创胜集团
TRANSCENTA

Transcenta Holding Limited
創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 6628

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

ABOUT THE REPORT

INTRODUCTION OF THE REPORT

This report is the second environmental, social and governance report (the "Report" or the "ESG Report") issued by Transcenta Holding Limited ("Transcenta"), together with its subsidiaries (collectively, "we", "us" or the "Company"), for the purpose of providing information on the Company's environmental, social and governance ("ESG") system building and performance and objectively disclosing the Company's management and effectiveness in respect of sustainable development in response to the expectations of its stakeholders and the public.

REPORTING SCOPE AND BOUNDARY

The Report discloses the management and performance of ESG related issues for the period from January 1, 2022 to December 31, 2022 (the "Reporting Period" or the "Year"). For details of the Company's business, please refer to the 2022 Annual Report. (The employees at the Company's workplace in the United States worked from home mostly, therefore, the Report does not include various environmental data of the workplace in the United States. Environmental data density = environmental data/revenue of the Company)

BASIS OF PREPARATION

Transcenta prepared the Report in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide"), Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKEx" or "Hong Kong Stock Exchange") and based on the following principles:

- **Materiality:** As the Company believes the ESG Report has significant influences on the investors and stakeholders, we have disclosed the procedures of identifying material ESG factors in the Report, including identifying materiality and conducting assessment on ESG issues using the materiality matrix. We identified ESG related material factors based on our engagement mechanism with stakeholders and materiality principle, paid more attention to them and disclosed corresponding measures in the Report.
- **Quantitative:** The Company measured key performance indicators and disclosed quantitative data as required by the ESG Reporting Guide issued by the Hong Kong Stock Exchange. The Company also disclosed the calculation methods of and assumptions for the data contained in the Report.
- **Balance:** The Company fairly and objectively presented its ESG related work in the Report.
- **Consistency:** The Company adopted a consistent data disclosure approach and explained relevant statistical methods and standards.

The indicators index of the ESG Reporting Guide is set out in Appendix II to the Report for easy and quick reference by readers.

ABOUT THE REPORT

SOURCES AND RELIABILITY

The information and data disclosed in the Report are based on the statistical reports and formal documents of the Company and have been reviewed by the relevant departments. We confirm that there is no misstatement or misleading representation contained in the Report and take responsibility for the truthfulness, accuracy and completeness of the contents of the Report. All the currency amounts in the Report are denominated in RMB.

PROCESS OF PREPARATION

The contents of the Report have been determined based on a set of systematic procedures. Such procedures include, among others, forming a working group, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG related topics, deciding the scope of the ESG Report, collecting relevant materials and data, determining the framework, report compiling, report designing and review by the relevant departments and the senior management.

ACKNOWLEDGEMENT AND APPROVAL

The Report has been approved by the Board of Directors of the Company (the "Board") on March 30, 2023.

REPORT ACCESS AND FEEDBACK

The electronic version of the Report is available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.transcenta.com). Should you have any advice or recommendation as to the Company's disclosure and performance in ESG issues, please contact us through the following ways.

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MESSAGE FROM THE CEO

Undertaking the mission of "employing cutting-edge technology, we innovate to help patients with differentiated and affordable biologics", Transcenta has reached the key milestone of the tenth anniversary of establishment so far. We worked diligently and strived to create a fairer and more sustainable world for patients, employees and communities.

Transcenta always stays true to its original aspirations and provides more people with high-quality innovative drugs to narrow the health equity gap. Currently, Transcenta has developed a product pipeline of innovative molecules in oncology, bone disorders and nephrology. In 2022, we have completed the enrollment of a trial for TST001 in combination with chemotherapy in patients with gastric cancer and announced its interim clinical data; and we have completed the first patient dosing of three cohorts in the clinical study for TST002 for osteoporosis in China. Various clinical trial applications have been approved by the U.S. Food and Drug Administration (FDA). The results of studies in collaboration with Shanghai Jiao Tong University on TST003 have been published in Nature Cancer. We strived to address worldwide unmet clinical needs through innovation and R&D and benefit patients as soon as possible.

To support our ESG work, we further optimized the ESG governance system in 2022. With the Board of Directors as the core of the governance structure, we maintained a compliant and efficient operation model to safeguard the benefits of shareholders and stakeholders. Following the Board diversity principle and leveraging on the building of comprehensive and overall talent teams, Transcenta enriched its experience and reserve in operation, technology, management talents and other aspects. Transcenta enhanced the compliance and risk awareness of all employees, including the directors, and strictly carried out work on business ethics, anti-corruption and whistleblowing systems under the guidance of the Conduct Code of Employees《員工行為準則》and other systems.

We are proud of our progress in responding to climate change and environmental protection in the past year. With reference to the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), the Company refined the governance system on climate governance, identified risks and opportunities in climate change and improved the climate risk management based on results to reduce greenhouse gas emissions in its operation and facilitate the national goals on "carbon peaking and carbon neutrality".

Transcenta actively practices the concept of responsible operation and highly recognizes the significance of operation safety to the sustainable development of Transcenta. In 2022, we deepened the ESG management on supply chains and completed the review and evaluation on the ESG performance of 39 GMP suppliers for GMP manufacturing, none of which was identified as suppliers with significant risks. We focused on improving customers' satisfaction, strictly implemented ethics of clinical trials, privacy protection of subjects and information safety management. It recorded no lawsuits on clinical trials or events related to information security leaks throughout the year.

Transcenta always highlights the creation of a diversified and inclusive working environment. In 2022, the number of employees of the Company reached 334 and female employees accounted for 60.18%. Talents are the cornerstone for the sustainable development of Transcenta. We actively invested in talent development and expected the mutual growth of employees and the Company. During the Reporting Period, the training coverage ratio for employees reached 100% while the average training hours reached 41.50 hours per employee, representing an increase of 7.73 hours as compared with the previous year. We spared no effort and focused on health and education sectors to empower the country and community development in the places of operation. During the Reporting Period, the Company invested a total of RMB480,000 in various public welfare activities and 867 people in the society were benefited.

After ten years of the development, Transcenta has won the trust of the market and stakeholders with its innovative product pipeline and advanced manufacturing capabilities. In the future, we will continue to undertake the responsibility of sustainable operation, deeply integrate the ESG management concept into the business operation of the Company, vigorously promote the R&D of competitive innovative drugs, expand the product pipeline and improve the production efficiency and lower production cost. Meanwhile, we will reduce the negative impacts on the environment and communities. We expect to work with partners to promote the global development of innovative drugs, ceaselessly strive to provide affordable and differentiated commercial products to patients as soon as possible and return every expectation with responsibility and value!

Executive Director and Chief Executive Officer
Dr. Xueming Qian

COMPANY PROFILE

CORPORATE INTRODUCTION

Transcenta is a clinical stage biopharmaceutical company that fully integrates biotherapeutics discovery, research, development and manufacturing. On September 29, 2021, Transcenta was listed on the Main Board of the Stock Exchange of Hong Kong Limited with the stock code: 06628.

Transcenta has established global footprint, with Headquarters and Discovery, Clinical and Translational Research Center in Suzhou, the headquarters of Transcenta and the production base with continuous perfusion production processes as its core technology are also under construction. Transcenta possesses Process and Product Development Center and Manufacturing production base in Hangzhou, and Clinical Development Centers in Beijing, Shanghai and Guangzhou in China and in Princeton, the U.S., and External Partnering Center in Boston and Los Angeles, the U.S. Transcenta is developing 13 therapeutic antibody molecules pipelines, including tumor, bone and kidney disorders and other areas.

Mission	• Employing cutting-edge technology, we innovate to help patients with differentiated and affordable biologics
Vision	• To achieve success through innovation and benefit patients around the world
Core values	• Integrity, Science-based, Win and Respect

Corporate Culture System

PRODUCT PIPELINE

Transcenta has established a pipeline of thirteen innovative molecules in oncology, bone disorders and nephrology. 12 out 13 of the product candidates under development them are discovered and developed in house.

Oncology pipeline includes multiple innovative and differentiated biologic molecules targeting major cancer pathways which have potential synergistic mechanisms of actions for gastrointestinal tumor indications with high unmet medical needs. Our pipeline includes both targeted therapy (TST001) as well as immunotherapy (TST005) that engage either NK cells or T cells to kill tumor cells, or agents that can enhance the anti-tumor activity of the above mentioned therapies by either inhibiting tumor associated fibroblast derived immunosuppressive regulatory protein (TST003) or depleting immunosuppressive Treg cells (TST010) or by enhancing TIL infiltration into the tumor by normalizing vasculature (MSB0254). These molecules (TST003/TST010/MSB0254) can enhance the anti-tumor activity of targeting therapy and immune-therapy and have both broad use on their own but are also highly synergistic with TST001 for gastrointestinal cancers. In addition, TST012 and TST013 were newly introduced in oncology therapeutic area during the Reporting Period and both of them were under the pre-clinical stage.

COMPANY PROFILE

Transcenta's highly differentiated non-oncology pipelines focus on novel indications with high unmet medical needs in bone and kidney diseases. TST002 and TST004 are two differentiated molecules that are designed to treat osteoporosis and complement mediated disease respectively. Both osteoporosis and kidney disease like IgAN are areas of high unmet medical needs and with high market potentials. In 2022, TST801 was newly introduced in non-oncology therapeutic area and was under the pre-clinical stage.

As of the end of the Reporting Period, the full product pipeline of the Company was as follows:

	Drug candidate	Target		indications	Clinical trial region	Preclinical	IND	Phase 1a	Phase 1b/ Phase 2a	Pivotal Phase 2b/ Phase 3	Rights	Partner
Oncology	Osemitamab (TST001)	Claudin 18.2	GC	1L	China	Combo with Chemo					Global	In-house
				1L	Global	Combo with Nicolumab/Chemo						
				2/3L	Global	Combo with Nicolumab						
				2L	Global	Combo with Chemo						
				Late-line	Global	Mono						
			PDAC	Late-line	Global	Mono						
				1L	Global	Combo with Chemo						
			BTC	1L	Global	Combo with Chemo						
			Other solid tumors	Late-line	Global	Mono						
	MSB0254	VEGFR2		Solid tumors	China	Mono					Global	In-house
	TST005	PD-L1/TGF-β Bi-functional		Solid tumors (HPV+ and NSCLC, etc)	Global	Mono					Global	In-house
	TST003	Gremlin1 (FIC)		Solid tumors	Global	Mono					Global	In-house
	TST006	Bi-specific		Solid tumors	Global	Mono					Global	In-house
	TST010	Undisclosed ADCC enhanced mAb		Solid tumors	Global	Mono					Global	In-house
	TST012	Undisclosed		Solid tumors	Global	Mono					Global	In-house
	TST013	Undisclosed ADC		Solid tumors	Global	Mono					Global	In-house
	MSB2311	PD-L1		TMB-H solid tumors	China	Mono					Global	In-house
				Solid tumors	China	Combo with VEGFRi						
Non-oncology	TST002	Sclerostin		Osteoporosis	China	Mono			US IND Completed		Greater China	Lilly
	TST004	MASP2		IgA nephropathy, TMA	Global	Mono					Global	ALEXION
	TST008	MSAP2 Bi-Specific (FIC)		SLE	Global	Mono					Global	In-house
	TST801	Bi-specific		SLE/LN/IgAN	Global	Mono					Global	In-house

COMPANY PROFILE

AWARDS AND RECOGNITION

During the Reporting Period, the Company has received various awards and recognition.

Award/recognition	Awarding organisation
Top 100 Chinese Pharmaceutical Innovative Enterprises in 2022	China Pharmaceutical Enterprises Association, China Medicinal Biotech Association, General Office of the Central Committee of the Chinese Peasants and Workers Democratic Party, Hangzhou Investment Promotion Bureau
TOP 20 Most Influential Innovation Therapy Enterprises in 2022 Value Ranking in Bio-Pharm Industry in China	China Bio-Pharm Partnering Forum, Hua Yi Research Institute
Jiangsu Provincial Enterprise Technology Center	Industry and Information Technology Department of Jiangsu, Jiangsu Development & Reform Commission, Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, Jiangsu Provincial Tax Service of State Taxation Administration
Postdoctoral Work Station in Zhejiang Province	Zhejiang Provincial Postdoctoral Work Office
Enterprise Institute of Zhejiang Province	Science Technology Department of Zhejiang Province
Hangzhou Enterprise Technology Center	Hangzhou Municipal Bureau of Economy and Informatization

ANNUAL SPECIAL: UNSWERVINGLY PROMOTING DEVELOPMENT IN TEN YEARS

Transcenta has operated for exactly 10 years from 2012 to 2022. During the decade, Transcenta always bore the corporate mission in mind, kept practicing the original mind of providing efficient, safe and accessible pharmaceuticals for patients, devoted to achieving the dream of benefiting patients around the world with highly differentiated and affordable innovative drugs and continuously promoted the progress of the sustainable development of the world.

Transcenta and Sino Biopharm experienced rapid development together during the past decade. From the difficult competitions in early years to the current differentiated development, Transcenta experienced ten years of continuous improvement in its capabilities, participated in and witnessed the prosperity and growth of Sino Biopharm.

2012-2015 marks the first stage in the development of Transcenta. October 18, 2012 marks the starting of Transcenta. With the positioning of focusing on the development of innovative biopharmaceutical drugs with proprietary intellectual property rights and global competitiveness and with antibodies as the core modality, Transcenta persisted in innovation with ambition. From 2013 to 2015, many overseas returnees joined the Company, expanding the R&D team to 20-30 members. The first laboratory and the first animal room were built and the Immune Tolerance Breaking (IMTB) technology platform was established. Despite limited capitals and talents, we still focused on innovative drugs and gradually gained foothold in the biopharmaceutical industry in China.

2015-2018 represents the second stage in the development of Transcenta. In August 2015, Transcenta obtained investments from Lilly Asia Ventures. Availing such opportunity, we transformed a provider of technological services into a biotech company focusing on the development of drugs. In 2017, HJB, our subsidiary with expertise in continuous bioprocessing, built the T-BLOC facility in Hangzhou to expand the production capacity and improve the quality and efficiency of the enterprise leverage the POD technology from G-CON. In 2018, the bio-antibody drugs R&D center, the plant process development center and the drugs production base of the enterprise were officially put into operation. In the same year, the IND application for MSB2311 was approved by the FDA and the NMPA successively. We completed the integration with HJB and established our own CMC and clinical development capabilities. By then, we transformed Transcenta into a company with comprehensive capabilities covering drugs discovery, process development, clinical development and GMP production of clinical drugs, further strengthen the foundation for realizing the dream of benefiting patients around the world with affordable and high-quality innovative biopharmaceutical drugs.

ANNUAL SPECIAL: UNSWERVINGLY PROMOTING DEVELOPMENT IN TEN YEARS

2019-present is the third stage in the development of Transcenta. After years of exploration, Transcenta gradually developed its focused strategic orientation with competitiveness – differentiated innovation. The oncology and non-oncology areas such as bone and kidney diseases are the focused sectors of Transcenta for in-depth development. Under the guidance of differentiated innovation strategies and by establishing R&D and innovation platforms, boosting the drugs R&D and innovation capabilities, promoting the transformation of innovation results and facilitating the development of innovative process, Transcenta sped up in improving its innovation capabilities in research and development and manufacturing to benefit more patients through differentiated innovation and addressing clinical needs with differentiated product candidates. In 2019, the IND application for MSB0254 was approved by the NMPA and we in-licensed the Greater China rights of Blosozumab (TST002) from Eli Lilly in 2019. In 2020, the IND application for Osemitamab (TST001) was approved by the NMPA and the FDA successively. It collaborated with Merck in the joint development of continuous downstream production facilities in the same year. In 2021, the IND application for TST005 was approved by the FDA and the NMPA successively and the IND application for TST002 was approved by the NMPA. In addition, the first patient was dosed in the Phase II a clinical trial for Osemitamab (TST001) in China and the Phase I b clinical trial for MSB0254, successively.

On September 29, 2021, Transcenta embraced a historical moment in its history – we were listed for trading on the Hong Kong Stock Exchange and officially became a listed company with transparency to the public.

In 2022, we established clinical trial collaboration with Bristol Myers Squibb and conducted the global clinical trial to evaluate the combination of TST001 with Opdivo® for the treatment of gastric cancer. For TST003, Nature Cancer published the study results by the Company and Shanghai Jiao Tong University on the application of anti-GREM1 in the treatment of androgen receptor-negative/low prostate cancer. In the same year, The IND application for TST004 (anti-MASP2) and the first-in-class Gremlin1 targeting antibody TST003 for the treatment of solid tumors were was approved by the FDA. In ESMO 2022, we also reported exciting interim clinical data of TST001 in combination with chemotherapy for the treatment of first line gastric cancer which laid solid foundation for future development. During the Reporting Period, we were awarded various honors, such as the "Jiangsu Provincial Enterprise Technology Center", the "TOP 20 Most Influential Innovation Therapy Enterprises" in 2022 Value Ranking in Bio-Pharm Industry in China and Top 100 Chinese Pharmaceutical Innovative Enterprises in 2022. On such basis, Transcenta successfully established an international clinical team to rapidly promote simultaneous clinical development of key pharmaceutical products in China and the U.S. It integrated the business operation of the Company with ESG management, continuously advanced on the path of differentiated innovation, expanded to international market and benefited global patients.

Ten years ago, the ambitious staff of Transcenta strived for progress and won recognition in the industry and expanded to international markets with their perseverance. After ten years, Transcenta will stay true to its original aspirations with unswerving efforts and outline the path for the following decade with differentiated innovation and the concept of benefiting global patients. In the next decade, we will bear in mind the core values of "win, integrity, science-based and respect", strive to provide global patients with affordable medical resources and join peers in the industry to create a sustainable future together.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Adherence to compliance operation is a prerequisite for steady and sustainable corporate development. The Company adheres to business ethics standards and regards integrity and transparency as the basic guarantee for high-quality corporate development. We continuously improve the internal governance system, refine internal and external risk prevention mechanism, and integrate ESG concepts into the management and operation of the Company to enhance its development resilience.

