遠大健康
CGE HEALTHCARE
遠大醫藥集團
GRAND PHARM ACEUTICAL GROUP

遠大醫藥集團有限公司
GRAND PHARMACEUTICAL GROUP LIMITED
(於百慕達註冊成立之有限公司)
股份代號：00512

2023

Environmental, Social and Governance Report

CONTENTS

About This Report

This is the first Environmental, Social and Governance ("ESG") report (this Report) published separately by Grand Pharmaceutical Group Limited ("Grand Pharma", "we" or the "Company"). The purpose of this Report is to provide shareholders, employees, the government, customers, patients, partners, the public and other stakeholders with an objective and accurate account of the Company's measures and achievements in sustainable development covering environmental, social, and governance aspects.

Reporting Standards

This Report has been prepared in accordance with the requirements set out in the *Appendix C2 of The Listing Rules Environmental, Social and Governance Reporting Guide (ESG Guide) of* the Stock Exchange of Hong Kong Limited ("HKEX") and the *Corporate Governance Code*. It also drew reference from certain indicators of the Global Reporting Initiative's *Sustainability Reporting Standards (the "GRI Standards")*.

Reporting Period

From 1 January 2023 to 31 December 2023 (the "Reporting Period" or the "Year"). In order to enhance the comparability and completeness of the contents of this Report, part of its contents may be dated back to previous years or extended to 2024 when appropriate.

Reporting Scope

The disclosure scope of this Report covers Grand Pharmaceutical Group Limited (00512.HK) (the "Company") and its subsidiaries ("Grand Pharma", the "Group" or "we"), which is consistent with that of the 2023 Annual Report of the Company. The abbreviated names of the subsidiaries and associates referred to in the body of the report are as follows:

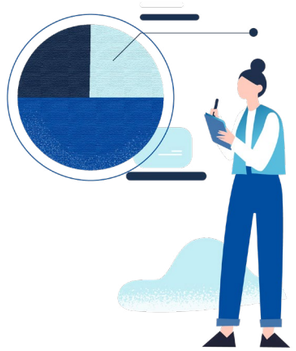
Full name of the company	Abbreviated name of the company
Wuhan Wuyao Pharmaceutical Co. Ltd.	Wuyao Pharmaceutical
Wuhan Grand Hoyo Co., Ltd.	Grand Hoyo
Hubei Grand Life Science & Technology Co., Ltd.	Grand Life Technology
Hubei Grand Fuchi Pharmaceutical & Chemicals Co., Ltd.	Fuchi Chemicals
Hubei Grand EBE Pharmaceutical Company Limited	Grand EBE
Wuhan Kernel Bio-tech Co., Ltd.	Kernel Bio
Hubei Wellness Pharmaceutical Co., Ltd.	Hubei Wellness
Beijing Grand Jiuhe Pharmaceutical Co., Ltd.	Grand Jiuhe
Xi'an Beilin Pharmaceutical Co., Ltd.	Xi'an Beilin
Wuhan Wuyao Technology Co., Ltd.	Wuyao Technology
Grand Medical Pty Ltd	Grand Medical
Hubei Bafeng Pharmaceuticals & Chemicals Share Co., Ltd.	Hubei Bafeng
Wuhan Shetai Medical Technology Co., Ltd.	Wuhan Shetai
Cangzhou Huachen BioTech Co., Ltd.	Cangzhou Huachen
Grand Pharm (China) Company Limited, Preparation Branch	Grand Preparation Company
Sirtex Medical Pty Ltd	Sirtex
BlackSwan Vascular Inc.	BlackSwan

Report Disclosure

This Report is disclosed alongside the 2023 Annual Report of Grand Pharmaceutical Group Limited; and the financial data involved are consistent with that of the 2023 Annual Report of the Company. In this Report, the currency mentioned are in Hong Kong Dollars unless otherwise specified. Other data and cases mainly come from the Company's statistical reports and related documents.

Report Access

This Report is published in Traditional Chinese and English for readers' reference. In case of discrepancies between the content of different versions, the Chinese version shall prevail. For environmental protection, we recommend reading the electronic version of the report, which is available on the Company's website (https://www.grandpharm.com).



Chairman's Message

2023 was the inaugural year to fully implement the spirit of the 20th National Congress of the Chinese Communist Party and the critical year to carry forward the 14th Five-Year Plan. Looking back, last year has been extremely meaningful for the members of Grand Pharma. Undaunted by the complex and volatile external environment and the fierce market competition, we actively seized the opportunities of high-quality development of the pharmaceutical industry, adhered to the global operation layout, and comprehensively implemented the ESG concepts, striving to deliver satisfactory results to our shareholders and communities with our solid commitment and constant exploration for development.

Grand Pharma has continued to regulate its corporate governance structure, improve the scientific rules of procedures, promote the building of integrity, and reinforce its internal control and risk management. We maintain long-term and efficient communications with our stakeholders and endeavor to fully integrate the core ESG concepts and standards into the development strategies and daily operations of the Company, constantly improving our ESG governance level and performance to lay a solid foundation for sustainable development.

As a pioneering innovative pharmaceutical company, Grand Pharma is committed to providing more advanced, diversified, and accessible treatment solutions to patients worldwide with focus on their needs and driven by technological innovation. We continue to step up effort in investing innovative products and advanced technologies to enrich and improve our product pipeline. In addition to cultivating the traditional fields of strength such as respiratory, ophthalmology, cerebro-cardiovascular emergency and biotechnology, we also actively expand our presence in emerging areas such as cerebro-cardiovascular interventional diagnosis and treatment and nuclear medicine anti-tumor diagnosis and treatment, striving to overcome difficulties and achieve excellence. A number of our innovative products have made breakthroughs in clinical trials, which successfully filled the gaps in the industry. We regard product quality as the lifeblood of the enterprise and always insist on full lifecycle quality control to protect the health and safety of every family with excellent product quality.

We firmly believe that talents are the most valuable asset of the Company and the key to the everlasting success of Grand Pharma. We have continued to broaden the channels for attracting talents and deepened our collaboration with prestigious local and overseas universities and research institutes, making solid progress in introducing various types of high-level talents. At the same time, we earnestly safeguard the legitimate rights and interests of employees and ensure occupational health and safety and provide broad space for the development of employees through constructing a multi-form, three-dimensional talent cultivation system, working together with our employees to accomplish the Grand visions.

Under the guidance of the "dual carbon" goal, Grand Pharma has proactively participated in the global mission of combating climate change. We are deeply committed to the concepts of green, low-carbon and sustainable development, and we take the initiatives to identify the risks of climate change and formulate countermeasures, paying close attention to the impact of our business development on the environment and striving to build a resource-saving and environmentally friendly enterprise. We set up scientific, trackable, and quantitative environmental objectives, and implement effective targeted management in areas such as energy use, greenhouse gas emissions, water consumption and pollutant emissions, aiming to create economic benefits and achieve our own development while protecting the environment and contributing to the construction of a beautiful China.

As a responsible corporate citizen, Grand Pharma has remained true to its initial aspiration and shared the results of its development with the society by actively participating in public welfare undertakings such as village revitalization and health education for doctors and patients. We are committed to providing low-income patients with affordable therapeutic drugs by leveraging our industrial strength, enhancing our cooperation with the government and the industry, and actively promoting the inclusion of a wide range of drugs in health and commercial insurance. We set up the Yttrium Flower Health Fund (釔朵小紅花健康基金) to provide financial assistance to eligible low-income liver cancer patients, conveying the warmth and care of Grand Pharma with practical actions and fulfilling the mission and commitment of a pharmaceutical enterprise.

This is the first ESG report we have published separately, which aims to review Grand Pharma's efforts in corporate governance, environmental protection, and the fulfilment of social responsibilities in 2023. We hope to further promote the sharing of benefits between the Company and the communities, especially with our stakeholders, to enhance mutual understanding and recognition, and to jointly promote the harmonious and unified development of the economy, the environment, and the society.

As the saying goes: "Where there's a will, there's a way." We still shoulder great responsibility in realizing our corporate vision of "benefit both patients and doctors and contribute to the society." In the coming year, all members of Grand Pharma will continue to adhere to the strategy of "dual-wheel driving development of independent R&D and global expansion" and anchor in the main direction of high-quality development. We shall fear no challenges and unite our efforts to embark on Grand Pharma's journey and write a splendid chapter.

Chairman
Dr. Tang Weikun

About Grand Pharma

Company Introduction

Grand Pharmaceutical Group Limited (Stock Code: 00512.HK) ("Grand Pharma") is an international pharmaceutical company of technological innovation. Its core businesses cover three major areas, namely pharmaceutical technology, nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology and biotechnology. Based on the pharmaceutical and biological industries, the Group focuses on the needs of patients, and take technological innovation as the driving force. In response to the unmet clinical needs, the Group will increase its investment in global innovative products and advanced technologies, enrich and improve its product pipelines, consolidate and strengthen its industrial chain layout, and fully leverage the Group's industrial strengths and R&D capabilities to provide more advanced and diverse treatment solutions to patients worldwide.

Centered around the needs of patients, we adapt to the market development and take technological innovation as the driving force. In recent years, Grand Pharma has successively distributed a series of innovative pharmaceutical products and medical devices products with broad markets including the United States, Australia, Germany, Belgium and other countries. Our Group has established in-depth cooperation with the world-leading pharmaceutical companies, universities and research institutes, and achieved a rich and diversified product pipeline in a range of high-precision medical therapeutic fields. Grand Pharma has currently invested and operated 5 R&D technology platforms and 8 R&D centres worldwide.

"Maintain stable growth, strive in innovation and strategic planning", Grand Pharma will stick with the development concept of comprehensive strengths, innovation leading and global expansion and the strategy of dual-wheel driving development of independent R&D, global expansion and dual-cycle operation. The Group has formed a new pattern of domestic and international cycles that synergize with each other, and is committed to benefiting both patients and doctors and contribute to the society.

invested and operated

5

R&D technology platforms

8

R&D centres worldwide

Mission and Vision

Corporate Vision

Benefit both patients and doctors and contribute to the society

Business Philosophy

Provide high-quality products with sincerity and integrity

Corporate Spirit

Dare to be the first and share the success

Corporate Slogan

Grand journey for a healthier world

2023 Performance Highlight

Governance

Corporate Governance

- Established the Strategy and ESG (Promotion) Committee and the ESG Working Group;
- Updated and improved ESG management strategies, published ESG Statement from the Board of Directors, and defined the responsibilities of the Board of Directors

Compliant Operations

- Conducted trainings on business ethics and anti-corruption for executives and employees, with a coverage rate of

100%

- **0** litigation case involving corruption or unfair competition

Core Business

Economic Performance

- Dividend of approximately **910 million HK$**
- Dividend payout ratio of approximately **47.7%**
- Operating revenue of **10.53 billion HK$**, representing year-on-year growth of approximately **15.8%**[1] ↑

Access to Healthcare

- **>200** products were included in the National Reimbursement Drug List

Supply Chain Management

- Conducted a total of **261** suppliers on-site audit and training exchanges
- Completed a total of **16** projects on nationalisation of imported materials

Technologies and Innovation

- Approximately **1.441 billion HK$** invested in R&D work and projects
- **30** products approved for commercialization
- **2** global innovative compound preparations for the treatment of asthma were included in the National Reimbursement Drug List (2022 edition), and Lava, an innovative liquid embolic agent was successfully commercialized in the United States

Quality Culture Building

- Held **28** Quality Month Events
- **5,000** participants in The Quality Month Events

Industrial Cooperation

- Promoted the formulation and publication of nearly **60** national and industrial standards

[1] Excluding the impact of change in the exchange rates between RMB and HK$.

Employee

Employment

- A total of **2,175** new employees
- **6** Corporate open days were successfully held during the year
- **112** staff recruited through campus recruitment
- **47** management trainees were recruited, 16 of them obtained doctoral degree and 31 of them obtained master's degree

Diversity

- Percentage of female employees in STEM-related positions

51.4%

Employee's Development

- The total number of participants of training reached **220,235**
- The average training hours of employees was **34.57 hours**
- **100%** of employees were trained

Occupational Health and Safety

- **6** subsidiaries obtained Work Safety Standardization Certificate (Level 2)
- **8** subsidiaries obtained Work Safety Standardization Certificate (Level 3)
- **10** subsidiaries obtained ISO 45001/ OHSAS 18001 Occupational health and Safety Management Systems Certification
- EHS inspections were carried out in **15 companies**
- **0** major safety accidents among employees was found

Environment

Environment Management

- Set an energy target: to reduce energy consumption intensity by **6%** by 2030, with 2023 as the base year
- Set a greenhouse gas emission target: to reduce greenhouse gas emission intensity by **10%** by 2030, with 2023 as the base year
- Invested **RMB 117.37 million** in environmental protection

Public Welfare

- Invested a total of **RMB 6.43 million** in public welfare programs

Accolades

January 2023
Royal Flush Enterprise
Investor Relationship Pioneer Award

June 2023
Ministry of Science and Technology of the PRC
National Demonstration Base for Talents Introduction

October 2023
E Medicine Manager
2023 Top 10 R&D Innovative Pharmaceutical Listed Companies in China

December 2023
HSTONG
2023 Most Concerned by Investors Award

January 2023
HSTONG
2022 Listed Companies Most Concerned by Investors

June 2023
Menet
Ranked 19th of the China Pharmaceutical Industry Top 100 List in 2022

November 2023
National Business Daily
Listed Bio-pharmaceutical Company with the Largest Growth

December 2023
Road Show China, Excellent IR
Best Capital Market Communication Award

April 2023
New Fortune
Best IR Hong Kong Listed Company

August 2023
Wuhan Federation of Industry and Commerce
Top 100 Private Enterprises in Wuhan

December 2023
Zhitong Finance
Most Valuable Pharmaceutical and Healthcare Company

December 2023
Moka
2023 China Human Resources [Sirius] Award - Most Popular Employer Brand among College Students

June 2023
Office of the Talent Work Leading Group of the Hubei Provincial Committee of the Communist Party of China
Talent Station of Hubei Province

August 2023
China Association of Traditional Chinese Medicine
Beilin Pharma, a subsidiary of the Group, listed on the 2022 TOP 100 Chinese Patent Medicine Enterprises

December 2023
Cailian Press
Best Innovation Value Award of the Year

December 2023
Liepin
2023 Hubei Extraordinary Employer

01

Grand Cornerstone, Lean Governance

Compliance with laws and regulations is the mainstay for sustainable corporate development and a win-win industry ecosystem. Grand Pharma has continuously improved its corporate governance standards, strengthened the supervision of the Board of Directors on ESG-related matters, and continued to integrate business ethics, risk management, information security and other issues into the core strategies of corporate development. We actively create long-term value for the society by fully mobilizing resources from all stakeholders, establishing smooth and transparent communication channels with relevant stakeholders.

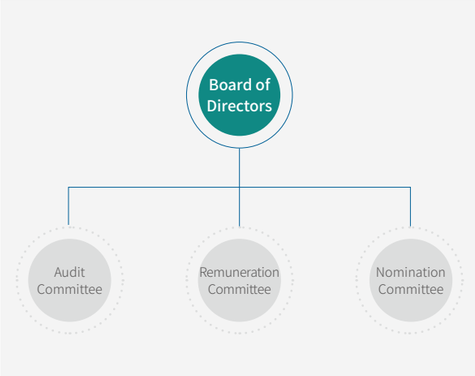
Corporate Governance

Grand Pharma has made continuous effort to enhance its governance standards and ensure the effectiveness of corporate governance through a well-established governance framework and effective management process. We continue to optimize our corporate governance structure, pay attention to the diversity of Board composition, ensure the independence and comprehensiveness of the Company's decision-making, and continue to enhance the transparency of our governance in order to safeguard the interests of our shareholders.

Board Structure

The Group strictly complies with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Standards on Corporate Governance of Listed Companies and other laws, regulations and regulatory documents, and stipulates the relevant management clauses on corporate governance in its *Memorandum and Articles of Association*, so as to continuously improve the standard of corporate governance.

Grand Pharma has established a scientific and efficient corporate governance structure with clear delineation of powers and responsibilities, which includes setting up the Audit Committee, the Remuneration Committee and the Nomination Committee under the Board of Directors, as well as the Strategy and ESG (Promotion) Committee and the Risk Committee at the senior management level to oversee the management of the Group's various affairs and to safeguard the rationality of resource allocation and operational decision-making.



Board Governance Structure

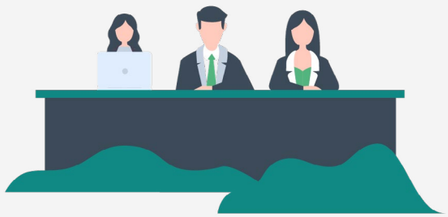
Board Diversity and Independence

In order to better cope with the changing business environment, Grand Pharma has formulated a board and senior management diversity policy and has included diversity as a consideration in the appointment of Board members by taking into account diversity factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service in the Board nomination process.

We strongly believe that diversity on the Board is one of the key elements that supports the Group in achieving its strategic objectives and sustainable development. In line with the principle of diversity, we have taken into account the individual competencies and skills of all Board members in their appointments, including differentiated Board management skills and areas of expertise, diverse regional and industry experience, financial management and risk management expertise, etc., in order to maintain a balanced Board of Directors in terms of diversity of backgrounds, skills and perspectives.

Board Diversity

Number of directors by gender



Operation of the Board

As of 31 December 2023, the Board of Directors of the Group comprises seven directors, including four executive directors, namely Dr. Tang Weikun (Chairman), Mr. Zhou Chao (Chief Executive Officer), Mr. Yang Guang and Dr. Shi Lin; and three independent non-executive directors, namely Ms. So Tosi Wan, Winnie, Mr. Hu Yebi and Dr. Pei Geng.

During the Year, the decision-making and supervisory organs of Grand Pharma, including the general meetings and the Board of Directors, have all carried out decision-making, operation and supervision strictly pursuant to the requirements of regulatory operation rules and internal control, with standardized and effective operation. Each of the special committees has performed their corresponding duties.

ESG Governance

Grand Pharma regards ESG as one of the key elements in its corporate development plan and wishes to incorporate the concept of sustainability into all processes of the Company's operations. Grand Pharma recognises that a sound ESG governance structure is an important foundation for ensuring the effective implementation of ESG governance. To realize this vision, we have built a top-down ESG governance structure and established a comprehensive management mechanism to strengthen the ESG governance foundation.

ESG Governance Strategy

Grand Pharma continues to pay attention to existing laws and regulations and emerging ESG development trends to ensure that its environmental, social and governance policies, processes and disclosures are in compliance with the requirements, and makes gradual move to fully integrate ESG governance standards and related requirements into the corporate management system. We are committed to establishing open and transparent communication channels, disclosing ESG-related information in a timely and accurate manner, setting up effective management policies and internal control systems on ESG matters, optimizing and adjusting ESG governance approaches and strategies in a timely manner, closely monitoring ESG-related risks, tracking key ESG indicators and targets on a regular basis, and incorporating sustainability into every aspect of our daily operations, so as to continually improve the Group's ESG performance.

ESG Governance Structure

In 2023, Grand Pharma established the Strategy and ESG (Promotion) Committee to absorb and learn from the advanced ESG governance concepts and initiatives in the industry, with a view to promoting sustainability strategies. Grand Pharma has established a top-down three-tier ESG governance structure, with the Board of Directors, the Strategy and ESG (Promotion) Committee and the ESG working group serving as the decision-making level, the management level and the executive level respectively, forming an effective feedback and communication mechanism. In addition, we have linked sustainability performance to management remuneration to enhance the overall governance of Grand Pharma.

Board of Directors

- To consider the risks and significance associated with the Company's ESG matters
- To consider and approve the Company's ESG strategies, policies and objectives
- To monitor and review the Company's ESG-related matters, including policies, management, performance and progress of related objectives
- To consider and approve the Company's public disclosure of its performance on ESG-related matters
- To consider and review significant negative ESG events

Strategy and ESG (Promotion) Committee

- To identify, determine and assess the risks and significance associated with the Company's ESG matters
- To assess and formulate the Company's sustainability strategies and objectives
- To monitor, evaluate and review the Company's policies, management, performance and progress of related objectives in respect of ESG matters
- To review and examine the Company's public disclosure of its performance on ESG-related matters
- To provide guidance to the ESG Working Group to ensure that ESG objectives are closely aligned with the Company's business
- To coordinate resources to ensure the implementation of ESG tasks
- Other matters delegated by the Board of Directors
- To regularly report to the Board of Directors on the achievements of ESG tasks and recommendations for decision-making

ESG Working Group

- To develop and promote the effective implementation of sustainability strategies, objectives, policies, action paths and daily management
- To assess and identify ESG trends, track controversial events, and conduct stakeholder communications
- To review annual ESG reports and ensure effective disclosure of corporate ESG performance
- To report to the Strategy and ESG (Promotion) Committee on a regular basis

Board Statement

As the leader of Grand Pharma's sustainability efforts, the Board of Directors shall assume the ultimate responsibilities of the ESG governance approaches, strategies, formulation of related objectives, review of progress of objectives and ESG performance. The Group's Strategy and ESG (Promotion) Committee takes the lead in guiding and monitoring the implementation of ESG strategies, priorities, initiatives and targerts, reviewing and monitoring the policy systems and governance frameworks that support the achievement of the objectives, and ensuring that the Company has in place appropriate and effective sustainability management and internal control systems. The Strategy and ESG (Promotion) Committee holds regular committee meetings and reports to the Board of Directors on the work achievements related to ESG tasks and recommendations for decision-making.

At the business operation level, Grand Pharma has set up the ESG working group to guide and monitor the persons in charge of each functional department and subsidiaries in the implementation of sustainability strategies, objectives, governance approaches and other related work, in order to integrate sustainability factors into daily operations, and to report the progress of work to the Strategy and ESG (Promotion) Committee on a regular basis.

Grand Pharma recognizes that ESG risks and opportunities may have a significant impact on the Company. We continually assess the likelihood and magnitude of related risks and opportunities and have formulated targeted response plans to make sure all ESG-related risks are fully considered and integrated to our enterprise risk management (ERM) system and mange ESG risks associated with our business operations. The Board of Directors monitors the identification and assessment of ESG risks and opportunities to ensure the effective operation of the Company's ESG risk management and internal control system.

Grand Pharma establishes timely and transparent communication and feedback channels with all stakeholders, actively focuses on the demands of stakeholders, and regularly conducts assessments of material ESG issues, on the basis of which the Group's sustainability strategies are formulated. The assessment results of material issues for the Year have been discussed and reviewed by the Strategy and ESG (Promotion) Committee.

Stakeholder Engagement

Grand Pharma places strong emphasis on maintaining good communication with all stakeholders and is committed to actively responding to the concerns of various stakeholders by establishing a transparent information disclosure mechanism, taking the initiatives to respond to the demands of internal and external stakeholders and continuously optimising and adjusting communication channels, in order to steadily promote the implementation of the Group's sustainability work in an orderly manner.

Communication with Stakeholders

Grand Pharma attaches great importance to the engagement with internal and external stakeholders. In order to gain in-depth understanding of the demands and expectations of various stakeholders, we have diversified communication channels in place with a view to ensuring effective and regular communication. During the Reporting Period, based on the nature of its business and operating characteristics, and coupled with its global industry experience and practices, Grand Pharma has identified key stakeholders with decision-making power and influence over the Group, and has established a regular mechanism for responding to the demands of various stakeholders, actively listening to their views and suggestions, and fulfilling Grand Pharma's responsibilities to all parties in a practical manner.

Grand Pharma's Stakeholder Communication and Response Methods

Stakeholders	Shared objectives	Communication and feedback channels
Shareholders and investors	Steady growth in return on investments Asset preservation and appreciation Explore new markets and opportunities Prevent operational risks Safeguard information rights	General meetings Annual report and announcement Investor meetings Press release
Customers and consumers	Product quality and safety Product R&D and innovation Access to healthcare Offer refined customer service and communication channels	Corporate website Technical training and seminar Product release conference On-site visit
Government and regulatory authorities	Compliance operations Safe production Pay tax in accordance with law	Email and telephone communication Tax payment Implementation of national policies
Employees	Protect employees' benefits and rights Promote occupational health and safety Provide equal employment opportunities Build a platform for growth and diversified development Work-life balance	Staff training Staff care activities Staff interview Internal email
Community and the public	Facilitate employment Enhance local economic development Strengthen environmental protection and reduce pollution on environment	Provide employment opportunities Promote local economic development Poverty alleviation Voluntary services
Suppliers	Product quality and safety Fair and open procurement Win-win cooperation	Evaluation on suppliers On-site inspection Daily communication

In 2023, the Group continued to improve communication between listed companies and the capital market. During the Year, we organised and participated in a total of 34 large-scale investment summits and other conferences, including the 2022 Annual Results Conference, the 2023 Interim Results Conference, the 2023 R&D Open Day, as well as the Telix Online Joint Roadshow, etc. We also organised 14 on-site company surveys or small-scale receptions for investor visits, and conducted 165 online and offline roadshows, covering a total of more than 700 institutional investors.

