2022). Typical density at 20°C was selected for density (diesel 0.85 kg/liter, gasoline 0.74 kg/liter) through reference to the US DOE/EIA and GB 17930-2016 Gasoline for Motor Vehicles). In addition, the comprehensive energy consumption in this report excludes the Company's self-generated renewable energy consumption.

Climate Change Tackling

Indicator	Unit	2021	2022	2023
Scope 1 greenhouse gas emissions[1]	Tonnes of carbon dioxide equivalent	34,013.28	76,747.78	46,854.49
Scope 2 greenhouse gas emissions[2]	Tonnes of carbon dioxide equivalent	98,843.87	163,724.50	190,330.82
Total greenhouse gas emissions (Scope 1 plus Scope 2)	Tonnes of carbon dioxide equivalent	132,857.14	240,472.28	237,185.31
Intensity of greenhouse gas emissions (Scope 1 plus Scope 2) (per unit of revenue)	Tonnes of carbon dioxide equivalent/RMB10,000	0.29	0.24	0.30

1 Information note: Scope 1 greenhouse gas emissions include those direct emissions from the consumption of raw coal, natural gas, diesel and gasoline, and the calculation is based on the emission factor method in accordance with Appendix 2 of the SEHK's Environmental, Social and Governance Reporting Guide, Guidelines for the Compilation of Environmental Key Performance Indicators (March 2022). Greenhouse gases include CO_2, CH_4 and N_2O, and the greenhouse gas equivalent is calculated by selecting the IPCC AR6 GWP 100-year average (GWP 100). The greenhouse gas emission factor of raw coal was 1.914360 tonnes of carbon dioxide equivalent per ton, the greenhouse gas emission factor of natural gas was 0.002180 tonnes of carbon dioxide equivalent per cubic meter, the greenhouse gas emission factor of diesel with stationary pollution source was 3.100570 tonnes of carbon dioxide equivalent per ton, the greenhouse gas emission factor of diesel in official vehicles was 0.002650 tonnes of carbon dioxide equivalent per liter, and the greenhouse gas emission factor of gasoline in official vehicles was 0.002220 tonnes of carbon dioxide equivalent per liter. In addition, due to changes in the statistical scope of the type of energy consumption and emission factors, the Company retroactively disclosed the information related to GHG emissions for 2021 and 2022.

2 Information note: the Scope 2 greenhouse gas emissions include the indirect greenhouse gas emissions from consumption of purchased electricity, steam and hot water and the calculation is based on the emission factor method in accordance with Appendix 2 of the SEHK's Environmental, Social and Governance Reporting Guide, Guidelines for the Compilation of Environmental Key Performance Indicators (March 2022). The greenhouse gas emission factor of purchased electricity was selected from China's national grid average, with reference to the Guidelines on Accounting and Reporting of Greenhouse Gas Emissions for Enterprises: Power Generation Facilities (Revised 2022) and the Circular on Efficiently Managing the Reporting of Greenhouse Gas Emissions from Enterprises in the Power Generation Sector in 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China, which was 0.5810 tonnes of carbon dioxide/MWh in 2021 and 0.5703 tonnes of carbon dioxide/MWh in 2022 and 2023. The greenhouse gas emission factor of purchased green electricity was 0 tonnes of carbon dioxide equivalent/GJ. Such factors of purchased steam and hot water were both derived from the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises of Other Industries in Industrial Sectors (Trial)

(2015) issued by the National Development and Reform Commission, which was 0.11 tonnes of carbon dioxide equivalent/GJ. Additionally, retrospective disclosure for greenhouse gas emissions in 2021 and 2022 was conducted due to changes in the statistical scope of energy consumption types and emission factors.

Water Resources Management

Indicator	Unit	2021	2022	2023
Total water consumption[1]	m^3	1,219,691	1,749,056	1,763,925
Water consumption intensity (RMB per unit of revenue)	m^3/RMB10,000	2.63	1.71	2.24

1 Information note: The water consumption sources outlined herein exclusively pertain to municipal water supply, with retrospective adjustments to the presentation of the relevant data in the 2022 ESG report.