1.1. ESG GOVERNANCE

Transcenta focuses on its corporate mission and actively undertakes social and environmental responsibilities. In 2022, Transcenta optimized the ESG management structure and clarified the ESG roles and responsibilities of all levels from the top to the bottom, namely the supreme responsibility level, the decision-making level, the monitoring level and the execution level. The Board of Directors is the supreme responsibility level and guides the ESG development orientation of the Company. Meanwhile, to promote the sustainable, standard and healthy development of Transcenta, the Board of Directors incorporated the ESG strategic development, the setting and suggestions on ESG targets, the study on ESG industrial development and relevant major decisions on ESG into the responsibilities of the Audit Committee under the Board of Directors.

ESG management structure and main responsibilities of Transcenta

Level	Responsible body	Major responsibilities
Supreme responsibility level	Board of Directors	Responsible for coordinating the ESG management policies and strategies of the Company, including climate issues, as well as the evaluation, optimal arrangement and management of important ESG matters and ESG disclosure
Decision-making level	Audit Committee under the Board of Directors	Formulating and reviewing the ESG strategy of the Company to ensure the operation and development of the Company according to the ESG strategies and regularly reporting to the Board of Directors
Monitoring level	ESG committee at the execution level	With the CEO acting as the team leader and senior management of key ESG departments as other members, they jointly supervise and guarantee the implementation of ESG work
Execution level	All key departments on ESG	Promoting the achievement of key ESG performance indicators and targets, implementing the ESG work within the scope of authority under the guidance of the ESG committee and reporting to the working group on significant ESG matters

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Statements of the Board of Directors

Transcenta deeply understands the importance and necessity of the sustainable development and practically incorporates ESG factors into decision-making and daily operation, striving to achieve the common value of all stakeholders.

During the Reporting Period, Transcenta improved and refined the ESG management system and developed an ESG management structure with the supreme responsibility level, the decision-making level, the monitoring level and the execution level. The Board of Directors is the supreme responsible and decision-making body on ESG and climate-related matters of the Group, plays the major leading and monitoring roles and undertakes all responsibilities. Meanwhile, the Company incorporates major decision-making on ESG and climate issues into the responsibilities of the Audit Committee under the Board of Directors and establishes the ESG committee on the execution level to monitor the implementation of ESG and climate work.

In terms of risk management, the Audit Committee under the Board of Directors of Transcenta is responsible for the supervision and management of the overall risk management and internal control systems of the Company. During the Reporting Period, we incorporated ESG and climate-related risks and opportunities into the risk management system of the Company to ensure the implementation of the Company's strategy. The annual risk assessment of Transcenta covers various aspects, including safety production, environmental protection and health management and risks on climate change.

Transcenta is committed to achieving the common value of all stakeholders. We attach great importance to the improvement of the smooth and transparent communication mechanism, understand the expectations and appeals of all stakeholders through regular and diversified communications and conduct identification and assessment on ESG issues concerned by all stakeholders. The Board of Directors regularly discusses with stakeholders on their concerns and appeals, assess the ESG performance of the Company and continuously improve the sustainable development strategy and system to improve the ESG management.

We understand that the independence of the Board of Directors is positively correlated to the governance capability of the Company and continuously enhance the independence of the Board of Directors. As of the end of the Reporting Period, the Board of Directors consists of 7 directors, including 4 independent directors and 3 non-independent directors.

We also deeply believe that the board diversity is beneficial to improving the ESG performance of the Company and facilitates the achievement of the strategic goals and sustainable development of the Group. The Board of Directors adopted and implemented the board diversity policy. In selecting and appointing members of the Board of Directors, the Group will consider a number of aspects on the board diversity, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, race and terms of service, and ensure appropriate balance in the skills, experience and diversified views of directors, thereby improving the efficiency of the Board of Directors. As of the end of the Reporting Period, 2 directors are Chinese and the remaining 5 directors are from the United States and Australia, respectively.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

1.2. COMMUNICATION WITH STAKEHOLDERS

Communication with stakeholders

We deeply know that the suggestions and concerns of stakeholders are extremely important in the development orientation of Transcenta. Key stakeholders of Transcenta include employees, shareholders/investors, government and regulatory authorities, suppliers, community and public, partners/industrial organizations and media. We actively establish dialogues with all stakeholders through diversified communication methods, convey the ESG decisions and actions of the Company to stakeholders and practically understand the viewpoints of appeals of stakeholders.

Stakeholders	Major Issues of Concern on Sustainable Development	Communication Methods of the Group
Customers	• Product quality and safety • Information security and privacy protection • Cooperation and development in industry	• Establishment of a sound quality management system • Improvement of R&D and innovation capabilities • Enhancement of information and privacy protection
Shareholders/investors	• Compliance operation • Medical and health affordability • Protection of intellectual property • Sustainable supply chain	• Compliance information disclosure • Telephone, email and online communications with investors • Shareholders' general meeting • Investors communication meetings and on-site inspections • Improvement of R&D and innovation capabilities
Government and regulatory authorities	• Use of water resources • Product quality and safety	• Performing various obligations according to laws and regulations • Reporting the operation of the Group as scheduled • Promoting upstream and downstream coordinated development of industry • Establishment of internal control mechanism on compliance operation • Paying taxes according to laws
Employees	• Interests and welfare of employees • Product quality and safety • Product innovation and R&D	• Employee meetings • Collecting employees' suggestions and feedbacks • Employee training activities • Safeguarding employees' health and safety • Distribution of employees' welfare

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Stakeholders	Major Issues of Concern on Sustainable Development	Communication Methods of the Group
Suppliers	• Product quality and safety • Product innovation and R&D	• Regular communications • Supplier access assessment and review • Sustainable development of supply chains and performing corporate social responsibilities
Community and public	• Use of water resources • Compliance operation	• Community public welfare activities • Establishment of a sound quality management system • Improvement of R&D and innovation capabilities • Enhancement of information and privacy protection • Information disclosure
Partners/industrial organizations	• Cooperation and development in industry • Sustainable supply chain	• Industrial communications
Media	• Occupational health and safety of employees • Product quality and safety	• Disclosure of environmental and social performance data in compliance with regulations • Establishment of channels for communications and complaints such as official website and social media

Materiality identification and assessment

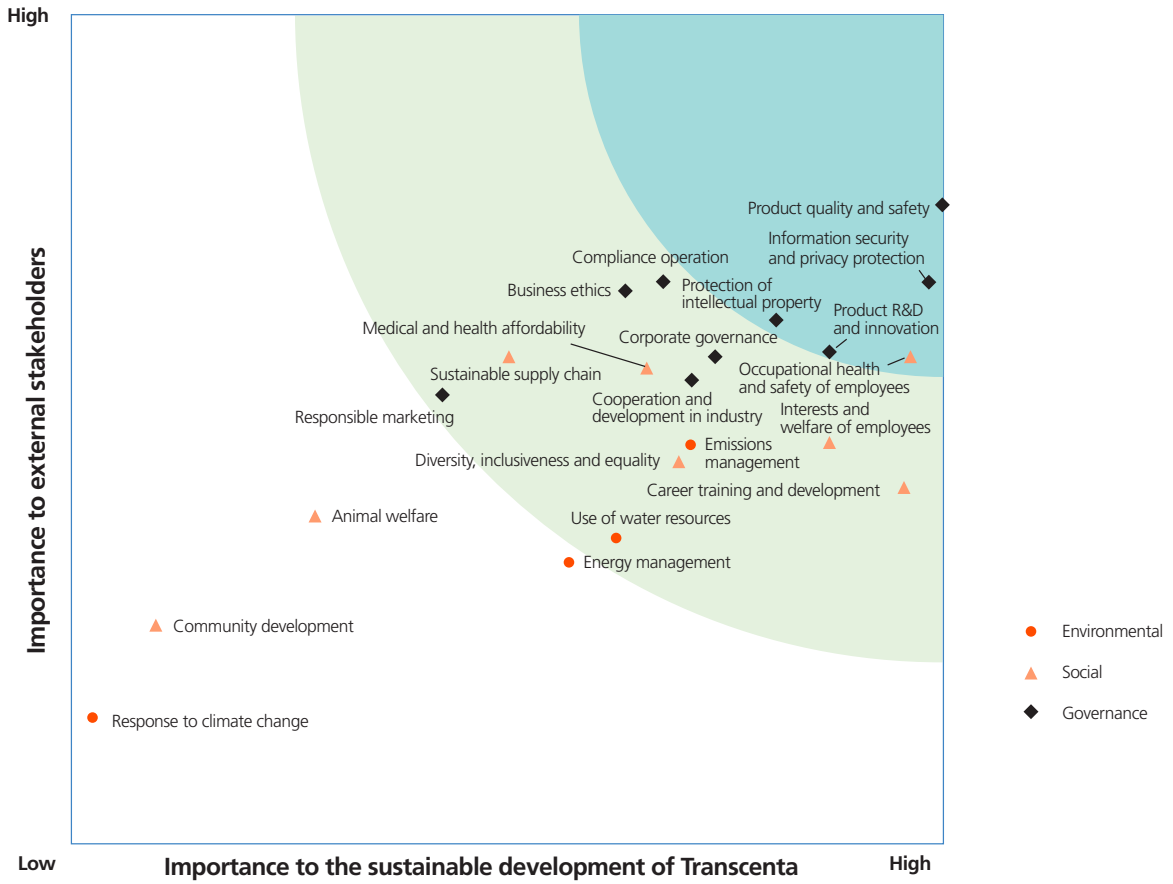
In 2022, we fully understood the importance of all ESG issues to Transcenta and stakeholders' expectations on Transcenta's ESG through questionnaires and in-depth interviews. The Company collected a total of 144 effective questionnaires. On such basis and in combination with concerns in the capital market and the characteristics of the industry, we carried out materiality analysis and conducted identification, classification and assessment on 21 material ESG issues, including 3 highly material issues, 14 moderately material issues, and 4 generally material issues.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Materiality identification procedures

Identification of ESG potentially material issues list	• Through analysis of regulatory requirements, peer benchmarking, policy analysis and considering the concerns in the capital market, 21 potentially material issues were identified to form a list of the ESG material issues of the Company
Inspections on stakeholders	• Conducted 11 in-depth internal interviews within the Company and distributed survey questionnaires on ESG material issues to customers, government and regulatory authorities, shareholders and investors, employees, suppliers, partners/cooperation organizations, community and public, media, etc., to understand issues of concern of stakeholders
Sequencing of the material issues	• Based on the two dimensions of materiality to the sustainable development of Transcenta and materiality to stakeholders, we evaluated and ranked all material issues to form the materiality matrix of the Company
Review and approval by the Board of Directors	• The ESG materiality matrix was submitted to the Board of Directors for review, approve the material issues finally confirmed and reflect the Company's performance on relevant issues in the ESG Report

ESG materiality matrix of Transcenta



1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

1.3. COMPLIANCE AND RISK CONTROL

We deeply realize that risk management is crucial to the success of the Company's business operations. Transcenta has formulated and implemented the Transcenta Risk Management Policy to ensure that the risk management of the Company has rules to follow.

The Company continuously improves the risk management framework to standardize its operation. It conducts risk identification and self-assessment on various risks in the strategies of the Company each year, including but not limited to the strategic risks, financial risks, market risks, operational risks, legal risks, and climate risks, etc. We analyse the key causes of major risks, determine the risk warning indicators and establish warning mechanism. We continuously monitor the major risks to issue warning information in a timely manner and formulate contingency plans, as well as adjust control measures depending on the circumstance changes. As for the issues discovered in the risk assessment, we will formulate risk management improvement plans in time, and the risk management office of the Company is responsible for coordinating with all relevant departments to follow up and promote the implementation of the risk management plan, then the internal control and audit department will evaluate the risk management work carried out by each department and subsidiary, and its effectiveness, and submit supervision and evaluation reports to the leader(s) of the Company for approval.

During the Reporting Period, the Company improved risk assessment procedures and the climate risk identification and incorporated the climate risk into the risk level assessment report. Under the background of global warming, we have identified and assessed the possible financial impacts of acute physical risks, chronic physical risks, policy and legal risks, technical and market risks, reputational risks and other risks possibly from climate change on the normal operation of the Company. As of the end of the Reporting Period, the level of all climate risks is low after the prudent judgment of the Company. Meanwhile, we have adopted corresponding measures to respond to the climate risk and strived to minimize the possible impacts and losses in business activities. For details, please refer to Chapter 4.2 Response to Climate Change.

1.4. BUSINESS ETHICS AND ETHICAL OPERATION

Anti-Corruption

We adhere to the policy of "regarding virtue as foundation and cooperating in good faith" and implement integrity construction and anti-corruption management in strict compliance with the Criminal Law of the People's Republic of China《中華人民共和國刑法》, the Anti-Unfair Competition Law of the People's Republic of China《中華人民共和國反不正當競爭法》, U.S. Foreign Corrupt Practices Act《美國海外反腐敗法》, the Prevention of Bribery Ordinance of Hong Kong《香港防止賄賂條例》and other laws and regulations. For the supervision and management of anti-corruption and observing disciplines and laws, the Company formulated and implemented the Principles on anti-bribery and anti-corruption《反賄賂和反腐敗商業原則》, Foreign Corrupt Practices Act Policy《海外反腐敗法政策》and other internal rules and systems covering the whole process of operation. We regulate and bind the Company and the persons who act on the Company's behalf (distributors and other agents or the third party who act on the Company's behalf), specified the potential risks and prohibited behaviours and released and publicized the above rules and procedures.

The Compliance Committee established by the Company, the CEO and the Audit Committee under the Board of Directors are jointly responsible for compliance in clinical R&D, production and operation and business compliance. We formulated and implemented the Measures of Compliance Committee Management《合規委員會管理辦法》and specified the responsibilities of the Compliance Committee, including overseeing whether the Company's operation procedures are consistent with relevant requirements of relevant laws, regulations and standards, inspecting the compliance of the operational management and practice of all departments and staff, reporting and rectifying the corruption, bribery and other illegal and non-compliance acts once found in a timely manner, and taking accountability into practice. During the Reporting Period, we formulated and implemented the new Policy on Interactions with Healthcare Professionals《醫療衛生專業人士的互動政策》and strived to improve the transparency of cooperation between the Company and relevant entities, individuals and organizations in the healthcare sector. In 2022, the Company and its employees were not involved in any corruption lawsuits.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Transcenta's Policy on Interactions with Healthcare Professionals

During the Reporting Period, the Company formulated and implemented the Policy on Interactions with Healthcare Professionals and specified principles and policies on professional interactions between Transcenta and relevant entities, individuals and organizations in the healthcare sector with an aim to standardize the behaviours or practices of Transcenta's employees in carrying out professional interactions. The Policy applies to all employees, senior management, directors, third-party suppliers and contractors of Transcenta in their communications with relevant entities in the healthcare sector. The general principles of the Policy include the purposes of independent and interactive communications among relevant entities in the healthcare industry, the distinguishing of promotional and non-promotional activities, the report of undesirable adverse events as well as data and privacy protection.

Meanwhile, to better implement relevant requirements under the Policy on Interactions with Healthcare Professionals, the Company has carried out training and publicity during the Reporting Period to enhance the compliance awareness of employees on the Policy and ensure the effective implementation of the Policy.

Whistleblowing mechanism

Transcenta formulated and implemented the Whistleblowing Policy《舉報政策》and continuously established and improved whistleblowing and investigation management systems. To standardize complaint and whistleblowing management, the Company provided anonymous letters, emails, WeChat Enterprise Account Number and other clear whistleblowing channels and encouraged employees and external parties to reflect improper matters of enterprises or individuals relating to corruption, including bribery, extortion, fraud and money laundering, to the personnel department or internal audit department.

Channels for whistleblowing	Reports or complaints can be made in the form of anonymous letters, emails, and WeChat messages, or to the personnel department or internal audit department in person
Email address of report or complaint	compliance@transcenta.com
Procedures for investigation	Internal Audit to review and investigate => Legal & Compliance to provide legal opinions => Human Resource to suggest punishments => Compliance Committee to implement rectification measures
Protection of the whistleblower	Whistleblower's personal information and other relevant information and the report content must be strictly confidential; the person who retaliates against whistleblowers will suffer serious punishment. Once the circumstance is verified, in accordance with the relevant provisions, he/she will be sent to the judicial organs to investigate criminal responsibility according to law if he/she has committed a crime

The Company provides anti-corruption and anti-bribery trainings for all employees, senior management and directors, to raise their awareness and improve the compliance culture of the Company. The Company includes anti-corruption statements in the contracts entered into with suppliers, facilitating the Company to strengthen anti-corruption management on suppliers.

In 2022, 100% of new employees participated in trainings on business ethics and anti-corruption.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Animal welfare

We pay attention to animal protection and strictly follow all applicable national and local standards on animal experiment and use in the process of animal experiment, including the Regulations for the Administration of Affairs Concerning Experimental Animals《實驗動物管理條例》, the Guidelines on Kind Treatment of Experimental Animals《關於善待實驗動物的指導性意見》and the Biosecurity Law of the People's Republic of China《中華人民共和國生物安全法》and other relevant national and local laws, regulations and policies on experimental animals management. Transcenta established the Experimental Animals Management Committee and Experimental Animals Welfare Ethic Committee, and formulated and implemented the Articles of Association of Experimental Animals Management and Ethic Committee《實驗動物管理及倫理委員會章程》.

The Company undertakes that it will maintain the welfare of experimental animals in our institution, and regulate the management and ethical review of experimental animals, as well as the professional conduct of practitioners, and it will comply with the 3R principle, namely "Reduction, Replacement and Refinement", in experiment design. The experimental animals' feeding and animal experiment of the Company shall apply for laboratory animal management and ethical review at first, they will commence only after obtaining approval from the Experimental Animals Management and Ethic Committee, and subject to supervision and inspection.

During the Reporting Period, the Company renovated and upgraded the animal rooms and further optimized the exhaust treatment facilities in the animal rooms to improve the animal comfort. We carried out euthanasia on animals in time during the experimental process to avoid their excessive physical pains.