14
On-site company surveys or small-scale receptions for investor visits

165
Online and offline roadshows

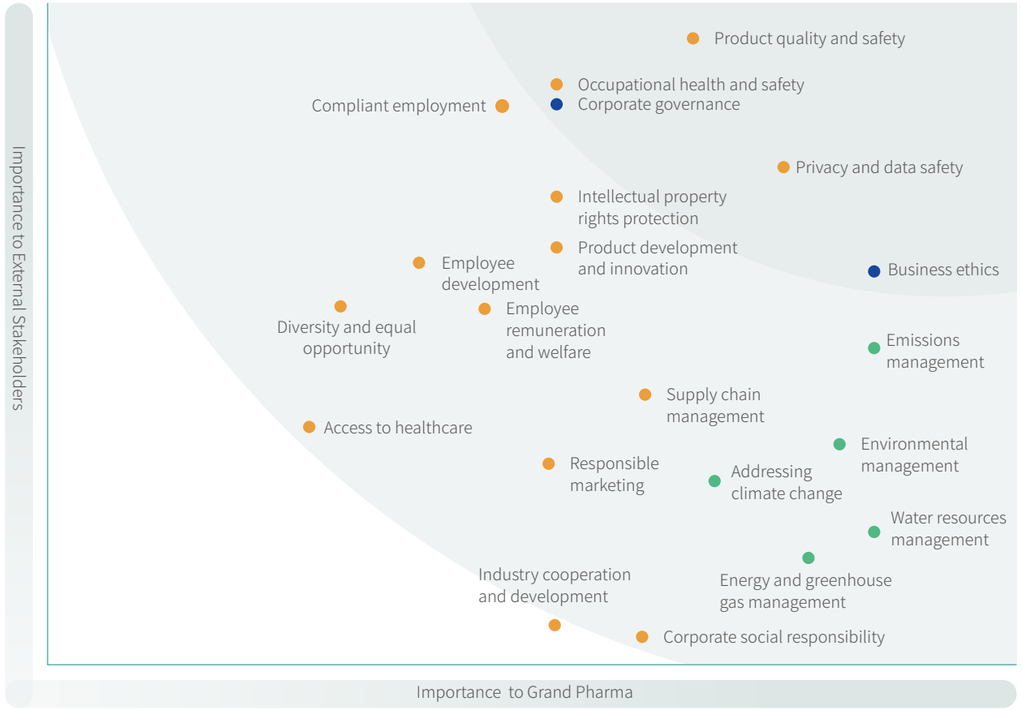
Over 700
Institutional investors

Matrix of Material Issues

Grand Pharma actively recognizes, pays attention and responds to the expectations and concerns of each stakeholder regarding our sustainability performance. We abide by the principle of double materiality assessment and conduct materiality analysis and assessment work every year. While fully considering the internal impact of ESG risks and opportunities on the business, we ensure that our external impact on the environment and society is in line with the expectations of our stakeholders, taking into account the impact materiality and financial materiality of each ESG issue.

In 2023, the Group conducted surveys on ESG material issues based on various forms including internal interviews, public opinion surveys, stakeholder questionnaires and expert studies, in order to assess the extent of the impact that each ESG issue may have on the Company's operations, as well as the environmental and social impacts on external stakeholders, such as employees, customers and consumers, doctors, suppliers, and members of the public in the community, and to gain a better and more comprehensive understanding of their key concerns about Grand Pharma's sustainability performance, creating the matrix of material issues. In 2023, Grand Pharma's matrix of ESG material issues was approved by the Board of Directors.

Our matrix of material issues consists of 21 issues, five of which have been assessed as issues of high importance. This Report will highlight the disclosure of information related to ESG material issues to address the concerns of stakeholder.



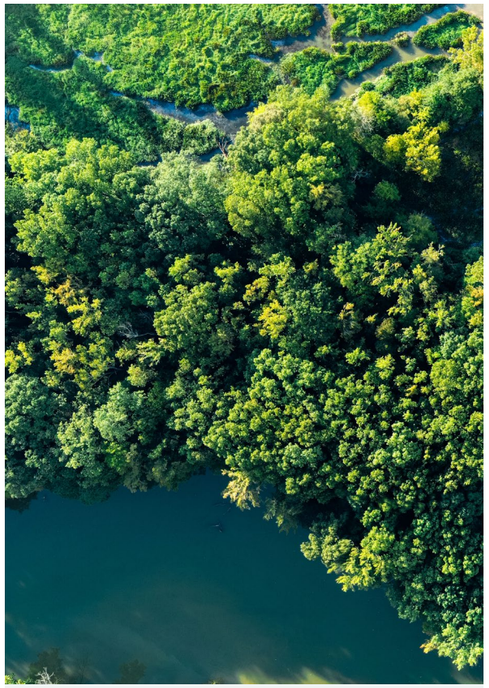
Grand Pharma's 2023 Matrix of Material Issues

Grand Pharma values the expectations of external stakeholders and plans to assess and analyze the impact of ESG issues on external stakeholders to provide guidelines for improving the Company's internal management and enhancing external communication.

Example of Impact Analysis - Product quality and safety

Type of impact: Positive

Grand Pharma fully recognizes the concerns of external stakeholders regarding the quality and safety of our products and services. We have established a quality risk control process throughout the life cycle of our pharmaceutical products, adhering to high quality standards in order to meet the expectations of our customers, patients and medical practitioners around the globe in terms of the quality of our products and services, making a positive impact on the entire value chain.



Example of Impact Analysis - Addressing climate change

Type of impact: Positive

Social and environmental sustainability has led to higher demands on climate change mitigation. Grand Pharma is committed to the development of a green supply chain and is actively pursuing green product certification to reduce greenhouse gas emissions throughout the life cycle of its products, minimize the impact of greenhouse gases on the environment, and promote a low-carbon transformation of the value chain.

Business Ethics

Grand Pharma abides by business ethical standards, adheres to legitimate profit-making and operates with integrity in accordance with the law. We make continuous efforts to improve our compliance management system by building a corporate culture featured with integrity, maintaining an open reporting channel, and conducting regular audit, supervision and management on the compliance with laws and business ethics of our daily operation and management, to ensure the compliance and honest business order.

Standardization of Corporate Practices

Grand Pharma has a "zero tolerance" attitude towards commercial bribery, unfair competition and other practices against the business ethics. In accordance with laws and regulations in China such as the Law Against Unfair Competition of the People's Republic of China, the Criminal Law of the People's Republic of China and the Company Law of the People's Republic of China, Grand Pharma has formulated the *Compliance System* (《合規制度》) and the *Code of Conduct for Business Partners* (《商業合作夥伴行為規範》), which have been approved by the Compliance Committee, to provide requirements and guiding principles on business ethics for all employees (including part-time employees), members of the Board of Directors, suppliers, contractors and partners of the Group and its subsidiaries. We strive to engage employees of all levels in building an ethical business culture and specify misappropriation, embezzlement, bribery, conflict of interest, fraud, abuse of authority abuse of power, neglect of duty, infringement of trade secrets and other scenarios to establish a good corporate culture of integrity and diligence. In order to ensure that every employee fully understands and respects the business ethical requirements, we provide regular compliance trainings on the Code of Business Ethics and Anti-corruption Policy to all employees (including full-time and part-time employees) and contractors of the Group.

Grand Pharma has established a top-down business ethics management system, which defines the responsibilities of each level within the Company in business ethics management to create a good ethical business culture. With the support of the Supervision and Audit Department of the Group, the Audit Committee under the Board of Directors of Grand Pharma is responsible for monitoring the effectiveness of compliance management system and related policies. The Supervision and Audit Department of the Group is responsible for continuously supervising the implementation of compliance management system and policies, and directly reporting to the Audit Committee and the President on anti-corruption and business ethics related issues. Meanwhile, we require all subsidiaries to improve the establishment of compliance systems on an ongoing basis and urge all companies to advance the establishment of compliance systems in areas of marketing, anti-monopoly, personnel, safety and environmental protection, so as to strengthen the overall compliance and governance of the Group.

Business Ethics Supervision and Management

Grand Pharma has established and published the *Grand Pharma Supervision and Management System* (《遠大醫藥監察管理制度》) to strictly regulate matters related to audits of business ethics. In order to prevent and control risks related to business ethics, Grand Pharma has put a highly independent and vertically managed audit and supervision management system in place to effectively supervise business ethics related matters including anti-corruption, anti-bribery, anti-monopoly and business cooperation and avoid the occurrence of all kinds of improper, illegal and fraudulent behavior.

At the same time, the audit and supervision management system is led by the Supervision and Audit Department, with chief auditor of the department as its leader who is responsible for supervision and audit, warning and publicity of corruption, inspection audit, ethics audit and resignation audit work, continuously supervising the implementation and management of business ethics and its related systems and strengthening the ability of the Company to prevent risks related to business ethics. After the completion of the audit, we continue to urge all subsidiaries to formulate rectification measures corresponding to each and every of the rectification advice, and to implement them within a certain period. In 2023, we have completed a total of 11 business ethics related inspection audits covering 15 subsidiaries of the Group, with an audit coverage rate of 75%.

Anti-corruption

Grand Pharma strives to build a corporate culture of integrity and honesty, and adopts various measures to raise the awareness of anti-corruption among all employees so as to lower corruption related risks. The Group has devised internal systems including *Grand Pharma Integrity Practice Management Regulations* (《遠大醫藥廉潔從業管理規定》), to require employees in key positions to sign compliance undertakings with the Company, and link ethical compliance to their performance so as to strengthen the management and control of areas with high risk of corruption. We have established and fostered a professional and high-quality compliance management team, and specify compliance management institutions and assign full-time personnel to key areas and key projects of overseas operations, so as to supervise and manage commercial bribery, bribery and other anti-corruption. In addition, adhering to the principal of "trace the root causes and identify defects", Grand Pharma carries out regular inspections on the compliance management of each department of the Company, strengthens accountability for violations, and takes disciplinary action in respect of confirmed cases of violations, in order to safeguard the healthy development of the Company.

Grand Pharma is committed to creating a corporate atmosphere with integrity and honesty by regularly carrying out online and offline training on business ethics and anti-corruption by means of, amongst other things, Integrity Month, Grand E Class, themed annual meeting. Online training requires all employees to participate while offline training mainly provides intensive training and learning to the executives and key positions of the Company to ensure that all employees are aware of the Company's business ethics and anti-corruption related regulations. We provide quarterly training on "The First Lesson of Integrity" to new high-end talents, which particularly focus on, including but not limited to the meaning of integrity, negative cases and supervision and audit system, so as to ensure that new employees can build up the concept of integrity, honesty and justice, and remain committed to professional ethics since their employment with the Company.

We require employees who have completed the training on business ethics and anti-corruption to take a course assessment.

During the Reporting Period, the pass rate of Grand Pharma's training assessment has achieved

100%

Reporting and Investigation Mechanism

Grand Pharma strives to create a fair, just and transparent working environment and cooperation ecosystem, which encourages stakeholders including our employees, suppliers and business partners to report any improper conduct in violation of business ethics to us. We have formulated internal systems such as the Measures for the *Management of Reports and Complaints of Grand Pharma* (《遠大醫藥舉報投訴管理辦法》), which details reporting channels, report handling procedures and whistleblower protection mechanism, rewards employees who actively monitor and report corruption, and encourages internal and external stakeholders to speak out boldly.

Reporting and Investigation Mechanism of Grand Pharma

Reporting Channel

- Hotline：027-83565610
- E-mail：ts@grandpharma.cn
- E-mail Adress：Supervision and Audit Department of Grand Pharmaceutical (China) Co., LTD., 27th Floor, Building K11, No.626 Jiefang Avenue, Qiaokou District, Wuhan, Hubei Province

Report Handling Mechanism

- After the report is accepted, the Report and Complaint Information Registration Form will be filled, and then preliminary handling opinions (investigation procedures, filing procedures) will be drafted, and submitted to the head of the Supervision and Audit Department for approval
- If the investigation procedure is taken, the person in charge of the case will fill in the Case Clues Registration Form, set up the supervision project team, and conduct the investigation through the supervision and audit procedure
- The results of the investigation will be notified to the reported person, who may apply for reconsideration if he/she has objections

Whistleblower Protection Mechanism

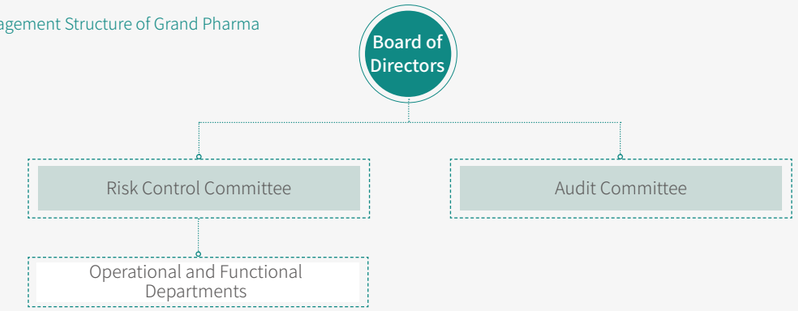
- Provided that the reported information is only handled by designated personnel with strict control over the range of insiders to protect the whistleblower
- Reporting any non-compliance in the course of business in an anonymous and confidential manner is accepted Discrimination, harassment and retaliation against whistleblowers are prohibited

Risk Management

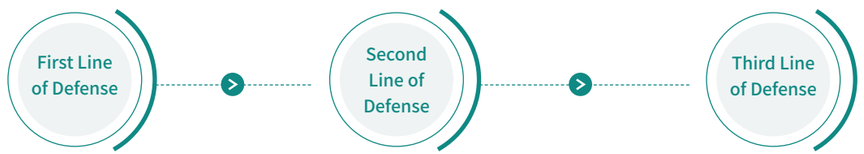
In order to support the Company's sustainable development, Grand Pharma has gradually established a risk management system with comprehensive coverage and stringent control according to relevant laws and regulatory requirements as well as enhanced the risk management awareness of all employees and our prevention level.

We have formulated regulations such as the *Grand Pharma Risk Management Measures* (《遠大醫藥風險管理辦法》) to incorporate corporate risk management into the Company's strategies and operational processes at all levels. The Group's risk management system is coordinated, managed and controlled by the Board of Directors. The Audit Committee under the Board of Directors is responsible for overseeing the implementation of risk management and ensuring the appropriateness and effectiveness of the management system and structure. In order to safeguard the stability of the Company's business activities, we have established the Risk Control Committee as the highest management organization for compliance risk management, which is responsible for the overall coordination of the Company's risk management work, including risk identification and assessment and resource assignment. In addition, our audit and supervision department reports regularly to the Audit Committee under the Board of Directors, overseeing and examining the implementation of risk management measures and the effectiveness of relevant work.

Risk Management Structure of Grand Pharma



At the execution level, Grand Pharma attaches great importance to the construction of risk culture, and all employees of the Company are mobilized to participate in risk management and control. We have established three lines of defense to ensure the effective operation of the risk management system.



Core Business Departments

Risk control measures are developed in accordance with risk management standards and are integrated into daily risk management and control

Functional Administrative Departments

Assist and oversee the implementation of the risk management system by various departments and identify risk loopholes in a timely manner

The Supervision and Audit Department

Independent from other business units, carry out risk control and audit, evaluate the effectiveness of risk management and control measures, and hence improving the Company's risk management, internal control and governance procedures

Risk Review

The Group conducts risk identification for key areas and major businesses annually, assesses the likelihood and impact of different risks, formulates and implements risk countermeasures to ensure effective risk management and control and stable business operations. In 2023, the Group's Supervision and Audit Department carried out internal control evaluation and risk assessment of the businesses of 15 subsidiaries in areas such as production and inventory, safety and environmental protection, procurement, engineering equipment and marketing, formulated rectification plans for existing risk management issues and followed up on the rectification on a regular basis.

Risk Review Procedures of Grand Pharma

Risk Identification

Determine the scope of risks and identify risks to create a list of risks.

Risk Assessment

Carry out risk assessment on the impacts brought by possible financial losses due to risks on operating efficiency, sustainability, and reputation with reference to possible occurrence of various potential risks and the attention drawn from the management of the Group, based on which the priority of the risks was determined.

Risk Response

Identify risk management measures for significant risks, conduct internal control assessment over the design and implementation of risk management measures, and develop initiatives to improve the weaknesses.

Risk Monitoring

Regularly review and conclude the Group's risk management and internal control system to ensure the effectiveness and continuous improvement of risk management.

Risk Management Culture

Grand Pharma has been enhancing its ability to identify, prevent and control various types of material risks. We have strengthened our risk management system and internal control management as well as enhanced the risk prevention and control awareness of all employees through means such as implementing legal risk prevention initiatives, promoting awareness of compliance risk, and receiving structured feedback from employees. In addition, we have included key performance indicators related to risk management, such as compliance, business ethics and occupational health and safety, in employees' individual performance appraisal to ensure the effectiveness of risk management.

Legal Risk Prevention Measures of Grand Pharma

Risk Management for Daily Contract Review	Provide legal advice to contractors in the daily contract execution and alteration process, mainly focusing on providing reminders in respect of the deficiency in contract structure and content, the reviewing of qualifications of the subject business of the counterparty, and contract performance
Legal Risk Prevention for Investment Projects	Provide legal risk opinions in written form regarding investment transaction projects to the business unit, mainly focusing on providing reminders in respect of the legal risks of the investment subject, the legal risks of the contents related to investment agreements, and the risks of government approval related to investment agreements
Risk Management for Dispute Resolution	Prevent disputes that have not yet arisen, monitor disputes that are about to arise, avoid the materialization of disputes, control disputes that have already arisen, manage the risk of dispute resolution, control the scope of disputes, and maximize the rights and interests for the Group

2023 Grand Pharma Internal Control and Risk Management Training

On 17 and 18 November 2023, Grand Pharma invited Dr. Feng Meng, a doctor of accounting from the School of Management of Fudan University and a consulting expert in the field of internal control and accounting standards, to give lectures and conduct training on internal control and risk management, which was attended in person by the Board of Directors of the Group, the leaders of the management team, and the relevant financial and internal control officers of subsidiaries. The training strengthened the risk prevention awareness and management capabilities of the senior management of the Group, thereby laying a solid foundation for the high-quality development of Grand Pharma.

Dr. Feng Meng organised a group exercise on internal control integration in two scenarios, namely "Sales Cycle Internal Control" and "Procurement Cycle Internal Control" based on the actual situation of the enterprise which allowed the participants to exchange ideas and present their learning results in groups. Afterwards, the participants had a discussion on the differences between group results and looked into the existing management problems of the enterprise, so as to further understand the importance of risk control.

During the Reporting Period, Grand Pharma distributed questionnaires on "Fault Finding Procedures" to employees through the internal control construction platform of its WeChat official account, aiming to enhance employees' participation in the construction of enterprise risk management through structured feedback, and to continuously improve its implementation of risk management. At the same time, we promoted risk management contents through emails, work group chats, and micro classes on the Grand E platform to understand employees' needs related to process construction and the pain points of Grand Pharma's risk management.

Information Security and Privacy Protection

Grand Pharma strictly complies with relevant laws, regulations and regulatory requirements in China including the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China, and attaches great importance to information and privacy data security of consumers, customers, suppliers, employees and other stakeholders, with a view to enhancing the awareness of information security and privacy protection of all employees.

Grand Pharma has formulated institutional policies such as the *Grand Pharma Information Security Management System*, the *Grand Pharma Information Security Operation and Maintenance Management Measures* and the *Data Management and Disaster Recovery Management Measures of Grand Pharma (China) Co., Ltd.* to lay the foundation for the Group's information security risk prevention and control through a sound information security management system.

We have Data Protection Officer (DPO) and implement an information leakage emergency response mechanism with reference to the *Formulation of Information Security Emergency Response Plan* and the *Information Security Incident Management Procedure* to prevent potential information security risks. When an information leakage incident occurs, the security administrator of Grand Pharma's Information Department will, in strict accordance with the response mechanism of the emergency plan, quickly locate the cause of the security incident through the monitoring of the security equipment and alarm information, promptly handle the information security threat, and prepare a post-incident analysis report after the incident is handled, and report it to the management of the Company in accordance with the Information Security Incident Management Procedure.

In order to strengthen its network security management and business system protection capabilities, Grand Pharma effectively improves its ability to deal with cyber security incidents and security protection against external risks through data protection and encryption, third-party vulnerability analysis and special internal IT audits.

Data Security Protections of Grand Pharma in 2023

Data protection and encryption	• On the server side, all operating systems of Grand Pharma are deployed with QAX server anti-malware software to effectively avoid Trojan virus attacks and protect data from being stolen • On the client side, Grand Pharma deploys ESAFENET encryption software to encrypt the R&D data at the office terminal, and controls it through the decryption process to prevent the leakage of R&D data
Third-party vulnerability analysis	• Prior to the launch of a new system, Grand Pharma conducts host and web scans of the system using the vulnerability management appliance and provides the scan reports to the system administrators to assist them in completing the remediation of vulnerabilities • Communicate regularly with the Wuhan Cyber Security Brigade and the Hubei Provincial Communications Administration to understand system vulnerabilities and discuss relevant disposal plans for vulnerabilities • The security administrator of the Information Department will conduct irregular penetration tests after the system goes online to identify system vulnerabilities and reduce system information security risks
Special internal IT audits	• During the year, three IT special audits were conducted, covering the sales system, production system and R&D system, with no significant findings during the audits • For the identified audit findings, the Company will continue to follow up with the departments in charge to implement rectifications as planned

In 2023, the Group did not experience any data leakage incidents and legal proceedings related to information and data security.

02

Grand Visions for Access to Healthcare

The Group is fully aware of its important responsibility in promoting access to healthcare. Driven by technological innovation and targeting unmet clinical needs, we have increased our investment in global innovative products and advanced technologies to facilitate the construction of our product line for rare diseases in order to enrich and improve our product pipeline, with a view to providing excellent and accessible healthcare solutions to patients around the world. We have made access to healthcare issue a core component of our corporate strategy, which is overseen by the Board of Directors, while the Strategy and ESG (Promotion) Committee is responsible for carrying out the work related to access to healthcare.

R&D and Innovation

Adhering to the development concept of "comprehensive advantages, innovation-oriented and global expansion", Grand Pharma's innovative strategic plan focused on the significant unmet clinical needs by continuously increasing its investment in global innovative products and advanced technologies, fully utilizing its industrial advantages and R&D strengths to rapidly launch technological innovation products on the market, so as to lay a solid foundation for the Group's innovative development.

R&D Capability Building

Relying on its five major technology platforms and global R&D centers, Grand Pharma continued to focus on pharmaceutical technology, technologies on nuclear medicine and anti-tumor diagnosis and treatment as well as cerebro-cardiovascular precision interventional diagnosis and treatment, biotechnology and other fields, continuously incubating high-quality and innovative products through highly efficient R&D activities to form a differentiated product pipeline, so as to comprehensively push forward the implementation of its innovation strategy.

8 R&D centers

- China, Australia, United States, etc.

5 Major technology platforms

- Focusing on Glycomics technology, mRNA technology, nuclear medicine RDC technology, tumor intervention technology, high-end medical device technology and other fields
- Technology platforms under construction in 2023: Small molecule drug early innovation R&D center, Chengdu nuclear medicine R&D base, Shanghai device R&D center

138 Projects under research

- 138 projects under research, of which 46 are innovation projects, 112 are projects related to pharmaceutical products, 18 are related to medical devices, and 8 are related to biological products

Innovative R&D Achievements of Grand Pharma

We have continued to improve our R&D management process and established a R&D incentive mechanism to constantly promote the efficient and high-quality implementation of our R&D projects. In accordance with the *Measures for Encouraging and Managing R&D and Innovation Work of Grand Pharma (China) Co., Ltd. (Trial) (《遠大醫藥（中國）有限公司研發創新工作激勵及管理辦法（試行）》)*, the Group has determined the bases and nodes of incentives for different types of R&D projects, which cover the entire process of R&D projects from drug discovery, preclinical research, clinical research to registration and launch, and provided cash incentives for R&D personnel who have achieved the key milestones of the R&D projects, in order to stimulate the enthusiasm and creativity of the R&D team.

In 2023, Grand Pharma invested approximately HK$1,441 million in R&D work and projects. The Group, together with its associates, have more than 700 R&D personnel, including those specializing in drug discovery, pharmaceutical research, pharmacology and toxicology, clinical medicine, clinical operation, registration and regulation, quality control, pharmacovigilance and intellectual property, covering the entire life cycle of product development.

Substantial clinical development

Nuclide-drug conjugate

- The phase III clinical study of TLX591-CDx for the diagnosis of prostate cancer has completed the first patient enrollment in China
- The phase I clinical study of TLX250-CDx for the diagnosis of clear cell renal cell carcinoma has completed the first patient enrollment in China
- The phase I clinical study of TLX250-CDx for the diagnosis of clear cell renal cell carcinoma in China was completed and confirmatory clinical research has successfully begun

Access management

- The registered clinical trial of the adjustable stent retriever GPN00493, an innovative neurointerventional device, has successfully reached clinical endpoint

Electrophysiology

- HeartLight X3 laser ablation platform, an innovative medical device, has completed the first chartered access laser ablation operation for the treatment of atrial fibrillation in China at Ruijin Hainan Hospital

Respiratory

- The phase III clinical study of Ryaltris® compound nasal spray ("GSP 301NS"), an innovative product for the treatment of allergic rhinitis, in China was completed and has successfully reached clinical endpoint

Severe disease

- The phase Ib clinical studies of STC3141, a global innovative drug for the treatment of sepsis, in Australia and Belgium were completed and have successfully reached clinical endpoint
- The phase II clinical study of STC3141, a global innovative drug for the treatment of sepsis, has completed the first patient enrollment in China
- The phase I clinical trial of APAD, a global innovative drug for the treatment of sepsis, was approved to commence in China and has completed the first patient enrollment

Ophthalmology

- The phase III clinical study of GPN00833, an improved new drug for anti-inflammatory and pain relief after ophthalmology surgery, has completed the first patient enrollment

Case | Ophthalmology Segment - Ophthalmic Drug GPN00884

In December 2023, Grand Pharma's Investigational New Drug Application (IND) for GPN00884, a global innovative ophthalmic drug used to delay the progression of myopia in children, was officially accepted by the NMPA. GPN00884 eye drops are an innovative drug with a new mechanism used to delay the progression of myopia in children. Compared with low-concentration atropine eye drops, GPN00884 eye drops have no mydriasis effect, no adverse reactions such as photophobia and decreased accommodation, and the dosing period is not limited, which can improve patient compliance.

China has the largest number of myopic people in the world. According to research findings of National Health Commission of the People's Republic of China, the prevalence of myopia among Chinese adolescents is the highest in the world. In 2020, the overall myopia rate among Chinese adolescents will be 52.7%. At present, there is still a lack of drugs with clear efficacy and safety in terms of delaying the progression of myopia in children in China, indicating an unmet clinical need in the field of this disease. GPN00884 eye drops are expected to provide doctors and patients with a new clinical treatment solution for delaying the progress of myopia in children.

Case | Nuclear Medicine Anti-tumor Diagnosis and Treatment Segment - Innovative Liquid Embolic Agent Lava ™

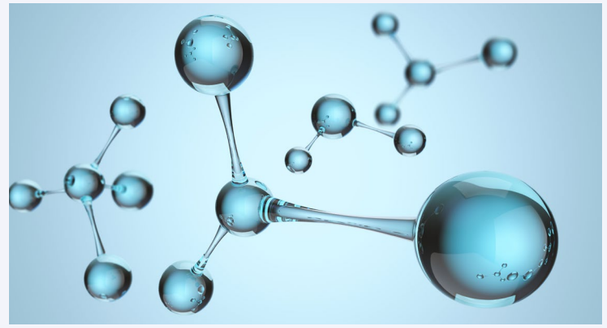
In October 2023, the innovative liquid embolic agent Lava™ of BlackSwan Vascular, Inc. ("BlackSwan"), a subsidiary of Grand Pharma, has been officially commercialized in the United States. It is the first and only innovative liquid embolic agent that has been approved by the United States Food and Drug Administration ("FDA") for the treatment of peripheral vascular hemorrhage. The successful commercialization of this product not only provides a new treatment method for patients with peripheral vascular hemorrhage in the United States, but is also a significant milestone in Grand Pharma's internationalization strategy.