Raw Material and Packaging Management

Indicator	Unit	2021	2022	2023
Total packaging materials used for finished products[1]	Kg	/	106,216	157,684
Intensity of packaging materials used for finished products (RMB per unit of revenue)	Kg/RMB10,000	/	0.104	0.200

1 Information note: In 2023, the total packaging materials used for finished products grew compared to the previous year, which primarily attributed to the increase in Company's production and batches of product sales.

Wastewater Management[1]

Indicator	Unit	2021	2022	2023
Total wastewater emissions	m^3	679,636	882,389	855,079
Wastewater discharge intensity (RMB per unit of revenue)	m^3/RMB10,000	1.47	0.86	1.09
Chemical oxygen demand (COD) emissions	Kg	62,237	101,836	92,764
Intensity of chemical oxygen demand (COD) emissions (RMB per unit of revenue)	Kg/RMB10,000	0.134	0.100	0.118
Ammonia nitrogen (NH_3-N) emissions	Kg	3,691	8,452	8,771
Intensity of NH_3-N emissions (RMB per unit of revenue)	Kg/RMB10,000	0.008	0.008	0.011

1 Information note: In 2023, the total wastewater emissions and the related water pollutants emissions by the Company changed compared to 2022, mainly due to the changes in the type and scale of the Company's projects.

Waste Gas Management[1]

Indicator	Unit	2021	2022	2023
Nitrogen oxides (NO_x) emissions	Kg	26,199	97,357	64,915
Intensity of NO_x emissions (RMB per unit of revenue)	Kg/RMB10,000	0.057	0.095	0.082
Sulfur oxides (SO_x) emissions	Kg	11,002	50,763	25,947
Intensity of SO_x emissions (RMB per unit of revenue)	Kg/RMB10,000	0.024	0.050	0.033
Particulate matter (PM) emissions	Kg	9,389	11,245	7,574
Intensity of PM emissions (RMB per unit of revenue)	Kg/RMB10,000	0.020	0.011	0.010
Volatile organic compounds (VOCs) emissions	Kg	39,020	38,519	50,138
Intensity of VOCs emissions (RMB per unit of revenue)	Kg/RMB10,000	0.084	0.038	0.064

1 Information note: In 2023, the emissions of relevant air pollutants of the Company changed compared to 2022, mainly due to the changes in the type and scale of the Company's projects.

Waste Management

Indicator		Unit	2021	2022	2023
Total amount of general solid wastes[1]		Ton	4,694	12,678	7,239
By disposal method	Recycling/reuse volume[2]	Ton	41	844	6,735
Intensity of general solid waste (RMB per unit of revenue)		Ton/RMB10,000	0.010	0.012	0. 009
Total amount of hazardous wastes[1]		Ton	46,748	87,423	35,179
By disposal method	Recycling/reuse volume[2]	Ton	2,327	1,839	4,271
Intensity of hazardous waste (RMB per unit of revenue)		Ton/RMB10,000	0.101	0.085	0. 045

1 Information note: In 2023, the Company's total amounts of general solid wastes and hazardous wastes declined compared to the previous year, mainly due to the Company's initiation of waste reduction and comprehensive utilization measures.

2 Information note: In 2023, the Company experienced an increase in recycling/reusing amounts of general solid wastes and hazardous wastes compared to the previous year. The growth was primarily attributed to the Company's intensified efforts in promoting energy conservation and emission reduction initiatives, leading to a higher proportion of waste being diverted towards recycling channels during the Reporting Period.