In 2022, the Company held 3 trainings on animal welfare. In addition, the Company did not experience any penalties for animal experimentation violations.

1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Special trainings on animal welfare

In order to ensure the effective implementation of animal welfare policies and guarantee ethnics in animal experiments, the Company carried out a three-hour training with the theme of "Learning the Articles of Association of Experimental Animals Management and Ethic Committee" in January 2022 to assist employees in learning about relevant contents of the articles of association and having an in-depth understanding about relevant review processes, procedures and standards on filing forms.

On the World Day for Laboratory Animals on April 18, the Company publicized and interpreted relevant rules on experimental animal welfare. We gained a deep understanding of the origin of the World Day for Laboratory Animals, the principles of animal welfare, the indicators of pains and comfort of experimental animals, the significance of animal experiment, overseas experimental animal welfare institutes and regulations as well as the current development of experimental animal welfare in China and strived to publicize relevant knowledge on animal welfare.

In July 2022, the Company interpreted and publicized rules on improving the feeding and living environment to treat experimental animals well and animal euthanasia among employees to support the improvement of animal welfare protection.

Commemoration on the World Day for Laboratory Animals on April 18, 2022

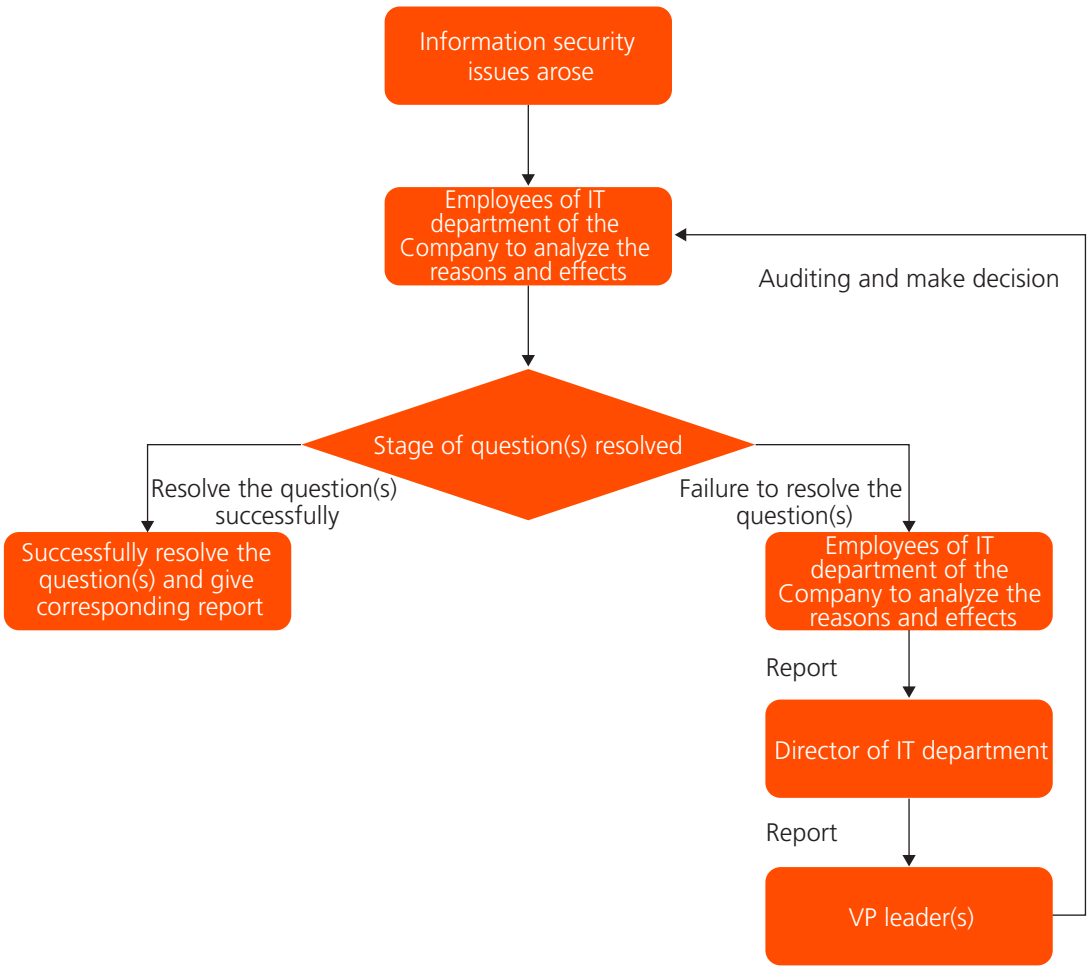
1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Commercial information and privacy protection

Information security is one of the core operating principles in the business development of Transcenta. We attach great importance to customers' business secrets, data information and personal privacy protection and strictly abide by the Biosecurity Law of the People's Republic of China《(中華人民共和國生物安全法》, the Regulation of the People's Republic of China on the Administration of Human Genetic Resources《中華人民共和國人類遺傳資源管理條例》, the Cybersecurity Law of the People's Republic of China《中華人民共和國網絡安全法》, the Personal Information Protection Law of the People's Republic of China《中華人民共和國個人信息保護法》, the General Data Protection Regulation《通用數據保護條例》and other domestic and overseas laws and regulations.

Transcenta continuously improves information security and privacy protection systems and management procedures. It has formulated and implemented the General Guidelines of Information Security and Data Protection System《信息安全和數據保護制度總綱》and the IT Information Security Ordinance《IT 信息安全條例》, the Customer Intellectual Property Rights Protection Ordinance《客戶知識產權保護條例》, the Cooperated Hospital Privacy and Information Security Protection Ordinance《合作醫院隱私和信息安全保護條例》, the Patients Privacy Protection and Information Security Ordinance《患者隱私保護及信息安全條例》and other subordinate ordinances, through which, they specified the responsibilities and obligations of each department and all employees in cyber information security, information and privacy protection of patients and the cooperated hospital, clinical trial information protection and other aspects. In terms of privacy protection of patients in particular, we established and followed the internal Personal Privacy and Information Security Assessment (PIA) standards, which set out core provisions on the use, storage and transmission of patients' data and privacy.

Procedures for handling information security events



1. COMPLIANCE AND TRANSPARENCY WITH SINCERE FAITH

Transcenta attaches great importance to the cross-border compliance of employees' personal information and data, believing that the compliance of employees' personal information and data outbound is a necessary condition for ensuring the security of employees' personal information, safeguarding the rights and interests of employees' personal information, and complying with national laws and regulations. With this purpose, Transcenta cooperated with external law firms to conduct data outbound transfer assessments, issued the "Data Outbound Transfer Risk Self-Assessment Report". It analyzed the legality, legitimacy, and necessity of the purpose, scope, and methods of employee personal information data outbound transfer, and corresponding risk prevention and emergency response measures have been taken. At the execution level, Transcenta guided relevant employees to complete the data outbound transfer evaluation questionnaire, enabling them to have a full understanding of the purpose, scope, and methods of data cross-border transfer, and obtained informed consent from employees regarding data cross-border transfer related work. Transcenta also clarified to employees the personal information protection measures and rights protection channels once the data outbound.

Transcenta will continue to pay attention to policy changes and technological developments in the cross-border flow of data, continuously improve the compliance management system for employees' personal data outbound transfer, earnestly fulfill data security responsibilities, and contribute to promoting the safe and free cross-border flow of data.

In 2022, Transcenta established the new Data Protection Review Committee and regularly held meetings to continuously review and improve the safety and stability of the Company's internal information systems. During the Reporting Period, the committee led and established a data protection and management system covering business information and privacy protection, achieving safe and controllable data collection, processing and transmission. In addition, to enhance the information safety awareness and information protection capability of employees, the Company regularly organizes relevant trainings to enhance the information safety awareness of employees and win trust from customers with excellent data and information security records.

Safety training on phishing information for employees

To ensure that employees understand and abide by the information security requirements of the Company, we organized trainings on cybersecurity issues during the Reporting Period and particularly emphasized the consequence of phishing mail on the Company and individuals and how to prevent online phishing, receiving active response from employees. Through trainings, cartoons, slogans and other publicity means, the Company is committed to promoting employees to learn about review rules on phishing mail prevention and data protection and enhancing the information security awareness of employees.

In addition, in 2022, Transcenta further advanced the construction of internal digital information management and strived to improve the work and management efficiency. During the Reporting period, we launched the training management system (TMS), the document management system (DMS) and the quality management system (QMS) to empower business and functional departments and assist the management to better analyze and understand the current operation conditions of enterprises, laying an important foundation for the future development strategies.

2. INNOVATION EMPOWERS SUCCESS

Transcenta adheres to the brand connotation of "Innovate to excel" and is committed to empowering the industry, the society and patients with the innovation strength. In the process of continuously exploring innovative research and development, we strictly comply with the Drug Administration Law of the People's Republic of China《中華人民共和國藥品管理法》, the Regulation for the Administration of Human Genetic Resources of the People's Republic of China《中華人民共和國人類遺傳資源管理條例》, Regulations for Implementation of the Drug Administration Law of the People's Republic of China《中華人民共和國藥品管理法實施條例》, the PRC Good Manufacturing Practices for Pharmaceutical Products《中國藥品生產質量管理規範》, the Measures for the Supervision and Administration of Drug Production《藥品生產監督管理辦法》, the Administrative Measures for the Registration of Drugs《藥品註冊管理辦法》and other regulatory requirements on drug research and development; the Company also continuously enhances production process and R&D strength, improves the quality management system covering the whole life cycle, strengthens the management of supply chains, explores global cooperation opportunities, boosts the R&D quality and the affordability of innovative biopharmaceutical drugs and undertakes the mission of benefiting global patients.

2.1. RESEARCH AND DEVELOPMENT AND INNOVATION

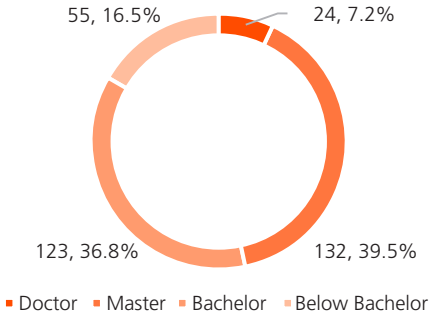
Continuous innovation capability is the driving force for the progress and development of Transcenta. The Company has been down-to-earth and sped up in improving its innovation capabilities in research and development and manufacturing by establishing R&D and innovation platforms, boosting the drugs R&D and innovation capabilities, promoting the transformation of innovation results and facilitating the development of innovative process to benefit more patients through differentiated innovation and address clinical needs. In 2022, the Company invested RMB350 million in research and development, representing an increase of 1.74% as compared to last year.

Innovative strength covering the whole process of biopharmaceutical drugs

Scientific research talent is the key to the innovation capability of Transcenta. The Company has a core team with extensive experience in early-stage drug candidates, drug discovery and development, chemical manufacturing and control (CMC) and process development, manufacturing and operation, clinical trials, marketing and commercialization of drugs, which anchors the direction of and contributes to innovation and development of the Company. In 2022, the Company has 14 "National and Local High-level Talents[1]".

In 2022, the Company appointed Dr. Caroline Germa as the Executive Vice President, Global Medicine Development and Chief Medical Officer. Dr. Germa is an accomplished medical oncologist and medicine development leader with over 20 years of pharmaceutical experience across the spectrum of drug development, from early clinical trials to late phase and registration. We believe that Dr. Germa will bring strong leadership to Transcenta for its global expansion, lead global development and regulatory approval of the Company's innovative lead clinical assets, and make great contributions to increase the shareholder value of the Company.

Educational background distribution of employees of the Company



[1] National and Local High-level Talents refer to national or local recognized talents with a high academic level and they may be professors, PhD associate professors or outstanding doctors.

2. INNOVATION EMPOWERS SUCCESS

R&D strength of Transcenta

Drug discovery	• The IMTB technology platform enables us to generate antibodies to both non-conserved and conserved proteins that are difficult to generate in rodents and to discover hidden epitopes that are challenging to discover by using conventional platforms. It allows us to obtain lead candidate antibodies with expanded epitope diversity, differentiated biological properties and strong CMC profiles, resulting in selecting candidate molecules with enhanced druggability attributes and intellectual property position. Leveraging this IMTB technology platform, we have generated TST001, TST005, TST003 and TST010. In the future, we will be able to provide patients with more effective and affordable biological therapies.
Translational research	• The translational research platform enables us to establish a tumor response model to the investigational agents and better understand PK/PD profiles, which provided guidance for the design and implementation of clinical study and evaluated the options of combination therapy with agents targeting different signaling diseases pathways. • We also have a platform that allows us to screen antibodies for target-detection using immunohistochemistry and to develop immunohistochemistry detection assay for patient selection in clinical trials, which allows us to maximize potential trial success by enrolling patients with a high probability of responding to the drug treatment in selected indications.
Process development	• The CMC development of biopharmaceutical drug includes druggability validation on candidate molecules, cell line development, cell culture/purification process development, analytical method development, formulation development and GMP (Good Manufacturing Practice) production, playing a crucial role in the whole lifecycle from the early research and development to the launching of drug candidates. Major pharmaceutical companies with efficient CMC development capacities in IND application and clinical development can generally gain advantages in competitions. • Transcenta has a CMC development team with very comprehensive capabilities, covering all technical aspects of biopharmaceutical drug development. Leveraging advanced equipment and technology such as the Integrated Continuous Bioprocessing (ICB) platform and modular production facilities, we can better balance speed, quality and cost, and rapidly advance candidate molecules with druggable possibility to IND application and clinical development.
Clinical development	• Leveraging our global expertise and presence, we have adopted a global strategy to maximize operational efficiency. Concurrently, we leverage the efficient regulatory approval pathway to accelerate IND applications and early-phase clinical trials in the United States and to advance the execution of clinical trials in the indications with significant unmet medical needs from the large patient population in China. We designed the trials to allow the clinical data from each trial to be used for pooled analysis and global registration. • In addition, clinical data from multi-regional clinical trials will enable future indication expansion for the drug(s) investigated in the countries and regions where we plan for. Based in Beijing, Shanghai, Guangzhou and Princeton, the United States, our global clinical development and regulatory teams have extensive knowledge and experience in designing and executing clinical trials at all stages in indications with significantly unmet medical needs globally.

2. INNOVATION EMPOWERS SUCCESS

Progress introduction of Transcenta's TST001 (a humanized Claudin18.2 mAb for solid tumors)

- In January 2022, we presented osemitamab (TST001) U.S. Phase I Trial as a Trial-in-Progress poster presentation at the 2022 American Society of Clinical Oncology Gastrointestinal Cancers Symposium from January 20 to January 22, 2022 in San Francisco, CA.
- In February 2022, the first patient successfully dosed in China Phase IIa Study of osemitamab (TST001) combined with Cisplatin and Gemcitabine for the 1L treatment of systemic treatment-naïve locally advanced or metastatic biliary tract cancer patients. Globally we are the first company exploring the potential of Claudin18.2 targeting agent in biliary tract cancer.
- In March 2022, we presented the safety/tolerability and preliminary anti-tumor activity data in gastric and pancreatic cancers of osemitamab (TST001) China phase I clinical trial as a poster presentation at the 2022 International Gastric Cancer Congress (IGCC).
- In March 2022, we also established a global clinical collaboration with BMS to evaluate the combination of osemitamab (TST001) with Opdivo® (nivolumab), BMS's anti-PD-1 therapy, for the treatment of patients with Claudin18.2 expressing unresectable locally advanced or metastatic G/GEJ cancer.
- In April 2022, one of our wholly-owned subsidiaries successfully passed audit of European Union qualified person, and an QP Declaration was issued. The audit is part of the preparation for a global phase III clinical trial application of osemitamab (TST001), which will include EU region, and subsequently for the commercialization of osemitamab (TST001) globally.
- In June 2022, clinical data for the dose-escalation part of the Phase I study of osemitamab (TST001) in combination with CAPOX as the 1L treatment of advanced and metastatic G/GEJ cancer was presented at 2022 ASCO meeting. The data showed that osemitamab (TST001) in combination with CAPOX as 1L treatment of patients with advanced and metastatic G/GEJ cancer is well tolerated and encouraging preliminary anti-tumor activities have been observed.
- In September 2022, we presented the interim efficacy data from osemitamab (TST001) in combination with chemotherapy at ESMO 2022 meeting. Of the 15 1L locally advanced or metastatic G/GEJ cancer evaluable patients with Claudin18.2 expression, 11 achieved partial response and four stable disease.
- In September 2022, we initiated the exploration of several combinations of osemitamab (TST001) with nivolumab in G/GEJ cancer in China: in 1L osemitamab (TST001) with nivolumab and CAPOX; in later line, osemitamab (TST001) and nivolumab.
- In September 2022, we opened the enrollment of the combination of osemitamab (TST001) and nivolumab for 2L and later G/GEJ adenocarcinoma patients in the U.S. In November, we added a cohort of osemitamab (TST001) combined with mFOLFOX6 plus nivolumab for 1L G/GEJ adenocarcinomas to the same protocol. Such data will lay the foundation for regulatory interactions with CDE, FDA and EMA about our pivotal Phase III trial design.