Its gradual clinical application will also provide new ideas for expanding the indications of the Group's Yttrium-90 microspheres product. It is also expected to form a product combination with Yttrium-90 microspheres product, to be applied to the interventional treatment of other solid tumors. Furthermore, Lava™ can form a new drug-device combination with other chemical drugs or radiopharmaceuticals, expanding the Company's product pipeline in the field of tumor intervention.

Case | Respiratory and Severe Disease Anti-infection Segment - STC3141, a global innovative product

The global innovative drug STC3141, which is developed by Grand Pharma's wholly-owned subsidiary Grand Medical Pty Ltd. (an innovative drug R&D center set up by the Company in Australia) in the field of severe disease, has been approved to conduct phase II clinical study in China for the treatment of sepsis by the NMPA in July 2023.

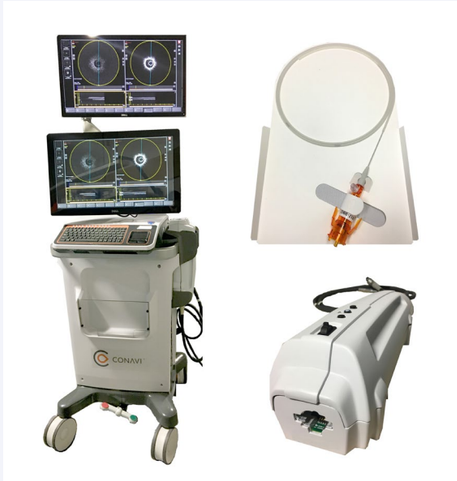
STC3141, a global innovative product with a new mechanism independently developed by Grand Pharma, can neutralize extracellular protein and neutrophils trap net to reverse the body organ damage caused by the excessive immune response, and can be used for a variety of severe indications, such as sepsis, ARDS and other diseases with high clinically mortality and lack of effective therapy. The approval of the application for conducting phase II clinical study of STC3141 in China is another important R&D progress of Grand Pharma in the field of respiratory and severe disease anti-infection.



Case | Cerebro-cardiovascular Precision Interventional Diagnosis and Treatment Segment -Intravascular Dual-mode Imaging System Novasight

Novasight Hybrid System ("Novasight"), Grand Pharma (0512.HK)'s global innovative intravascular dual-mode imaging system for coronary artery imaging, has been granted registration certificate for medical device by the NMPA.

Novasight combines IVUS and OCT, thereby can simultaneously show the ultrasound and optical image with the same direction, axis and phase. On one hand, it can better provide doctors with histological and morphological information of intravascular plaques and blood vessel walls, facilitating doctors to provide patients with more accurate treatment options. On the other hand, it also reduces the diagnosis and treatment procedures for patients and reduces the medical burden. In addition, it is also the first intravascular ultrasound and optical Dual mode imaging system approved by the United States FDA, and has been commercialized in Canada and Japan, with promising prospect in the field of coronary artery imaging and intracavitary interventional surgery. The obtaining of this registration certificate fully demonstrates another milestone progress of Grand Pharma's technological innovation capability in the direction of vascular intervention in the field of cerebro-cardiovascular precision interventional diagnosis and treatment, and also injects new momentum into the Company's future development.



Innovation capability development

Guided by market demand, we are committed to providing patients with more excellent and efficient innovative products by actively deploying global innovative products and advanced technologies.

Case | Grand Pharma Acquired BlackSwan to Deepen Pipeline of Innovative Tumor Intervention Products

On 23 April 2023, the Group entered into an equity acquisition agreement to acquire 87.5% equity interests of BlackSwan Vascular, Inc. ("BlackSwan") from its original shareholder with no more than US$37.5 million. After the completion of the transaction, BlackSwan will become a non-wholly owned subsidiary of the Group.

Founded in 2017, BlackSwan is headquartered in the U.S. It is mainly engaged in the R&D of liquid embolism. The company's management team has more than 20 years of experience in pharmaceutical R&D. It has a team of scientific advisors from famous scientific research institutions, universities, and medical devices manufacturers. Its liquid embolic project is expected to fill the gap of a liquid embolic for peripheral vascular applications.

The acquisition of BlackSwan is another industrial strategic plan of the Group in the field of tumor intervention after the acquisition of Sirtex Medical Limited in 2018. After the completion of this acquisition, the Group will own the global rights and interests of the two products above. On the one hand, Lava™ and Kona™ can form a product combination with the Group's Yttrium-90 microspheres product, which is expected to expand the indications of Yttrium-90 microspheres product to other solid tumors. On the other hand, these two products can form a new drug-device combination with other chemical drugs or radiopharmaceuticals, expanding the Group's product pipeline in the field of tumor intervention.

In addition, the Group's global sales network covers more than 50 countries and regions. After completing this acquisition, the Group's existing global R&D team and sales network can help Lava™ and Kona™ to be approved for commercialization on a global scale quickly and achieve high sales volume, thereby developing new business markets while strengthening its existing global business.

Case | Grand Pharma Entered into an Equity Investment Agreement with Duoputai Pharmaceutical and Initiated In-depth Strategic Cooperation

On 12 December 2023, Xi'an Beilin Pharmaceutical Co., Ltd. ("Xi'an Beilin"), a subsidiary of the Group, entered into an equity investment agreement with Chongqing Duoputai Pharmaceutical Co., LTD. ("Duoputai Pharmaceutical"). Xi'an Beilin will is to acquire 27% equity interests of Chongqing Duoputai Pharmaceutical Technology Co., Ltd.* (重慶多普泰醫藥科技有限公司 , "Duoputai Pharmaceutical Technology") with RMB189.54 million after the relevant conditions as agreed in the Investment Agreement are fulfilled.

The equity investment of Duoputai Pharmaceutical Technology is a significant strategic plan of the Group in the field of cerebro-cardiovascular disease treatment. The field of cerebro-cardiovascular disease treatment is one of the Group's traditional areas of strength. The Group deeply binds with Duoputai Pharmaceuticals through this equity investment, and the products of both parties have strong synergy effects, which can achieve strong alliances of resources, enrich the product pipeline of the Group, further consolidate and enhance the Group's comprehensive market competitiveness in the field of cerebro-cardiovascular disease treatment, provide driving force for the sustained growth of the Group's performance, and lay the foundation for the subsequent in-depth strategic cooperation between the Group and Duoputai Pharmaceutical at the same time.

External R&D Cooperation

At the same time, we actively foster industry exchanges and cooperation to integrate resources from various parties, as well as promote technological innovation and product upgrading across the industry, thereby achieving mutual benefits and win-win situations with partners from all walks of life.

Case | External R&D Cooperation - Grand Pharma's First New Generation of MRA Drug Eplerenone Tablets was approved for commercialization in China

In August 2023, Eplerenone Tablets, a new selective mineralocorticoid receptor antagonist ("MRA") cooperated by Grand Pharma and Nanjing Cavendish Bio-engineering Technology Co., Ltd., has been granted drug registration certificate by the NMPA. As an exclusive product that has been commercialized in China, Eplerenone Tablets' successful approval for commercialization has made up for the gap of second-generation MRA drugs in China.

Case | External R&D Cooperation - New Amino Acid Fermentation Technology and Enzyme Expression System

With synthetic biology as the core, the Group has built eight technology platforms, including synthetic biology, enzyme engineering, fermentation engineering, process optimization, quality research and application transformation, and has developed the entire technology chain from the construction of cellular factories to the fine control of fermentation processes and separation and purification, thus forming unique technology leadership in front-end research and development, engineering and industrialization.

Currently, the Group has established long-term strategic cooperation relationship with a number of scientific research institutions such as Tsinghua University, Wuhan University, East China University of Science and Technology, Tianjin University of Science and Technology, Huazhong Agricultural University, under which, a new amino acid fermentation technology and an enzyme expression system were developed, and high-efficiency strains with independent intellectual property rights and meeting the requirements for registration of APIs were constructed. Meanwhile, the technological development of cell culture media-level amino acid has been further deepened, providing technical support to the cell cultivation application study of amino acids, which is the key raw material of cell media required for biological drugs.

Through the innovation and integration of several sub technology areas, we have built an integrated synergistic system with new product development, new technology engineering, industrialization and application solutions, which provides strong support for continuous technological innovation and industrialization transfer. Among them, the fermentation production process with strain construction optimization as the core and the enzyme conversion production process with immobilized enzymes as the core can not only replace the traditional synthesis process, but also significantly reduce the emission of carbon dioxide during the production process, showing great economic and environmental benefits.

Improving Access to Pharmaceutical Products

Adhering to the development concept of "comprehensive advantages, innovation-oriented and global expansion " and adopting the strategy of "dual-wheel driving development of independent R&D, global expansion and dual-cycle operation", the Group has further explored high-quality innovative projects around the world to expand the Group's product pipeline and enhance the Group's comprehensive strengths, and has put vigorous efforts in transformation towards innovation and internationalization to provide quality and convenient pharmaceutical services to patients around the world.

Pharmaceutical Technology

- The mRNA technology platform, with R&D centers in Nanjing, China and Belgium, focuses on the development of anti-tumor and anti-infective mRNA drugs, and will further expand into the fields of rare disease and protein replacement therapy in the future
- The Glycomics technology platform at the R&D center in Australia, focuses on the development of antiviral drugs
- The International R&D Center in Optics Valley in Wuhan, China is the main R&D body of the Group in the pharmaceutical field in China, providing technical support for the high-end preparation products

Nuclear Medicine and Anti-tumor Diagnosis and Treatment

- Grand Pharmaceutical — Shandong University Radiopharmaceutical Research Institute focuses on the development of RDC drugs
- Boston R&D Center in the United States focuses on the development of cerebro-cardiovascular precision interventional products

Cerebro-cardiovascular Precision Intervention

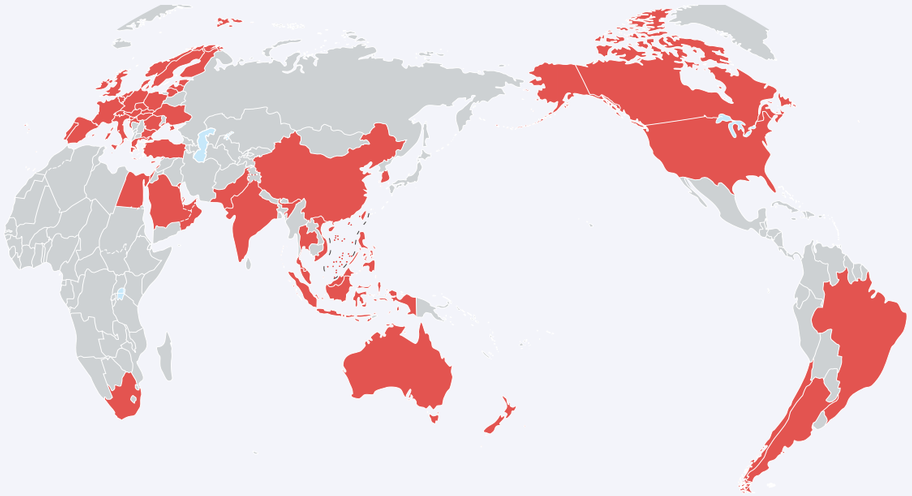
- International R&D Center in Optics Valley, Wuhan focuses on the R&D of active equipment
- Changzhou Device R&D Center focuses on the R&D of passive equipment
- Shanghai R&D Center focuses on the R&D of mitral valve replacement products for structural heart disease medical devices

Global Business Layout

The in-depth global layout of a complete industrial chain of Grand Pharma demonstrates its diversified operational management strength. In addition to the R&D platforms, the production of Grand Pharma's products is also globalized, with the Company's production bases located in Singapore, Germany, the United States and other places. The deepening of the global operation of the industrial chain will bring better quality products to doctors and patients around the world.

Case | Improving Access to Pharmaceutical Products—— Yttrium-90 microsphere injections has been approved by laws and included in government health insurance in many countries

In January 2022, the Group obtained the approval from the NMPA for commercialization of Yttrium-90 microsphere injections, for the treatment of patients with unresectable colorectal liver metastases who have failed standard of care. The product is the only product in the world for selective internal radiation therapy (SIRT) for colorectal cancer liver metastases. It has been approved by laws in India, Indonesia, Pakistan, Brazil and other countries, and has been included in the government health insurance of Australia, Vietnam, the United States and other countries, benefiting more Chinese and overseas patients.



Countries and regions where Yttrium-90 microsphere injections has been approved by laws

Improving the Affordability of Medicines

Access to Healthcare

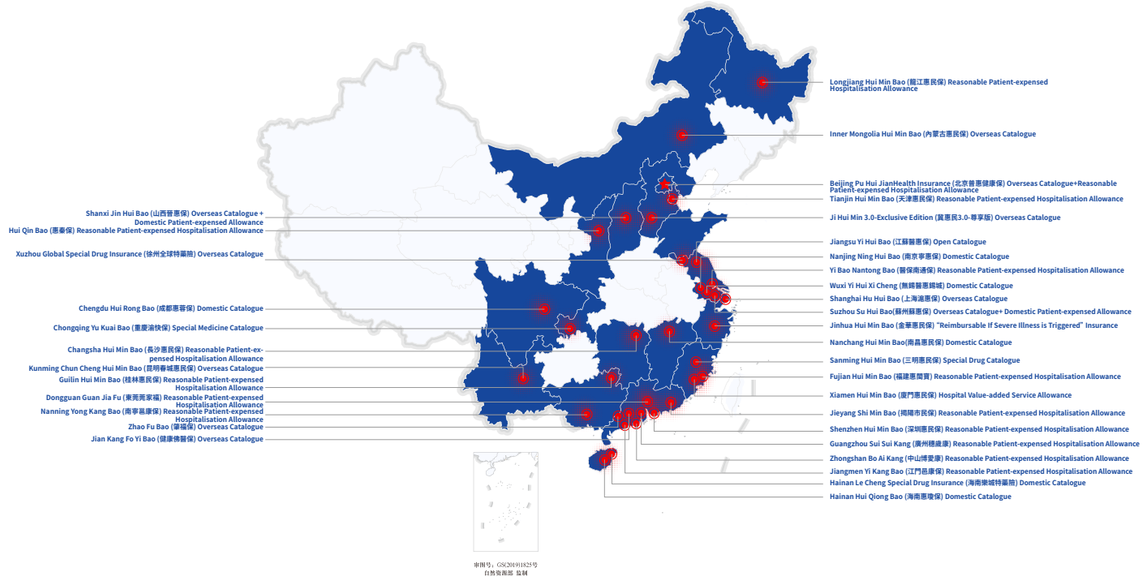
Grand Pharma has been committed to improving the affordability of its pharmaceutical products, through in-depth understanding of patient needs, and close cooperation with the government and industry to jointly promote the rationalization of medicine prices to ensure that more people have access to high-quality medical products and services.

To this end, we actively promote the access to the Group's pharmaceutical products in the National Reimbursement Drug List, to reduce the burden on patients and improve the inclusivity of our pharmaceutical products. As at the end of the Reporting Period, more than 200 products of the Group had been included in the National Reimbursement Drug List.

Case | Enerzair® Breezhaler® and Atectura® Breezhaler®, the two global innovative compound preparations for the treatment of asthma of Grand Pharma, were successfully included in the National Reimbursement Drug List

Three product specifications of Enerzair® Breezhaler® (indacaterol acetate, glycopyrronium bromide and mometasone furoate powder for inhalation II, referred to as Enerzair®) and Atectura® Breezhaler® (indacaterol acetate and mometasone furoate powder for inhalation II, III, referred to as Atectura), the two global innovative compound preparations of respiratory and severe diseases anti-infection segment of Grand Pharma, which are used for the treatment of asthma, have successfully passed the negotiation of China national medical insurance , and are officially included in the category-B medicines management scope in the National Reimbursement Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2022 version). The list was implemented nationwide on 1 March 2023.

The Group benefits liver cancer patients through commercial insurance and innovative payment means, reducing the financial burden of surgical treatment for the majority of patients and bringing the hope of cure. During the Reporting Period, we continued to promote the inclusion of Yttrium-90 microsphere injections (Trade Name: YiGanTai®) in inclusive insurance and commercial insurance in various cities. At present, YiGanTai® has been included in 36 inclusive insurances such as Shanghai Hu Hui Bao (上海滬惠保), Nanjing Ning Hui Bao (南京寧惠保), Jiangsu Yi Hui Bao (江蘇醫惠保) and Beijing Pu Hui Jian Kang Bao (北京普惠健康保) and 1 special medical insurance, which covers 20 provinces and 27 cities with a significant increase in the accessibility of such product to patients with liver cancer.



As at the end of the Reporting Period, this product has been used by more than 150,000 people in over 50 countries and regions. It is recommended by the treatment guidelines issued by different international authoritative organizations the Barcelona Clinic Liver Cancer Guidelines (BCLC), the National Comprehensive Cancer Network (NCCN), the European Society for Medical Oncology (ESMO), the European Association for the Study of the Liver (EASL), the National Institute for Health and Care Excellence (NICE).

Case | Grand Pharma Cancer Patient Support - Employee Donation Project

Through our employee donation program, Grand Pharma is committed to providing help and support to cancer patients affected by extreme poverty in low- and middle-income countries.

The employee donation program launched by Sirtex, a subsidiary of Grand Pharma, benefits cancer patients in many regions around the world (especially developing countries, such as Malaysia, Brazil, etc.), providing substantial help to economically disadvantaged cancer patients in Asia, Australia, Europe, North America and South America. In 2023, Sirtex employees donated $4,700 to non-governmental organizations that support cancer patients in Brazil. This charitable donation was used to provide basic food, personal hygiene products and medical supplies to cancer patients in the São Paulo region affected by poverty.

Empowering Medical and Health Construction

Grand Pharma fulfils its corporate social responsibility with practical actions by continuously deepening medical assistance projects and improving healthcare standards in underdeveloped areas, striving to provide more low-income patients with access to affordable therapeutic drugs and treatment options.

Case | Yttrium Little Red Flower Health Fund(釔朵小紅花健康基金) - Patient Assistance Project was successfully launched

On 19 November 2023, " Yttrium Little Red Flower Health Fund Project" was officially launched in Zhengzhou, Henan Province. Initiated by Henan Sunshine Medical Health Development Foundation (河南省陽光醫療健康發展基金會 , hereinafter referred to as the "Foundation") and strongly supported by Wuhan Shetai Medical Technology Co., LTD. under Grand Pharma, the relief project for low-income patients who meet the treatment standards of Yttrium-90 microsphere injections aims to provide financial assistance for patients with hepatocellular carcinoma and colorectal cancer liver metastasis, which will be a strong support for them to overcome the disease.

Case | Colorectal cancer patient and caregiver education program

Grand Pharma has been committed to promoting medical and health construction and patient education, and through establishing strategic cooperation with external institutions, it strives to improve medical and health equity and optimize patient experience. In 2023, Sirtex, a subsidiary of Grand Pharma, donated $25,000 to support a patient education platform and online community (ColonTown University) for colorectal cancer patients and caregivers. Colorectal patients and their caregivers will now be able to access educational materials about yttrium [90Y] microsphere injection through the platform. In addition, the platform establishes an online community for patients, allowing patients with colorectal liver metastases to connect with others with similar experiences and share treatment experiences.

Investment in Treatment for Rare Diseases

As a responsible pharmaceutical company, the Group relies on its own scientific research capabilities, focuses on the urgent needs in the field of rare disease treatment, and continues to increase its research and investment in rare disease drugs, striving to introduce more innovative treatment options to patients. During the Reporting Period, the Group had one commercialized orphan drug for rare disease, four orphan drugs for rare diseases for which commercialization applications had been submitted, and orphan drugs for rare diseases under development.

Grand Pharma's orphan drugs for rare diseases	Indication	Status
Carglutamic Acid Dispersible Tablets (Anvid®)	Hyperammonemia	Commercialized
Vigabatrin Powder	Treatment of Infantile Epileptic Spasms Syndrome	Commercialization Applications Submitted
Macitentan Tablets	Treatment of Pulmonary Arterial Hypertension	Commercialization Applications Submitted
Eltrombopag Olamine Tablets	Treatment of Idiopathic Thrombocytopenic Purpura	Commercialization Applications Submitted
Pasireotide Diaspartate	Cushing's Disease	Commercialization Applications Submitted
Icatibant Acetate	Hereditary Angioedema	Under Development
GPN01122	Diagnosis of Gastroenteropancreatic Neuroendocrine Tumors (GEP-NETs)	Under Development
ITM-11	Treatment of Gastroenteropancreatic Neuroendocrine Tumors (GEP-NETs)	Under Development
TLX101	Giloblastoma Multiforme	Under Development

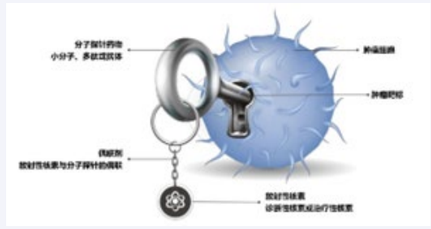
Grand Pharma's Commercialized Rare Disease Drugs and Rare Disease Drugs Under Development

Case | The Global Innovative Radionuclide-drug Conjugate of Grand Pharma ITM-11 is Approved to Conduct Phase III Clinical Study in China

In March 2024, a global innovative radionuclide-drug conjugate (RDC) of Grand Pharma ITM-11 for the treatment of gastroenteropancreatic neuroendocrine tumors (GEP-NETs), has been approved by the National Medical Products Administration of the People's Republic of China to conduct Phase III clinical study. The approval of this Phase III clinical study is another important R&D progress of the Company in the field of nuclear medicine anti-tumor diagnosis and treatment.

ITM-11 is a therapeutic RDC drug based on radionuclide conjugated technology that targets GEP-NETs. The product has been granted orphan drug designation by the United States Food and Drug Administration (FDA) and the European Medicines Agency (EMA).

In addition, ITM-11 together with TOCscan®, another RDC product of the Company for the diagnosis of GEP-NETs, can form a product group to realize the integration of the diagnosis and treatment of GEP-NETs, and is expected to provide a new diagnosis and treatment option for the patients with GEP-NETs in China.



Case | The Rare Disease Drug of Grand Pharma Carglumic Acid Dispersible Tablets is Granted a Drug Registration Certificate

In September 2023, Carglumic Acid Dispersible Tablets (Anvid®) which is independently developed by Grand Pharma for the treatment of hyperammonemia in adults or children caused by N-acetylglutamate synthetase (NAGS) deficiency, Isovaleric acidemia (IVA), methylmalonic acidemia (MMA), or propionic acidemia (PA), has been granted a drug registration certificate by the National Medical Products Administration of the People's Republic of China.

Hyperammonemia is a clinical critical disease. Excessive blood ammonia concentration has strong toxicity to the nervous system, which can cause irreversible damage to the brain. Carglumic Acid Dispersible Tablets can quickly reduce the blood ammonia level. They have been commercialized in many countries and regions such as Europe and the United States, and have been included in the Orphan Drug List of the US FDA. The commercialization of Grand Pharma's Carglumic Acid Dispersible Tablets in China not only provides a new safe and effective treatment for the clinic, but is also expected to reduce the medical burden of patients with congenital hereditary hyperammonemia.

03

Grand Responsibility for Quality

Grand Pharma adheres to the principle of quality-oriented, ensures compliance with the highest global quality standards and establishes a sound quality management system to provide more advanced and diversified high-quality treatment solutions for patients worldwide. We focus on the needs of patients and are committed to benefiting both patients and doctors and contributing to the society.

Quality Management

Pursuing excellent quality, the Group has been adhering to high standards and strict requirements. We continue to improve quality management system, strictly control the quality and safety of the products in their whole life cycle and to optimize customer service with care to provide a strong medical guarantee for patients.

Quality Management System

Strictly following the *Drug Administration Law of the People's Republic of China,* the *Vaccine Administration Law of the People's Republic of China,* the *Measures for the Administration of Drug Registration,* the *Measures for the Supervision over and Administration of Drug Production* and other laws and regulations, Grand Pharma establishes the *Product Compliance Management System (《產品合規管理制度》),* the *Whole Process Quality Management Regulations (《全過程質量管理規定》),* the *Quality Management Regular Meeting System (《質量管理例會制度》)* and other internal systems, so as to guide the Company and its subsidiaries to improve the quality and safety of the whole life cycle of products, standardize the compliance management requirements of the whole process, and ensure the effective implementation of the quality management policies, quality management objectives and policies of the Group.

To ensure the effectiveness of the quality control measures of the Group, we strictly follow the international standards including GMP and ISO 9001 and have established a whole life cycle quality management system covering the stages of product R&D, technology transfer, commercial production and product termination, which ensures the safety and control of drug quality throughout the life cycle and has obtained multi-party certification.

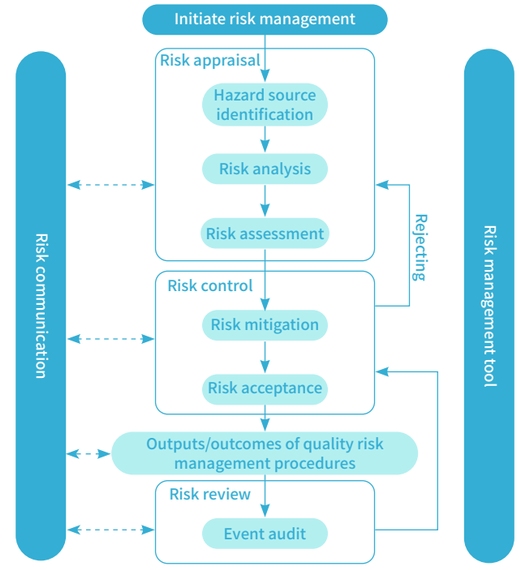
Quality Management System for the Whole Life Cycle of Drugs

In 2023, the quality management system certification and quality inspection of the Group cover all production enterprises/bases, of which the inspection conclusions meet the requirements.