❖ General Employment and Labour Performance

Employment Compliance

Performance Indicator		Unit	2021	2022	2023
Total number of penalty incidents for violating the laws and regulations relating to employment and labour		Incident	0	0	0
By type	Number of penalty incidents for violating the laws and regulations relating to recruitment and dismissal of employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on working hours and holidays for employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on promotion and equal opportunities for employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on anti-discrimination and diversity for employees	Incident	0	0	0

Employee Employment

Indicator		Unit	2021	2022	2023
Total number of employees		Person	7,126	9,719	9,788
By gender	Number of male employees	Person	5,037	6,740	6,539
	Number of female employees	Person	2,089	2,979	3,249
By age group	Number of employees aged 51 and above	Person	87	120	145
	Number of employees aged 41-50	Person	418	528	693
	Number of employees aged 31-40	Person	2,307	2,965	3,207
	Number of employees aged 30 and below	Person	4,314	6,106	5,743

Indicator		Unit	2021	2022	2023
By employment type	Number of full-time employees engaged under labour contracts	Person	7,115	9,650	9,669
	Number of employees engaged in other types of employment[1]	Person	11	69	119
By geographical region	Number of employees working in Mainland China	Person	7,086	9,652	9,705
	Number of employees working in Hong Kong, Macao and Taiwan	Person	0	0	2
	Number of employees working overseas	Person	40	67	81
By education	Number of employees with the Doctor degree as the highest education	Person	187	272	308
	Number of employees with the Master degree as the highest education	Person	1,138	1,682	1,940
	Number of employees with the Bachelor degree as the highest education	Person	3,751	5,444	5,360
	Number of employees with the junior college as the highest education	Person	974	1,104	1,091
	Number of employees with the technical secondary school and below as the highest education	Person	1,076	1,217	1,089
By employee category	Number of grass-roots employees	Person	6,740	9,180	9,151
	Number of middle managers	Person	301	436	517
	Number of senior managers	Person	85	103	120
Percentage of female employees in middle management[2]		%	31.56	31.19	34.24
Percentage of female employees in senior management[2]		%	21.18	19.42	17.50
Number of female employees in C-suite		Person	1	1	1
By position	Number of employees in charge of production	Person	2,427	3,314	3,380

Indicator		Unit	2021	2022	2023
	Number of employees in charge of sales	Person	61	92	73
	Number of employees in charge of R&D and analysis	Person	3,381	4,656	4,752
	Number of employees in charge of supply and purchase	Person	177	282	266
	Number of employees in charge of infrastructure and equipment	Person	494	566	572
	Number of employees in charge of finance and administration	Person	586	809	745
Number of minority employees		Person	571	718	704
Total number of new employees[3]		Person	4,505	5,000	2,769
By gender	Number of new male employees	Person	3,351	3,326	1,964
	Number of new female employees	Person	1,154	1,674	805
Average service year of male employees		Year	6.70	6.38	7.34
Average service year of female employees		Year	5.55	5.54	5.87

1 Information note: Other types of employment include interns and retired and rehired employees. In 2023, the number of employees in other types of employment increased compared to the previous year, primarily due to the Company's promotion for school-enterprise cooperation and the increase in the number of interns.

2 Calculation formula: Percentage of female employees in middle (senior) management = Number of female employees in middle (senior) management / Total number of employees in middle (senior) management * 100%.

3 Information note: In 2023, the total number of new employees declined from the previous year, as the Company did not hire new employees for the large order with the end of the global public health event and the completion of such order.

Employee Turnover Rate[1]

Indicator		Unit	2021	2022	2023
Employee turnover rate		%	14.27	13.23	13.75
By gender	Turnover rate of male employees	%	14.80	13.77	14.50
	Turnover rate of female employees	%	12.96	11.99	12.19
By age group	Employee turnover rate aged 51 and above	%	0.71	0.37	0.47
	Employee turnover rate aged 41-50	%	2.62	2.09	3.37
	Employee turnover rate aged 31-40	%	9.25	8.05	6.25

Indicator		Unit	2021	2022	2023
	Employee turnover rate aged 30 and below	%	14.76	14.18	16.13
By geographical region	Employee turnover rate working in Mainland China	%	14.25	13.29	13.69
	Employee turnover rate working in Hong Kong, Macao and Taiwan	%	0.00	0.00	0.00
	Employee turnover rate working overseas[2]	%	16.67	4.29	19.80

1 Calculation formula: Employee turnover rate in a particular category = Number of employees in a particular category leaving office / (Number of employees in a particular category in-service + Number of employees leaving the company in a particular category) * 100%.