2. INNOVATION EMPOWERS SUCCESS

- In November 2022, we presented a scientific poster related to osemitamab (TST001) at SITC 2022 meeting, regarding the prevalence of Claudin18.2 and PD-L1 Expression in Chinese patients with G/GEJ adenocarcinoma using the Company's proprietary Claudin18.2 specific IHC antibody and a commercial kit for PD-L1 detection. The full text of the poster is available on the Company's website.
- In November 2022, we published the preliminary data from the dose expansion cohort for osemitamab (TST001) in combination with chemotherapy in 1L treatment of locally advanced or metastatic G/GEJ cancer patients with Claudin18.2 expression in Chinese Congress on Oncology (CCO 2022).
- In the year of 2022, we conducted several health authorities consultations with FDA, CDE and other countries for our clinical development programs.
- In the year of 2022, we continued the development of companion diagnostic immunohistochemistry (IHC) assay for identifying patients with Claudin18.2 expression in tumor samples. We completed the optimization of the assay and are moving into the GMP CDx kit manufacturing to support the pivotal trial for osemitamab (TST001) in 2023.
- In January 2023, we presented the design of two cohorts from a Phase I/IIa study of osemitamab (TST001) in combination with Nivolumab plus Capecitabine and Oxaliplatin as first-line or with Nivolumab as late-line treatment in locally advanced and metastatic gastric/gastroesophageal junction (G/GEJ) cancer at ASCO GI 2023.
- In March 2023, we received orphan drug designation from the U.S. FDA for the treatment of patients with pancreatic cancer for osemitamab (TST001).
- Osemitamab (TST001), our lead asset, is a potential best-in-class and ADCC enhanced humanized antibody specifically targeting Claudin18.2 with high-affinity. Claudin 18.2 is overexpressed in multiple tumor type cancers, including gastric/gastroesophageal junction cancer, pancreatic cancer, biliary tract cancer and other types of solid tumors. Osemitamab (TST001) is currently ranked among the top two most advanced clinical programs for Claudin18.2 globally, and the first in China.

2. INNOVATION EMPOWERS SUCCESS

Progress introduction of Transcenta's MSB0254 (A humanized VEGFR-2 mAb candidate for solid tumors)

- In June 2022, we completed the Phase I study and determined RP2D dose for MSB0254. The abstract of MSB0254 Phase I trial data was presented as a poster presentation at the 2022 annual meeting of American Society of Clinical Oncology.
- MSB0254 is a high affinity humanized antibody against VEGFR2, with an anti-tumor mechanism of action by inhibiting tumor angiogenesis. MSB0254 has been generated using our in-house hybridoma platform. VEGFR-2 is overexpressed in neovascular tumor endothelial cells in many tumors in comparison to normal endothelial cells. VEGFR-2 inhibitors have been shown to be able to inhibit tumor-induced angiogenesis and effectively block tumor growth, and thus may have a potential therapeutic role in multiple tumor types. VEGFR2 inhibitor could be used in combination with the checkpoint inhibitor and targeted therapies such as osemitamab (TST001), TST003 and TST005 to achieve better anti-tumor activities.

Progress introduction of Transcenta's TST005 (A PD-L1/TGF-β bi-functional antibody candidate for solid tumors)

- In April 2022, we presented TST005, a bifunctional fusion protein of PD-L1/TGF-β, with potent anti-tumor activities and good safety profile as a poster presentation at the AACR annual meeting 2022.
- In November 2022, at SITC, we presented a Trial in Progress (TiP) scientific poster for the phase I, first in human, open-label, TST005 dose escalation and dose expansion study in patients with locally advanced or metastatic solid tumors.
- In December 2022, we completed four dose cohorts evaluation and opened the enrollment at the last and highest dose level cohort for this ongoing global phase I dose escalation study.
- In March 2023, we completed the enrollment of last patient for TST005 phase I dose escalation study.

2. INNOVATION EMPOWERS SUCCESS

Transcenta's first-in-class Gremlin1 targeting antibody TST003 for the treatment of solid tumors received IND clearance from FDA and NMPA

- In May 2022, in collaboration with researchers at Renji Hospital, Shanghai Jiao Tong University School of Medicine, we published in Nature Cancer (https://www.nature.com/articles/s43018-022-00380-3) the results of preclinical studies of TST003 for the treatment of androgen receptor low/negative castration resistant prostate cancer resistant/refractory to existing therapy. In June 2022, we completed IND enabling studies for U.S. filing. TST003 has demonstrated significant anti-tumor activities both in vitro and in vivo in preclinical studies, and has the potential to become a first-in-class novel cancer treatment, either as monotherapy or in combination with immune checkpoint inhibitor and/or other anti-tumor agents.
- In August 2022, we submitted U.S. IND application for TST003.
- In September 2022, we received IND clearance from FDA for TST003.
- In October 2022, we were invited to participate the 10th TEMTIA meeting in Paris, France, from November 7 to 10, 2022. We presented preclinical data of TST003 at the TEMTIA meeting.
- In November 2022, we presented preclinical data of TST003 at the 10th TEMTIA meeting in Paris, France.
- In December 2022, we established a collaboration with a prominent research university in the U.S. on further evaluating the potential of Gremlin1 antibody for the treatment of castration-resistant prostate cancer (CRPC).
- In January 2023, we received IND clearance from the Center for Drug Evaluation (CDE) of China's National Medical Products Administration (NMPA) for TST003. In March 2023, we dosed our first patient in the dose escalation of TST003 FIH study.
- Gremlin1, a member of the TGF-β super family, is highly expressed by stromal cells in diverse human carcinomas, such as esophageal cancer, pancreatic cancer, gastric cancer, colon cancer, lung cancer, breast cancer and prostate cancer and is associated with tumorigenesis, contributing to the proliferation, migration, invasion and metastasis of cancer cells. TST003 has displayed significant anti-tumor activities both in vitro and in vivo in preclinical studies. TST003 has the potential to become a novel cancer treatment, either as monotherapy or in combination with immune checkpoint inhibitor and/or other anti-tumor agents.
- Targeting Gremlin1 with our antibody TST003 has the potential to be transformative in the treatment of high unmet need cancer indications, such as castration resistant prostate cancer. On March 17, 2023, the first participant was successfully dosed in the clinical study of TST003. We look forward to a smoothly start of the TST003 clinical development program to address the unmet clinical needs of cancer patients.

2. INNOVATION EMPOWERS SUCCESS

Progress introduction of Transcenta's TST006, a bi-specific antibody targeting Claudin18.2 and PD-L1

- TST006 has the potential for the treatment of Claudin18.2-expressing cancer patients who are resistant to or refractory from Claudin18.2 mAb or PD-1/PD-L1 mAb therapies, such as late-line gastric cancer patients, pancreatic cancer patients and others. Currently, it remains at preclinical stage.

Progress introduction of Transcenta's TST010 (T regulatory cell depleting mAb)

- In June 2022, we selected final lead molecule for initiating IND enabling study. We demonstrated TST010 displayed potent and selective Treg depleting activity and can liberate T effectors in tumor microenvironment to induce immune mediated killing of cancer cells in preclinical tumor models. TST010 is an ADCC enhanced monoclonal antibody designed for depleting Tumor-infiltrating regulatory T cells (Tregs). Tregs' presence was reported to correlate with tumor progression and a worsening prognosis in many cancers.

Progress introduction of Transcenta's TST012 (ADCC enhanced mAb candidate)

- In the year of 2022, we selected the lead antibody for further development. We demonstrated TST012 showed high binding affinity and potent NK cell mediated antibody dependent cellular cytotoxicity in preclinical target positive tumor cells.
- TST012 is an ADCC enhanced mAb candidate targeting biomarker expressing gastric cancer and other solid tumors that is at preclinical stage.

Progress introduction of Transcenta's TST013 (ADC product candidate)

- In the year of 2022, we selected a shortlist of antibodies for initiating ADC discovery and development. TST013 ADC has demonstrated high affinity binding and potent cytotoxicity in preclinical target positive tumor cells. TST013 is an ADC candidate targeting biomarker expressing breast cancer and other solid tumors. As at the date of this report, it remains at preclinical stage.

Progress introduction of Transcenta's MSB2311 (a humanized PD-L1 mAb Candidate for Solid Tumors)

- In January 2022, the Phase I dose escalation and expansion study of MSB2311 in advanced tumor patients has been completed. MSB2311 will be reserved for future study in combination treatment. MSB2311, is a second-generation PD-L1 inhibitor with unique pH dependent PD-L1 binding property, an important differentiation from other PD-(L)1 antibodies.

2. INNOVATION EMPOWERS SUCCESS

Progress introduction of clinical study of Transcenta's anti-sclerostin monoclonal antibody TST002 for the treatment of osteoporosis in China

- In April 2022, Transcenta announced the successful dosing of first patient in China Phase I Study of the anti-sclerostin monoclonal antibody TST002 for the treatment of osteoporosis with the purpose to evaluate the safety, tolerability, and pharmacokinetics profile of TST002 as a treatment in patients with osteoporosis.
- In December 2022, we completed enrollment for the first three dose level cohorts and got encouraging preliminary BMD data.
- In January 2023, we completed the dose escalation of TST002 study and successfully enrolled more than 30 patients in total. As of the date of this report, we have observed encouraging bone mineral density (BMD) increasing activity of TST002 with favorable safety profile. In addition, we plan to use the treatment-related change in BMD as a surrogate endpoint for fractures in future trials, pending regulatory consultation.
- In March 2023, we filed the supplementary application to current China IND of TST002 for Phase IIa study.
- TST002 (Blosozumab) is a humanized anti-sclerostin monoclonal antibody as a drug candidate for osteoporosis and other bone loss diseases. By inhibiting sclerostin activity, it has a dual effect promoting bone formation and inhibiting bone resorption, resulting in fast increase in bone density and bone strength. Blocking sclerostin activity in human treated with anti-sclerostin antibody or with naturally occurring genetic deletion has been shown to be an effective approach in increasing bone mineral density (BMD) and reducing bone fracture.

2. INNOVATION EMPOWERS SUCCESS

Transcenta's best-in-class targeting MASP2 antibody TST004 for the treatment of IgA nephropathy received IND clearance from FDA

- In June 2022, we completed IND enabling studies for IND filing in both the U.S. and China. One key differentiation from first generation molecule is that TST004 can be delivered as a subcutaneous injection which will provide significant competitive advantage.
- In June 2022, our TST004, a humanized IgG4 anti-MASP2 antibody, demonstrates potent in vitro/in vivo inhibitory activities on MASP2 complement pathway and excellent safety profiles in non-human primate by poster presentation, and the preclinical data of TST004 were selected for presentation at the 2022 ISN Frontiers Meetings of Complement-Related Kidney Diseases in Bergamo, Italy.
- In October 2022, TST004, Transcenta's best-in-class, humanized monoclonal antibody targeting MASP2, received IND clearance from U.S. Food and Drug Administration (FDA).
- MASP2 is a key enzyme in the lectin pathway initiation of complement activation. Studies have shown that lectin pathway activation contributes to multiple human diseases such as immunoglobulin A nephropathy (IgAN), hematopoietic stem-cell transplantation-associated thrombotic microangiopathy (HSCT-TMA). Therefore, inhibition of MASP2 might be a potential treatment approach for diseases related to lectin pathway activation. TST004 is a humanized mAb targeting mannose-binding protein-associated serine protease 2 (MASP2) and designed to prevent the inflammation and tissue damage mediated by lectin pathway complement activation.
- There is a high unmet medical need for patients with IgA nephropathy, with around 30% to 45% of them ultimately developing end stage kidney disease and available treatment options relieving symptoms and delaying kidney failure in nature. Targeting the lectin pathway activation with our best-in-class TST004 antibody is a potentially transformative therapeutic alternative.

2. INNOVATION EMPOWERS SUCCESS

Progress introduction of Transcenta's TST008 (a bispecific antibody combining a MASP2 antibody)

- In June 2022, we identified lead molecules for TST008. We demonstrated TST008 simultaneously targets both innate and adaptive immune pathways for a potentially better efficacy for the treatment of systemic lupus erythematosus (SLE), a complex auto-antibody mediated autoimmune disease with limited treatment option. Current targeted biological therapies for SLE only address the adaptive immune by targeting B-cell pathway. TST008 is a first-in-class bispecific antibody combining MASP2 antibody with another molecule blocking B-cell activation and/or differentiation. It remains at preclinical stage.

Progress introduction of Transcenta's TST801 (a bispecific antibody)

- In 2022, we selected lead molecules for TST801. TST801 is a first-in-class bispecific antibody targeting receptors involved in regulating B-cell activation and differentiation and is designed for the treatment of SLE, a disease with high unmet medical needs and high prevalence globally. It remains at preclinical stage.

Intellectual property protection

The Company has always respected the power of knowledge since its establishment and promoted the protection of intellectual property rights. In order to promote technological innovation and standardize the protection of intellectual property rights, we strictly comply with the Patent Law of the People's Republic of China《中華人民共和國專利法》and the Rules for Implementation of the Patent Law of the People's Republic of China《中華人民共和國專利法實施細則》and other relevant regulations, and respect intellectual property rights and interests of all parties. The Company specified in the Conduct Code of Employees《員工行為準則》that "intellectual property protection" is a principle of the Company. Meanwhile, it formulated and implemented the Management System on Laws and Regulations on Intellectual Property Rights《知識產權法律法規管理制度》, the Intellectual Property Management Policy《知識產權管理政策》and the Patent Filling & Maintaining SOP《知識產權申請與維護標準化操作規程》to continuously strengthen the protection of intellectual property protection of enterprises, enhance the awareness of intellectual property rights protection among employees and management personnel and ensure no infringement of patents, copyrights or other intellectual property rights of companies and individuals in operation.

Transcenta set up a special patent protection platform, which clarified the possibility of professional assessment of invention technologies, and distinguished and refined the management areas and specific procedures for patents, trade secret protection, patent application and maintenance. During the Reporting Period, we further optimized the platform. Leveraging the procedures for the management of intellectual property rights, we added "monitoring on patent risk" and the information retrieval platform in the database of intellectual property rights to identify risks on intellectual property rights and adopt effective measures as soon as possible.

To consolidate the awareness of intellectual property rights protection among employees, the Company carried out the training themed "Patent Training – Introduction to Patents and Patent Prospectus" among all employees and key R&D departments during the Reporting Period. The contents of the training covered interpretation on infringement judgment, coordinated retrieval in database and data protection. A total of 8 sessions were carried out.

In 2022, the Company did not involve any litigation related to intellectual property rights. As of the end of the Reporting Period, the Company obtained 8 new patents and had a total of 103 valid patents.

2. INNOVATION EMPOWERS SUCCESS

Production process with quality improvement and efficiency enhancement

Transcenta continuously speeds up in production process innovation, enhances production capacity and is committed to quality improvement and efficiency enhancement of enterprises. The Company adopted a modular concept with proprietary intellectual property rights to design the GMP manufacturing facility (T-BLOC) and successfully developed and implemented a continuous manufacturing platform called Integrated Continuous Bioprocessing (ICB), achieving upgrade of both production process and production capacity of biopharmaceutical products with an aim to improve the therapeutic effects and enhance the affordability of innovative drugs among global patients. In collaboration with Merck, the Company completed the design and fabrication of the industry's first automated and single use flow-through polishing continuous downstream GMP equipment, which significantly intensified downstream purification capacities.

In 2022, through the ICB platform, we improved the production efficiency by over 10 folds when compared to conventional fed-batch processes. The process of the key program TST1001 has been optimized to intensified perfusion and expanded to a commercialized scale project. In addition, we upgraded the facility in Hangzhou and installed a new perfusion line and a 2,000L bioreactor to support the application for the commercial launch of products and production demands.

Production strengths of Transcenta

T-BLOC	Transcenta's GMP production base in Hangzhou Pharmaceutical Port was designed under a modular concept with proprietary intellectual property rights. T-BLOC, the modular GMP facility, enjoys high flexibility and scalability and is able to significantly reduce the economic costs associated with reconfiguring production conditions. The production base takes into consideration the protection of product safety and process stability at the beginning of its design, segregates upstream and downstream, pre and post virus removal steps in different areas, and adopts one-off technology for the entire production process, which can effectively avoid the risk of cross-contamination in the simultaneous production of multiple products. Currently, it has been used in the production of bulk drug substances and finished drugs in toxicology trial and the production of Phase I, II and III clinical products, and the annual production of commercial products is expected to reach up to 1,000kg protein.
ICB platform	We are developing and implementing a continuous manufacturing platform called Integrated Continuous Bioprocessing (ICB). To maximize facility output with significant lower cost of goods, improve process robustness and minimize operational risks, ICB platform integrated a proprietary and highly productive continuous upstream perfusion process with an automated and continuous downstream production process that we are co-developing with Merck. By leveraging the power of ultra-high cell density continuous perfusion process and proprietary cell culture media, we have demonstrated industry leading volumetric productivities over 7g/L-day and output increases for multiple cell lines of 10 to 20-fold when compared to conventional fed-batch processes. Transcenta's automated and continuous downstream production facility mainly includes single use continuous acquisition systems and single use integration and purification systems. Currently, the commissioning and verification on the equipment have been completed and they will be put into GMP production in 2023. The equipment can achieve a maximum protein processing capacity of 1,000L in upstream perfusion and improve the production efficiency. Compared with conventional downstream production models, the continuous downstream process can save energy consumption and labor input by at least 30%.

2. INNOVATION EMPOWERS SUCCESS

Experience and capacity

Transcenta's manufacturing facility has a number of 200~2,000L drug substance production lines and a fully automatic drug product fill and finish line using isolator technology. Additional manufacturing capacity can be added quickly in the future to accommodate expected increase in product demand. It is expected that the annual production capacity will exceed one metric ton (1,000kg/year) in the future. As of the first quarter of 2022, this GMP production facility has been in operation for four years and has undertaken more than fifty batches of GMP manufacturing for internal and external projects, with a success rate of 100%.

In anticipation of an increase in the product demand in the future, Transcenta has initiated the construction of the second high-end biopharmaceutical drugs facility with continuous perfusion production processes as its core technology that is located in Suzhou Industrial Park with adjustable annual capacity beyond three metric tons.

Innovation capabilities recognized by the government

Unswervingly adhering to the target of benefiting global patients, the Company actively responded to the social appeal for innovative biopharmaceutical drugs, gained good reputation and attention in the whole society by virtue of its solid innovation capability, and won recognitions from the government. In 2022, the Company was awarded over RMB2 million as subsidies on national and provincial talents; and one employee of the Company was recognized as a leading talent in Suzhou Industrial Park. The innovative biopharmaceutical drug projects of Transcenta were selected as major projects in Jiangsu Province and Suzhou in 2022. As of the end of the Reporting Period and among the current employees of the Company, there are 3 national leading talents, 2 provincial leading talents, 3 leading talents in Gusu District, 2 leading talents in industrial parks and 4 category E talents in Hangzhou. The total amount of the government grant was RMB58.034 million by 2022. We have successfully applied for almost 40 projects from, among others, Jiangsu Enterprise Technology Center, Enterprise Research Institution of Zhejiang Province, Postdoctoral Work Station of Zhejiang Province, Hangzhou Enterprise Technology Center, Leading Team of Closing Projects in Hangzhou, Realization and Closing Projects of "One Enterprise One Policy", Listing Awards of Industry Park and other projects and have granted nearly 80 subsidies for inclusive talent.