Quality management system certification and inspection	Quality certification compliance of subsidiaries in 2023
ISO 9001	4 drug companies, 7 pharmaceutical raw materials, pharmaceutical raw materials intermediates/ chemical companies have passed the ISO9001 certification
GMP	6 subsidiaries have passed the official GMP certification inspection 11 times
Other quality management system certifications	FSSC22000 system certification, ARA HALAL Organic Certification and other certifications have been passed for 13 times

Meanwhile, the Group establishes management systems for marketing authorization holder, and regulates and guides the quality management of all subsidiaries to guarantee the quality management of whole life cycle of drugs in all respects. In 2023, Grand Pharma conscientiously fulfilled the main responsibilities of marketing authorization holder according to the requirements of laws and regulations and the company systems, and required all MAH (Marketing Authorization Holder) to complete the *Fulfilment of Drug Product Quality and Safety Responsibilities by Marketing Authorization Holder Spot Check and Self-Correction Special Inspection Report.*

In terms of quality risk management, we have developed a quality risk control process for the whole life cycle of drugs, which can predict, monitor and control potential risks of all links, so as to continuously strengthen risk control in quality process. We develop risk control measures in a timely manner and strengthen process management, inspections and other works in production process to guarantee the safety and effectiveness of products.



Quality Risk Control Process for the Whole Life Cycle of Drugs

Product Testing

In order to ensure the excellence and stability of product quality, the Group has constructed a comprehensive quality inspection and control system and established internal quality control laboratories to systematically ensure the effective implementation of internal quality inspection. Quality control laboratories have been set up in all manufacturing enterprises of Grand Pharma. These laboratories are equipped with the required professional technical personnel and necessary equipment and facilities for compliance with regulations and product inspection to meet the needs of product testing. At the same time, we have also established a complete laboratory management system and document management system to guide the laboratories to conduct regular preventive testing of all products and services for possible emerging quality or safety issues, as well as to conduct comprehensive internal quality inspections of raw and auxiliary materials, intermediate products, process control required for product production and product release, with the internal inspection rate reaching 100%.

In addition, we have established a change management system to fully analyze the impact on product quality before and after the change, and conducted quality comparison studies, process validation, analytical method validation and stability studies based on the assessment results to ensure that the changed products meet the established quality requirements. During the Reporting Period, we commissioned a third-party organization to conduct 609 tests on 176 products to further ensure the reliability and stability of product quality.

Quality Inspection over the Full Lifecycle of Product

Quality Audit

As an important means to ensure product quality, we formulate a comprehensive quality audit plan and conduct quality audits every year to ensure that all product lines are strictly inspected and assessed. In 2023, the Group formulated a quality inspection plan for subsidiaries of the Group in accordance with regulatory requirements and control requirements of the Group, covering 18 manufacturing enterprises. During the inspections, we fully communicated with the enterprises on the problems identified, and requested them to learn from their mistakes and continue to improve their quality management standards. At the same time, each subsidiary formulated an internal audit plan in accordance with regulations and the requirements of the Company's system, took over in formulating special benchmarking inspections and formulated corrective measures and carried out rectification for the defects identified. During the Reporting Period, we also continued to monitor the quality control of all aspects of product production through external inspections and audits.

Internal quality inspections and audits

- Pharmaceutical enterprises: 25 internal audits and special inspections
- API and chemical enterprises: 9 internal audits and special inspections

External quality inspections and audits

- The Company is subject to foreign audits from the third party of the Telix project, which covered clinical operations, quality control, registration regulations, project management, pharmacovigilance, information technology, etc., and there were no significant findings during the audits
- Pharmaceutical enterprises: 26 external special inspections, flight inspections, production license renewal inspections and GMP inspections; 1 customer inspection, with no major defects found
- API and chemical enterprises: 23 external special inspections, flight inspections, production license renewal inspections and GMP inspections; more than 140 domestic and foreign customer inspections, with no major defects found

Internal and External Quality Audits

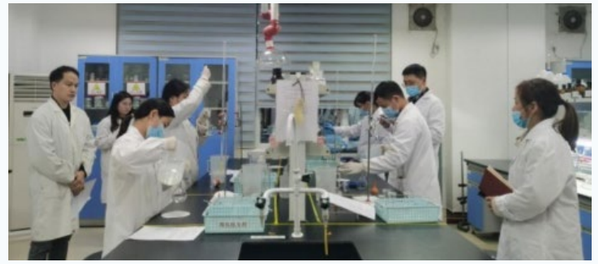
During the Reporting Period, Grand Pharma conducted audits or assessments of 16 key suppliers in collaboration with to ensure the quality and safety of the supply chain.

Quality Culture Building

In order to further strengthen the quality risk awareness of all staff, the Group launched various quality training activities during the Reporting Period to ensure that our staff has mastered the core skills of quality control so as to better fulfill the quality requirements in their daily work. In addition, we provide quality-related training to our suppliers according to the level of product quality provided by the supplier.

Case | "Quality Month" events

In 2023, the Group organized "Quality Month" events for its subsidiaries, in which a total of 16 enterprises participated and 28 quality activities were held, with a total of 5,000 people participating in the activities; each subsidiary organized quality control enhancement activities, safe drug use month activities and other activities for six times, with a total of 800 people participating in the activities.



In respect of industry collaboration, during the Reporting Period, Grand Pharma participated in FSSC22000 event, CPHI Worldwide Convention on Pharmaceutical Ingredients in China, Pesticides Analysis Seminar, China International Pharmaceutical Ingredients and Intermediates Exhibition, China International Medical Equipment Fair, CMAC Annual Conference, China Pharmacovigilance Annual Conference and other industry events.

Case | Participating in the formulation of amino acid quality standards

In June 2020, focusing on issues such as the lack of standards for amino acids, an existing key raw material for infant formula foods in China and its poor quality, as well as the high degree of dependence on foreign index parameters, a subsidiary of Grand Pharma in the biological sector, Wuhan Grand Hoyo Co., Ltd., on behalf of the industry, cooperated with China Fermentation Industry Association to initiate the promotion of domestic regulations on amino acid nutritional enhancers.

After 4 years, Grand Hoyo, the National Health Commission (NHC) of the PRC, the State Administration for Market Regulation (SAMR) and China National Center for Food Safety Risk Assessment (CFSA) have finally reached a consensus after many rounds of meetings, expert's reviews, industry discussions, as well as repeated communications, coordination and discussions. On 26 November 2023, the NHC and the SAMR jointly promulgated the *Announcement on the Management of Amino Acids in Foods for Special Dietary Uses (No. 11 of 2023),* which clarifies the legal status of the use of amino acids as food nutritional enhancers, including quality standards and specification requirements for 36 amino acid varieties.

Clinical Ethics

We value the trust and contribution of every patient participating in clinical trials to medical research, and their privacy and safety are a red line that should not be crossed. Grand Pharma has always adhered to its commitment to the subjects and conducts clinical study with the highest standards and the most rigorous attitude to ensure that the rights of the subjects are fully respected and protected.

Protection of Subjects' Privacy

In the course of clinical trials, the protection of patients' privacy and safety is always prioritized by the Group and is consistently implemented throughout the entire trial process. All of our experimental projects are strictly designed in accordance with ICH-GCP[2], the Declaration of Helsinki, the *Good Clinical Practice,* the *Measures for the Administration of Drug Registration*, and other relevant laws and regulations of the PRC to fulfill the responsibilities of the organizer.

The Group has established an Ethics Committee for clinical trials, which is responsible for overseeing and strictly enforcing the protection of subjects' rights. Before a subject participates in a clinical study, we sign an *Informed Consent Form for Clinical Study* with him/her to ensure that the subject's right to information, freedom of choice and privacy are effectively protected, and that all medical information of the subject is kept strictly confidential. We replace subject information with numbers or names throughout the trial to ensure that their privacy is fully protected.

We strictly control the risks associated with clinical study, continuously monitor the safety and ethics of our study, and launch a series of initiatives to protect the safety of our subjects. We incorporate the potential risks of experimental drugs and explicitly require the adoption of a risk control plan in clinical study protocols to protect the safety of subjects enrolled in the study. In addition, comprehensive insurance coverage is purchased for each study to ensure that subjects are provided with timely financial compensation and support for medical expenses in the event of an adverse event, providing all-round safety protection to the subjects.

We are committed to enhancing the awareness of clinical ethics and related skills of relevant personnel. During the Reporting Period, Grand Pharma attached great importance to and actively responded to the two latest Guides to Informed Consent issued by the FDA during the Reporting Period and organized special training and learning activities for relevant personnel, in which they thoroughly understood and learnt the core essentials of the Guide, including contents on the protection of subjects' privacy, to enhance employees' awareness of regulations and professionalism in clinical trials.

[2] ICH-GCP stands for International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use - Good Clinical Practice. It is an ethical guideline issued by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), which sets out the basic principles and standards to be conformed with in the design, implementation, recording and reporting of clinical trials of medicinal products.

Clinical Drug Safety

The Group proactively develops quality control and risk management plans for drugs in the clinical stage to ensure the safety and efficacy of drugs. We have a comprehensive clinical development team covering areas of clinical medicine, data management and statistics, clinical pharmacology, clinical operation, and pharmacovigilance to fully ensure the smooth progress of drug research and development. We strictly comply with operational procedures and internal regulations such as the *Regulations for the Release of Drug for Clinical Trial Use* and the *Procedures for Clinical Quality Management,* and continuously evaluate the safety features of drug therapy throughout the entire clinical development process (i.e. from the design of clinical protocols to the trial process), with the aim of reducing drug safety risks and providing safe and reliable drugs to the subjects.

In order to effectively minimize the potential risks in clinical study, we have established an inspection system and an independent quality assurance team. The Quality Director is fully responsible for performing quality assurance work related to new drug research, assisting the establishment of quality management system for new drug research, and conducting internal quality system inspection as well as external supplier audits. The Senior Manager of Clinical Quality is mainly responsible for establishing an optimized quality management system and developing quality control or inspection plans for clinical trials. The Quality Supervisor is mainly responsible for building and optimizing the R&D quality system, participating in quality control or inspection of the research center, and conducting clinical quality related training.

Protocol Design

The protocol design for the early phase of the trial (Phase 1 Healthy People) is mainly led by the clinical pharmacology team, which takes into account the determination of the initial dose, dose selection, pharmacokinetics and drug metabolism analyses (small molecule compounds only), and the exploration of immunogenicity (biopharmaceuticals only), while members of other functions will improve the protocol from the perspective of science, safety and operability.

Patient Trials

Led by the clinical medicine team, which collaborates with the data and statistics team, the clinical operation team and the pharmacovigilance team to improve the protocol.

The pharmacovigilance team develops risk management plans from a risk management perspective, while the medical team develops safety administrative plans from the perspective of monitoring and managing safety events that may actually occur in clinical trials to guide the researchers to be cautious of material safety events that may occur in the course of the study and provide them with reasonable handling principles.

Trial Monitoring

Real-time medical data review is conducted by medical staff to ensure the consistency and accuracy of the data and patient safety. Medical supervisors responsible for each project develop a medical data review plan before the enrollment of subjects, with consideration of the speed of trial enrollment, the safety features of the product, and the requirements of the study. They conduct real-time review according to the plan, identify problems in a timely manner, and formulate solutions together with the project team so as to ensure the quality of the trial.

Set up Data Security Review Committees with different purposes in the trial based on the characteristics and indications of the products.

Clinical Drug Safety Control Process

In 2023, Grand Pharma carried out comprehensive quality system construction and strict control on all aspects of clinical study, including suppliers, collaborative research centers and essential documents. We have implemented measures such as clinical supplier audits, research center inspections, TMF[3] reviews, quality control (QC) inspections and collaborative monitoring to identify, assess, control, and keep track of clinical risks in a timely manner, immediately rectify quality issues discovered, formulate appropriate corrective and preventive measures where necessary, and follow up on the implementation of rectifications to ensure the quality level of clinical projects.

[3] The Trial Master File.

Pharmacovigilance

Pharmacovigilance management

The Group strictly complies with laws and regulations and adheres to the patient-centered principle. In accordance with the *Drug Administration Law of the People's Republic of China,* the *Good Pharmacovigilance Practice*, the *Good Clinical Practice*, the *Guidelines for the Preparation of Master Files of Pharmacovigilance Systems* and other laws and regulations, the Group has set up a complete pharmacovigilance system to ensure all pharmacovigilance system activities comply with the relevant regulatory requirements.

Grand Pharma has established a Drug Safety Committee, which is responsible for major risk assessment of the Company's products, handling of major or emergency drug incidents, product risk-benefit assessment, risk control decision-making, review of pharmacovigilance plans and other related major issues. At the same time, we have established the *Procedures for Implementation of the Data and Safety Monitoring Board (DSMB)*, which stipulates the decision-making, preparation and operational procedures of the DSMB to ensure timely monitoring of safety, efficacy and clinical trial implementation related issues in accordance with external guidelines and requirements.

Grand Pharma comprehensively collects information on adverse drug reaction incidents through multiple channels, such as telephone, public mailboxes, official account, and the direct reporting system on the Company's website, to ensure a comprehensive understanding of drug safety issues. The Company has established a comprehensive incident investigation and handling process to ensure that each adverse drug reaction incident is handled in a timely and professional manner.

Receiving and Classification

The original case classifiers of the pharmacovigilance department is responsible for receiving and categorizing the original case reports for the safety information received. The data entry clerk conducts retrieval and re-checking based on the contents of the original data, creates a new report or adds a new version of the report, makes a new entry of the data, and carries out a preliminary evaluation of the seriousness and predictability of the data.

Report Audit

Data quality controllers review the quality of the report, check the completeness and accuracy of the report entry, conduct data quality control, and review the causality assessment, severity judgment, predictability judgment, case description, etc., and may challenge the completeness and accuracy of the report content.

The medical assessment may, as necessary, carry out review of the report's medical assessment, causality assessment and autopsy descriptions, etc. If the report data cannot support an accurate and reasonable medical assessment, the report content may be challenged.

Report Submission

The report submitter generates the final version of the report and determines if it needs to be submitted to the regulatory authority based on its content and submits the reviewed report to the regulatory authority.

If the report information received is incomplete, the missing information should be followed up and the data entry clerk or designated personnel should summarize the query and follow up with the reporter.

Adverse Reaction Incident Handling Process

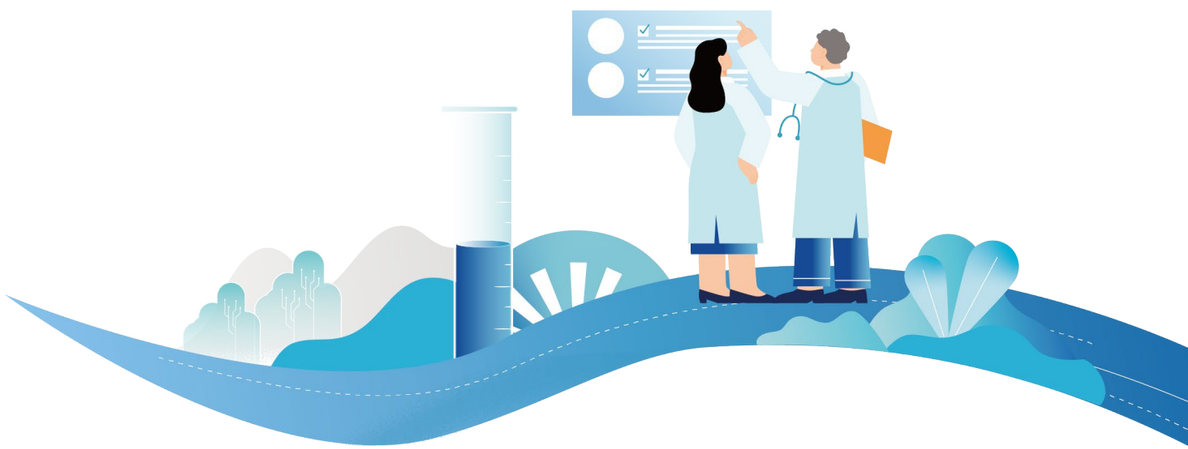
We attach great importance to the continuity of our pharmacovigilance business and organize pharmacovigilance business continuity exercises at least once a year in accordance with the requirements of the *Pharmacovigilance Business Continuity Plan Management Regulations*. In 2023, we have successfully completed a pharmacovigilance business continuity exercise to ensure the continuous and stable operation of pharmacovigilance activities.

The Group is committed to continuously enhancing the pharmacovigilance awareness and skills of its staff. The Company conducts at least one online or offline basic training on pharmacovigilance for its staff every year, covering the necessity of reporting drug safety, the definition of safety information and reporting methods, etc., so as to enhance the staff's application of the relevant knowledge in their practical work and to ensure the safety of patients' medication.

In order to promote the enhancement of the pharmacovigilance capability of the industry, the Group actively participated in the discussions of risk management program for drug discharge organized by the Center for Drug Evaluation of State Food and Drug Administration. Recently, the National Centre for Adverse Drug Reaction Monitoring commended the organizations with outstanding performance in the monitoring and assessment of adverse drug reactions in China in 2023, and Grand Pharma (China) Co., Ltd. was commended by the National Centre for its outstanding performance in fulfilling its monitoring and assessment responsibilities, implementing the spirit of the Central Committee of the Communist Party of China (CPC) and the requirements of monitoring adverse drug reactions, as well as preventing and controlling the cosmetics and pharmaceutical products safety risks. Meanwhile, we also actively participated in industry forums to share our practical experience in pharmacovigilance.

Case | Pharmacovigilance Work Exchange Meeting for Marketing Authorization Holders (MAH) of Hubei Province Successfully Held in Grand Pharma

As a pharmacovigilance standardized base in Hubei Province, Grand Pharma, in cooperation with Hubei Adverse Drug Reaction Monitoring Center, held a pharmacovigilance work exchange meeting for the MAH of Hubei Province in Grand Pharma in December 2023, in which Grand Pharma and pharmacovigilance staffs from various MAH shared their relevant pharmacovigilance work experience with each other.



Product Recall

In order to safeguard our corporate reputation, we have formulated the *Protocol to Manage Product Recall* to ensure that all products with safety concerns are recalled swiftly as and when necessary. In order to protect patients' rights to the greatest extent, we have established a comprehensive procedure for product recall, which is designed to ensure that measures are implemented swiftly and accurately when safety concerns are detected in our products.

Formulation of Recall Procedure

- After the decision to recall product, the Company will immediately form a recall team to prepare a specific recall plan and carry out the recall action

Initiation of Recall

- Product recalls are categorized into level I, II and III based on the level of health hazards involved. Customers will be informed with the product recall in the time frame required by the relevant recall level and the incident will be reported to the local drug regulatory authority

Handling of Recalled Products

- The recall team is in charge to prepare a swift overview on the status of the recalled products and access whether the quality of the recalled products is affected
- If the safety concerns could be eliminated by a change of label, amendments to and optimization of manual or a redesign of package, and the issues could be addressed by rework, the products will be relaunched after appropriate handling

Recall Overview and Rectifying and Preventive Measures

- Analysis will be conducted on the root causes of the quality issue and rectifying and preventive measures will be carried out in accordance with the *Protocol to Manage Rectifying and Preventive Measures*

Product Recall Procedure

In 2023, the Group completed 11 product recall drills and 8 emergency response drills regarding pharmaceutical safety. The pharmaceutical recall drills and emergency response drills regarding pharmaceutical safety involved all departments in the production process, sales, logistics and end-users, during which a combination of desktop and real-world scenarios are used to allow the participating departments to simulate the actual recall process and emergency response to pharmaceutical safety on a more authentic level. The participating departments' incident response ability has been comprehensively assessed in the drills.

During the Reporting Period, the Group experienced **0** recall incident of sold or delivered products for health and safety reasons.

Customer Communications and Satisfaction

The Group is always committed to providing customers with excellent products and service experience. We are dedicated to maintaining communications with patients and customers and actively responding to the needs and feedback of our customers, striving to improve their services experience and satisfaction level.

The Company attached great importance to the handling of product quality complaints of its subsidiaries, with a permanent commitment to address all types of complaints in a timely and proper manner. To ensure that quality contingencies will be swiftly and properly addressed in every segment and region, we have established sound systems specific for different business segments in respect of quality complaint management in accordance with relevant laws and regulations and the Company's system. At the same time, each business segment has actively maintained open channels for customer communication and complaints, including sales department mailbox, customer hotline and many more, so as to provide comprehensive protection to our customers' rights and product quality.

The Customer Complaint Handling Mechanism of Field of Biotechnology

To address product quality issues, our bio-technology business segment has established a sales department mailbox and a hotline as its specific customer complaint channels. Once a quality complaint is received, its particulars will be related by the sales department to the quality assurance department, who will then initiate investigation on the complaint according to protocol requirements, return the conclusions to customers in required time frame, and formulate rectifying measures corresponded to such investigation results.

The Customer Complaint Channel of our Field of Nuclear Medicine Anti-tumor Diagnosis and Treatment and Cerebro-cardiovascular Precision Interventional Diagnosis and Treatment

The sales company of our cardiovascular business segment has set up a customer hotline (400-990-9697) to receive customer complaints, and our preparation company handles all complaints based on our *Protocol to Manage User Complaints* to ensure that the issues are properly addressed.

The Customer Complaint Handling Mechanism of Field of Pharmaceutical Technology

Customer complaint channels include direct external line printed on the product packages, our Company website and the direct report system on our official account. To ensure that complaints are addressed swiftly and properly, each of the Company's sales group has set up a feedback chat group specific for complaint-related issue that allow rapid flow of information and timely resolve of complaints. In addition, the Company has established a hierarchical system to manage how customer complaints are handled, in which complaints are categorized into level I, II and II based on their severity. For level I complaints, the staff who received the compliant is required to resolve the issue on the same day, for level II complaints, the issue shall be reported to supervisor and resolved within 48 hours, and for level III complaints, a specific emergency response unit will be formed to carry out real-time follow-up.

During 2023, Grand Pharma's amino acids segment and API segmentcarried out a systemic satisfaction survey on the domestic and overseas customers it worked with. The satisfaction survey mainly covered customers' satisfaction level of the quality, packaging, delivery time and related post-sales services of the products the Company provided. The results showed that customers have a high degree of satisfaction on various evaluation metrics, which was in line with the pre-determined services expectations. Such positive feedback serves as a major reference to the continuous optimization of our service system and the improvement of our products' quality.

During the Report Period, Grand Pharma's amino acids segment has a customer satisfaction level of

99%

API SEGMENT has a customer satisfaction level of

98%

Responsible Marketing

All marketing activities of the Group strictly comply with the *Advertising Law of the People's Republic of China,* the *Administrative Measures for Medical Advertisements,* the *Measures for Drug Advertisements Review* and other relevant laws and regulations, guaranteeing both marketing and publicity meet law requirements and industry standards. To further regulate responsible marketing behaviors of the Group, we formulated the *Responsible Marketing Policy (《負責任營銷政策》)*, which clearly prohibits the inclusion of exaggeration, deception and false content in marketing activities.

In order to ensure all employees deeply understand and follow Responsible Marketing Policy, we conduct annual responsible marketing training, which helps employees to know, understand and follow relevant principles and requirements. For market practitioners, we also organize regular business-related responsible marketing training.

Case | Responsible Marketing Trainings

Respiratory and critical and severe disease segment

Respiratory and critical and severe disease segment adopts online-offline integrated training, and has completed regional training, national training, new employee orientation training, product knowledge training and other responsible marketing related training activities. The training topics include product promotion strategy, product knowledge, customer management, patient portrait, clinical benefits and other contents.

Amino acids segment

Sales department of Hubei Grand Life Science & Technology Co., Ltd. conducted specialized learning and training sessions on *Strengthening Compliance Operation Awareness, Creating an Integral and Professional Environment (《強化合規經營意識、營造廉潔敬業氛圍》)* as well as Learning and Training Conference on *China Grand's Ideology, Culture and Document System, Strengthening Compliance Operation Awareness and Creating an Integral and Professional Environment in the Group (《關於中國遠大思想文化及文件制度、集團強化合規經營意識營造廉潔敬業氛圍的學習培訓會議》)* on 29 June 2023 and 12 July 2023 respectively, covering all employees of sales department.

Cerebro-cardiovascular segment

Cerebro-cardiovascular segment carried out a number of online and offline marketing training camps, product knowledge seminars and other training.

ENT segment

ENT segment adopted an online-offline integrated training mode. It has held multiple product trainings, compliance promotion trainings, marketing skills exchange meetings, promoting speech contests and other activities. In 2023, we focused on improving the basic clinical and drug knowledge and product knowledge content of sales staff at different stages. 30 offline and online product trainings for marketing center personnel were conducted.

Nuclear medicine anti-tumor diagnosis and treatment segment

In 2023, Wuhan Shetai Medical Technology Co., Ltd comprehensively strengthened compliance management and set up special learning courses including Management *Measures for Employee Ethics and Code of Conduct (《員工職業道德與行為規範管理辦法》) and Marketing Compliance Management Measures (《營銷合規管理辦法》)* in the quarterly new employee training, and signed *Employee Statement (《員工聲明》)* and *Compliance Commitment Letter (《合規承諾函》)*. The number of the trained reached 96, and the awareness of marketing compliance was comprehensively strengthened.

Cerebro-cardiovascular precision interventional diagnosis and treatment segment

The marketing training of Cerebro-cardiovascular precision interventional diagnosis and treatment segmentis online-offline integrated, which contains interim marketing compliance training for marketing personnel in different region, year-end training for all regional marketing personnel and on-board compliance training for new employees, spreading compliance knowledge and strengthening compliance awareness to employees by teaching various cases.

API segment

API segment held one compliance training activity. Through vivid case analyzing and explaining, the training personnel helped employees deeply understand the laws and regulations, industry standards and company rules and regulations relating to the production process of pharmaceutical raw materials. Employees said that, through this training, they have a clear understanding of compliance requirements, and they will strictly follow relevant requirements in the future work and contribute to the development of the Company.

Moreover, the Group has developed a responsible marketing audit and supervision mechanism, which conducts regular systematic audit of all marketing and sales businesses every year to ensure legal and compliant sales and marketing practices related to products and services.

During the Reporting Period, the Group did not receive any complaints or legal proceedings about misleading or deceiving consumers by publicity.

Intellectual Property Rights Protection

We attach great importance to the protection of intellectual property (IP) rights. We are committed to the in-depth exploration of the innovative technologies of our key products and the active application and maintenance of patents. We have always complied with the *Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China* and other laws and regulations. During the Reporting Period, we improved our *Patent Administrative Regulations*, further expanded the scope of core patent applications, raised the recognition standard of core patent applications, and enhanced the Inventor Reward process.