2 Information note: The increase in Employee turnover rate working overseas in 2023 was mainly due to the Company's hiring more overseas employees.

Employee Rights and Benefits

Indicator	Unit	2021	2022	2023
Labour contract signing rate[1]	%	100	100	100
Coverage of social insurance[1]	%	100	100	100
Coverage of employees' physical examination	%	100	100	100

1 Information note: The statistics cover full-time employees engaged under labour contracts.

Employee Training

Indicator		Unit	2021	2022	2023
Percentage of employee trained[1]		%	100	100	100
By gender	Percentage of male employees trained	%	100	100	100
	Percentage of female employees trained	%	100	100	100
By employee category	Percentage of grass-roots employees trained	%	100	100	100
	Percentage of middle management employees trained	%	100	100	100
	Percentage of senior management employees trained	%	100	100	100
Average training hours of employees[2]		Hours	87.07	90.00	110.19
By gender[3]	Average training hours of male employees	Hours	87.07	90.00	110.39

Indicator		Unit	2021	2022	2023
	Average training hours of female employees	Hours	87.07	90.00	109.81
By employee category[3]	Average training hours of grassroots employees[4]	Hours	87.07	90.00	110.26
	Average training hours of middle management employees	Hours	87.07	90.00	110.15
	Average training hours of senior management employees	Hours	87.07	90.00	105.03

1 Calculation formula: Coverage of training of employees in a particular category = Number of employees trained in a particular category / Number of employees in a particular category * 100%.

2 Calculation formula: Average training hours of employees in a particular category = Total training hours of employees in a particular category / Number of employees in a particular category. Information note: In 2023, the average training hours of employees grew from the previous year, which primarily attributed to the increase of such trainings regarding anti-corruption, anti-bribery, and business compliance.

3 Information note: For 2021 and 2022, the Company was unable to furnish information regarding the average number of training hours received by employees categorized by gender and rank. Consequently, the data remained consistent across different genders and ranks. However, with enhancements made to the training system, the Company successfully complied statistics of training hours by gender and rank in 2023.

4 Information note: The data disclosed in the 2022 ESG report omitted training hours for employees lacking titles. This data herein includes the training hours for employees without titles and grassroots management personnel, with retroactive adjustments made for 2021 and 2022. In 2023, the average training hours for grassroots employees witnessed an increase from the previous year, predominantly attributable to the Company's heightened emphasis on employee training initiatives.

Occupational Health and Safety

Indicator	Unit	2021	2022	2023
Number of employees working at posts with occupational hazards[1]	Person	2,105	3,440	6,856
Number of employees having taken the physical examination of occupational hazards[1]	Person	2,105	3,440	6,856
Number of employees having occupational hazards	Person	0	0	0
Number of lost days due to work injury[2]	Day	605	879	380
Percentage of employees who died as a result of work-related fatalities[3]	%	0	0	0
Coverage of employee training on occupational health and safety[4]	%	/	/	100
Number of penalty incidents for violating laws and regulations regarding occupational health and safety	Incident	0	0	0

1 Information note: In 2023, Compared to the previous year the number of employees working at posts with occupational hazards and the number of employees having taken the physical examination of occupational hazards increased in 2023, mainly due to the Company's expansion of the scope of occupational hazards, especially the

expansion of the scope of acute, chronic, and recurrent health problems caused by the actual work and the reconsideration of the occupational disease scope caused by various pathologic diseases, which includes, but is not limited to, the diseases in the List of Occupational Diseases of International Labour Organization.

2 Information note: In 2023, the number of lost days due to work injury declined from the previous year, primarily on account of the overall decrease in the probability of work injuries with the Company's comprehensive enhancement of safety awareness training for all employees, improvement of the awareness of risk identification, and strict enforcement of various safety inspections.

3 Calculation formula: Percentage of employees who died as a result of work-related fatalities = Number of employees who died as a result of work-related fatalities / Total number of employees * 100%.