2.2. QUALITY SAFETY

Product quality is inseparable from the quality and safety management system of the Company and the quality awareness of employees. Transcenta is committed to providing superior products to customers and conducting comprehensive quality management throughout all the business process. Through the establishment of a complete quality management system, the provision of high-quality services and the publicity of quality culture, the Company continuously improved its service assurance capability to earn a well-deserved reputation for its reliable quality of products and services.

2. INNOVATION EMPOWERS SUCCESS

Quality culture

To make safe and effective innovative biopharmaceutical drugs available to more patients, we consolidated the foundation of manufacturing quality and deepened the comprehensive quality management. Transcenta formulated strict quality policy and established the Quality Manual in accordance with the guidance of the quality policy to regulate the composition, role, responsibility and authority of the quality system, align the Company's quality objectives and strategies, and ensure that it is regularly audited and updated in accordance with the requirements of the prevailing laws and regulations.

Taking new employee induction training, basic course training, post qualification confirmation and re-training as opportunities, the Company actively facilitates the enhancement of the quality management awareness of employees to further ensure the quality of products and services.

Quality policy: Science-rooted, total involvement, continuous improvement and putting patients' safety and product quality first.

Lifecycle quality management

Transcenta adheres to the concept of lifecycle management and integrates quality management into each link to ensure the safety and efficacy of products. We have established and implemented a comprehensive quality management system applicable to the entire life cycle for products at clinical and commercial stages, which carries out strict quality management from process design (process development), technology transfer, toxicology and clinical batch production in support of clinical trials, process performance confirmation, commercial production, and continuous process performance confirmation until product retirement. The Company's production facilities can meet the requirements of the GMP (Good Manufacturing Practices) of the ICH (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use), FDA (Food Drug and Administration), EMA (European Medicines Agency) and NMPA (National Medical Products Administration) at the same time. The quality team under the Company's Chemical Manufacturing and Control (CMC) Department is responsible for quality oversight of production and testing, release and stability studies of drug substance and finished products to create superior quality. In terms of clinical trials, the clinical team is responsible for establishing a quality management system that meets the GCP (Good Clinical Practice) and other relevant technical standards and regulatory requirements. Meanwhile, the clinical quality assurance team is responsible for the maintenance and implementation of the quality management system in the GCP environment to ensure the quality of products.

Quality management system

The quality management system covers the business scope of the Company and effectively guarantees the quality of products. Transcenta continuously improves the quality management system. The Company's quality management system in a GMP environment consists of 7 systems and sub-systems and corresponding processes under each system. The quality management system covers all relevant policies, procedures and documentation that guide GMP activities. We continuously improve our existing quality management system by monitoring, testing, investigating, correcting and establishing or updating control mechanisms so that all aspects of product manufacturing meet the requirements of relevant regulations and internal management procedures, and innovative technologies and control strategies are practically applied to develop safer, more effective and higher quality biotherapeutic products to benefit more patients worldwide.

2. INNOVATION EMPOWERS SUCCESS

During the Reporting Period, the Company further refined and updated it existing systems and procedures and continued to improve laboratory equipment to continuously improve the lifecycle quality management on products. In April 2022, HJB (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company, has successfully passed audit of European Union qualified person. In December, the Company and its suppliers jointly developed and launched the computerized quality management system and document management system to support the implementation of the quality management system.

Transcenta successfully passed audit of European Union qualified person for the manufacturing of TST001 product

In April 2022, Transcenta successfully passed audit of European Union qualified person (QP) for the manufacturing of TST001 product. TST001 is one of the most advanced antibody therapeutics targeting Claudin18.2 being developed globally. The QP audit is part of the preparation for a global phase III clinical trial application of TST001, which will include EU and subsequently for the commercialization of TST001 globally.

The QP audit conducted a comprehensive, systematic and in-depth inspection of quality assurance system, production and material management, equipment and facility management, QC laboratory, packaging and labelling in accordance with the regulations of EudraLex Volume 4 (EU GMP) and ICH guidance. The robustness and maturity of Transcenta's Quality Management System to ensure compliance of GMP requirements, the quality of procedures and records and comprehensive risk assessment and mitigation was highly recognized by the QP. QP Declaration was issued on April 21, 2022.

Complaint and recall mechanism

We always listen to customers' voices, safeguard customers' value and strive to develop drugs to better meet customers' demand. It is crucial to guarantee the quality of products and the sustainable supply of drugs.

The Company has established management procedures for quality complaints and recall of clinical trial drugs (the Procedures for Handling Complaints on Drugs for Clinical Trials and the Management Procedures for Recovery of Drugs for Clinical Trials) in accordance with relevant laws and regulations and the Administrative Measures for Drug Recalls, to provide specific operational guidance for complaints and clinical drug recalls that may arise from quality, safety or efficacy issues of clinical drugs caused in the course of any manufacturing, transportation and use, and specify complaint channels, improvement mechanisms, implementation of recalls, investigation of root causes, disposal of recalled drugs and other related requirements, which specified the values and the expectation of Transcenta on quality. The quality system also regularly audits the recall system to ensure that it is timely and effective.

During the Reporting Period, the Company conducted strict management on product quality. The Company did not observe any major quality defect in products manufactured nor experience any product recall due to product quality or safety.

Service assurance

Relying on the advanced manufacturing platform, the Company provides high-quality and all-around CDMO services to customers (we further established ourselves as leader in continuous bioprocessing in 2022; our CDMO business unit added a new cell line expression system; there were additional services with new technologies in CDMO such as media development and conjugation/purification process development for ADC molecules). We maintain an open communication mechanism with our customers, invite them to participate in site management, and provide timely feedback on customer queries and technical issues to ensure project progress and service quality.

In 2022, the Company did not receive any customer complaints.

2. INNOVATION EMPOWERS SUCCESS

2.3. RESPONSIBLE SUPPLY CHAINS

Building healthy, stable and responsible supply chains with sustainable development is the foundation for the steady development of enterprises as well as a key link in performing corporate social responsibilities. The sustainable development of supply chains requires the close cooperation between enterprises and supply chains. We adhere to the sustainable concept, integrate corporate social responsibilities into all links of supply chains management and actively seek cooperation and communications among industries to lay a solid foundation for developing industrial ecological chains with joint construction, all-win results and common development.

Transcenta firmly follows the principle of "responsible procurement". It formulated and implemented management systems and operating procedures such as Procurement and Supplier Management Policy, Supplier Management Procedures and Material Control Strategy, which defined specific procedures for suppliers from access, classification to audit.

In terms of access of suppliers, we control the quality and safety of suppliers' products. We take relevant legal business certificates, quality management system certifications, environmental system certifications, laboratory system certifications and environmental impact of products as the requirements and reference for suppliers' access and procurement selection and prioritise environmentally friendly products and services when selecting suppliers under the same conditions. In addition, the Company has signed the Undertaking Letter on Anti-Corruption and Bribery with its suppliers to jointly build a fair, open, just and transparent business environment. By the end of the Reporting Period, the number of suppliers of the Company was 1,069, of which the number of the Company's preferred suppliers (those who signed long-term purchase agreements with the Company) was 161 and the proportion of the Company's preferred suppliers having signed the Undertaking Letter on Anti-Corruption and Bribery was 100%.

The distribution of suppliers by region is as follows:

Statistics on the distribution of suppliers of Transcenta in 2022

Number of existing and new suppliers by region (as of the end of the Reporting Period)

Region	Existing suppliers	New suppliers
North China	86	21
Central China	8	1
Northwest China	1	0
South China	45	11
East China	838	154
Northeast China	0	0
Overseas	91	31

2. INNOVATION EMPOWERS SUCCESS

We continuously conduct annual appraisal on selected suppliers and develop different evaluation requirements according to the categories of its suppliers. The procurement department of the Company will review and evaluate the GMP suppliers' ESG performance in commercial compliance, product quality safety and service quality, environmental system, occupational health and safety system, etc. according to the indicators in the supplier evaluation form. During the Reporting Period, we completed the review and evaluation on the ESG performance of 39 GMP suppliers and none of them were identified as suppliers with significant risks. 53% of all GMP suppliers were reviewed.

For the non-GMP selected suppliers, we use the "Selected Supplier Evaluation Form" to review and evaluate, and feedback the scoring results to such suppliers. For the suppliers with a score lower than 60, we make corresponding rectification to them or remove them from the selected supplier list to achieve risk warning on suppliers and avoid risks. In 2022, we completed the selected supplier evaluation on 122 suppliers and none of them were identified as suppliers with significant risks.

In addition, the Company is committed to establishing a good relationship of mutual benefit and mutual trust with its suppliers, and maintains close communications with suppliers in its product procurement and process optimization, to jointly develop improvement plans.

Transcenta joined hand with suppliers in refining design and improving product stability

In order to improve performance of Single-use Bioreactors (SUB) for highly intensified continuous perfusion processes, the Company collaborated with the supplier to improve the design of the SUB bags to improve its reliability and robustness to support ultra-high cell density cultures. Compared with the original design, new design is anticipated to significantly improve process control and consistency for high density continuous perfusion processes to help ensure high productivity and product quality and reduce risks for large-scale GMP production.

2. INNOVATION EMPOWERS SUCCESS

2.4. WIN-WIN COOPERATION IN THE INDUSTRY

Adhering to the concept of "enhancing cooperation and communications in the industry", Transcenta actively seeks cooperation opportunities for innovative research and development and participation in intra-industry and inter-industry sharing and exchanges. It attaches great importance to the cooperation with domestic and overseas scientific research institutions, renowned pharmaceutical companies and scientific research institutions, and is committed to giving full play to respective professional advantages to jointly solve industrial and social problems and benefit global patients.

Nature Cancer publishes the collaborative study results by Transcenta and Shanghai Jiao Tong University on the potential application of the Company's first-in-class Gremlin1 targeting antibody in the treatment of androgen receptor-negative/low prostate cancer

In May 2022, Transcenta announced that Nature Cancer, an international authoritative journal in oncology field, publishes the results of preclinical studies of the Company's first-in-class Gremlin1 targeting antibody (TST003) in the treatment of castration resistant prostate cancer. This research was conducted in collaboration between the Company and the team of Professors Helen He Zhu and Wei-Qiang Gao at Renji Hospital, Shanghai Jiao Tong University School of Medicine.

Transcenta established global clinical collaboration with Bristol Myers Squibb to evaluate TST001 in combination of with Opdivo® in patients with locally advanced or metastatic gastric/gastroesophageal junction cancer

Metastatic GC/GEJ is one of the highly prevalent cancer types globally and currently, there is urgent need for new therapies that can improve patients' survival. In March 2022, Transcenta announced it has reached an agreement with Bristol Myers Squibb on global clinical collaboration and will establish a global clinical collaboration to evaluate the combination of TST001, an investigational humanized monoclonal antibody Claudin18.2 developed by the Company, with Opdivo® (nivolumab), Bristol Myers Squibb's anti-PD-1 therapy, for the treatment of patients with unresectable locally advanced or metastatic gastric cancer or gastroesophageal junction cancer (GC/GEJ).

This collaboration includes two global phase I/II open-label, multi-center studies to be held in China and the U.S. to evaluate the safety, tolerability, and anti-tumor efficacy of TST001 in combination with Opdivo in patients with unresectable locally advanced or metastatic Claudin18.2 expressing gastric and gastroesophageal junction cancer with or without previous treatment.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Transcenta attaches great importance to the common growth of employees and the enterprise, and is committed to building a diverse, equal and inclusive working environment and development platform, respects and protects the basic rights and interests of each employee, protects and enhances their physical and mental health, and constantly improves their sense of happiness and recognition. At the same time, the Company has never forgotten its responsibility and original intention to give back to the society, and always actively practices the social responsibility of corporate citizens and encourages employees to participate in social and public welfare activities to create beautiful communities and contribute their love.

3.1. DIVERSITY, EQUALITY AND INCLUSION

Transcenta is committed to building an equal and diverse employment management system. The Company strictly abides by all laws and regulations in the locations where it operates. With equal stress on integrity and ability, the Company implements the standards of openness and the selection of the best and acquires appropriate talents through diversified recruitment channels. Meanwhile, it respects the dignity and legitimate interests of others and aims to offer employees an equal, fair, safe and healthy working environment.

Legal employment

The Company strictly abides by the Labor Law of the People's Republic of China《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》, the Social Insurance Law of the People's Republic of China《中華人民共和國社會保險法》, the Implementing Regulations of the Labour Contract Law《勞動合同法實施條例》, the Law of the PRC on the Protection of Minors《中華人民共和國未成年人保護法》, the "Special Rules on the Labour Protection of Female Employees"《女職工勞動保護特別規定》 and the Provisions on the Prohibition against the Use of Child Labour《禁止使用童工規定》 by the State Council and other relevant laws and regulations, formulates and implements Staffing Policy《招聘錄用管理制度》, Code of Conduct《員工行為準則》 and other internal management systems. We take multiple measures to ensure that employees recruited have reached the legal working age and strictly eradicates the employment of child labor and forced labor.

According to the Conduct Code of Employees《員工行為準則》, the Company issues warnings or terminates the employment contract with employees in violation of such provisions. Meanwhile, it strengthens routine supervision and sets up whistle-blowing channels. Following the principle of "equality, voluntariness and consensus", the Company determines the employment relationship with employees in the form of labor contracts to specify the responsibilities, rights and benefits of both parties. It keeps zero tolerance to discriminations on gender, age or race and guarantees that the legitimate interests of employees in recruitment, promotion, dismissal, working hours, remuneration and welfare are protected. In 2022, the Company was not involved in any employment of child labor or forced labor.

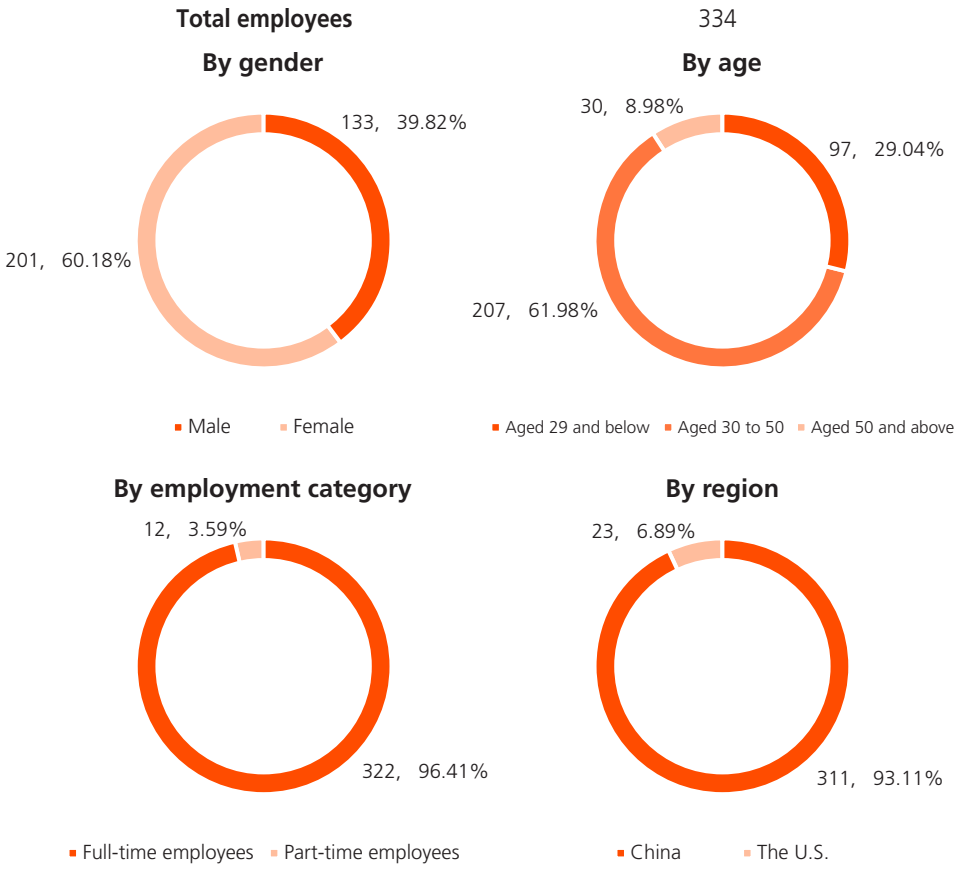
During the reporting period, the Company updated and improved the Conduct Code of Employees《員工行為準則》: it consolidated the policy connotation of equal employment and clarified the "zero tolerance" policy on the employment of child labor and forced labor.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Diversified and global talent teams

The development of Transcenta cannot be separated from diversified talents. We continue to enrich and promote a diverse and inclusive corporate culture, employee and retain employees with diversified background, and treat all employees equally. We respect the freedom of belief of employees and do not discriminate them based on ethnicity, race, nationality, religious belief, gender, age, disability or marital status. As at the end of 2022, the Company had a total of 334 employees, including 201 female employees and accounting for 60.18%, 31 foreign employees and accounting for 9.28%. Among the senior management, female members accounted for 41.67%. In addition, ethnic minority and disabled employees of the Company accounted for 1.80% and 0.60%, respectively. The specific distribution of employees is as follows:

Employee employment of Transcenta in 2022



As of the end of the reporting period, the median remuneration ratio for male and female employees was 1:1.147 (female to male).