In 2023, the Group successfully obtained a number of licensed patents overseas, mainly in the United States, Brazil, Hong Kong Chia, Macau China, and Taiwan China, covering a wide range of areas such as the biological segment, ophthalmic innovation projects and anti-infective projects. During the Reporting Period, the Group obtained 17 new core patents, 75 new peripheral patents, 118 new patent licenses (of which 71 were invention patent licenses, accounting for over 60% of the new patent licenses), and 5 new overseas patent licenses. The Group has accumulated 722 valid patents, of which 412 are valid invention patents.

In terms of innovation achievements, we have made significant progress, with 31 new patent applications in the field of nuclear medicine and the successful submission of 1 PCT[4] international patent application. Meanwhile, we have added 10 new patent applications and submitted 1 PCT international patent application on the mRNA technology platform. In respect of the anti-infective field, we have actively carried out our patenting layout and added 8 new patent applications, among which 4 PCT international applications have been submitted for the STC3141[5] project. The core subsidiaries within the Group's segments have won various honors, including the *National and Provincial Specialized, Refinement, Differential and Innovation Enterprise (國家和省級專精特新企業)*, the *National Intellectual Property Advanced Enterprise (國家級知識產權優勢企業), China Light Industry Sulphur-containing Amino Acid Green Manufacturing Engineering and Technology Research Centre (中國輕工業含硫氨基酸綠色製造工程技術研究中心), China Export Leading Indicator (ELI) Sample Enterprise (中國外貿出口先導指數 (ELI) 樣本企業),* and the *Provincial Invisible Champion Enterprise (省級隱形冠軍企業).*

In order to prevent the risk of IP infringement, we have established a comprehensive patent risk identification process to actively follow up on the potential patent infringement risks of projects under development, marketed products and suppliers, and to resolve patent-related risks.

As at the end of the Reporting Period

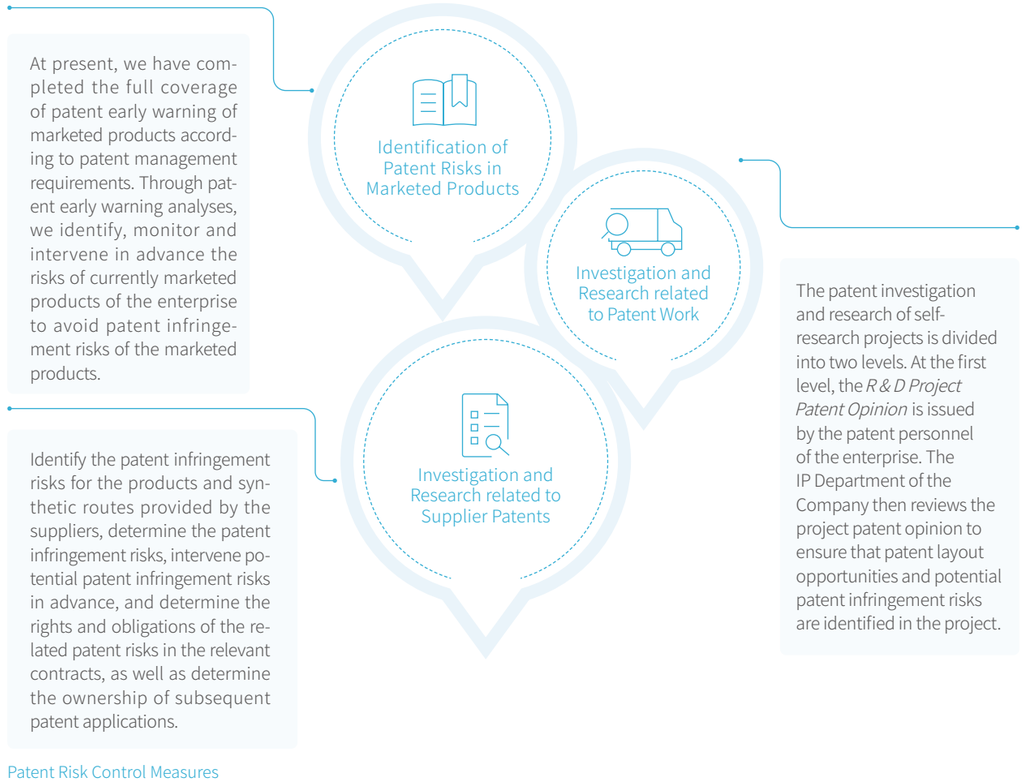
722

the Group owned 722 valid patents and 1,185 valid trademarks

1,185

[4] Patent Cooperation Treaty.

[5] STC3141 represents global innovative small molecule compounds with a new mechanism of action independently developed by Grand Pharma.



Patent Risk Control Measures

We regularly organize IP training and exchange activities, including IP Day activities covering the Group and its member enterprises, IP standard certification and compliance training, specialized training for new employees, etc., to further strengthen the overall IP management level of the Group.

IP Training Activities

04

Grand Care, Forge Ahead Together

Grand Pharma adheres to the concept of people-oriented talent management, and is always committed to achieving unity between corporate values and employees' self-actualization. We adhere to the principle of combining organizational development and personal development, gather outstanding talents through diversified channels to create an inclusive, equal, open and harmonious working environment, and pay attention to employee care and communication while protecting the basic rights and interests of employees. We fully mobilize the enthusiasm and potential of our employees through a comprehensive employee development mechanism and training system, so as to maximize the personal value of our employees in the course of corporate development.

Employees' Rights and Interests

Grand Pharma respects and values every single employee. We fully protect the rights and interests of our employees by establishing an objective and fair talent recruitment and development system, creating an inclusive, open and equal working environment for our team, and go forward alongside our employees in pursue of mutual growth.

Protecting Employees' Rights and Interests

Grand Pharma strictly complies with the *Labor Law of the People's Republic of China,* the *Labor Contract Law of the People's Republic of China,* the *Social Insurance Law of the People's Republic of China,* the *Regulations on the Prohibition of the Use of Child Labor* and other relevant laws and regulations of the place where we operate, and has formulated various employee management systems such as the *Employee Handbook* and the *Labor Contract Management Regulations of Grand Pharma (China) Co., Ltd*. in accordance with our own situation, so as to protect the legitimate rights and interests of our employees in all aspects.

In terms of compliant employment, we adhere to the employment principle of "strictly prohibiting the recruitment of child labor or any form of forced labor, and eliminating any employee discrimination and unfair competition". Through pre-employment background checks, we verify the age of new employees before they join the Company and sign labor contracts with them to ensure that the Company is compliant with labor management. In addition, we regularly conduct audits related to the risk of labor rights and interests, and actively communicate and engage with local regulatory authorities, customers and other stakeholders to cooperate with their audits, so as to ensure the full compliance of the recruitment and employment process. During the Reporting Period, Grand Pharma did not receive any reports of forced labor or child labor incidents.

Case | Human Resources Compliance Audit

We continue to improve our human resources compliance-related systems and management systems, and continuously monitor and manage risks related to labor rights and interests to ensure the effectiveness of the Group's human rights protection practices. In 2023, Grand Pharma prepared and published the *Guiding Opinions on Compliance with Human Resources Regulations and Systems* (《關於人力資源規章制度合規性的指導意見》), and organized its subsidiaries to complete the sorting out of 343 of the Group's personnel management systems, of which 50 systems were planned to be newly established.

During the Reporting Period, the Group completed on-site audits of 21 subsidiaries and issued audit reports, with the scope of audit investigation including the prohibition of forced labor, prohibition of child labor, freedom of association, equal pay for equal work, anti-discrimination and anti-harassment, etc. Each subsidiary was urged to draw up an audit rectification plan and complete the rectification within a certain period of time, so as to continuously improve Grand Pharma's human resource management.

In terms of anti-discrimination and anti-workplace harassment, Grand Pharma is committed to establishing harmonious and stable labor relations, promoting a diversified work environment, respecting the rights of all employees to freely associate and collectively negotiate, and promoting stable and healthy corporate development. We strictly comply with the *Law of the People's Republic of China on the Protection of Women's Rights and Interests,* the *Special Provisions on Labor Protection for Female Workers* and other laws and regulations of the place where we operate, and have formulated the *Employee Handbook* and other systems in accordance with the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), the UN Guiding Principles on Business and Human Rights (UNGPs) and other international initiatives. We are determined to eliminate discriminatory behavior due to differences in nationality, age, ethnicity, gender, beliefs, or due to illnesses, mental or physical defects, and prohibit any form of employee harassment or threats, etc. We are committed to treating every employee fairly and impartially, and to safeguarding the legitimate rights and interests of our employees. In addition, we have been actively building a diverse and equitable corporate culture by providing training related to employees' rights and interests to all new employees during their induction training, and avoiding any form of discrimination and harassment by organizing various promotional activities. During the Reporting Period, Grand Pharma did not have any complaints related to discrimination or harassment.

Protecting the legitimate rights and interests of employees

- Respecting employees' rights and freedom to join in labor unions in accordance with the laws
- Respecting employees' rights and freedom to participate in collective bargaining for labor contracts in accordance with the law
- Respecting employees' personal dignity and privacy, and will not illegally use or disclose employees' personal information

Protecting the legitimate and special rights and interests of female employees

- We provide protection for female employees in various aspects, such as pregnancy protection, maternity leave protection and health checkups, to effectively minimize the impact of occupational safety and health risks on women and safeguard the rights and interests of female employees

Prohibiting discrimination and eliminating sexual harassment in the workplace

- The Company provides fair development opportunities and treatment for its employees, and prohibits any form of discrimination against any employee, regardless of race, ethnicity, gender, nationality, place of origin, political or religious beliefs

Case | Equal Employment and Anti-Discrimination Training

With the development of the Company's globalization business, in order to ensure the compliance of the Group's management of foreign enterprises, we organized and launched trainings on anti-discrimination for employment in the United States. The trainings covered topics of equal employment in the recruitment and interview process, precautions regarding anti-discrimination, and the relevant provisions of overseas anti-discrimination laws (taking the United States as an example), thereby laying the foundation for the Group's globalized management standards.

Attracting Diverse Talents

Grand Pharma has developed a diverse, standardized and transparent employment and recruitment process. It uses various recruitment channels including social recruitment, campus recruitment and internal recommendations to attract outstanding talents of different nationality, ethnicities, genders and social backgrounds, aiming to improve the diversity of our employee, inspire our employee's creativity and meet the Company's labor needs for its long-term development. During the Reporting Period, Grand Pharma formulated the 2030 Talent Strategic Plan and initiated a talent assessment plan, so as to actively broaden its corporate talent pool and attract a diverse range of talents. We have assessed the incumbent competency and succession pipeline of our key positions based on our corporate strategic plan, made estimation on our recruitment needs and manpower gaps, drew out the strengths and weakness and development positioning of the assessed targets and our future talent utilization plan, and formulated plans for the subsequent recruitment, training and development of our corporate's talents.

Grand Pharma's 2030 Talent Strategic Plan

Organizational Building

Build an organizational structure for the Group based on its global business development, with a focus on building a structural model based on our Business Groups.

Talent Building

Benchmark against top international enterprises to improve the quality and efficiency of our manpower on a continuous basis and persist on recruiting intellectual manpower and talents with high potential, so as to build a nationally recognized employer brands and enhance the dedication and cohesion of our employee.

Mechanism Building

Develop a sound, comprehensive remuneration and incentive system to carry on and elevate Grand Pharma's core value, and create an organizational environment of integrity and compliance.

Campus Recruitment

Grand Pharma attaches great importance to the recruitment of graduates in the current year. Through years of cooperation with various universities in campus recruitment, we have developed a broadcasting promotion mechanism combining online and offline measures. In 2023, we actively broadened our channels to recruit talents among recent graduates and built a data base for high-score students, which have attracted over 2,000 highly promising talents to the pools. The Company has vigorously conducted various promotions using a combination of online and offline channels, with a total of 6 corporate open days successfully held during the year. We have recruited 112 staff through campus recruitment, of which 47 were management trainees that comprise 16 persons with doctoral degree and 31 with master's degree.

Case | "Future Leaders" Campus Recruitment Program

Through "Future Leaders Program", Grand Pharma has recruited a number of talents with doctoral or master's degree graduated within the past two years, all of which possesses outstanding comprehensive quality and tremendous comprehensive potentials. Those high potential talents will be developed into our core senior management within 5 to 8 years through our internal training mechanism. The program was spearheaded by the human resources center at the Group's headquarters and implemented with the cooperation of each Business Segment's human resources team. The recruitment involved a number of processes including online and offline meetings with candidates, first interview conducted online on group basis, secondary interview conducted offline in the form of scenario-based communication simulation, talents assessment and English tests, through which top talents that meet the needs of the Group were selected. During the Reporting Period, over 120 persons participated in the offline secondary interview, and we have recruited a total of 42 high potential talents, of which 16 were future leaders.

Social Recruitment

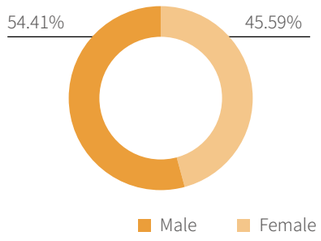
Grand Pharma has formulated a series of recruitment program targeting professionals from all walks of life. Our talent plan progressed persistently as we actively broadened our social recruitment channels to include diverse means such as headhunting, online recruitment, broadcasting promotion and livestreaming recruitment. The Group has carried out talent demand forecasts flexibly based on the Company's development strategic plan, business development needs and project operations, and has formulated reasonable recruitment plans to build a pipeline of potential talents and a reserve pool of new employees.

Internal Recruitment

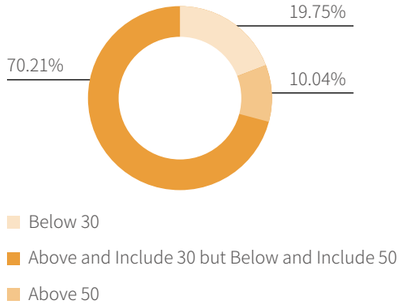
Grand Pharma encourages cross-company rotation and exchange of employees. Adhering to the talent development idea of "training thorough practical experience and actual scenarios", we help employees accumulate experience in various aspects through practice, thereby enabling pipeline management to reflect and grow rapidly. We continued to optimize the management system related to job rotation and exchange and the standard of job rotation subsidy, putting more attention on and strengthening the cultivation of and incentives for rotated and exchanged staffs, so as to promote the reasonable mobility and dynamic, optimal allocation of talents, enhance the vitality of the talent team, and create an active, positive and healthy environment for the growth of talents. During the Reporting Period, a total of 37 personnel completed job rotation in Grand Pharma.

In 2023, under the guidance of the Talent Strategic Plan, Grand Pharma continued to improve the Group's organizational structure, strengthened the organizational construction of its Business Segments and the Centres of Innovative R&D, and optimized the organization's talent management mechanism. There were 2,175 new employees in 2023, among which 56.1% were male employee and 43.9% were female employee. In 2023, we have recruited 40 new middle and senior management, of which 65% had a master's degree or above, representing a year-on-year increase of 20%, and 12% had an international background, representing a year-on-year increase of 1%. As of the end of the Reporting Period, Grand Pharma had a total of 10,534 full-time employees and 302 part-time employees. A breakdown of our employee is set out below:

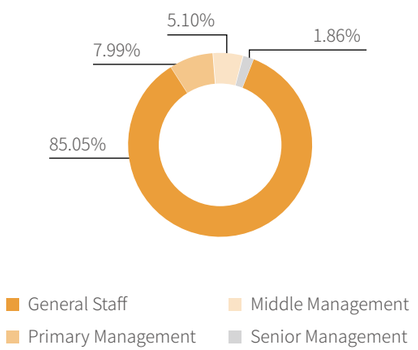
Employees by Gender



Employees by Age



Employees by Rank



Training and Development

Excellent talents are the driving force for the sustainability of an enterprise and the key to building its core competitiveness. Grand Pharma is committed to developing together with its employees and creating value with them. We provide all employees with a comprehensive promotion and development mechanism and rich training courses to fully meet their learning and improvement needs, achieve the integrated development of employees' general skills and management skills, and empower employees to achieve long-term career goals.

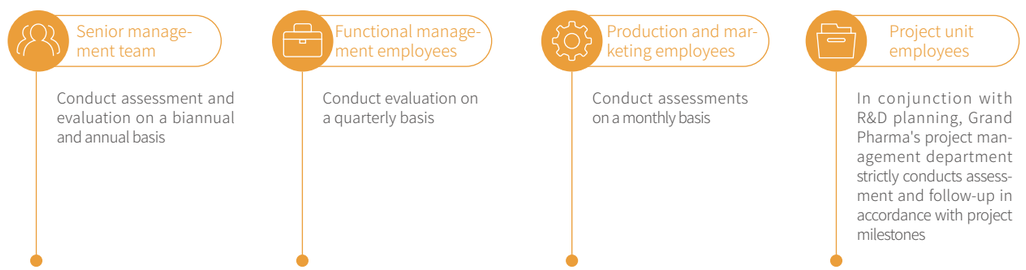
Focusing on Talent Reserve

Adhering to the principle of "appointing people based on their merit and ability", Grand Pharma attaches great importance to the outstanding performance of every employee, and provides corresponding institutional guarantees and incentives to meet the common development needs of employees and the Company.

We have built a systematic human resources hierarchical structure, opened up promotion channels in different dimensions such as management, technology, R&D, and operations, established dual growth pathways for professional paths and managerial paths, and established position levels and individual rank promotion paths for each pathway.

Grand Pharma employee promotion mechanism

We have established a scientific performance evaluation mechanism. Grand Pharma conducts comprehensive evaluations on both performance appraisal and comprehensive evaluation of employees at all levels. In terms of performance appraisal, we provide all employees with biannual, quarterly, monthly and milestone performance appraisals based on their positions to ensure that the process is fair, transparent and equal. In addition, we help employees establish goal-oriented personal development plans. In addition to performance appraisal, we also combine the Company's talent planning and talent concepts and set up a 360 evaluation mechanism as one of the important methods of goal management. During the assessment, employees will first describe the completion progress of the goals and provide supporting materials, and then their direct superiors will conduct a re-evaluation. Finally, the Human Resources Department will submit it to the Company's assessment management department for final evaluation, and at the same time, opinions on talent use and corresponding training and cultivation programs are formed.



Grand Pharma employee performance evaluation mechanism

Cultivating talent with care

Grand Pharma is committed to establishing a scientific and perfect employee training system to help employees improve themselves at work and meet the Company's needs for compliance, professionalism and globalization. We have formulated internal policies and systems, such as the Training Management System of Grand Pharma, to accurately position the objectives and core of our training work, clarify the responsibilities of training on various topics, standardize training management and enhance the effectiveness of training. We provide targeted training modes for employees at different levels and career stages to promote the enhancement of their professional skills and overall quality.

The total number of training participants reached
220,235

The average training time per capita is
34.57 hours

100%
trained employees

New employee training

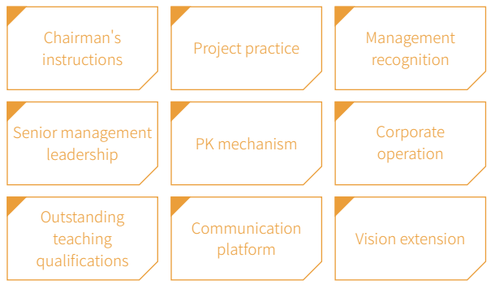
In order to help new employees successfully start a new chapter in their careers at Grand Pharma, we provide them with resources such as onboarding training courses to help them quickly adapt to their roles and establish a sense of team belonging. For new mid- to high-level strategic talents, we convene them to the headquarters every quarter to carry out centralized training on corporate strategy, important management ideas and requirements, and visits to production/R&D bases to strengthen their understanding of corporate management culture and accelerate the integration of new talents into the Company. For high-end talents, we have developed the "Future Leaders" project, which helps high-end talents grow into core senior leaders by matching them with executive mentors and formulating a learning rotation plan.

Managerial and Leadership training

Based on the positions and personal development needs of employees at different levels, we provide leadership training projects for young core groups, junior management and middle management through staged and echelon training methods. In particular, the first phase of the support courses, with "Team Management" as the theme, launched a series of leadership courses including "Building an organization", "Talent scouting", "Employee Counselling" and so on. Lecturers from Grand Pharmaceutical Group Headquarters and amino acids segment as well as external lecturers are invited to share their experiences, so as to empower growth. In 2023, Grand Pharma further clarified the implementation focus of the echelon training project, accelerated the echelon training process, promoted the standardization and advancement of the echelon project, and gradually created a collective talent training brand project in line with the characteristics of the Group.

Special training for senior executives

In accordance with Grand Pharma's medium and long-term strategic development plan of "mergers and acquisitions and internal growth", requirements for senior personnel and the need for talent team building, Grand Pharma has learned the talent cultivation model of outstanding international enterprises and integrated the advantageous resources of strategic partners and the enterprise. The Grand Pharma Camp (GPC) was launched for potential senior managers of the enterprise to comprehensively and systematically improve and perfect their comprehensive management knowledge system and management behavior. Through project implementation, we have created a group of "general manager teams" who recognize the values and concepts of Grand Pharma, are good at learning and innovation, and have systematic thinking and logic for rapid corporate development.



Academic qualification improvement plan

In order to keep up with the Company's development pace, implement the strategy of strengthening the enterprise with talents, and strive to create a corporate talent team with sufficient quantity, reasonable structure and high quality, Grand Pharma has formulated the "On-the-job Education Management Guidance" and actively encourages all employees to participate in on-the-job education. In terms of professional qualification acquisition and academic improvement, we encourage all employees, including part-time employees and contract personnel, to obtain professional qualifications such as certified public accountants and financial risk managers, as well as undergraduate and postgraduate on-the-job degrees. We also provide corresponding financial assistance and working hours support at the company level, and provide career counseling and consultation for all employees.

Job-specific Development Training

We provide employees in different positions with business training courses closely related to their work content to help employees strive for excellence in the business field.

Employees in R&D, technology and information departments	Production and quality department employees	HR special training
Learn and explore how to use ChatGPT4.0 artificial intelligence tools to improve efficiency and innovation capabilities in R&D and production technology	Carry out "one dose of medicine, two lives" quality learning, continue to improve employees' quality awareness and management skills, and enhance the quality execution capabilities of industrial enterprises	Carry out "must-know and know-how for the human resources team" training, covering human resources-related regulations, management systems, professional theoretical tools, English, etc.

Care and Communication

Grand Pharma is committed to building an all-round employee care and communication system, providing employees with competitive remuneration, focusing on work-life balance, building effective two-way communication channels, and enhancing employees' sense of belonging and happiness through the organization of a wide variety of employee activities.

Establishing a scientific incentive mechanism

We have formulated systems such as the *Grand Pharma Salary Management Regulations* and *R&D Innovation Work Incentives and Management Measures (Trial)*. We always adhere to the salary management goals of "promoting organizational development, motivating individual value, being competitive externally, and balanced internally", and establish a scientific and reasonable salary and welfare system. We adhere to the basic principle of equal pay for equal work and regularly monitor and analyze salary indicators to ensure that every employee is treated fairly. We ensure that male and female employees with the same position, experience and performance receive equal pay.

Grand Pharma's current salary structure consists of direct salary and indirect salary. Direct salary basically consists of basic salary, cash subsidies, and performance rewards. Performance rewards include excess operating performance rewards and various project rewards; for indirect compensation, each business segment and enterprise has set up different welfare subsidy projects based on its own business nature, management culture and regional characteristics. Statutory benefits are uniformly implemented in compliance with relevant national management policies.

Salary structure

Basic salary	We adhere to the principle of "fixing salary based on position, matching people with positions, and changing positions and changing salaries". The fixed income level of new employees is determined based on the salary levels of positions of the same rank within the Company, the salary levels of similar positions in the external market, and the employee's personal educational background, skills mastered, accumulated work experience and expectations of future potential. During the process, adjustments are made based on the Company's operating conditions, individual employee performance output, and the Company's labor cost budget.
Performance bonus	Each business segment and enterprise adopts specific assessment and management methods for employees at different levels to ensure that performance bonuses are linked to performance.
Over-achievement rewards	In order to encourage sectors and enterprises to actively achieve breakthroughs in the operation and management process and bring higher performance results to enterprises, an over-achievement reward policy is set for enterprises with sales characteristics.
Special rewards	While focusing on the achievement of short-term revenue and profit targets, we also focus on the future development direction and guide various business segments and enterprises to continue to carry out various professional and management projects. At the same time, we design a variety of special incentive policies in a targeted manner, including: sales , R&D innovation, investment and mergers and acquisitions, technological transformation, engineering projects, management improvement, etc.
Welfare subsidies	Includes statutory five insurances and one fund benefits as well as transportation, off-site, telephone, housing, children's education, supplementary insurance, professional title subsidies, holiday fees, and director allowances. In addition, we provide employees with regular health examinations, employee canteens and other benefits as an enterprise.

Case | "Happiness is in My Hands" innovative incentive campaign

In order to fully explore the potential of its employees, raise their awareness of innovation and efficiency, and mobilize their enthusiasm in participating in corporate management and integrating into corporate development, Grand Pharma launched the theme activity of "Happiness is in My Hands", which encourages employees to base themselves on their positions, innovate and reform, and actively propose standard improvement and optimization measures related to their own work in their daily work, so as to achieve the effect of practically enhancing work efficiency and promote the improvement of the Group's management standard. The activity encourages employees to be innovative and proactive in their daily work by proposing standardization and optimization measures related to their own work, with a view to achieving the effect of practically enhancing work efficiency and promoting the improvement of the Group's management standard.

The performance management department of the Group's human resources center is responsible for organizing the review of happiness activities, and organizing follow-up activities including the distribution and redemption of individual cash rewards and team bonuses based on the results.

Grand Pharma is deeply aware of the importance of talent strength to the sustainability of an enterprise. We not only actively introduce outstanding talents that are consistent with our own business strategic direction and development level, but also effectively release the vitality of talents; in addition, with more three-dimensional and meticulous corporate care, we retain talents through measures such as improving salary competitiveness, diversifying career development, and strengthening corporate culture construction. During the Reporting Period, the overall employee turnover rate of Grand Pharma was 15.4%.

Strengthening employees' sense of belonging

Focusing on humanistic care, Grand Pharma has formulated a series of employee care systems that take into account the geographical differences of enterprises under each business segment. We thoroughly take into consideration the needs of different employees and have established influential welfare plans to show respect to the efforts of every employee and increase their sense of belonging.