4 Calculation formula: Coverage of employee training on occupational health and safety = Number of employees receiving training on occupational health and safety / Total number of employees * 100%.

❖ Social Welfare and Volunteer Service Performance

Social Welfare and Volunteer Service

Indicator		Unit	2021	2022	2023
Total amount of investment in social welfare		RMB10,000	80.0	384.0	83.0
By areas of contribution	Healthcare	RMB10,000	/	/	25.0
	Community development	RMB10,000	/	/	6.0
	Rural revitalization	RMB10,000	/	/	22.0
	Educational aid	RMB10,000	22.9	25.6	20.0
	Others	RMB10,000	/	/	10.0
Number of scholarship projects established		Item	11	8	6
Number of employees participating in voluntary activities		Person	217	476	482

1 Information note: For 2021 and 2022, the Company did not disaggregate data based on the areas of contribution apart from education aid.

Appendix 1: Term List

To help readers better understand the contents of this report, the following table explains, in alphabetical order, the acronyms of the terms appearing in the report.

Acronyms	Interpretation
ADC	Antibody Drug Conjugates
AED	Automatic External Defibrillator
AMP	Adenosine Monophosphate
API	Active Pharmaceutical Ingredient
ATP	Adenosine Triphosphate
BCP	Business Continuity Planning
CAPA	Corrective Action and Preventive Action
CARO	Contract Academic Research Organization
CBTI	Center of Biological Technology and Innovation
CDA	Confidential Disclosure Agreement
CDDF	Center of Drug Delivery and Formulation
CDMO	Contract Development and Manufacturing Organization
CDP	Carbon Disclosure Project
CDS	Core Data Service
CED	Chemical Engineering Department
CEPS	Center of Excellence for Process Science
CFCT	Center of Flow&Continuous Technology
CFPS	Cell-Free Protein Synthesis
cGMP	Current Good Manufacture Practices
CGRP	Calcitonin Gene Related Peptide
CIMT	Centre for Intelligent Manufacturing Technology
CMC	Chemistry, Manufacturing and Control
COD	Chemical Oxygen Demand
CPAPE	China Pharmaceutical Association of Plant Engineering
CPET	China Pharmaceutical Engineering Technology Conference
CRO	Contract Research Organization
CSBT	Center of Synthetic Biology Technology

Acronyms	Interpretation
DIY	Do It Yourself
DLP	Data leakage prevention
DMF	Drug Master File
DNA	Deoxyribonucleic Acid
EHS	Environment, Health and Safety
ESG	Environmental, Social and Governance
FDA	Food and Drug Administration
FTO	Freedom to Operate
GCP	Good Clinical Practice
GFP	Green Fluorescent Protein
GLP	Good Laboratory Practice
GMP	Good Manufacture Practices
GRI	Global Reporting Initiative
IAPM	Institute for Advanced Pharmaceutical Materials
ICH	International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
IFRS	International Financial Report Standard
IND	Investigational New Drug
ISSB	International Sustainability Standards Board
IT	Information Technology
KPI	Key Performance Indicator
LIMS	Laboratory Information Management System
LNP	Lipid nanoparticle
LTIF	Lost Time Incident Frequency
MFDS	Ministry of Food and Drug Safety
mRNA	messenger Ribonucleic Acid
MSA	Master Service Agreement
NDA	New Drug Application
NMHC	Non-methane Hydrocarbon
NMPA	National Medical Products Administration

Acronyms	Interpretation
OEB	Occupational Exposure Band
OEL	Occupational Exposure Limit
PAT	Process Analytical Technologies
PCT	Patent Cooperation Treaty
PDI	China Pharmaceutical R&D Innovation
PMDA	Pharmaceuticals and Medical Devices Agency
PMI	Process Mass Intensity
PPE	Personal Protective Equipment
PSCI	Pharmaceutical Supply Chain Initiative
QA	Quality Assurance
QC	Quality Control
RTO	Regenerative Thermal Oxidizer
SAP	System Applications and Products
SBTi	Science-Based Targets Initiative
SDGs	Sustainable Development Goals
SDS	Safety Data Sheet
SOP	Standard Operating Procedure
STY	Space Time Yield
SZSE	Shenzhen Stock Exchange
TEDA	Tianjin Economic – Technological Development Area
TGA	Therapeutic Goods Administration
TICCR	Technology Innovation Center for clinical Research
TN	Total Nitrogen
tRNA	Transfer Ribonucleic Acid
VAV	Variable Air Volume
VBE	Valve Base Electronics
VOCs	Volatile Organic Compounds
VPN	Virtual Private Network
WHO	World Health Organization