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Talent retention

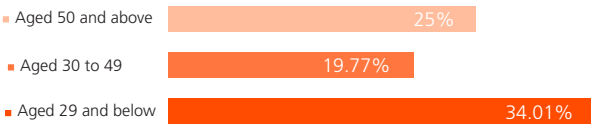
The turnover rate of employees of the Company was 24.94% in 2022. The stability of employees of Transcenta is relatively higher as compared to the turnover rate of employees of 27% of biotech companies as a whole in the industry (based on the 2023 Aon Annual Human Resources Trends Survey in the Pharmaceutical R&D Industry (2023怡安醫藥研發行業年度人力資源趨勢調研)). In order to retain talents, Transcenta has taken the following measures: 1. formulating and implementing the "Transcenta Retention Bonus Plan", which offers certain cash incentives to employees serving the Company for a long time and grants equity incentive to certain employees. During the reporting period, the Company expanded the coverage of this plan, and granted the first retention bonus; 2. carrying out different employee training programs to improve their competitiveness; 3. implementing talent review，360 Survey，competence model and other programs to formulate customized individual development plans for employees; 4. organizing diverse team building activities to strengthen the cohesion of the team and make the employee enjoy their works.

Employees turnover of Transcenta in 2022

Total turnover rate 24.94%

Turnover rate of employees by gender

Turnover rate of employees by age



Turnover rate of employees by region

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

3.2. INTERESTS AND WELFARE OF EMPLOYEES

The Company makes every effort to provide its employees with industry-competitive remuneration and welfare, and is devoted to building a healthy and positive corporate culture to enhance the sense of happiness of employees and stimulate their enthusiasm.

The Company attaches great importance to the communication with employees and listening to their voices by smoothening communication channels with employees. In addition, we continue to carry out diversified staff activities, cares about their mental and physical health, further enhance their sense of satisfaction and sense of belonging, so that each employee can fully feel the warmth of the Company.

Remuneration and welfare system

Over the years, Transcenta has continued to provide its employees with attractive remuneration and welfare to help the Company accumulate talents. In strict compliance with the Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》, the Regulations on Minimum Wage published by the Ministry of Labor and Social Security of the People's Republic of China and other relevant laws and regulations on staff remuneration and welfare, the Company formulated the Transcenta Compensation Management Policy《創勝集團薪酬管理制度》, Transcenta Benefits Policy《創勝集團福利制度》and other management measures on remuneration and welfare based on actual conditions of the Company. We establish and continuously improve the remuneration and welfare management systems to ensure the rationality and competitiveness of staff remuneration and to attract and retain talents.

The Company strictly implements the regulations on employee leave in China and the countries or regions where it operates. Employees of the Company enjoy all statutory holidays and days off and paid annual leaves in line with the systems of the Company. In addition to the contribution to the social insurance and housing provident fund stipulated by the state, the Company also purchases additional commercial insurances for employees, assists employees in applying for talent subsidies, provides them with long-service bonus, CEO bonus, ITE (Innovate to Excel) bonus, borrowings for house purchasing and other incentives and welfare and offers physical checkups for employees working for more than one year. Meanwhile, the Company endeavors to create a comfortable and favorable office environment for employees and provides them with fresh ground coffee, afternoon tea, various overtime meals and other routine welfares. It also formulates special care policies and offers sympathies and gifts to employees and their family members under marital, funeral, sick and maternity leaves and other particular circumstances. Besides, the Company permanently sets up nursing room in the office building to provide peace of mind for female employees returning to work after childbirth.

In 2022, the total number of employees using parental leave in the Company is 49, including 14 male employees and 35 female employees, with a reinstatement rate[2] of 100%.

[2] The reinstatement rate is calculated by dividing the total number of employees who actually return to work after taking parental leave by the total number of employees who are required to return to work after taking parental leave multiplied by 100%.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Staff activities and communication channels

Transcenta always takes "Staff Care" as its main theme to strengthen the cohesion and centripetal force of its staff, and to create a warm and harmonious atmosphere. The Company takes many measures to make the balance between working and life of employees and irregularly arranges employees to conduct diversified group building and on-the-job activities on traditional festivals every year to enhance communications and collaboration among employees and enrich staff life through colorful cultural activities.

The Company organized fitness activities on a weekly basis, staff birthday parties on a monthly basis and reading parties on a quarterly basis in 2022. We aim to enhance the communications and understanding among employees, to stimulate the team spirit and enhance the satisfaction of employees through such activities.

Transcenta organizes exercise and fitness activities

- We care for the physical health of employees and organized yoga, fighting, hot dance, apparatus exercise, bicycling and other full fitness activities. The Company organized 49 activities with a total of over 300 participants in 2022. The Hangzhou Dancing Team organized over 80 dance shows with a total of 830 participants.
- The Company is equipped with yoga balls, resistance bands and other apparatus, allowing employees to adjust gestures and ease waist and cervical vertebra pains in work and improve the physical quality of employees.

In addition, the Company maintains open, honest and effective communication with its employees through a variety of channels. In order to effectively protect the rights and interests of employees and listen to their opinions, the Company has established and implemented a diversified communication mechanism. The Company regularly holds communication meetings with new employees and sets up suggestion boxes in its public areas to learn about the demands and feelings of employees. It also encourages employees to propose suggestions and advices to continuously promote the communication between the Company and its employees.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

3.3. TRAINING AND DEVELOPMENT

Employee development is the key to the growth and sustainable development of a company. It is important to develop the potential of employees thus to achieve the strategic targets of the enterprise. The Company is committed to building a platform for staff growth and development. It has established a promotion system with a clear hierarchy and complete structure and diversified training systems, smoothened career development channels and organized professional, systematic and customized trainings for employees at different levels to achieve the positive interaction between staff growth and the development of the Company, and provide human resources guarantee for the sustainable development of the Company.

Staff development

The Company focuses on talent training, and has formulated and strictly implemented the Transcenta Job Grading System《創勝集團職級結構體系》, the Job Grading Policy《崗位級別管理制度》and other management systems. Based on the nature and characteristics of positions, the Company conducted classification and differentiated management of positions of different functional departments and established the dual-ladder position sequence of technology and generality, which set up clear career development path for different types of talents and provide space for the development of the leadership and professional competency of employees.

In order to standardize the selection and management of talents, Transcenta adopts a unified performance management system, conducts performance appraisal in a fair and open manner, and applies the results to the allocation of remuneration and bonus. In 2022, 322 employees received regular performance appraisal and career development assessment of the Company, the appraisal rates of formal staff reached 100%.

We support our employees in their efforts to achieve career advancement and expect potential leaders and talents to leverage and expand their skills to reach for the highest height in Transcenta. Therefore, the Company implements the individual development plan (IDP) on core leaders and high-performance talents. Participants formulate, implement and regularly review their IDPs, develop effective interactions with line managers and department leaders and can obtain exclusive training and study programs provided by the Company. Through the best allocation of limited resources, IDPs can assist participants in achieving their individual development and value as planned and in steps, which also provide basis for the enterprise to formulate and implement more systematic and targeted talent cultivation strategies and fully stimulate the enthusiasm of the Company and its employees.

360-degree leadership survey on middle management

Transcenta always focuses on leadership construction in terms of its talent training system. Therefore, following the 360-degree leadership survey on senior management in 2021, the Company carried out the second phase of 360-degree leadership survey on medium management at the beginning of 2022 with an aim to assist the management team of the Company in displaying their expected leadership more rapidly and effectively. The appraisal covers six dimensions, namely "creation of visions, decision-making, being result-oriented, win-win cooperation, developing subordinate and continuous innovation", effectively assisting the Company in fully understanding the current leadership of the medium management of the Company and formulating improvement plans, and further enhancing the leadership and influence of the medium management.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Staff training

The Company integrates internal and external training resources and is devoted to building a "learning-oriented" organization. It formulates and actively promotes the Training Policy《培訓管理制度》, follows the principle of systematic and targeted learning and applying what they learnt and provides diversified and multi-level training for employees in a planned and targeted way. The trainings cover the improvement of leadership, compliance, patent protection, EHS, anti-fraud and other business-related contents to offer comprehensive learning opportunities for employees at different positions. In addition, the Company also purchased online training courses for employees with the contents covering different levels and all business processes, allowing employees to participate in required trainings at any time and place and further promoting staff growth. During 2022, in respect of professional skill, Transcenta organized 13 trainings about clinical knowledge with a total of 78 participants for a total duration of 1,014 hours. GmP trainings and occupational health trainings were held regularly every week, with a total of 232 participants for a total duration of 7,814 hours. In addition, the Company also provided soft skill trainings such as, carrying out 6 trainings about 7 habits of highly effective people with a total of 102 participants for 714 hours, one English training for 3 months with 25 participants for a total duration of 600 hours, profess mapping training targeting project budget and process and other trainings. We ensure that our employee would have a long-term development in relation to communication and high efficiency work when acquiring excellent skills required by their function.

In 2022, the Company's training covered 100% of employees with an average of 41.50 training hours for each employee, representing an increase of 7.73 hours as compared to the previous year. The specific training hours are as follows:

Transcenta Staff Training in 2022

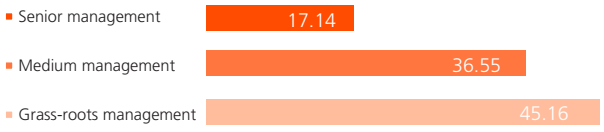
Percentage of trained employees

Proportion of trained employees by level

Proportion of trained employees by gender

Average training hours for each employee

Training hours per capita by level



Training hours per capita by gender

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

3.4. OCCUPATIONAL HEALTH AND SAFETY

Transcenta has always adhered to the safety philosophy of "Life First" and attaches great importance to the occupational health and safety of employees, striving to build a healthy and safe working environment. We strictly comply with local laws and regulations on occupational health and safety of the place where we operate and establish and improve standard systems on occupational health and safety production, implement various measures on occupational health and safety production, and incorporate the safety management of contractors into the scope of its own work to ensure the occupational health and safety of employees.

In 2022, we had 7 safety inspections, and all the hidden danger rectification items were completed and received positive feedback, without any external official warnings or fines.

Management methods

The Company strict complies with the Law of the People's Republic of China on Work Safety《中華人民共和國安全生產法》, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》and other laws and regulations. During the reporting period, the Company optimized the Safety Production Committee, deepened the responsibilities of the committee, made it clear that a quarterly safety work meeting should be held to summarize and evaluate the safety production work of all departments and deploy the work of safety production. In addition, in timely respond to global and domestic concerns in the field of biosafety, we established a Biological Safety Committee during the year, formulated and implemented biosafety management standards, including the Biosafety Management Manual《生物安全管理手冊》, the Laboratory Biosafety Procedure Documents《實驗室生物安全程序文件》, the Laboratory Biosafety Risk Assessment Report《實驗室生物安全風險評估報告》and the Laboratory Biosafety Manual《實驗室生物安全手冊》.

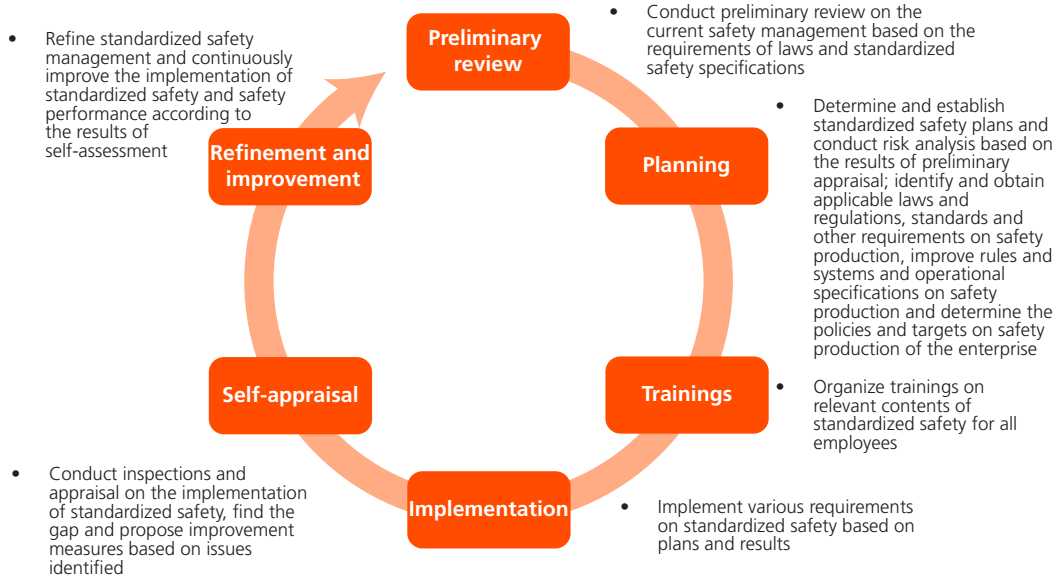
Meanwhile, the Company follows the safety production policy under continuous improvement with laws as basis, everyone being responsible and focusing on prevention. In 2022, we formulated safety production policy and nine specific targets for safety production to protect the health and safety of employees. During the reporting period, all employees of the Company have signed safety and environmental responsibility statement and are subject to regular assessment.

Safety production

The Company formulated and implemented the Safety Production Responsibility System《安全生產責任制》and the Implementation Plan on Standardization of Safety Production《安全生產標準化實施方案》. Through various standard safety production activities, the Company improved safety production conditions, enhanced safety management and achieved essential safety.

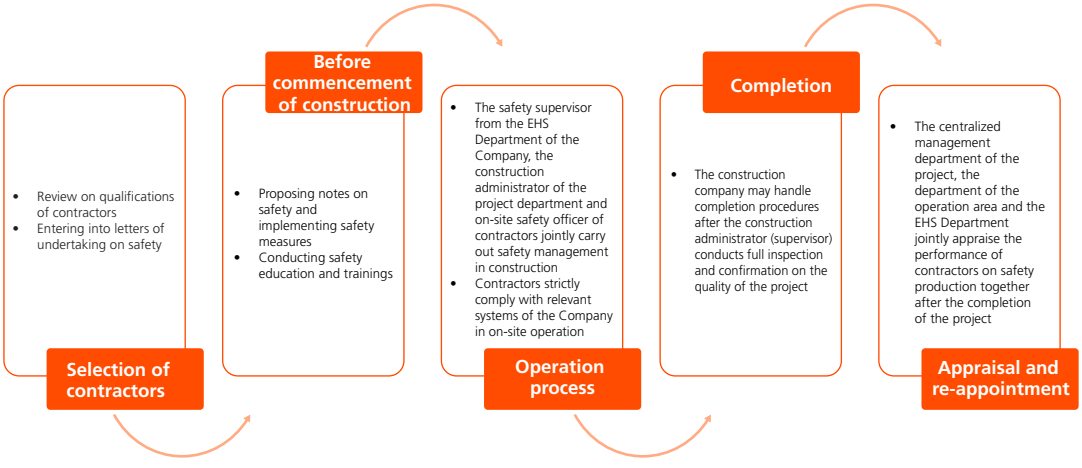
3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Standardized processes of safety production



The Company extends the scope of safety management to contractors, formulates and implements the Safety Management Systems on Contractors《承包商安全管理制度》and standardizes the safety management processes of contractors. It specifies requirements and measures on safety management in the selection of contractors, on-site construction, completion of projects and other stages and provides them with necessary trainings on health and safety to jointly create a healthy and safe working environment with contractors.

Safety management processes on contractors



3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Occupational health

The Company strives to provide a healthy and safe working environment for employees, attaches importance to the identification of hazard sources and the prevention and control of risks in the operation process, formulates instruction manuals on the inspection of hidden hazards, carries out trainings on occupational health and safety and actively adopts corresponding measures to ensure safe operation. In 2022, the Company recorded no accidents or work-related injuries. The number of work-related fatalities in the past three years was zero.

In terms of the prevention and treatment of occupational diseases, in strict compliance with the requirements under the Notice on Releasing the Management Specifications on Occupational Health Archives issued by the general office of the former State Administration of Work Safety, the Company formulated and improved management systems on the prevention and treatment of occupational diseases, established ledgers on occupational health specifications covering the whole operation process of the enterprise and provided employees with occupational health examinations before, during and after working on the position. It regularly organizes special trainings and publicities on occupational hazards to strengthen the staffs' awareness on the protection of occupational health to ensure that the physical and mental health of employees is safeguarded on the basis of a safe working environment. At the same time, the Company strictly abides by the Safety Management System on Dangerous Chemicals and operational procedures and achieves full coverage of safety management on the identification, usage specifications, loading, unloading and transportation, storage and safeguarding and waste disposal of dangerous chemicals. Meanwhile, the Company sets up special storage warehouses, installs complete safety facilities, pastes safety knowledge cards and safety warning logos on chemicals, sets up emergency facilities, provides staff with safety protective items and regularly conducts professional trainings and safety inspections on dangerous chemicals to effectively prevent and reduce accidents on dangerous chemicals and guarantee the safety and health of employees in the workplace.

In addition, the Company actively carries out emergency plan drills to strengthen employees' awareness of safety production and practical operation experience. During the reporting period, we conducted emergency drills for hazardous chemical leakage every quarter, and emergency drills for hazardous waste leakage, fire drills, and emergency plans for pathogenic microbial infection for many times.

We provided sympathetic care to employees, promptly reported the application to the PICC and followed up on the processing progress. In the meantime, we strengthened employee's safety awareness through increased training and education to reduce the occurrence of such incidents.

Safety trainings

The Company deeply knows that safety trainings and education are an integral part in the health and safety management of employees. We continue to update the annual safety education and training plans each year, enhances the publicity of safety awareness with "priorities on safety and prevention", integrates safety education into the whole process of production and operation and carries out safety education and trainings through various channels and in various forms to continuously improve the safety awareness and safety skills of employees, and to fundamentally reduce the safety risks of employees.

At the end of 2021, we launched a survey on safety training needs and solicited safety training directions for 2022 from all departments of the Company to form a safety training plan for 2022. During the reporting period, we conducted "safety and environmental responsibility system" and "fire safety" training for all employees of the Company, "contractor management and operation safety" training for the contractor management department, and "EHS science popularization training" for interns. All new employees are required to attend the "New employees three-level safety education" training. In 2022, the Company organized 34 occupational health and safety trainings, among them, Hangzhou factory conducted 20 EHS (including occupational health and safety) training sessions, with a total of 947 trainees.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

3.5. SOCIETY CO-BUILDING

Transcenta always remembers its important responsibility to give back to the society. The Company regards the society and the communities where it operates as important stakeholders, attaches importance to their anticipations and appeals, continuously supports social welfare, establishes normalized communication mechanisms with local communities, actively devotes to community construction, carries out and participates in diversified social and public welfare activities to return the society with practical actions.