Cash benefits

- Housing subsidy
- Holiday gifts are issued on New Year's Day, Dragon Boat Festival, Spring Festival, National Day, Women's Day, Mid-Autumn Festival, and May Day
- Birthday, wedding, childbirth, funeral condolence gifts
- The amounts of communication fees and transportation subsidies vary according to the rank

Non-cash benefits

- Five insurance and one pension
- Critical illness insurance
- Employers' liability insurance
- Accident injurance
- Maternal and infant room
- Birthday parties
- Annual body examination
- Staff canteen

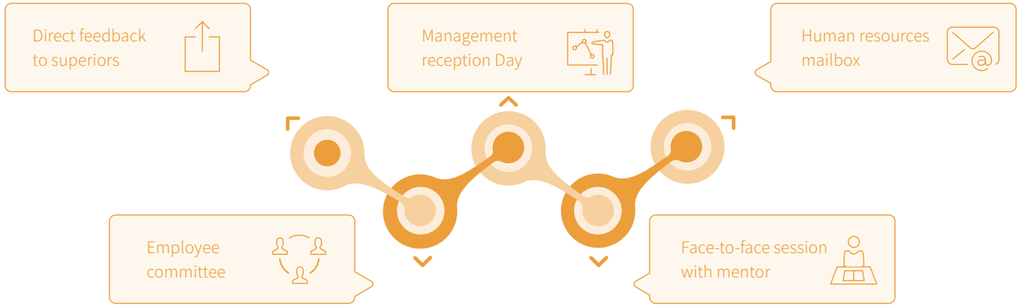
Case | Grand Health Cup Games

Grand Pharma and its subsidiaries organize a variety of sports activities for employees. During the Reporting Period, Fuchi Park organized activities such as the "Seventh Grand Health Cup Games" and the "First Grand Health Run". Xi'an Beilin organizes employee badminton and basketball games; in order to facilitate employees to carry out sports activities, many subsidiaries of the Group have specially purchased sports venue consumption cards to meet the needs of employees with common interests and hobbies for badminton, basketball, football and other sports activities; Each subsidiary organizes fun sports games, tug-of-war competitions, and other activities according to local conditions to promote the concept of sports and health and improve employees' fitness awareness.

Employee Communication

Grand Pharma respects the right of all employees to express their demands and allows employees' voices to accompany the development and growth of the Company. We have established a smooth and flexible employee communication system and actively developed a variety of employee communication channels to enhance communication between employees and the Company. During the Reporting Period, we held a management reception day, inviting management to listen to employees' voices and effectively solve employees' difficulties, which brought employees closer to the Company's management and significantly enhanced employees' sense of belonging.

Employee Communication System



In addition, we have formulated the *Measures for the Management of Reports and Complaints of Grand Pharma*, which introduces an internal employee grievance work process with clear procedures, efficient operation and strict confidentiality. We are 100% committed to protecting the safety and privacy of our employees by encouraging them to file complaints and feedback on workplace discrimination, gender harassment, unfair treatment, etc. via email and corporate WeChat. At the same time, we will also seriously investigate all employee complaints and feedback. If the situation is confirmed, we will seriously deal with the relevant personnel with a "zero tolerance" attitude, and promptly feedback the investigation results and handling status to employees.

Whistle-blowing channels

Email：ts@grandpharma.cn

Corporate WeChat：Worktop-Daily Office-Audit Complaint Reporting

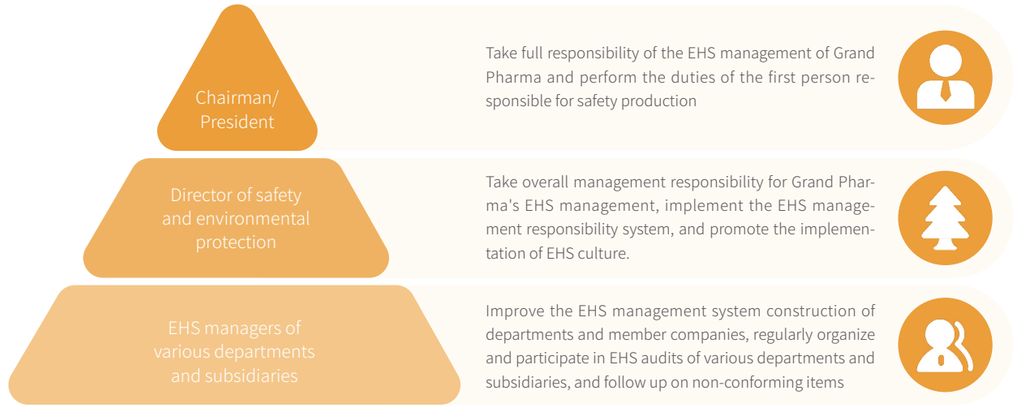
Occupational Health and Safety

Grand Pharma actively practices the safety production policy of "prioritising safety, emphasizing prevention and managing comprehensively". While the Company is developing rapidly, it strictly abides by the bottom line of legal and compliance operations and adheres to the safe development concept of people-oriented and life-first. We put the protection of workers' lives and health in the first place, fully implement the production safety and occupational health management system, build up the production safety defense, and implement the risk identification and control and emergency protection process to eliminate the hidden dangers of safety and occupational diseases.

Maintaining a safe production environment

Grand Pharma strictly complied with the relevant laws and regulations, including but not limited to the *Production Safety Law of the People's Republic of China,* the *Fire Control Law of the People's Republic of China, Fire Prevention Law of the People's Republic of China, Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents, Provisions on the Supervision and Administration of Occupational Health at Work Sites* and *Regulations for the Periodical Inspection*. We have formulated internal rules and management systems such as the *EHS (Safety, Environmental Protection, Occupational Health) Responsibility System*, *Safety Management Guidelines and Natural Disaster Prevention and Management Guidelines* to carry out safety management work in compliance with laws and regulations. In addition, in order to guide the safety management of contractors employed by the various departments and subsidiaries of Grand Pharma and to regulate the safety behaviors of outsourcers and contractors, Grand Pharma has formulated the Guidelines for Safety Management of Contractors to ensure that contractors are in compliance with Grand Pharma's occupational management policy. The results of the safety evaluation in the pre-qualification and tendering will be one of the important factors in identifying contractors, and contractors who fail to meet the minimum standards will not be able to sign a contract.

In terms of structural optimization, in order to further clarify the responsibilities of various departments, standardize the production safety standards and improve the management structure of production safety, the Group has established a complete top-to-bottom safety supervision and safeguard system, and we have set up an EHS management committee responsible for the omni-directional coordination of the production safety system. The EHS management committee is responsible for researching and formulating the Group's occupational health and safety management objectives and targets, guiding and coordinating the safety work of member enterprises, strengthening the implementation of safety norms and procedures, and ensuring the realization of the occupational health and safety management objectives and targets.



During the Reporting Period, after the local government restarted the work of enterprise safety production standardization assessment, Grand Pharma actively organized safety standardization assessment, and a total of 6 subsidiaries obtained Level 2 safety production standardization certificates, 8 subsidiaries obtained Level 3 safety standardization certificates, and 10 subsidiaries obtained ISO 45001/ OHSAS 18001 certification for their occupational health and safety management systems.

Safety Performance and Targets

In 2023, Grand Pharma has set annual targets and broken down tasks step by step. The president of the group company signs a safety and environmental protection target responsibility letter with the functional leaders and business segment leaders of the group company, and conducts assessments based on the target responsibility letter. At the same time, a veto system for safety and environmental protection is implemented.

Production hazard inspection

In line with its safety policy of putting prevention first, Grand Pharma carries out hazard identification, periodic safety inspections and routine safety inspections covering the entire business process to identify potential risks and deploy feasible preventive measures according to the level of risk to reduce the potential impact of the relevant risks. During the Reporting Period, each subsidiary of Grand Pharmaceutical Group carried out various safety hazard inspections in accordance with the Company's annual safety inspection plan, including but not limited to daily safety inspections, comprehensive safety inspections, special safety inspections, public holiday safety inspections as well as local government safety inspections and group safety inspections. No major findings were found during safety inspections.

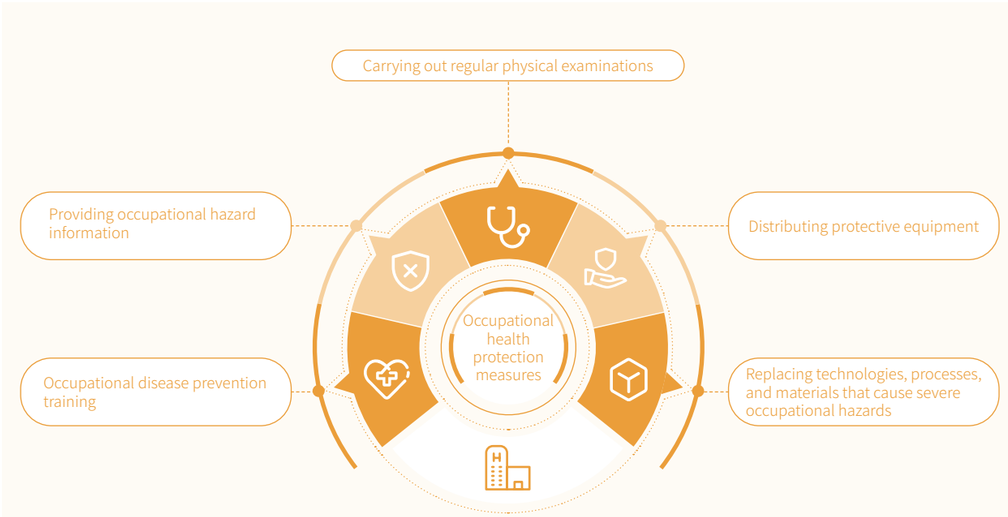
Enhancing safety awareness

In order to enhance employees' safety awareness, we actively carry out safety training to improve employees' emergency response capabilities and hazard prevention capabilities. During the Reporting Period, Grand Pharmaceutical Group and all subsidiaries carried out training in accordance with the safety and environmental protection training plan. In particular, the Group's safety and environmental center conducted 6 external training sessions and 10 internal thematic training sessions based on the actual needs of the company's safety management and employees, with a total of over 6,200 training participants. Upon completion of the training, the Group organized an examination for the participants and the overall passing rate was 99.4%.

Occupational disease prevention

Grand Pharma attaches great importance to the occupational health of its employees and is committed to providing employees with a safe and healthy working environment. We strictly abided by laws and regulations including but not limited to *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used and Provisions on the Supervision, Administration of Occupational Health at Work Sites* and *Regulations for the Periodical Inspection,* and formulated the *Employee Occupational Health Management Guidelines* to ensure employees' health and reduce and eliminate the occurrence of occupational diseases.

During the Reporting Period, we implemented various measures to ensure the occupational health of all employees, including occupational health education, occupational health inspection, regular physical examinations for occupational health employees, regular workplace testing, and distribution of protective equipment. We carry out classified physical examinations for employees of different types of work. The physical examinations cover job-specific items to show that employees involved in risks understand their health conditions. In 2023, all subsidiaries of the Group organized annual physical examinations for all employees exposed to occupational hazards as required, and a total of 2,781 people completed the physical examinations. At the same time, we organized annual monitoring of occupational hazard factors in the workplace, obtained 26 monitoring reports, and established 3,617 employee occupational health files.



Occupational health protection measures

During the Reporting Period, Grand Pharma did not violate any laws and regulations related to occupational health and safety. In the past three years, there were no incidents of employee death due to work relationships. In 2023, Grand Pharma had 14 work-related injuries, and the number of working days lost due to work injury was 879 days.

05

Grand Future, Protect Green

Grand Pharma has actively responded to the national call for "dual carbon", implemented the concept of sustainability, and put green operation into practical action. The Group takes environmental protection as its own responsibility and adheres to the corporate environmental protection policy of "prioritising environment, emphasizing prevention, managing comprehensively, saving energy and reducing emission". We will effectively carry out environmental management, energy and greenhouse gas management, pollutant prevention and resource management in all aspects of production and operation, gradually explore action paths to respond to climate change, and strive to achieve green, low-carbon, and long-term development.

Addressing climate change

With reference to the recommendations and guidance of Task Force on Climate-related Financial Disclosures (TCFD), Grand Pharma incorporates climate change into the overall ESG management process, strengthens the management of climate change risks and opportunities, explores effective carbon reduction measures, and promptly reviews the effectiveness and effectiveness of climate strategies, so as to contribute its corporate strength in combating climate change.

Climate change management

We have established a working mechanism for climate-related matters and built a governance structure composed of the Board, Strategy and ESG (Promotion) Committee and ESG working group to promote the identification and assessment of climate risks and opportunities, and the implementation of climate risk response measures. The Board of the Group reviews climate change-related matters at least once a year and continues to improve the effectiveness of climate change governance.

Climate-related management responsibilities

The Board

Takes overall responsibility for matters related to climate change risks and opportunities, and authorizes the Strategy and ESG (Promotion) Committee to comprehensively supervise related work, including the identification, assessment and management of climate risks and opportunities.

Strategy and ESG (Promotion) Committee

Steers the development of climate change related visions, objectives, strategies and policies in the field of medicine, and to review and examine major climate-related risks and opportunities.

ESG working group

Coordinates and implements the daily management and implementation of climate-related risks and opportunities, carries out the identification and assessment of climate-related risks and opportunities, and implements climate change-related mitigation strategies and various response measures.

In order to ensure the effective implementation of climate change strategies and actions, Grand Pharma has set a greenhouse gas emission target of "With 2023 as the base year, 10% reduction in GHG emission intensity by 2030", while linking climate change and environmental management key performance indicators with the performance appraisal of the relevant core managers to effectively promote the realization of the Company's environmental and climate change goals.

Climate change risks and opportunities

Grand Pharma incorporates climate-related risks into the overall risk management system, and ensures the orderly development of climate risk management work by compiling a list of potential climate risks, conducting risk assessments and formulating response measures. We understand the list of potential climate risks based on industry research reports, relevant policies issued by regulatory authorities, peer benchmarking and external information searches, etc., and assess the time dimension and potential impact of the risks. Based on the results of the climate risk assessment, we discuss and formulate countermeasures in conjunction with the relevant business units. We understand the list of potential climate risks based on industry research reports, relevant policies issued by regulatory agencies, peer benchmarking and external information retrieval. We also evaluate the time dimension and potential impact of the risk, and jointly discuss with relevant business units to formulate response measures based on the climate risk assessment results.

Risk categories		Risk description	Potential impact	Corresponding measures	Time frame
Transformation risk	Market risk	Rising raw material costs	Rising operating costs	• Develop a green supply chain and strengthen research on upstream suppliers • Actively develop green suppliers and reduce the impact of relevant policies on the stability and price of corporate raw material procurement	Mid-term
	Technology risk	Low carbon technology investment and transformation	Rising operating costs	• Actively issue green product certification to reduce greenhouse gas emissions throughout the product life cycle, thereby lowering product export costs and enhancing product competitiveness • Actively issue green product certification toreduce production energy consumption and greenhouse gas emissions, lower operating costs, and enhance asset value • Use low-energy consumption, high-efficiency equipment to replace high-energy consumption, low-efficiency equipment, and encourage the use of frequency conversion equipment, green energy-saving equipment, and energy-saving lighting • Promote the use of clean energy, such as solar panels and photovoltaic power stations in subsidiaries that meet the conditions	Short term
	Policy and regulatory risks	Laws and regulations related to climate change and environmental protection are becoming increasingly strict	Rising operating costs	• Continuously promote the refined management of energy use and compile regular statistics on energy consumption for business purposes	Short term
Entity risk	Acute physical risk	Increasing frequency and severity of extreme weather	Declining revenue and rising operating costs	• Formulate and publish the Natural Disaster Prevention and Management Guidelines, requiring subsidiaries to conduct risk assessment and analysis for various natural disasters, formulate corresponding risk control measures, and establish natural disaster risk files • In response to extreme weather, formulate contingency plans for natural disasters in accordance with the risk points identified by the unit, and equip corresponding emergency supplies to reduce the impact of extreme weather on the enterprise	Short term
	Chronic physical risk	Sea-level rise	Decline in asset value	• Continuously monitor geographic and climatic information to identify sea level risk and activate the plant relocation program when the sea level reaches the risk line • Enhance risk control and adjust investment strategies in a timely manner for areas with predictable sea level rise	Long term

Opportunity types	Opportunity description	Potential impact	Time frame
Resources and efficiency	Green plants	Decrease in operating costs, increase in revenue and asset value increase	Mid-term
	Usage of clean technology	Decrease in operating costs and increase in revenue	Short term
Market	Rising demand for green and low-carbon products	Increase in revenue	Mid-term
Energy sources	Clean energy and renewable energy	Decrease in operating costs	Short term
	Participate in carbon trading	Increase in revenue	Mid-term

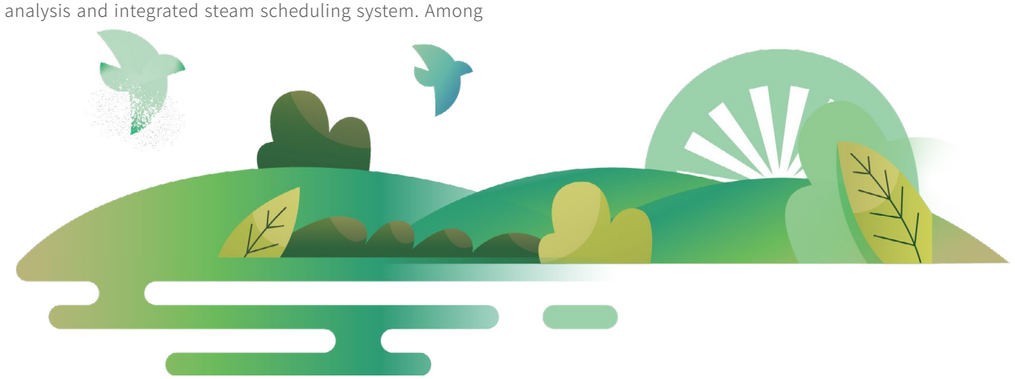
Climate Change Risk Response and Energy Management

In order to effectively manage climate change risks, Grand Pharma continued to optimize its energy and carbon emission management, and has formulated systems such as *Grand Pharma's Equipment and Energy Management System* (《遠大醫藥設備能源管理制度》) to continuously improve its energy management system. We have set an energy management target of "With 2023 as the base year, 6% reduction in energy consumption intensity by 2030", and continued to track the progress against the target, improved the efficiency of energy use, actively promoted the use of clean energy, and integrated energy-saving and carbon-reducing measures into all aspects of production and operation, so as to steadily enhance Grand Pharma's ability to cope with climate change.

Energy Management System

Grand Pharma has started to carry out energy measurement and analysis, continuously explored new forms of energy saving and consumption reduction, and continuously strengthened energy control. We have set up a Power and Energy Management System (PEMS) at the Fuchi production park to achieve integrated information control at the park level, covering measurement data acquisition, energy statistics, steam scheduling, etc. to ensure true and accurate energy statistics, timely scheduling of energy production and use, and production continuity. Through the application of the PEMS system, we have achieved the automatic collection of energy consumption data, energy consumption trend analysis and integrated steam scheduling system. Among which, the integrated steam scheduling system carried out comprehensive coordination to achieve automatic dispatch from the three aspects of steam production, steam transmission and steam consumption, which reduced the amount of steam venting by 50% to 80%, thus improving energy utilization and significantly reducing production costs.

As of the end of the Reporting Period, five manufacturing subsidiaries of Grand Pharma, namely Grand Life Technology, Grand EBE, Wellness Pharmaceutical, Xi'an Beilin, and Xiantao branch of Kernel, have obtained the Energy Management System (ISO 50001) certification.



Energy Management Measures

We have refined and improved the existing energy management requirements in terms of energy-saving technological renovations, operation and maintenance of energy equipment and facilities as well as the introduction and promotion of energy-saving equipment, and the introduction of new energy sources, etc. We have also proactively implemented energy management projects to set a clear direction for the Group's subsidiaries to enhance their energy management. In 2023, the Group promoted the implementation of 16 key energy projects, covering various aspects such as power saving, steam saving and management enhancement, so as to improve the utilization efficiency of energy systems and equipment.

In 2023

16 projects

promoted the implementation of key energy

In 2023
compared with before the energy-saving renovation

13 projects

energy-saving technological renovations

Anticipated annual energy cost savings

RMB3 million

Energy-saving Technological Renovation Projects in 2023

Power saving

Permanent magnetic motors energy-saving technological renovation project	• Upgrading and renovation of ammonia cooling compressor: upgrading the ammonia cooling unit motor, which has high maintenance cost, high noise and low energy efficiency, to permanent magnetic inverters, with an annual power saving estimated at 179,000 kWh compared with that before the renovation and an annual revenue estimated at HKD125,000 • Upgrading and renovation of wind turbines in cooling water towers: Completing the permanent magnetic inverter renovation of wind turbines in cooling water towers, with an annual power saving estimated at 111,600 kWh compared with that before the renovation and an annual revenue estimated at HKD78,000
Direct current motors renovation project	• Direct drive motor is used to replace the original motor, which reduces the problems of low efficiency, high noise and high maintenance cost of the original reactor drive system motor, and improves the efficiency of power conversion, with a power saving rate of 50% compared with that before the renovation
Cooling system energy-saving technological renovation project	• Reducing the power consumption of cooling systems through hardware upgrades, network optimization, and artificial intelligence fine-tuning, with a comprehensive power saving rate of about 20%
Blowers energy-saving technological renovation project	• The upgraded roots blower is a 55 kW suspension blower with low noise, low maintenance cost, a power saving rate of about 25% and occupies a small floor area, with an annual power saving of 140,000 kWh and an annual power cost saving of HKD112,000 compared with that before the technological renovation
Distillation heat recovery technological renovation project	• In the distillation process, a second-stage condenser is added, and the condenser is used for heat recovery of the drug solution, which improves the distillation efficiency by 25%, with an annual power cost saving of HKD35,000

Steam saving

Steam residual heat utilization project

- Introduction of steam energy-saving machine: steam energy-saving machine was introduced to improve the energy consumption and operating conditions. After the renovation, energy consumption decreased by 20.36% compared with that before the renovation, with an annual saving of about HKD156,000
- Boiler residual heat utilization: by adding a heat exchange device, the residual heat of secondary steam from the discharge flash steam of the residual boiler is used to preheat the feed water of the residual boiler to increase the water temperature of the boiler, which improved the phenomenon of white gas emitted from the discharge flash steam, and increased the rate of steam production
- New equipment for evaporation system: new equipment such as heat exchanger and separator are added to utilize the residual heat of secondary steam and ammonia reaction heat to heat the evaporated liquid for concentration, which improves the efficiency of evaporation by about 20% compared with that before the renovation
- Pipeline layout adjustment and optimization: by readjusting the pipeline layout of the steam system to improve the efficiency of residual heat utilization, the closed-loop recovery efficiency of residual heat utilization increased by 10%, with an annual saving of about 100 tons of steam

Bio-fermentation and elimination technological renovation project

- By adjusting bio-fermentation to an elimination system through renovation, about 74% of steam is saved compared with the time-consuming process, saving steam energy costs of about HKD998,000, which is conducive to the optimization of steam dispatch in the park

The Group has launched a rooftop photovoltaic research and green power utilization plan to actively explore the application of clean energy and continuously increase the proportion of clean energy use. We plan to adopt the contractual energy management model of self-generation and self-consumption and grid-connection of surplus electricity to develop decentralized photovoltaic power generation projects by utilizing the idle roofs of the factories and ground-level parking lots of the relevant enterprises that fulfil the conditions for implementation, so as to optimize the structure of energy use. In 2023, Grand Pharma has already organized the Fuchi park, Preparation Plant, Grand EBE, Kernel Xiantao and Wuyao Xiantao bases to conduct exploration and technical exchanges of the decentralized photovoltaic power generation projects. The total installed capacity is estimated to be around 8MW. Meanwhile, Grand Pharma's subsidiary, Grand Life Technology, has taken the lead in introducing green power generation with green certificates, which marks a solid step of the Group's green manufacturing. In the future, we will continue to expand our green power procurement efforts to empower our production bases in China to build green and low-carbon factories in order to reduce our environmental footprint.


编号:011230400000009492 日期:2023-11-20

绿色电力证书

GREEN ELECTRICITY CERTIFICATE

兹此证明

湖北远大生命科学与技术有限责任公司

购买兴安盟金朔风力发电有限公司内蒙古自治区金风6万千瓦风电绿电微网项目(项目代码PWC220115220100l9)2023年3月生产的绿色电力

100,000千瓦时

相当于减排二氧化碳 82,690.00 千克，二氧化硫 47.00 千克，氮氧化物 43.00 千克。

感谢湖北远大生命科学与技术有限责任公司对中国绿色电力消费作出的贡献！

国家可再生能源信息管理中心

We worked together to strengthen daily energy management through optimizing scheduling and off-peak season production to effectively reduce peak electricity consumption, and actively responded to demand-side requirements for electricity to ensure grid safety during summer when there is a high load on the grid. In addition, Grand Pharma has invited quality suppliers in the energy field to conduct in-depth on-site investigations of enterprises and thematic technical exchanges to broaden the Group's thinking on energy management and explore energy saving opportunities. In the first half of 2023, six thematic exchanges were held to promote the implementation of three energy-saving technological renovation projects, including the fermentation and elimination technological renovation project of the biological company, the 35t/h boiler low-grade residual heat comprehensive utilization energy-saving technological renovation project, and the sulfuric acid system roller slag chiller cold slag water waste heat utilization energy-saving technological renovation project.

Environmental Management

Sticking to the environmental management principle of "Legal compliance, Disease prevention, Process control, Terminal management, Technology upgrade", Grand Pharma develops and continues to improve the environmental management system and constantly promotes the construction of the environmental management system of the Group, so as to promote green production and realize sustainability of the company.

Environmental Management System

Grand Pharma strictly complies with the Environmental Protection Law of the People's Republic of China and other laws and regulations, and has formulated the Grand Pharmaceutical Environmental Protection Management Regulations, the Grand Pharmaceutical Environmental Protection Management Standardization Guidelines and the Grand Pharmaceutical EHS (Safety, Environmental Protection, Occupational Health) Responsibility System based on its own circumstances. On this basis, the Group requires all subsidiaries to establish the *Environmental Protection Responsibility System* (《環境保護責任制度》), the *Management System of Environmental Information Disclosure in accordance with the Law* (《環境信息依法披露管理制度》) and other systems to continuously promote the standardization and systematization of environmental management in all links of the Group's industrial chain and reduce the environmental impact of operations.