Appendix 2: Benchmarking Index Table

❖ Benchmarking Index Table of the Guideline No. 1 on Self-discipline Supervision of Listed Companies – Standard Operation of Main Board Listed Companies of the SZSE (Revised in December 2023)

Disclosure requirements	Report chapter
8.1 Summary	Investor Rights Protection Customer Service Management Supply Chain Management Environmental Management System Employee Rights and Benefits Social Welfare and Volunteer Service
8.2 Operating Principles	Anti-corruption and Anti-bribery Intellectual Property Protection Responsible Marketing
8.3 Strategic Planning and Working Mechanisms of Social Responsibility	Sustainability Strategy
8.4 Disclosure of Social Responsibility Reports	Explanation for the Preparation of the Report
8.5 Employee Right Protection	Corporate Governance Employee Rights and Benefits
8.6 (i) Compliance with Environmental Protection Laws and Regulations and Industry Standards	Environmental Management System
8.6 (ii) Environmental Protection Program	Environmental Management System
8.6 (iii) Use of Natural Resources	Resource Management
8.6 (iv) Disposal of Pollutants	Emission and Waste Management
8.6 (v) Pollution Prevention and Control Facilities	Emission and Waste Management
8.6 (vi) Payment of Taxes and Fees Related to Environmental Protection	Environmental Management System
8.6 (vii) Environmental Safety of Supply Chain	Supply Chain Management
8.6 (viii) Other Environmental Protection Responsibilities	Green Chemistry Climate Change Tackling
8.7 (i) Environmental Protection Principle, Targets and Achievements	Environmental Management System
8.7 (ii) Annual Total Resource Consumption	ESG Data Performance Tables

Disclosure requirements	Report chapter
8.7 (iii) Environmental Investment and Development of Environmental Technology	Environmental Management System Green Chemistry ESG Data Performance Tables
8.7 (iv) Pollutant Emission Management	ESG Data Performance Tables
8.7 (v) Construction and Operation of Environmental Facilities	Environmental Management System
8.7 (vi) Treatment and Disposal of Waste, and Recycling and Comprehensive Utilization of Waste Products	Emission and Waste Management
8.7 (vii) Voluntary Agreements with Environmental Authorities	N/A
8.7 (viii) Incentives from the Environmental Authorities	Environmental Management System
8.7 (ix) Other Voluntary Disclosure	Green Chemistry Climate Change Tackling
8.8 Implementation of Environmental Policies and Corrective Measures	Environmental Management System During the Reporting Period, the Company did not experience any violation of environmental protection laws and regulations.
8.9 Disclosure of Environmental Information of Key Polluters	Environmental Management System ESG Data Performance Tables
8.10 (i) Product Safety Laws and Regulations and Industry Standards	Quality Control System
8.10 (ii) Production Environment and Production Process	Safe Production
8.10 (iii) Product Quality and Safety Assurance Mechanism and Emergency Plan for Accidents	Quality Control System Safe Production
8.10 (iv) Other Responsibilities on Production and Product Safety	Quality Control System
8.11 (i) Employee Management System and Non-compliance Handling Measures	Diversity, Equality and Inclusion Employee Rights and Benefits
8.11 (ii) Prevention of Occupational Hazards and Supporting Safety Measures	Safe Production Occupational Health
8.11 (iii) Employee Training	Human Capital Development
8.11 (iv) Other Responsibilities on Employee Rights Protection	Human Capital Development