Over the years, the Company has organized volunteers to actively carry out voluntary service practice, and constantly enhance the influence, appeal and attraction of the Company's voluntary service. It gives love and care to the disadvantaged groups in the society from multiple aspects and angles to convey the temperature of Transcenta and build a better society. During the reporting period, we focused on the field of education, with seven "HJB Lecturers" organizing public education activities for the public.

Case: "HJB Lecturers"- Practical training of pharmaceutical scientific research at Zhejiang University

In May 2022, freshmen from the School of Pharmacy of Zhejiang University visited Hangzhou HJB Base of Transcenta to carry out practical training of pharmaceutical scientific research. The Company arranged a panel of experts to explain how does HJB utilize the modular GMP facility T-BLOC to improve the flexibility, compliance and scalability of biologic manufacturing and the development process of biologic CMC. As an alumna, Dr. Ding Ding, then senior director of CMC Strategy and senior student of the School of Pharmacy of Zhejiang University, shared his career experience with the students from the three aspects of industry development trend, cultivation of personal thinking mode and core competence, and career growth.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

Case: The external mentor project of Transcenta and Xi'an Jiaotong-Liverpool University

On September 28, 2022, the School of Intelligent Manufacturing at Xi'an Jiaotong-liverpool University held a themed sharing meeting on "Cyber Ecology, Internet of Things" in Taicang. As an off-campus mentor for Xi'an Jiaotong-liverpool University, Lu Zheng, an IT senior director of Transcenta, gave a lecture on the theme of "Intelligent Internet of Things and Smart Pharmaceutical Factory" to students in Xi'an Jiaotong-liverpool University, which introduced the history of IoT, the learning laws of intelligent IoT, as well as key technologies and application scenarios of IoT. The most important integration of IoT and the pharmaceutical industry gave inspiration to students. On November 12, 2022, the International Business School of Xi'an Jiaotong-liverpool University held a career accelerator camp-pitching & networking, in which Dai Jie, the director of human resource department of Transcenta, explored the possibilities of career development for students and graduates from different academic backgrounds, to help them formulate skill development plans for the future, and provide feedback and suggestions.

3. CO-BUILDING AND LOVING BEAUTIFUL COMMUNITIES

In the course of its business operation, the Company has formed a good interaction with local community stakeholders in a sustainable manner, improved the lives of local community residents by leveraging its business strengths and resources, proactively fulfilled its corporate citizenship obligations and contributed to social development. During the reporting period, we invested a total of RMB480,000 in community contribution and public welfare activities, benefiting 867 people.

Case: Showing the power of Transcenta – Staff volunteers help with nucleic acid testing

In 2022, when the situation of epidemic prevention and control was severe, 31 staff volunteers of the Company assisted the park to carry out nucleic acid testing, and the cumulative service time exceeded 90 hours. Dr. Cheng Ming, Director of the Clinical Development (China) of the Global R&D Department of the Company, actively volunteered to support Shanghai Pudong hemodialysis medical team and strived to guard the lifeline of hemodialysis patients during the epidemic period in Shanghai from April 3 to June 3, 2022, which fully demonstrated Transcenta's power, dedication and benevolence of "Helping and contributing to the society".


志愿服务证书

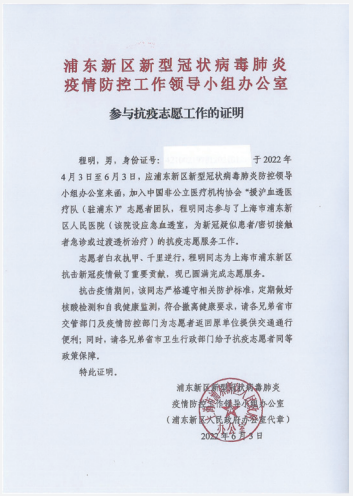
同志：

英雄不独疆场出，闪光尽在细微处。在新型冠状病毒肺炎疫情防控工作中，您作为抗疫志愿者不畏艰险，冲锋在前，展现杭州医药港党员"疫"不容辞，迎难而上的风采，感谢您的无私奉献！

特发此证，以资鼓励。

中共杭州医药港工作委员会

2022年10月1日


浦东新区新型冠状病毒肺炎
疫情防控工作领导小组办公室

参与抗疫志愿工作的证明

2022年6月3日

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Transcenta always follows the concept of green development, continuously improves the organizational structure and internal rules and regulations related to environmental management, establishes and improves the environmental management system, strengthens the environmental management measures and improves the level of environmental management to facilitate the sustainable development of enterprises and society. We strictly abide by the environmental protection laws, regulations and industry standards in the places where our factories, laboratories and offices are located. Our factory managers and engineering departments regularly review the Company's environmental management system and environmental performance, and provide feedback on the results and relevant suggestions to all departments in a timely manner to effectively promote environmental compliance and performance.

4.1. ENVIRONMENTAL MANAGEMENT SYSTEM

In strict compliance with the Environmental Protection Law of the People's Republic of China《中華人民共和國環境保護法》, the Energy Conservation Law of the People's Republic of China《中華人民共和國節約能源法》, the Water Pollution Prevention and Control Law of the People's Republic of China《中華人民共和國水污染防治法》, Atmospheric Pollution Prevention and Control Law of the People's Republic of China《中華人民共和國大氣污染防治法》, Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes《中華人民共和國固體廢物污染環境防治法》 and other laws and regulations, the Company formulated the Management System on the Identification and Appraisal of Environmental Factors《環境因素識別和評價管理制度》 and established management systems covering the emission of exhaust, waste water and noises, energy saving and emission reduction as well as the disposal of solid waste. Meanwhile, the Company established the EHS Committee to implement subject responsibilities on environmental management, continuously optimize results in environmental management and actively promote green operation.

Our environmental targets

Water efficiency targets	• Establish a recycling water indicator system and data collection process; • Ensure that third-party monitoring units with relevant qualifications are regularly engaged to conduct external monitoring and audits of the Company's sewage treatment and discharge indicators
Waste reduction targets	• Ensure 100% compliance and proper disposal of hazardous waste; • Continuously reduce the generation of general waste while ensuring that all non-hazardous waste is disposed of in a compliant manner; • Expand the proportion of recyclable packaging materials used; • Strengthen staff training to reduce the generation of disposable non-essential waste (e.g. paper, cans, plastic cutlery, etc.)
Energy use efficiency targets	• Continuously optimize the energy consumption of industrial systems and other equipment according to the production plan; • Establish a digital energy management system to improve the efficiency of production energy use; • Establish a renewable energy use program; • Enhance energy-saving awareness training of employees

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Emission targets	• Increase the frequency of exhaust emission monitoring in the course of R&D, production and daily operation, and improve control measures for emission data of VOC, hydrogen sulphide and volatiles from manufacturing, as well as emission data of nitrogen oxide, sulphur dioxide and particulate matter from office operations; • Ensure 100% compliance and proper discharge of exhaust gases; • Identify greenhouse gas emission hotspots in R&D and production processes and implement targeted emission reduction measures for these hotspots

4.2. RESPONSE TO CLIMATE CHANGE

Transcenta is concerned about the global climate change trend and actively integrates the responsibility to deal with climate change into corporate responsibility management. In 2022, the Company considered TCFD's recommendations to improve climate governance system, identify the risks and opportunities associated with climate change, and improve climate risk management based on the results to reduce greenhouse gas emissions during the Company's operation and contribute to the "dual carbon" goal of the country.

Governance

The Board of Directors is the highest level of corporate responsibility for addressing climate change. On 25 November 2022, Transcenta released an announcement that the Audit Committee assisted the Board of Directors in overseeing the Company's development in ESG and guiding the implementation of related initiatives. The Audit Committee is currently chaired by one independent non-executive Director, one independent non-executive Director and one non-executive Director as members. On climate change, the Audit Committee is responsible for:

- To consider the Company's assessment of environmental and social impacts, monitor international and domestic ESG and climate change related trends to ensure that potential impacts, opportunities and risks to the Company's business are effectively assessed, and report to the Board key ESG and climate change trends that affect the Company's ESG strategy and target setting

The Audit Committee has also established an ESG Committee to assist the Audit Committee in its daily ESG supervision work (including climate change). The ESG Committee, together with the management and relevant ESG departments, collects information on the progress, risks and opportunities related to climate change and regularly collects information on the progress, risks and opportunities related to climate change with stakeholders. The ESG Committee reports to the Audit Committee on climate-related management and disclosure at least once a year.

The Audit Committee reports directly to the Board of Directors and makes recommendations at least once a year. After accepting the recommendations of the Audit Committee, the Board of Directors will conduct further review and discussion to decide whether to approve the recommendations. In assessing the risk management effectiveness of the Company, the Board of Directors and Audit Committee will also consider ESG-related risks, including those related to climate change. In addition, the Group also conducts a significant ESG issues (including climate change related issues) assessment every year, the results of which will be considered as an important factor in the Company's sustainable development.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Strategy

"Dual Carbon" policy is an important strategic deployment of China in the future. In response to the country's call, Transcenta adheres to the concept of green development, integrates the response to climate change into the Company's development agenda, strengthens the construction of energy conservation and emission reduction system and process, and helps to achieve the "Dual Carbon" goal through the sustainable development of the Company.

Transcenta well understands that climate change will pose multiple risks to our business. Physical risks such as extreme weather and rising temperatures can negatively impact assets, employees and supply chains, and may lead to climate transition risks such as policy risks, market and technology risks, and reputation risks, with potential financial implications.

On the other hand, climate change will also create opportunities for Transcenta to develop and implement low-carbon and climate-resistant technology applications to reduce the potential increase in operating costs caused by extreme weather, while meeting stakeholders' expectations for Transcenta's sustainable development and contributing to the low-carbon transformation and sustainable development of the Company.

To effectively address climate change, Transcenta has identified climate-related risks and opportunities and determined the potential financial impacts, so as to develop early response measures to gradually improve our capacity and resilience to cope with climate change. By conducting policy research, peer benchmarking, and considering suggestions from internal and external experts, the Company has identified climate change risks and opportunities related to its business operations, as shown in the chart below:

Physical risks	**Transformation risks**	**Climate opportunities**
Acute physical risks	Policy and legal risks	Improvement of resource efficiency
Chronic physical risks	Technology and market risks	Usage of renewable energy
	Reputation risks	Increase in climate resilience

Risk Management

The Company has established a sound risk management framework and related risk management system, which are also applied in climate change-related risk management. In accordance with the risk management framework, the management establishes risk management policies and internal control processes to identify, assess and manage risks. Each business and functional department will implement relevant policies and procedures in their daily operations and regularly report the significant risks identified to the management. The management will promptly identify and assess the reported significant risks and then allocate adequate resources to mitigate and manage the relevant risks.

The management will report the results of risk management and internal control to the Board of Directors to evaluate the effectiveness of the Company's risk management and internal control systems. Through their risk monitoring role, the Board of Directors and the Audit Committee will ensure that effective risk management mechanisms will be established with the management and are consistent with the Company's strategy and risk tolerance.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

In managing climate change risks, we develop our risk response measures according to their significance and financial impact.

Determination of important climate change risks relevance		Potential financial impacts	Response measures
Physical risks	**Acute physical risks** Frequent extreme weather caused by climate change may cause damage to infrastructure and affect the operation stability of Transcenta. At the same time, to cope with extreme weather, the Company has to increase investment in safety equipment and training, leading to increasing operating costs.	Increase in operating costs Decrease in operating income	• Formulate and regularly update the Management System on Emergency Rescue《應急救援管理制度》to cope with climate disaster emergencies • Reserve backups for key materials through expanding the proportion of localized procurement and improve the stability and resilience of the supply chain to cope with climate risks
	Chronic physical risks Continuous high temperature weather may lead to unstable power supply and increase operating costs. At the same time, the high temperature weather will affect the health and safety of employees, and the Company needs to invest in high temperature subsidies, employee safety insurance and other labour costs.	Increase in operating costs	• Reduce cost and increase efficiency through technical transformation of equipment • Consider renewable energy use and process energy conservation and emission reduction in the location selection and construction of new plants • Encourage employees to practice green operation and enhance their green office awareness

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Determination of important climate change risks relevance		Potential financial impacts	Response measures
Transformation risks	**Policy and legal risks** Greenhouse gas emission policies and supervision are being improved, and the pricing of greenhouse gas emissions is expected to continue to rise, which will affect Transcenta's operating costs and capacity expansion. The adoption/deployment of renewable energy facilities and processes may result in increased operating costs if policy and legal changes require the installation or use of clean energy.	Increase in operating costs	• Keep up to date with climate-related laws and regulations; collect greenhouse gas emissions data on an annual basis, and make timely responses and decisions to major changes in greenhouse gas emissions • Make the work of addressing climate change one of the priorities of the Audit Committee, the ESG Committee and the relevant ESG departments • Consider renewable energy use and process energy conservation and emission reduction in the location selection and construction of new plants
	Technology and market risks In response to the expectations of various stakeholders, Transcenta is required to reduce its own greenhouse gas emissions. This will drive low-carbon process innovation and investment in clean energy and technology; Transcenta's products in development cover oncology and other diseases. These diseases are likely to be affected by climate change and thus influence the market demand for the Company's products.	Increase in operating costs	

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Determination of important climate change risks relevance		Potential financial impacts	Response measures
	Reputation risks As a listed company, Transcenta's policies and efforts to cope with climate change are increasingly under the scrutiny of the government, investors, customers, the public and other stakeholders. Failure to meet stakeholders' expectations may affect the Company's reputation and investors' decisions.	Increase in non-operating costs	• Make climate change a priority issue and communicate with stakeholders through stakeholder research

Determination of important climate change opportunities relevance		Potential financial impacts
Climate opportunities	**Improvement of resource efficiency** Improve the use efficiency of energy, water and waste and reduce operating costs	• Decrease in operating costs
	Usage of renewable energy Effectively address the risk of future energy and carbon price increases	• Decrease in operating costs
	Increase in climate resilience Effectively enhance the Company's climate adaptability and resilience of development by improving energy-efficient processes and selecting environmentally friendly suppliers	• Decrease in operating costs

Indicators and targets

The main types of energy used by Transcenta in the experiment and production process are purchased electricity and steam. We also use diesel and gasoline in the operation and maintenance of our plants and in our own vehicles respectively. The Company also discloses energy usage, greenhouse gas emissions and emission intensity in the ESG report annually to evaluate our management performance in addressing climate change and to formulate improvement plans in a timely manner.

In 2022, we began to set targets for reducing energy consumption and carbon emissions. The Company continued to promote the achievement of energy saving and emission reduction targets through policy management system, energy saving equipment and process transformation, and publicity of staff awareness of energy saving.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

GHG Emissions of Transcenta in 2022[3]

Indicators	Unit	2022	2021
Total GHG emissions	tons of CO_2	**4,972.00**	6,220.13
Of which: Direct emissions (Scope 1)	tons of CO_2	**16.23**	33.06
Indirect emissions (Scope 2)	tons of CO_2	**4,955.76[4]**	6,187.07
Intensity of GHG emissions	tons of CO_2/RMB1 million	**48.79**	123.91
Intensity of direct emissions (Scope 1)	tons of CO_2/RMB1 million	**0.16**	0.66
Intensity of indirect emissions (Scope 2)	tons of CO_2/RMB1 million	**48.63**	123.25

4.3. EMISSIONS MANAGEMENT

The Company strictly complies with national environmental laws and regulations and emission standards of factories, laboratories, offices and other places of operation, actively undertakes environmental responsibilities and compliance obligations, and scientifically manages and disposes of waste water, exhaust and wastes generated from production and operation. We develop and implement relevant internal management systems and methods and standardize the disposal process to ensure that emissions are compliant or even below compliance standards, and effectively reduce the environmental impact of various emissions.

In 2022, we had a total of four environmental inspections, and all the hidden danger rectification items were completed and received positive feedback. We did not receive any external official warnings or fines. In addition, we re-sorted out the Company's environmental protection situation and met the renewal and audit requirements of pollutant discharge permit change issued by Hangzhou Ecological Environment Bureau.

Discharge of waste water

The waste water of the Company mainly includes waste water from production, ground cleaning, laboratories, concentrated water from the processing of pure water and domestic waste water. Based on the requirements of the place where it is located on the management of waste water discharge, the Company formulated the Management System on Wastewater《廢水管理制度》, specifying the processes for the treatment of waste water. Based on the mandatory requirements on national specifications on pollution discharge permits, the Company installed an online sewage monitoring equipment at the outfalls in the terminal of sewage treatment stations and achieved real-time monitoring on sewage indicators to ensure the discharge of waste water in line with regulations.

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3 The calculation of GHG emissions refers to the Listing Rules of the Hong Kong Stock Exchange and Appendix II: Reporting Guide on Key Environmental Performance Indicators. The electricity conversion coefficient (the East China regional power grid: 0.7035kg/kWh, and the North China regional power grid: 0.8843kg/kWh) refers to the 2012 China Regional Grid Average Carbon Dioxide Emission Factor by the National Center for Climate Change Strategy and International Cooperation; and the purchased steam conversion coefficient (0.11 ton of CO_2/GJ) refers to the Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions from Industrial Enterprises (Trial) by the National Development and Reform Commission of the People's Republic of China. In 2022, the corporate revenue of Transcenta was RMB101.9 million.

4 During the reporting period, the Company's total greenhouse gas emissions (Scope 2) decreased by 19.90% as compared to the previous year, mainly due to a 22.82% decrease in purchased electricity at Hangzhou plant through optimization of utility equipment start-stop plan and adjustment of air conditioners temperature setting.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

During the reporting period, after discussions with the production department, engineering department and suppliers and through experimental certification, the Company sorted out a waste water treatment scheme applicable to the Company, that is, adopting the low-temperature evaporation system and sewage turnover tank to meet the wastewater discharge needs of the Company. In addition, the Company plans to split the existing balance pool into two functional pools, one as the balance pool and the other as drainage buffer pool. The drainage buffer pool will be installed with a COD online monitor to monitor the COD data of the drainage buffer pool in real time.