To guarantee the high effectiveness of environmental management system, Grand Pharma builds a top-down environmental management structure, which breaks down tasks item by item and implements them at all levels to guarantee green development of the Company. The Strategy and ESG (Promotion) Committee under the Board of Grand Pharma is responsible for the formulation of environmental policies and environmental management strategies, monitoring the environmental performance and the extent of achievement of the environmental targets of the Group. The Group has set up EHS management committee, which is responsible for formulating environmental management targets of the Group and urging companies to implement them, and monitoring the implementation of environmental policies and improvement of environmental performance. Safety and Environmental Protection Centre coordinates and guides the member enterprises to carry out the whole process environmental management in an orderly manner, develops environmental protection layout, plan, rules and regulations, is responsible for the formulation, supervision and assessment of environmental protection management indicators and environmental protection information management, and regularly carries out environmental supervision and inspection on subsidiaries, urging them to improve the construction of environmental emergency systems.

Environmental performance is in conjunction with management emoluments. Every year, we sign a safety and environmental protection target responsibility letter with the persons in charge of each functional segment and business segments of the group company, and require the persons in charge of each business segment to sign a safety and environmental protection responsibility letter with the persons in charge of their respective companies, carry out assessment according to the target responsibility letter, and implement the safety and environmental protection one vote veto system to ensure the effective operation of the environmental management system.

The Group strictly follows the *Measures for the Emergency Administration of Environmental Contingencies*, the *Measures for the Administration of Emergency Plans for Environmental Emergencies in Enterprises and Institutions (Trial)* and other requirements, organizes all subsidiaries of the Group to formulate Emergency Plans for Environmental Emergencies and put them on record, and requires all subsidiaries to carry out emergency plans for environmental emergencies drills every year. During the Reporting Period, the Group had no major environmental pollution incidents, no environmental administrative penalties, and no environmental accidents such as excessive pollutants or illegal discharge of pollutants.

Grand Pharma vigorously promotes the environmental management system (ISO 14001) certification of manufacturing companies of the Group, and comprehensively improves the environmental management level. As of the end of the Reporting Period, the ISO 14001 certification coverage rate of all production-oriented subsidiaries of the Group reached 47%. In addition, we are committed to making full use of the advantages of the industrial chain, building corporate green barriers, building green factories, and promoting the clean production certification, green factory construction and certification of subsidiaries. The details are as follows:

Certification name	Number of certification
Green factory certification/review	5
Environmental management system (ISO14001) certification /review	10
Clean production certification	13

Grand Pharma carries out regular internal environmental audit and external audit to supervise the operation of environmental management system and environmental management performance of all subsidiaries and improve the environmental management level of the Group on a targeted basis. In terms of internal audit, we carry out annual environmental inspection on all subsidiaries every two years, to supervise their environmental performance and ensure the compliance of their environmental management. Moreover, the Group carries out quarterly environmental protection facilities operation inspection on key companies in Hubei province, and receives daily supervising comprehensive inspections, environmental management system inspections, special inspections of pollutant discharge permits, and special inspections of hazardous waste by local ecological environment management department, guaranteeing the effectiveness of the implementation of environmental management policies and the effectiveness of risk management measures. In 2023, Grand Pharma conducted annual internal environmental management audits on all subsidiaries, with a coverage rate of 100%. In terms of external audit, Grand Pharma engages an independent third party to conduct an annual ISO environmental management audit.

Pollutant prevention and control

Grand Pharma strictly complied with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant laws and regulations of the countries and regions where it operates, and required its subsidiaries to establish pollutant prevention and control systems such as the *Soil Pollution Potential Hazards Inspection System*, *Automatic Monitoring System for Pollution Sources* and *Pollution Prevention and Control Management Regulation* according to the requirements, and strictly control waste gas, solid waste, wastewater and other aspects to ensure that various pollutants are treated in compliance with regulations and discharged up to standards.

Waste Management

Grand Pharma has set relevant waste gas management targets and continues to promote waste gas emission reduction work on the basis of ensuring that emissions meet standards.

Volatile organic compounds(VOC)

With 2023 as the base year, 10% reduction in volatile organic compound (VOC) emission intensity by 2030

Particulate matter(PM)

With 2023 as the base year, 10% reduction in particulate matter (PM) emission intensity by 2030

Sulphur oxide(SO_x)

With 2023 as the base year, 10% reduction in sulphur oxide (SO_x) emission intensity by 2030

In order to reduce toxic waste gas emissions during operations, we select the best feasible solution to carry out waste gas treatment work based on the nature of different waste gas pollutants to develop emission management measures such as activated carbon adsorption and desorption, photocatalytic oxidation (UV) and regenerative thermal oxidation (RTO) to continuously reduce emissions.

At the same time, we strictly require all subsidiaries to manage waste gas treatment facilities in accordance with operating procedures, and urge key companies to carry out leak detection and repair (LDAR) to reduce unorganized waste gas emissions. We supervise each subsidiary to strengthen the inspection and maintenance of exhaust gas treatment facilities, and require each exhaust gas treatment facility to arrange dedicated personnel for operation and maintenance. During the Reporting Period, a total of seven subsidiaries of Grand Pharma installed online exhaust gas monitoring facilities. The remaining subsidiaries regularly entrusted qualified third-party testing agencies to monitor exhaust gas emissions. The compliance emission compliance rate of each company was 100%.

Efforts to improve the management of exhaust gases of the Group's subsidiaries in 2023

Wuhan Wuyao	based on the original treatment process of the third workshop, a first-level absorption tower was added to improve the removal efficiency of VOCs in the exhaust gas.
Grand Hoyo	plans to add a first-level activated carbon adsorption device to the original waste gas treatment process in the third workshop to enhance the efficiency of waste gas
Grand Jiu He	plans to upgrade the original workshop waste gas treatment process from alkali spray + UV photolysis treatment process to regenerative catalytic combustion process
Cangzhou Huachen	added new process exhaust gas treatment facilities to further treat the exhaust gas before discharge, effectively improving the efficiency of exhaust gas treatment
Grand Pharmaceutical Company	replaced the boiler burner with a low-nitrogen burner to reduce nitrogen oxide emissions in the boiler exhaust gas
Hubei Bafeng	added a waste gas absorption device to treat waste gas.

- Xiantao production base Wuyao Pharmaceutical, Grand Hoyo and other enterprises to build new production projects, in strict accordance with regulatory requirements supporting the installation of waste gas treatment facilities.
- Grand Hoyo and Kernel Bio Xiantao branch installed online monitoring facilities to ensure stable operation of the facilities.

Waste management

Grand Pharma strictly complied with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Standards on Storage and Pollution Control of Hazardous Wastes (GB18597-2001), Technical Specifications of Collection, Storage, Transportation of Hazardous Waste (HJ 2025-2012) and Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (GB18599-2001) and other laws and regulations related to waste in the countries and regions where we operate. We implemented the compliant collection, classification, storage, transfer and disposal of different types of waste, and set a waste reduction target of "With 2023 as the base year, 5% reduction in hazardous waste emissions intensity by 2030".

Non-hazardous waste management

Our non-hazardous waste consists of non-recyclable household waste, kitchen waste, scrap metal, waste packaging, waste paper, etc. The Group actively promotes the reduction, diversification and dehazardization of waste. General waste with recycling value is entrusted to units capable of recycling, while general waste without recycling value is collected and disposed of by local municipal sanitation departments, which are capable of disposing of solid waste. Grand Pharma has also taken measures such as actively carrying out compost utilization of traditional Chinese medicine residues, comprehensive utilization of sulphuric acid slag and park coal slag, and adding the triple-effect evaporation and countercurrent evaporation devices to internally recycle waste and effectively reduce waste emissions.

Case | Sorting and recycling of recyclable waste

In 2023, Grand Pharma set up recyclable garbage points in the office building to classify and recycle recyclable waste, effectively reducing the generation of waste and reducing the pressure on the environment.

Hazardous waste management

Our hazardous waste mainly comes from R&D and production processes, including waste activated carbon, waste organic solvents, waste mother liquor, laboratory waste liquid, waste pharmaceuticals, etc. The Group requires all member enterprises to comply with the laws and regulations of the places of operation and the detailed requirements for hazardous waste under environmental management systems such as ISO 14001, and to standardize the temporary storage of solid waste and the filling of accounts.

At the same time, the Group has carried out compliance and rectification work on solid waste disposal and urged all subsidiaries to strengthen the management and control of hazardous wastes. Each subsidiary of Grand Pharma has a temporary storage site for hazardous waste that has passed the inspection and acceptance of environmental protection facilities in accordance with the requirements. They temporarily store hazardous waste in the hazardous waste temporary storage site, fill in the hazardous waste generation and disposal account, hazardous waste management plan, hazardous waste transfer form and other documents in accordance with national regulations, and entrust the hazardous waste to a professional organization with the qualification of collection and disposal for treatment.

In addition, we conduct hazardous waste disposal training for corporate environmental management personnel and hazardous waste management personnel to improve hazardous waste processing capabilities and ensure compliance with the disposal of hazardous waste. During the Reporting Period, we held a total of three hazardous waste training sessions, with 369 trainees.

Waste water management

We strictly abide by the Integrated Wastewater Discharge Standards (DB31/199-2018) and other laws, regulations and industry standards where the Company operates, treating and discharging wastewater in a compliant manner. The Group attaches great importance to wastewater discharge management and requires all subsidiaries to follow the principle of "clean water and sewage separation for separate treatment" to properly control, collect and treat wastewater at source and reduce the impact of wastewater discharges on the environment.

In order to reduce wastewater discharges in the course of operation, strengthen the management of water pollution control facilities and effectively control the risks of various types of water bodies, we require all subsidiaries generating wastewater pollutants to build wastewater pre-treatment facilities and integrated treatment facilities in accordance with the standards, and to eliminate the occurrence of leakage in the production process. We monitor and record changes in water quality and quantity at any time through online wastewater monitoring facilities or by hiring qualified third-party agencies to conduct wastewater pollutant discharge testing as required. During the Reporting Period, the compliance rate of wastewater pollutants discharged by each subsidiary was 100%.

Waste water management measures in 2023

New project management

The Group strictly controls wastewater discharge standards for new projects and sets internal control standards that are stricter than national discharge standards to ensure the stability of the operation of sewage treatment facilities.

Daily management

We arrange professionals to regularly conduct full-process supervision and inspection of the operation of environmental protection facilities. Currently, four quarterly inspections of the operation of environmental protection facilities have been carried out, and all hidden dangers have been effectively rectified.

We invite professionals to optimize sewage station management and provide technical support. A total of eight operational difficulties were solved in 2023, and the processing capacity of the corporate environmental protection facilities has increased by more than 50%.

Processing facilities management

We optimize, transform and maintain wastewater treatment facilities and strengthen sewage treatment capabilities. Each subsidiary of Grand Pharma implemented and completed four wastewater treatment facility maintenance and optimization projects in 2023 to ensure that each subsidiary's sewage treatment stably meets the standards.

Use of Resources

Grand Pharma has incorporated the concept of sustainability into the entire production and operation process, focusing on strengthening resource management, reducing resource consumption, improving comprehensive resource utilization, and continuing to practice harmonious development with the environment.

Water resources management

We strictly comply with the Water Law of the People's Republic of China and other laws and regulations on the location of operation, and actively respond to the state management principle of "prioritizing water conservation, spatial balance, systematic management and two-pronged approach", carrying out water resources management by saving water usage and improving water use efficiency. In 2023, Grand Pharma proposed the water-saving goal of "With 2023 as the base year, 6% reduction in water intensity by 2030", and continued to monitor the water use situation and goal progress.

Water management measures in 2023

Reducing water use

- Grand Hoyo has reduced the waste of water resources by strengthening on-site water management and assessment, optimizing workshop process operations and other management measures. From January to June 2023, water consumption decreased by 5,248 tons compared with the same period last year, representing a reduction ratio of 5.5%, and water consumption per unit product dropped by 11.2%.
- Fuchi Chemical's fine chemical workshop implemented internal management controls and reduced the number of cooling tower water refilling and other management measures. From January to June 2023, water consumption was reduced by 174 tons compared with the same period last year, and water consumption per unit product was reduced by 10.81% compared with the same period last year.

Water resource reusing

- Beijing Jiuhe carried out a technological transformation of condensate water recovery. The sol condensers in the first and second workshops are added with condenser circulation pipelines, and the original discharged cooling water is recovered and reused in the factory. This can save about 2,000 tons of water per year compared with before the transformation.
- A three-level sedimentation tank is set up at the entrance and exit of Fuchi Chemical's sulphuric acid mine. The precipitated water is recycled for cooling of the hot slag drum, ground flushing and car washing. From January to June 2023, sulphuric acid production used 8,874 tons less water than the same period last year, and water consumption per unit product dropped by 14.03% compared to the same period last year.

Case | Grand Pharma office water saving case

In 2023, a water reuse system was adopted in the office building of Grand Pharma, whereby wastewater is converted into water that meets specific standards through proper treatment for use in other daily needs such as toilet flushing, thus realizing the effective recycling of wastewater and reducing the consumption of fresh water resources and energy.

Packaging material management

Grand Pharma continues to strengthen the sustainable management of packaging materials. We strictly abide by the relevant laws and regulations in regions where the company operates, continue to promote the streamlining and recycling of packaging materials, and are committed to reducing the impact of packaging materials on the environment.

The Group continues to optimize the use of packaging materials. On the one hand, we consider the packaging structure and design, reduce the weight of the instruction paper, and adjust the middle box to a shrink film to reduce the use of packaging materials and control production costs. On the other hand, we are committed to improving the recycling rate of packaging materials by recycling and reusing the outer packaging of our products to reduce material waste.

06

Grand Spirit, Fight in Solidarity

Grand Pharma is committed to practicing corporate social responsibility and working in harmony with all stakeholders. We continue to strengthen supply chain management, expand industry cooperation and development opportunities, actively participate in social welfare undertakings, and advance towards the vision of benefiting both patients and doctors and contribute to the society.

Supply chain management

A responsible and stable supply chain is the cornerstone for Grand Pharma to provide customers with high-quality products. We are committed to creating a fair and transparent cooperative relationship. While constantly standardizing the supplier management process, we continue to strengthen the sustainability management level of the supply chain, actively explore green procurement practices, and make progress together with our supplier partners.

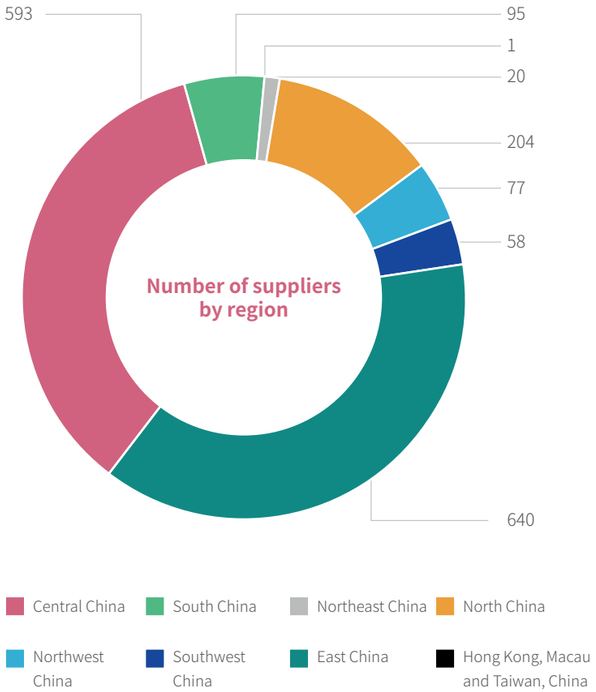
Strengthening supplier management

In strict compliance with the *Bidding and Tendering Law of the People's Republic of China* and other relevant laws and regulations, Grand Pharma has formulated the *Supplier Management System for Production Materials* and established the Supplier Life Cycle Management (SLM) system to standardize the whole process of supplier access, development, classification, performance, risk, affiliation, capacity enhancement and termination, so as to make the management of suppliers data-driven and information-driven to build a stable and sustainable supply chain. As of the end of the Reporting Period, Grand Pharma had a total of 1,687 suppliers. The specific distribution is as follows:

As of the end of the Reporting Period

Grand Pharma had a total of

1,687 suppliers



Supplier access management

At the stage of supplier access development, Grand Pharma requires its subsidiaries to set up a supplier development team, with the general manager of the subsidiary as the team leader, the quality or technical director as the executive team leader, and relevant departments such as production, quality inspection, and procurement as team members.

Grand Pharma searches for potential suppliers through various public channels such as the Internet, trade fairs, and public bidding. After understanding the supplier's supply level, product quality, price, contract performance and other basic conditions, the supplier development team will conduct a desk assessment or on-site inspection of the supplier's operating conditions and capabilities in all aspects. Based on the results of the evaluation and inspection, suppliers are requested to send samples, which will be verified and approved by the quality inspection department before they are included in the list of qualified suppliers.

In order to ensure the stability and sustainability of the supply chain, our supplier development team is responsible for taking the lead in organizing supplier evaluation, screening, and formulating annual development plans. ESG factors and supplier credit and legal risks are taken into account in the supplier entry process. For suppliers of key materials, we conduct risk screening according to the direction of national industrial policies, drug laws and regulations, company strategies and objectives, product quality stability and quality improvement, product planning, market competition and so on to ensure that the quality of products and services provided by suppliers meets our standards.

Advanced technology and equipment	Brand and reputation guarantee	People and organization optimization	Satfy and environmental proctection	Occupational health management

Environmental and Social Risks Assessment of Supplier Admittance Stage

Follow-up Supplier Management

Supplier Qualification Assessment

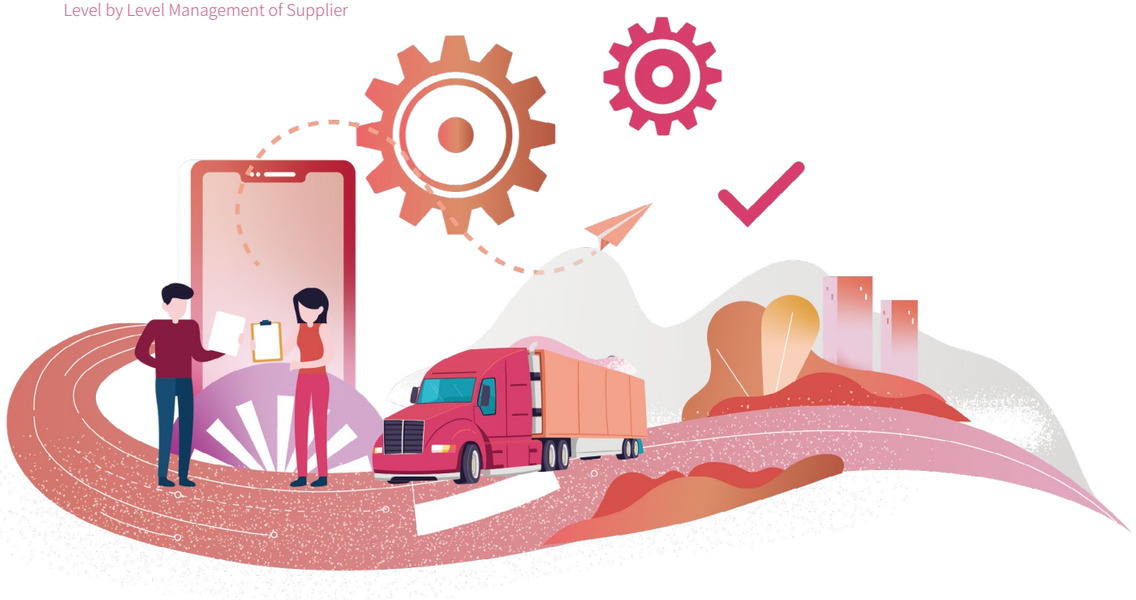
After the completion of supplier admittance process, we will select and classify all existing suppliers according to the volume of purchase and the nature of the goods or services purchased, and adopt different management methods for suppliers according to the classification results to achieve more efficient supplier management. We conduct license management for all suppliers, and suppliers should update their license information in a timely manner and conduct examination and maintenance work. In addition, we conduct an annual supplier qualification audit for all suppliers, which is a comprehensive assessment of suppliers' legal qualifications, professional qualifications, business background, financial strength, business conditions, performance ability, credit and legal risks.

Supplier Performance Assessment

Grand Pharma implements level by level management of performance evaluation on suppliers. The assessment and evaluation of qualified suppliers shall be led by the procurement department and carried out with the cooperation of relevant departments. The assessment adopts the method of combining subjective evaluation and objective scoring, and divides suppliers into four levels: A, B, C and D according to the scoring results. The procurement department maintains the relationship with suppliers with consideration of scoring results, and gives corresponding incentives or penalties to suppliers at all levels to promote continuous improvement of suppliers and ensure the quality of their supply.

Level A	Priority is given to them to participating in procurement projects as quality suppliers, and incentives such as preferential payment of goods according to contract terms and establishment of strategic partnership are provided
Level B	For their inadequate parts, training and communications are required, and the procurement strategy for them remains unchanged
Level C	Reducing the purchase volume and requiring rectification of the inadequate parts, and after confirming their corrective measures and results, whether to continue the normal procurement is decided
Level D	After the approval of the quality manager, the procurement and supply relationships with unqualified suppliers are terminated, followed by the removal of them from the "qualified supplier list"

Level by Level Management of Supplier



Supplier Audit

Grand Pharma attaches great importance to product quality and safety, and extends quality management to the supply chain. We adopt different audit strategies for key suppliers that are included in the GXP[6] control scope and distributor and middlemen that are not included in the GXP control scope, strengthening the dedicate management degree of the supply chain, and ensuring the quality management level of suppliers.

Key Suppliers included in the GXP control scope

- Setting up an audit team composed of personnel from the quality department and technical, production and procurement departments to formulate the annual audit plan and draft the audit report
- Audit scope: conducting a comprehensive assessment of the supplier's performance in terms of product quality and safety management, internal management and production reliability according to GXP requirements
- Audit frequency: once every two years

Other suppliers

- The procurement department takes the lead in supplier inspection, and if necessary, it may work with the legal, financial, production, quality and other departments to form a review team
- Audit scope: supplier relationship, background qualification, internal management, supply capability and product origin certificate
- Audit frequency: once every two years

We perform quality and ESG compliance audit and supervision on suppliers by means of document review and on-site inspection, to ensure they completely comply with the standards of the Group and GMP requirements. For findings in the audit work, we actively urge level C suppliers to formulate specific and effective rectification plans, and continuously trace their rectification implementation. We help suppliers enhance their quality management capabilities by conducting annual training and special training for level B and level C suppliers. During the Reporting Period, Grand Pharma and its member organized supplier audit team to conduct on-site inspection and training and communications on suppliers for 261 times, covering multiple supplier categories such as chemical raw materials, agricultural and sideline products, pharmaceutical raw materials and intermediates, Chinese herbal medicines, medicinal excipients, inner packaging materials, external packaging materials, and coal.

During the Reporting Period,

Drug preparations companies under the Group conducted

136

quality audits on suppliers of pharmaceutical raw materials, excipients, packaging materials, etc.

Raw materials and chemical enterprises conducted

108

quality audits on suppliers of raw materials, reagents and packaging materials

[6] It refers to the collective term of relevant pharmaceutical quality assurance regulations at different stages. The GXP system covers the entire life cycle of pharmaceuticals and guarantees the quality and safety of pharmaceuticals at different stages.

Sustainable Supply Chain

In order to promote the sustainability of the supply chain and the construction of a responsible supply chain, Grand Pharma integrates ESG factors into the supplier management process, and the Strategy and ESG Committee supervises the sustainable management of the supply chain to control ESG risks of all links of the supply chain.

We specify the integrity requirements for suppliers and procurement personnel, and work with suppliers to promote clean and integral procurement process. All partner suppliers are required to sign an Integrity Cooperation Agreement to ensure that suppliers understand the anti-corruption requirements of the Group. In addition, to further ensure transparency, fairness and compliance in the procurement process, Grand Pharma has taken the following anti-corruption measures:

Establishment of strict procurement procedures and review system

- Adopting multi-levels review, collective decision-making, record management and other methods to prevent misconduct of individual procurement personnel and improve the transparency of procurement work
- Standardizing bidding behaviours through information construction on procurement to ensure that all procurement activities are traceable on the system

Supplier management and control measures

- Establishing supplier evaluation, audit and performance appraisal mechanism, implementing manufacturer direct purchase requirements, and ensuring supplier compliance
- Signing an integrity agreement and supplier code of conduct against bribery and requiring suppliers to commit to comply with relevant anti-corruption laws and regulations and company policies

Procurement personnel control and management measures

- Preventing the occurrence of the same person being responsible for the whole process of supplier sourcing, procurement, payment, etc
- The head of the procurement department shall rotate positions every three years, and the specific executive personnel of a material procurement post shall not hold a term of more than three years in the same post
- Conducting system and legal training for procurement personnel, enhancing professional ethics and compliance awareness, and conduct regular business assessment

We have taken ESG factors into consideration in the supplier access process, identifying and assessing potential risks in environmental and social aspects such as safety and environmental protection, occupational health. Suppliers that fail to meet ESG requirements may not enter into contracts. Grand Pharma will continue to improve the sustainable supply chain management by actively promoting the provision of more environmentally friendly products and services by our suppliers in the future.

Establishing stable cooperation

Grand Pharma attaches great importance to establishing and maintaining good cooperation with excellent suppliers, and strive to make progress together with our suppliers by further exploring the areas of cooperation with excellent suppliers, actively communicating and exchanging view with suppliers and encouraging wider market participation and cooperation.

Supplier communication

Adhering to the principle of "fairness, impartiality, objectivity and common development", Grand Pharma initiates daily communication and mutual visits between suppliers based on the strategic development relationship and business development needs, so as to strengthen the exchange and cooperation with suppliers. In addition, we also provide suitable trainings for suppliers based on the needs of our subsidiaries to facilitate their performance enhancement, ensuring that the quality of purchases and services can be guaranteed.

Case | 2023 Coal Supplier Communication

In order to solve the problem of high-quality suppliers' resource shortage, Grand Pharma has comprehensively cooperated with front-end suppliers in the supply chain, gained in-depth understanding of the processes of the entire supply chain, including the mining, washing, transportation and selling of coal, and analysed coal products and indicators of different origins in the industry. By combining the operating conditions of the enterprise's chain furnace and burning furnace, we look for more economical and suitable coal types, reduce intermediate processes, and control procurement costs.