Disclosure requirements	Report chapter
8.12 Scientific and Ethical Standards	Quality Control System
8.13 Content of Social Responsibility Report	Explanation for the Preparation of the Report
8.13 (i) Social Responsibility System Development	Quality Control System Environmental Management System Diversity, Equality and Inclusion Employee Rights and Benefits Social Welfare and Volunteer Service
8.13 (ii) Deficiencies and Problems in the Fulfillment of Social Responsibilities	During the Reporting Period, the Company did not violate any laws and regulations in respect of the environment, society and governance. In the future, the Company will continue to improve its sustainability governance mechanism and optimize its sustainability management measures.
8.13 (iii) Improvement Measures and Specific Timetable	

❖ Benchmarking Index Table of the SZSE Social Responsibility Instructions to Listed Companies (2006)

Disclosure requirements	Report chapter
Chapter 1 General Provisions	
Article 2	Sustainability Strategy
Article 3	Corporate Governance Investor Rights Protection Customer Service Management Supplier Management Environmental Management System Employee Rights and Benefits Social Welfare and Volunteer Service
Article 4	Anti-corruption and Anti-bribery Intellectual Property Protection
Article 5	Appendix 2: Benchmarking Index Table Explanation for the Preparation of the Report
Chapter 2: Protection for the Interests of Shareholders and Creditors	
Article 7	Corporate Governance
Article 8	Corporate Governance
Article 9	Information Disclosure
Article 10	Investor Rights Protection
Article 11	Investor Rights Protection
Article 12	Information Disclosure Investor Rights Protection
Chapter 3 Employee Right Protection	
Article 13	Diversity, Equality and Inclusion Employee Rights and Benefits
Article 14	Diversity, Equality and Inclusion Employee Rights and Benefits
Article 15	Safe Production Occupational Health
Article 16	Diversity, Equality and Inclusion Employee Rights and Benefits
Article 17	Diversity, Equality and Inclusion

Disclosure requirements	Report chapter
Article 18	Human Capital Development
Article 19	Corporate Governance Employee Rights and Benefits
Chapter 4 Protection for the Interests of Suppliers, Customers and Consumers	
Article 20	Intellectual Property Protection Customer Service Management Responsible Marketing Supply Chain Management
Article 21	Quality Control System
Article 22	Quality Control System
Article 23	Anti-corruption and Anti-bribery Supply Chain Management
Article 24	Anti-corruption and Anti-bribery
Article 25	Information Security and Privacy Protection
Article 26	Customer Service Management
Chapter 5 Environmental Protection and Sustainable Development	
Article 27	Environmental Management System
Article 28	Environmental Management System Green Chemistry Climate Change Tackling Resource Management Emission and Waste Management
Article 29	Resource Management Emission and Waste Management
Article 30	Environmental Management System
Article 31	Environmental Management System
Chapter 6 Public Relations and Social Welfare	
Article 32	Social Welfare and Volunteer Service
Article 33	Social Welfare and Volunteer Service
Article 34	Analysis on Substantive Issues
Chapter 7 Institutional Building and Information Disclosure	
Article 35	Sustainability Strategy

Disclosure requirements	Report chapter
Article 36	Quality Control System Environmental Management System Diversity, Equality and Inclusion Employee Rights and Benefits Social Welfare and Volunteer Service During the Reporting Period, the Company did not violate any laws and regulations in respect of the environment, society and governance. In the future, the Company will continue to improve its sustainability governance mechanism and optimize its sustainability management measures.

❖ Benchmarking Index Table for the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, (effective version on 31 December 2023)

Part B: Mandatory Disclosure Requirements		
Mandatory Disclosure Items		**Report chapter**
Governance structure	A statement from the Board containing the following contents: (i) a disclosure of the board's oversight of ESG issues. (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the issuer's business); and (iii) how the board reviews progress against made against ESG-related goals and targets with an explanation of how they relate to the issuer's business.	Sustainability Strategy Communication with Stakeholders
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (i) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/ energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Explanation for the Preparation of the Report Communication with Stakeholders ESG Data Performance Tables
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Explanation for the Preparation of the Report ESG Data Performance Tables
Part C: "Comply or Explain" Provisions		
Aspects, General Disclosures and Key Performance Indicators		**Disclosure Chapter**
Key Area A. Environment		