Wastewater Discharge of Transcenta in 2022

Indicators[5]	**Unit**	**2022**	2021
Sewage treatment	m^3	**7,741**	7,275
Chemical oxygen demand (COD) emissions	ton	**0.140**	0.094
Ammonia nitrogen emissions	ton	**0.048**	0.002
Total nitrogen emissions	ton	**0.106**	0.067
Total phosphorus emissions	ton	**0.008**	0.001

Exhaust emissions

The Company formulates the Management System on Exhaust Emissions《廢氣排放管理制度》in accordance with the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China and conducts effective control on sulfur dioxide (SOx), nitrogen oxides (NOx) and particulate matters generated from production and operation. It classifies exhaust, installs exhaust treatment devices and regularly inspects and repairs the leakage of equipment to ensure that the exhaust emissions meet the emission standards of the place where it operates. During the reporting period, we continued to consolidate our exhaust gas treatment ledger to identify and manage potential emissions risks as early as possible. In July 2022, the Company invited a third-party monitoring company to conduct test on the exhaust gas treatment facilities and issue a test report.

Exhaust Emissions of Transcenta in 2022[6]

Indicators	**Unit**	**2022**	2021
Sulfur oxides (SOx)	kg	**0.09**	0.19
Nitrogen oxides (NOx)	kg	**3.45**[7]	5.38
Particulate matters	kg	**0.25**	0.40

5 Emissions of chemical oxygen demand (COD), ammonia nitrogen, total nitrogen and total phosphorus is the quantity of waste water discharged into natural waters.

6 Exhaust emissions are mainly from gasoline consumption by official vehicles and diesel consumption by diesel generators. The calculation of exhaust emissions refers to the Listing Rules of the Hong Kong Stock Exchange and Appendix II: Reporting Guide on Key Environmental Performance Indicators.

7 During the reporting period, the Company's nitrogen oxide (NOx) emissions decreased by 35.87% as compared to the previous year, mainly due to that the Company's official vehicles mileage was 46,136 km, a decrease of approximately 36% as compared to the previous year.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Waste emissions

The Company categorizes waste into dangerous waste (hazardous waste), ordinary solid waste, construction waste and household waste (such three categories are non-hazardous waste) based on their attributes. In accordance with the Law on the Prevention and Control of Environment Pollution by Solid Waste of the People's Republic of China and other laws and regulations, the Company formulates and implements the Management System on the Disposal of Solid Waste《廢棄物處置管理制度》and the Safety Operational Specifications on the Collection, Transfer and Temporary Storage of Dangerous Waste《危險廢物收集、轉移、暫存安全操作規程》, conducts strict management on the classification, labeling, collection, temporary storage and commits that non-hazardous wastes from self-operated are separately managed by categorization and all hazardous wastes are handled by qualified third-party organizations, to eliminate environmental risks caused by improper disposal of solid waste. In addition, the Company optimizes the process, advocates green office and use recyclable materials to reduce the use of disposable goods and the generation of waste.

Case: The Company continues to optimize the design of hazardous waste bank and practice environmental responsibility

In 2022, the Company actively optimized the design and facilities of hazardous waste bank by setting up hazardous waste management notorious cards at the entrance, classify and collect plastic solid waste, laboratory waste, organic waste liquids, failed solid reagents, glass solid waste, organic waste liquids, empty drums and waste motor oil. Our hazardous waste was cleared and disposed of once every half a month by a third-party company. In the future, our goal is to achieve once a week to improve the utilization efficiency of recycled resources.

Laboratory waste
(900-047-49) placed district

Organic waste liquids
(900-047-49) placed district

From high to low: failed solid reagents/
glass solid waste/organic waste liquids
(900-047-49)

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Waste Emissions of Transcenta in 2022[8]

Indicators	Unit	2022	2021
Total non-hazardous waste	ton	**7.86[9]**	28.24
Intensity of non-hazardous waste emissions[10]	ton/RMB1 million	**0.08**	0.56
Total hazardous waste	ton	**28.09**	39.64
Intensity of hazardous waste emissions[11]	ton/RMB1 million	**0.28**	0.79

4.4. RESOURCE MANAGEMENT

Energy saving and consumption reduction

The Company formulated the Management System on Energy Saving and Consumption Reduction《節能降耗管理制度》to actively reduce energy consumption in production. The Company further optimizes energy use through improving processes, giving priority to equipment with few environmental impacts and high-cost performance, recycling steam condensation water and clean air-conditioning heat as well as other methods. In addition, the Company conducts supervision and control on public areas and other areas without particular use of energy on four aspects, namely power consumption for lighting, air-conditioning, other electric appliances in office and other energy consumption management.

In 2022, in terms of production, we set up clean room exhaust air, which brings exhaust air into the interior of the technical mezzanine to achieve cooling effect and reduce the need for air conditioning. In addition, the Company has invested in introducing equipment to make the overall steam consumption better match with the overall capacity demand, which has already reduced consumption and expenses by approximately one third since it came into use in July 2022. In terms of office operation, we have set up red and green switches for the lighting, usually with only the green switch on and the red off; Paper statistics have been carried out for all types of paper administratively, hoping that staff can reduce paper consumption; In summer, we control the temperature of the air conditioner in the office area.

8 The collection of waste covers operation places in Hangzhou, Shanghai, Beijing and Suzhou.

9 During the reporting period, the total non-hazardous waste decreased by 72.06%, mainly due to the fact that the discarded celine bottles for this year was 1.515 tons as compared to 12.73 tons in previous year, which was caused by the difference in test verification frequency.

10 Intensity of non-hazardous waste emissions =Total non-hazardous waste / RMB1 million corporate revenue

11 Intensity of hazardous waste emissions = Total hazardous waste / RMB1 million corporate revenue

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Energy Consumption of Transcenta in 2022[12]

Indicators	Unit	2022	2021
Direct energy consumption			
Total direct energy consumption[13]	tons of standard coal	**6.59**	13.76
Gasoline	liter	**5,222[14]**	8,825
Diesel	liter	**800[15]**	3,500
Indirect energy consumption			
Total indirect energy consumption[16]	tons of standard coal	**1,124.50**	1,418.30
Total power consumption	kWh	**4,327,901.75[17]**	5,250,707.68
Purchased steam	GJ	**17,368.06**	22,654.8
Intensity of energy consumption			
Intensity of direct energy consumption[18]	tons of standard coal/RMB1 million	**0.06**	0.28
Intensity of indirect energy consumption[19]	tons of standard coal/RMB1 million	**11.04**	28.25
Intensity of comprehensive energy consumption[20]	tons of standard coal/RMB1 million	**11.10**	28.53

12 The energy consumption covers the operation places of the Company in Hangzhou, Shanghai, Beijing and Suzhou. The calculation of energy consumption refers to the GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption, the national standards of the People's Republic of China.

13 The standard coal coefficient of diesel and gasoline are 1.4571kgce/kg and 1.4714kgce/kg, respectively.

14 During the reporting period, the Company's gasoline consumption decreased by 40.89% as compared to the previous year, mainly due to the fact that the Company's official vehicle mileage was 43,136 km, which decreased by approximately 36% as compared to the previous year.

15 During the reporting period, the Company's diesel consumption decreased by 77.14% as compared to the previous year, mainly due to the significant decrease in the commissioning of diesel generators at Hangzhou plant in 2022.

16 The electricity standard coal coefficient: 0.1229kg/kWh; the thermal standard coal coefficient: 0.03142kg/MJ.

17 During the reporting period, the Company's total power consumption decreased by 17.57% as compared to the previous year, mainly due to a decrease of 1,261,841 kWh of purchased electricity at Hangzhou plant through optimization of utility equipment start-stop plan and adjustment of air conditioning temperature setting. In addition, during the reporting period, the power consumption of Suzhou was disclosed for Suzhou Transcenta business and Transcenta diagnosis business; In the 2021 ESG report, the power consumption of Suzhou was disclosed only for Suzhou Transcenta business.

18 Intensity of direct energy consumption = Total direct energy consumption / RMB1 million corporate revenue

19 Intensity of indirect energy consumption = Total indirect energy consumption / RMB1 million corporate revenue

20 Intensity of comprehensive energy consumption = Total comprehensive energy consumption / RMB1 million corporate revenue; Total comprehensive energy consumption = Total direct energy consumption + Total indirect energy consumption.

4. BUILDING CLEAN AND HARMONIOUS ECOSYSTEMS

Saving water

The water consumed by the Company comes from municipal water supply. During the reporting period, there were no issues in sourcing water that is fit for purpose. The Company improves the use efficiency of water resources through optimizing processes and advocating saving water by employees.

Case: The company takes multiple measures simultaneously to continuously optimize the water resources recycling management system

The Company is deeply aware that water resources management is a key step to achieve corporate sustainable development. During the reporting period, we effectively promoted the water resources recycling management system to improve the efficiency of water resources utilization. The initial reclaimed water reuse and rainwater collection tanks are set up in Hangzhou plant to further tap the potential of water saving and reduce the intensity of water consumption from production.

Water Resources Consumption of Transcenta in 2022[21]

Indicators	Unit	2022	2021
Total water consumption	m^3	**11,751**	12,367
Intensity of water consumption[22]	m^3/RMB1 million	**115.32**	246.35

Use of packaging materials

Packaging materials used by the Company mainly are rubber plugs, aluminium caps and glass bottles. We advocate saving the use of packaging materials based on our actual demands on the premise of not affecting the product quality in the process of use. With the exception of packaging materials that cannot be recycled because they are related to pharmaceutical products, we strengthened control over the consumption of all types of packaging materials in use.

Packaging Consumables Consumption of Transcenta in 2022

Indicators	Unit	2022	2021
Total packaging materials	ton	**1.16[23]**	57.50
Intensity of packaging materials	ton/RMB1 million	**0.01**	1.44

21 Total water consumption covers operation places in Hangzhou, Shanghai, Beijing and Suzhou.

22 Intensity of water consumption = Total water consumption / RMB1 million corporate revenue

23 Transcenta optimized its packaging design and packaging materials, using glass bottles, aluminium caps and rubber plugs as packaging materials for its products. During the reporting period, the Company produced a total of approximately 84,000 products, with a consumption of approximately 10g, 0.5g and 1g of glass bottles, aluminium caps and rubber plugs respectively for each product.

APPENDIX I: KEY PERFORMANCE TABLES IN 2022

Key performance indicators	2022	2021	Unit
Environmental			
Direct energy consumption			
Gasoline	**5,222**	8,825	liter
Diesel	**800**	3,500	liter
Indirect energy consumption			
Total power consumption	**4,327,901.75**	5,250,707.68	kWh
Purchased steam	**17,368.1**	22,654.8	GJ
Energy consumption			
Direct energy consumption	**6.59**	13.76	tons of standard coal
Indirect energy consumption	**1,124.50**	1,418.30	tons of standard coal
Comprehensive energy consumption	**1,131.09**	1,432.06	tons of standard coal
Intensity of energy consumption	**11.10**	28.53	tons of standard coal/RMB1 million
GHG emissions			
Direct emissions (Scope 1)	**16.23**	33.06	tons of CO_2
Indirect emissions (Scope 2)	**4,955.76**	6,187.07	tons of CO_2
Total GHG emissions (Scope 1 + Scope 2)	**4,972.00**	6,220.13	tons of CO_2
Intensity of GHG emissions	**48.79**	123.91	tons of CO_2/RMB1 million
Water resources			
Total water consumption	**11,750**	12,367	m^3
Intensity of water consumption	**115.32**	246.35	m^3/RMB1 million
Waste water			
Comprehensive sewage discharges	**7,741**	7,275	m^3
Waste			
Total non-hazardous waste	**7.86**	28.24	ton
Intensity of non-hazardous waste emissions	**0.08**	0.56	ton/RMB1 million
Total hazardous waste	**28.09**	39.64	ton
Intensity of hazardous waste emissions	**0.28**	0.79	ton/RMB1 million
Exhaust emissions			
Sulfur oxides	**0.09**	0.19	kg
Nitrogen oxides	**3.45**	5.38	kg
Particulate matters	**0.25**	0.40	kg
Packaging consumables			
Total packaging materials	**1.16**	57.5	ton
Intensity of packaging materials	**0.01**	1.44	ton/RMB1 million

APPENDIX I: KEY PERFORMANCE TABLES IN 2022

Key performance indicators	2022	2021	Unit
Social			
Staff overview			
Total number of employees	**334**	397	No. of people
Full-time employees	**322**	363	No. of people
Part-time employees	**12**	34	No. of people
Male employees	**133**	172	No. of people
Female employees	**201**	225	No. of people
Employees aged 29 and below	**97**	166	No. of people
Employees aged 30 to 49	**207**	200	No. of people
Employees aged 50 and above	**30**	31	No. of people
Chinese employees	**311**	377	No. of people
U.S. employees	**23**	20	No. of people
Proportion of female employees in senior management	**41.7**	45.8	%
Proportion of foreign employees	**9.28**	8.06	%
Proportion of minority employees	**1.80**	1.26	%
Proportion of disabled employees	**0.60**	0.76	%
Turnover rate of employees	**24.94**	20	%
Turnover rate of male employees	**26.11**	7.81	%
Turnover rate of female employees	**24.15**	12.19	%
Turnover rate of employees aged 29 and below	**34.01**	7.50	%
Turnover rate of employees aged 30 to 49	**19.77**	11.88	%
Turnover rate of employees aged 50 and above	**25.00**	0.63	%
Turnover rate of employees in China	**24.88**	19.06	%
Turnover rate of employees in the U.S.	**26.81**	0.94	%
Occupational health and safety			
Number of work-related injuries	**0**	0	case
Lost days due to work injuries	**0**	0	day
Number of work-related fatalities	**0**	0	No. of people
Staff trainings			
Total hours of staff trainings	**13,861**	13,405	hour
Coverage rate of staff trainings	**100**	100	%
Average training hours of employees	**41.50**	33.77	hour
Supplier management			
Number of suppliers	**1,069**	355	No. of suppliers

APPENDIX II: CONTENT INDEX OF HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspect	Disclosure Requirements	Report Index
A1	**Emissions:** General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	4.1. Environmental Management System 4.2. Response to Climate Change
KPI A1.1	The types of emissions and respective emissions data.	4.3. Emissions Management KEY PERFORMANCE TABLES IN 2022
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2. Response to Climate Change KEY PERFORMANCE TABLES IN 2022
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3. Emissions Management KEY PERFORMANCE TABLES IN 2022
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3. Emissions Management KEY PERFORMANCE TABLES IN 2022
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	4.1. Environmental Management System 4.2. Response to Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1. Environmental Management System 4.3. Emissions Management

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Aspect	Disclosure Requirements	Report Index
A2	**Use of Resources:** General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	4.1. Environmental Management System 4.4. 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).	4.4. Resource Management KEY PERFORMANCE TABLES IN 2022
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4. Resource Management KEY PERFORMANCE TABLES IN 2022
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1. Environmental Management System 4.4. 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.	4.1. Environmental Management System 4.4. Resource Management
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	4.4. Resource Management KEY PERFORMANCE TABLES IN 2022
A3	**The Environment and Natural Resources:** General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.1. Environmental Management System 4.2. Response to Climate Change 4.3. Emissions Management 4.4. 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.	

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Aspect	Disclosure Requirements	Report Index
A4	**Climate Change:** General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.2. Response to Climate Change
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.	
B1	**Employment:** General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1. Diversity, Equality and Inclusion
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1. Diversity, Equality and Inclusion KEY PERFORMANCE TABLES IN 2022
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1. Diversity, Equality and Inclusion KEY PERFORMANCE TABLES IN 2022
B2	**Health and Safety:** General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.4. Occupational Health and Safety

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Aspect	Disclosure Requirements	Report Index
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4. Occupational Health and Safety KEY PERFORMANCE TABLES IN 2022
KPI B2.2	Lost days due to work injury.	3.4. Occupational Health and Safety KEY PERFORMANCE TABLES IN 2022
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4. Occupational Health and Safety
B3	**Development and Training:** General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	3.3. Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.3. Training and Development KEY PERFORMANCE TABLES IN 2022
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.3. Training and Development KEY PERFORMANCE TABLES IN 2022
B4	**Labour Standards:** General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1. Diversity, Equality and Inclusion
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1. Diversity, Equality and Inclusion
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1. Diversity, Equality and Inclusion

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Aspect	Disclosure Requirements	Report Index
B5	**Supply Chain Management:** General Disclosure Policies on managing environmental and social risks of the supply chain.	2.3. Responsible Supply Chains
KPI B5.1	Number of suppliers by geographical region.	2.3. Responsible Supply Chains
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.	2.3. Responsible Supply Chains
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3. Responsible Supply Chains
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3. Responsible Supply Chains
B6	**Product Responsibility:** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.2. Quality Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2. Quality Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2. Quality Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1. Research and Development and Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	2.2. Quality Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.4. Business Ethics and Ethical Operation

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Aspect	Disclosure Requirements	Report Index
B7	**Anti-corruption:** General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4. Business Ethics and Ethical Operation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.4. Business Ethics and Ethical Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.4. Business Ethics and Ethical Operation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.4. Business Ethics and Ethical Operation
B8	**Community Investment:** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	3.5. Society Co-building
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3.5. Society Co-building
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	3.5. Society Co-building

APPENDIX III: SUMMARY OF ABBREVIATION INVOLVED IN THE REPORT

PCT	–	Patent Cooperation Treaty
3R	–	Reduction, Refinement, Replacement
CMC	–	Chemical Manufacturing and Control
PK/PD	–	Pharmacokinetics/Pharmacodynamics
IND	–	Investigational New Drug
GCP	–	Good Clinical Practice
GMP	–	Good Manufacturing Practice
FDA	–	Food Drug and Administration
ICH	–	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use
EMA	–	European Medicines Agency
NMPA	–	National Medical Products Administration
CDMO	–	Contract Development and Manufacturing Organization
GLP	–	Good Laboratory Practice