Strengthening Supply Chain Resilience

A well-established supply chain security system serves as an important safeguard for Grand Pharma's supply chain management. Grand Pharma has consolidated its strategy of multi-source procurement and supply chain localization to ensure a stable supply of raw materials.

In terms of multi-source procurement, for procurement projects with an annual material procurement amount over RMB200,000, we require our member enterprises to ensure that three or more qualified suppliers are in the list, so as to minimise our supply risk, while achieving effective competition and cost optimisation at the same time. In terms of supply chain localization, we have made steady progress in both the localization of imported materials and regional tendering, proactively avoiding the risk of over-reliance on a single supplier or overseas suppliers and enhancing the stability and security of the supply chain. During the Reporting Period, Grand Pharma continued to promote 25 projects of imported material localization, and as at the end of the Reporting Period, 16 projects of imported material localization had been completed.

Case | Localization of plastic bottles for Xylometazoline Hydrochloride Nasal Spray

The plastic bottles of Xylometazoline Hydrochloride Nasal Spray were supplied by overseas suppliers and the spare parts were imported for domestic assembly. In 2023, due to the significant increase in the sales volume of this product, the overseas suppliers were affected by other markets and the production volume was unable to meet the demand of Grand Pharma in the short term. As a localization project, the two-tier group has been actively communicating with the enterprise to accelerate the development progress and complete the development of domestic suppliers to ensure the timely and stable supply of materials.

Industry Cooperation

On the path of innovation and development, Grand Pharma actively launches external academic communications and discussions, proactively promotes the integration of industry-university-research cooperation, integrates resources from universities, the society and enterprises, and joins hands with partners to enhance scientific research and promote technological progress, so as to jointly create an open, healthy and win-win innovation ecosystem. We actively participate in industry forums and the formulation of industry standards, and have promoted the formulation and publication of nearly 60 national and industry standards, and are in the process of promoting the formulation of more than 25 national and industry standards.

Case | Grand Pharma attended the 2023 China Corneal Disease Forum (2023中國角膜病論壇)

From 21-23 July 2023, the 2023 China Corneal Disease Forum, the 22nd National Cornea and Ocular Surface Disease Medical Conference and the 15th National Refractive Surgery Conference (第二十二屆全國角膜及眼表疾病學術大會暨第十五屆全國角膜屈光手術年會) was held in Harbin, the city of ice. Grand Pharma was invited to participate in the conference to promote the exchange and development in combining Chinese and Western medical treatment to treat ophthalmologic diseases with industry experts.

Nearly 100 famous experts and professors were invited to conduct extensive discussions and exchanges on new norms, new technologies, new methods and new skills education in the clinical diagnosis and treatment of corneal and ocular surface diseases and refractive surgeries through lectures, speeches and other forms at the conference. At the same time, professors from the National Corneal Disease Professional Committee were invited to conduct Wetlab/Drylab practical training on site, which provided all-around operational guidance and detailed interpretation, bringing an academic feast of unprecedented scale to the participating colleagues.

The conference vigorously promoted the discipline construction and development of corneal disease and refractive field, and built a bridge for exchanges between China's ophthalmology and the world. At the same time, it provided a platform for the Company to have face-to-face communications and discussions with experts and scholars, and increased the recognition of the Company's ophthalmology products by doctors and scholars, so that more clinical doctors could have a more in-depth understanding of the Company's ophthalmology products.

Case | Xi'an Beilin Pharmaceutical, a subsidiary of Grand Pharma, attended the 2023 National Pharyngeal and Voice Disease Conference (2023 年全國咽喉嗓音病年會)

Organized by the Chinese Medical Association and its Branch of Otolaryngology, Head and Neck Surgery, and co-organized by the Branch of Otolaryngology, Head and Neck Surgery of Xiamen Medical Association, Zhongshan Hospital of Xiamen University, and the First Affiliated Hospital of Xiamen University, the 2023 National Pharyngeal and Voice Disease Conference was successfully held in Xiamen City. Xi'an Beilin Pharmaceutical Co., Ltd., a subsidiary of Grand Pharma, was invited to participate in the conference to promote the development of clinical use of Chinese medicine for patients of voice diseases.

The academic conference provided a platform for face-to-face academic exchanges among experts in the field of voice disease, enabling the comprehensive promotion of the latest scientific research results and exquisite technology. At the same time, it provided a broader platform for the display of the Company's Jinsangling (金嗓靈) series products, which enhanced the influence of the Company's related products, as well as promoted the continuous development of the field of pharyngeal and voice disease with the industry experts.

Case | Clinical study results of Grand Pharma's adjustable stent-type thrombus extraction device presented at the 15th World Stroke Congress

From 10-12 October 2023, the 15th World Stroke Congress (WSC) was held in Toronto, Canada. The Congress attracted thousands of stroke and cerebrovascular experts and academic colleagues from around the world, providing the latest major clinical trials and original results presentations, as well as releasing the most up-to-date stroke-related clinical guidelines.

Professor Peng Ya, the principal investigator (PI) of the clinical trial, made a presentation on "90-day clinical results of a prospective, multicenter, randomized, non-inferiority study of a novel adjustable stent and Solitaire FR". Professor Peng reported the clinical registration research data of Grand Pharma's new woven adjustable stent-type thrombus extraction device KEYNEUT LUCI® (鸝鵲), and released to the world the excellent research results of the registration clinical trial, providing strong evidence for the clinical safety and efficacy of this product for future domestic market application.

The adjustable stent-type thrombus extraction device KEYNEUT LUCI® is a new type of stent retriever. Its stent expansion diameter can be adjusted by the handle, which enables the operator to adjust the stent according to the characteristics of the cerebral blood vessels and lesions of each patient in order to better adapt to the occluded vessels, with higher recanalization rate, and being able to freely change shape according to the patient's heart through control of the stent. This is a core product of Grand Pharma's cerebro-cardiovascular precision interventional diagnosis and treatment segment in the overall solution for acute ischemic stroke treatment, and with the support of clinical research data, it will provide better treatment solutions for Chinese patients.

Case | Officially launching the national academic tour of Eplerenone Tablets

The 12th Southwest Forum of Chronic Cardiovascular Disease and the 10th Chongqing Chest Pain Forum (第十二屆西南心血管慢病論壇暨第十屆重慶市胸痛論壇) of 2023 was successfully held, which officially launched the national academic tour of Limeitong® Eplerenone Tablets. Professor Luo Suxin from the First Affiliated Hospital of Chongqing Medical University, the Chairman of the conference, was invited to give a special lecture on "Application of New Generation Selective Aldosterone Receptor Antagonists in Cardiovascular Diseases", which comprehensively analyzed the application and advantages of aldosterone receptor antagonists such as eplerenone in clinical practice.

Many domestic and international guidelines/consensus recommend aldosterone receptor antagonists for the treatment of various chronic heart failure and cardiovascular diseases, which are indispensable drugs for the treatment of cardiovascular diseases. With the commercialization of eplerenone in China, it will provide more choices, which will be truly beneficial to clinic practice and the patients.

Social and Public Welfare

Always bearing in mind its corporate social responsibility, Grand Pharma has actively participated in public charities and social activities with its professional advantages in the pharmaceutical field, and strives to benefit people's livelihoods and give back to the society with its development achievements. During the Reporting Period, the Group made a charitable donation of RMB 6,430,000.

Case | Beijing Grand Jiuhe Pharmaceutical joined hands with Lao Yao Gong Pharmacy to organise a charity event for autistic children

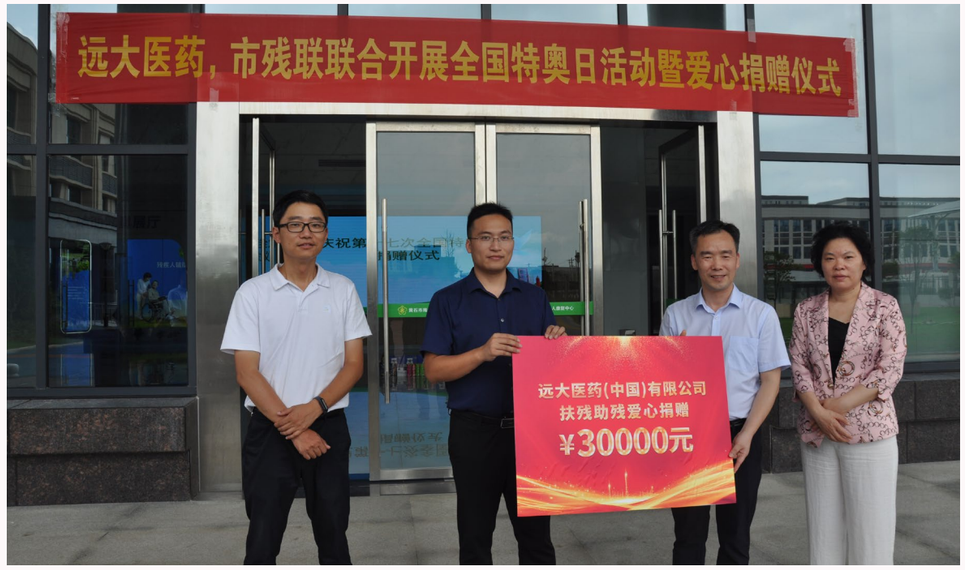
Before Children's Day, Beijing Grand Jiuhe Pharmaceutical Co., Ltd. held a charity event to care for autistic children, with its representatives from Shanxi City of the OTC Division visiting children with autism in the Taiyuan Anjianer Public Service Center, giving milk, toilet paper, physiological seawater nasal spray, probiotics and other caring materials to the "star children".

Case | Grand Pharma donated school supplies to Zaoyuan Primary School in Yangxin County

On 19 June 2023, Grand Pharma held the material donation ceremony of "Public Welfare into School (爱心公益进校园)" for the left-behind children and students from impoverished families of Zaoyuan Primary School in Mugang Town, Yangxin County, Huangshi City. For this donation, we targeted to make donation to the first batch of a total of 228 left-behind children and students from impoverished families of Zaoyuan Primary School, the coverage and intensity of which were among the best in campus-based donation activities in Yangxin County. In this donation of school supplies, Grand Pharma not only donated a school bag for each child, but also provided items including markers, ultra-clear clay, workbooks, paper and pencil boxes, etc., taking into account the actual needs of the children.

Case | Grand Pharma and Huangshi City Disabled Persons' Federation jointly held the 17th National Special Olympics Day activities and Love Donation Ceremony

On 20 July 2023, Grand Pharma and Huangshi City Disabled Persons' Federation jointly held the Special Olympics Day activities and the Love Donation Ceremony. Grand Pharma commissioned its subsidiary Wuhan Wuyao Technology Co., Ltd. to donate RMB30,000 and food and milk through the Huangshi City Disabled Persons' Federation at the donation ceremony, with the participation of Huangshi City Disabled Persons' Federation and the Minors Protection Professional Committee of Huangshi City Lawyers Association.



Case | Grand Pharma continues to focus on the employment of local disadvantaged groups in Yangxin

In supporting local people, Grand Pharma Fuchi Park focuses on the employment of impoverished families and disabled people in Yangxin area, helping impoverished families make stable income and get out of poverty. The Group's corporate employment in Yangxin County has expanded from less than 800 in 2021 to nearly 2,300, of which more than 500 college students and more than 1,000 migrant workers from surrounding areas, creating employment for nearly 3,000 people in surrounding areas. The proportion of local personnel in the employment of enterprises and the proportion of employment of poor households has increased significantly, from less than 10% to more than 70%, with nearly 300 new jobs created each year as a result of mobility. Four of our subsidiaries have taken the initiatives to fulfil their social responsibilities and have recruited more than 40 disabled people, offering jobs within the ability of disabled employees, and providing them with a monthly salary of not less than RMB2,500.

Appendix I: Key Performance Information

Environmental Performance Information[7]

Indicators	Unit	2023
Greenhouse gas (GHG) emissions[8]		
Total GHG emissions (Scope 1 & 2)	tCO_2e	378,534.39
Direct GHGs (Scope 1)	tCO_2e	59,245.45
Indirect GHGs (Scope 2)	tCO_2e	319,288.94
GHG emissions intensity	tCO_2e/HK$ million	35.95
Air emissions		
Total air emissions	m^3	5,458,574,359.59
Sulfur oxides (SOx) emissions	tonnes	45.12
SOx emission intensity	kg/HK$ million	4.29
Nitrogen oxides (NOx) emissions	tonnes	88.14
NOx emission intensity	kg/HK$ million	8.37
Volatile organic compound (VOC) emissions	tonnes	17.98
VOC emissions intensity	kg/HK$ million	1.71
Particulate matter (PM) emissions	tonnes	11.08
Particulate matter (PM) emission intensity	kg/HK$ million	1.05
Air emissions intensity	m^3/HK$ million	518,403.31
Wastewater discharge		
Total wastewater discharge	tonnes	2,049,078.42
Chemical Oxygen Demand (COD) discharge	tonnes	106.03
NH_3-N discharge	tonnes	7.81
Wastewater discharge intensity	tonnes/HK$ million	194.60
Waste		
Hazardous waste		
Total hazardous waste	tonnes	14,987.27
Amount of hazardous waste recycled	tonnes	146.55
Amount of hazardous waste incinerated	tonnes	14,512.12
Amount of harzardous waste landfilled	tonnes	16.50
Amount of hazardous waste disposed with other means	tonnes	312.10
Hazardous waste intensity	tonnes/HK$ million	1.42
Non-hazardous waste		
Amount of non-hazardous waste disposed (non-recyclable)	tonnes	10,540.68
Amount of non-hazardous waste recycled/ reused	tonnes	746.84
Non-hazardous waste intensity	tonnes/HK$ million	1.07
Water consumption		
Total water consumption	tonnes	3,329,608.77
Domestic/municipal water consumption	tonnes	3,329,608.77
Water consumption intensity	tonnes/HK$ million	316.21
Energy consumption[9]		
Direct energy consumption		
Diesel consumption	tonnes	0.19
Gasoline consumption	tonnes	84.90
Coal consumption	tonnes	19,694.53
Natural gas consumption	m^3	6,123,743.77
Indirect energy consumption		
Purchased electricity	10,000 kWh	23,546.49
Purchased steam	tonnes	624,465.55
Total energy consumption		
Energy consumption (direct)	tonnes of coal equivalent	27,964.32
Energy consumption (indirect)	tonnes of coal equivalent	87,825.74
Total energy consumption	tonnes of coal equivalent	115,790.06
Total energy consumption intensity	tonnes of coal equivalent /HK$ million	11.00
Packaging material consumption		
Total packaging material consumption	tonnes	9,171.98
Plastics	tonnes	3,143.95
Paper	tonnes	4,582.69
Glass	tonnes	1,119.36
Metals	tonnes	318.22
Others	tonnes	7.76
Packaging material consumption intensity	tonnes/HK$ million	0.87

[7] The scope of environmental statistics mainly covered our production-oriented companies.

[8] The main sources of the Group's GHG emissions included the use of purchased electricity, the use of purchased steam, natural gas consumption and the use of diesel, coal and gasoline. Scope 1 GHG emissions data was calculated with reference to the "Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Land Transportation Enterprises (Trial)" (《陸上交通運輸企業溫室氣體排放核算方法與報告指南（試行）》) issued by the Ministry of Ecology and Environment of People's Republic of China and "Greenhouse Gas Inventory Guidance — Direct Emissions from Mobile Combustion Sources". Scope 2 GHG emission data was calculated based on the average emissions factor of the national power grid for 2022 set out in the "Notice on Proper Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Industry for 2023-2025" (《關於做好 2023-2025 年發電行業企業溫室氣體排放報告管理有關工作的通知》) issued by the Ministry of Ecology and Environment of People's Republic of China.

[9] The accounting of energy consumption at operating locations in China was based on the "General Rules for Calculating Comprehensive Energy Consumption (GB2589-2020)" (《綜合能耗計算通則》) issued by the State Administration for Market Supervision and the Standardization Administration of People's Republic of China.

Social Performance Information

Indicators	Unit	2023
Supply chain management		
Total number of suppliers	company	1,687
Number of suppliers by geographical location		
Mainland China	company	1,686
Northeast China	company	20
North China	company	204
Northwest China	company	77
Southwest China	company	58
East China	company	640
Central China	company	593
South China	company	95
Hong Kong, Macau and Taiwan, China	company	1
Overseas	company	0
Number of suppliers by supplier rank		
Non-tier 1 suppliers	company	440
Number of key suppliers by supplier rank		
Tier-1 key suppliers	company	338
Share of total spend on key suppliers in Tier-1	%	76
Non-tier 1 key suppliers	company	115
Supplier ESG Risk Assessment		
Number of suppliers assessed to have actual/potential negative impacts to a significant extent	company	6
Number of suppliers who have implemented corrective measures/improvement plans	company	46
Other supply chain indicators		
Number of suppliers covered by training on the code of business conduct	company	1,687
Number of local suppliers	company	874
Percentage of local suppliers	%	52
Employment		
Total number of employees	person	10,534
Number of employees by employment category		
Total number of full-time employees	person	10,534
Total number of part-time employees	person	302
Number of employees by geographical location		
Number of employees in Mainland China	person	10,522
Number of employees in Hong Kong, Macau and Taiwan, China	person	6

Indicators	Unit	2023
Number of overseas employees	person	6
Number of employees by gender		
Male	person	5,732
Female	person	4,802
Number of employees by age		
< 30	person	2,080
30 - 50	person	7,396
> 50	person	1,058
Number of employees by rank		
Senior management	person	196
Middle management	person	537
Junior management	person	842
General staff	person	8,959
Number of employees by ethnicity		
Number of minority employees	person	489
Zhuang	person	20
Manchu	person	34
Hui	person	47
Miao	person	26
Uyghurs	person	2
Other ethnicities	person	360
Gender Diversity Indicators		
Percentage of female employees	%	45.59
Percentage of female employees in management positions (including junior, middle and senior)	%	36.00
Percentage of female employees in junior management	%	40.02
Percentage of female employees in middle management	%	32.96
Percentage of female employees in senior management	%	28.06
Percentage of female management in revenue-generating functions	%	31.52
Percentage of female employees in STEM-related positions	%	51.40
Internal promotions		
Percentage of vacant positions filled by internal candidates[10]	%	12
Number of new employees		
Total number of new employees	person	2,175
By gender		
Number of new male employees	person	1,220
Number of new female employees	person	955

[10] The statistics here refers to the percentage of middle and senior positions (excluding junior positions) filled by internal candidates

Indicators	Unit	2023
By age		
< 30	person	924
30 - 50	person	1,232
> 50	person	19
Employee turnover rate		
Overall turnover rate	%	15.40
By gender		
Turnover rate of male employees	%	13.36
Turnover rate of female employees	%	17.75
By age		
Turnover rate of employees < 30	%	19.83
Turnover rate of employees 30 - 50	%	15.07
Turnover rate of employees > 50	%	7.92
By geographical location		
Mainland China	%	15.40
Hong Kong, Macau and Taiwan, China	%	0
Overseas	%	11.80
Length of employment		
Average female length of employment	year	5.2
Average male length of employment	year	6.4
Health and Safety		
Number of work-related fatalities	person	0
Rate of work-related fatalities	%	0
Number of working days lost due to work-related injuries	day	879
Number of lost time injuries	case	14
Lost time injury rate (LTIR)	case/ 200,000 hours	0.21
Number of work-related injuries of contractors	Case	0
Number of deaths due to work-related injuries of contractors	person	0
Rate of deaths due to work-related injuries of contractors	%	0
Lost time injury rate (LTIR) of contractors	case/ 200,000 hours	0
Training and development		
Total number of full-time employees trained	person	220,235
Percentage of employees trained	%	100
Trained percentage by gender		
Male	%	54
Female	%	46
Trained percentage by rank		
Senior management	%	2
Middle management	%	5
General management	%	8
General staff	%	85
Average training hours per employee	hour	34.57
Average training hours by gender		
Male	hour	37.17
Female	hour	31.46
Average training hours by rank		
Senior management	hour	68.79
Middle management	hour	50.81
General management	hour	46.50
General staff	hour	30.48
Union and collective agreement		
Union coverage of employees	%	83.7
Coverage of employees with collective bargaining agreements	%	83.7
Child and forced labor		
Incidents related to child or forced labor	case	0
Product quality and service		
Number of product batch recalled	case	0
Percentage of product called	%	0
Number of customer complaints	case	100
Complaint handling rate	%	100
Responsible marketing training hours	hour	15,077.5
Intellectual property rights		
Number of registered trademarks owned	case	1,185
Number of active patents owned	case	722
Social welfare		
Charitable donations	RMB million	6.43

Governance Performance Information

Indicators	Unit	2023
Proceedings		
Number of infringement lawsuits initiated for counterfeits and bogus	case	0
Number of infringement lawsuits regarding counterfeits and bogus being subjected to	case	0
Infringement compensation paid	HK$ 10 thousand	0
Infringement compensation received	HK$ 10 thousand	0
Number of corruption and bribery cases during the Reporting Period	case	0
Business ethics and anti-corruption		
Total hours of anti-corruption training attended by directors	hour	7
Number of directors attended anti-corruption training	person	9
Total hours of anti-corruption training attended by management	hour	13.5
Number of managements attended anti-corruption training	person	9
Total hours of anti-corruption training attended by employees	Hour	4,157
Number of employees attended anti-corruption training	person	3,617
Coverage of employee ethical standards training	%	100
Coverage of code of business ethics audit across all operating locations	%	75
Number of internal non-compliances related to corruption or bribery	case	16
Number of internal non-compliances related to discrimination or harassment	case	0
Number of internal non-compliances related to breaches of customer privacy data	case	0
Number of internal non-compliances related to conflict of interest	case	0
Number of internal non-compliances related to money-laundering or insider trading	case	0
Environmental non-compliances		
Number of administrative penalties being imposed/prosecutions being initiated against for non-compliance of laws/regulations related to environmental or ecological issues	case	0
Amount of fines for non-compliance of laws/regulations relating to the environment or ecology	HK$ 10 thousand	0

Appendix II: Index to the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange

Environmental, Social and Governance Aspect and General Disclosures and Key Performance Indicators (KPIs)			Relevant Section
Environmental			
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 waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pollutant prevention and control
	A1.1	The types of emissions and respective emissions data	Appendix I: Key Performance Information
	A1.2	Greenhouse gas emissions in total and intensity	Appendix I: Key Performance Information
	A1.3	Total hazardous waste produced and intensity	Appendix I: Key Performance Information
	A1.4	Total non-hazardous waste produced and intensity	Appendix I: Key Performance Information
	A1.5	Description of measures to mitigate emissions and results achieved	Pollutant prevention and control
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Pollutant prevention and control
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Appendix I: Key Performance Information
	A2.2	Water consumption in total and intensity	Appendix I: Key Performance Information
	A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources
	A2.5	Total packaging material used for finished products and with reference to per unit produced	Appendix I: Key Performance Information
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Management Use of Resources
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	Environmental Management Use of Resources
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.	Addressing climate change
	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	Addressing climate change
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance to 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.	Employees' Rights and Interests Care and Communication
	B1.1	Total workforce by gender, employment type, age group and geographical region	Employees' Rights and Interests Appendix I: Key Performance Information
	B1.2	Employee turnover rate by gender, age group and geographical region	Care and Communication Appendix I: Key Performance Information

Environmental, Social and Governance Aspect and General Disclosures and Key Performance Indicators (KPIs)			Relevant Section
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.	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities	Appendix I: Key Performance Information
	B2.2	Lost days due to work injury	Appendix I: Key Performance Information
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills of discharging duties at work. Description of training activities.	Training and Development
	B3.1	The percentage of employees trained by gender and employee category	Appendix I: Key Performance Information
	B3.2	The average training hours completed per employee by gender and employee category	Appendix I: Key Performance Information
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.	Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour	Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such violations when discovered	Employees' Rights and Interests
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
	B5.1	Number of suppliers by geographical region.	Supply chain management Appendix I: Key Performance Information
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored	Supply chain management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply chain management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply chain management
B6: Product Responsibility	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pharmacovigilance Responsible Marketing
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Pharmacovigilance Appendix I: Key Performance Information
	B6.2	Number of products and service related complaints received and how they are dealt with	Responsible Marketing Appendix I: Key Performance Information
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual Property Rights Protection
	B6.4	Description of quality assurance process and product recall procedures	Pharmacovigilance
	B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored	Clinical Ethics
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 briber y, extortion, fraud and money laundering.	Business Ethics
	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	Business Ethics
	B7.2	Description of preventive measures and whistleblowing procedures and how they are implemented and monitored	Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff	Business Ethics Appendix I: Key Performance Information
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	Social Commitment
	B8.1	Focus areas of contribution	Social Commitment
	B8.2	Resources contributed to the focus area	Social Commitment

Appendix III: Feedback

In order to continuously enhance the sustainability management of Grand Pharma, it will be very important for us to have your input as an important foundation to improve our future works. We sincerely thank you for your valuable suggestions on this report in your busy schedule.

Personal Information

Name: ..... Company: .....

Phone no.: ..... E-mail: .....

Your Opinions

1.Your overall impression on Grand Pharma's 2023 Environmental, Social and Governance Report:

☐ Great ☐ Good ☐ Fair ☐ Mediocre ☐ Bad

2.Your views on the disclosures in our 2023 Environmental, Social and Governance Report:

☐ Abundant amount of content ☐ Rich content ☐ Fair amount of content ☐ Not enough content ☐ Too little content

3.Your views on the disclosure quality of our 2023 Environmental, Social and Governance Report:

☐ Very high ☐ High ☐ Fair ☐ Low ☐ Vert low

4. Presentations you would like to see applied in Grand Pharma's 2024 Environmental, Social and Governance Report:

☐ Explanation of management ideas ☐ Data charts ☐ Case studies ☐ Special topics ☐ Images

5. Topics you would like to see added to Grand Pharma's 2024 Environmental, Social and Governance Report:

☐ Corporate governance, in particular:

☐ Environmental protection, in particular:

☐ Social progress, in particular:

☐ Others, in particular:

Contact us:

Address: Unit 3302, The Center, 99 Queen's Road Central, Hong Kong
Official website: https://www.grandpharm.com
Email: ir@grandpharma.cn


CGE
遠大健康
CGE HEALTHCARE
遠大醫藥集團
GRAND PHARM ACEUTICAL GROUP