Aspect A1. Emissions		
General Disclosure A1	Information relating to air and greenhouse gas, discharging into water and land, and generation of hazardous and non-hazardous waste on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Environmental Management System Green Chemistry Climate Change Tackling Resource Management Emission and Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Emission and Waste Management ESG Data Performance Tables
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Performance Tables
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Performance Tables
KPI A1.4	Total non-hazardous waste generated (in tonnes) and, if applicable, intensity (e.g. per unit of production and per facility).	ESG Data Performance Tables
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management System Climate Change Tackling
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and the steps taken to achieve them.	Emission and Waste Management
Aspect A2. Resource Use		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ‘000s) and intensity (e.g. per unit of production volume, per facility).	ESG Data Performance Tables
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Data Performance Tables

KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Management System Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Management System Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Data Performance Tables
Aspect A3. Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management System Resource Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management System Resource Management
Aspect A4. Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Tackling
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Tackling
Key Area B. Society		
General Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure B1	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity, anti-discrimination and other benefits and welfare on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Diversity, Equality and Inclusion Employee Rights and Benefits
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Data Performance Tables

KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	ESG Data Performance Tables
Aspect B2. Health and Safety		
General Disclosure B2	Information relating to providing a safe working environment and protecting employees from occupational hazards on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Safe Production Occupational Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Data Performance Tables
KPI B2.2	Lost days due to work injury.	ESG Data Performance Tables
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safe Production Occupational Health
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Human Capital Development
KPI B3.1	The percentage of employees trained by gender and employee type (e.g., senior management, middle management).	ESG Data Performance Tables
KPI B3.2	The average training hours completed per employee, by gender and employee category.	ESG Data Performance Tables
Aspect B4. Labour Standards		
General Disclosure B4	Information relating to preventing child and forced labour on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Diversity, Equality and Inclusion
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diversity, Equality and Inclusion
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Diversity, Equality and Inclusion
Operating Practices		
Aspect B5. Supply Chain Management		

General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	ESG Data Performance Tables
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management Supply Chain Management ESG Data Performance Tables
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6. Product Responsibility		
General Disclosure B6	Information relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Information Security and Privacy Protection Product Quality Control Responsible Marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Data Performance Tables
KPI B6.2	Number of complaints received and how they are dealt with.	Customer Service Management ESG Data Performance Tables
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall process.	Quality Control System
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection
Aspect B7. Anti-Corruption		

General Disclosure B7	Information relating to bribery, extortion, fraud and money laundering on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-corruption and Anti-bribery
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the result of the outcomes of the case.	ESG Data Performance Tables
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption and Anti-bribery
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Anti-bribery
Aspect B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration communities' interests.	Social Welfare and Volunteer Service
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Welfare and Volunteer Service
KPI B8.2	Resources contributed (e.g., money or time) to focus area.	Social Welfare and Volunteer Service ESG Data Performance Tables

Appendix 3: Subsidiaries' Abbreviations and Full Names

Abbreviations[1]	Full Name
Fuxin Asymchem	Asymchem Laboratories (Fuxin) Co., Ltd.
Jilin Asymchem	Jilin Asymchem Laboratories Co., Ltd.
Asymchem Laboratories (Jilin)	Asymchem Laboratories (Jilin) Co., Ltd.
Jilin Asymchem Pharmaceuticals	Jilin Asymchem Pharmaceuticals Co., Ltd.
Asymchem Life Science	Asymchem Life Science (Tianjin) Co., Ltd.
Asymchem Pharmaceuticals	Tianjin Asymchem Pharmaceuticals Co., Ltd.
Clin-nov Medical	Tianjin Clin-nov Medical Technology Co., Ltd.
Shanghai Asymchem Biotechnology	Shanghai Asymchem Biotechnology Co., Ltd.

Note 1: The above table solely presents the names of the subsidiaries featured in the report and is not a complete list of the Company's subsidiaries.