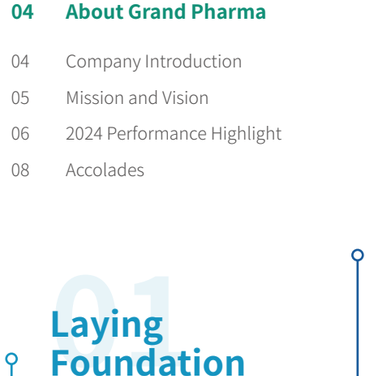
遠大健康 CGE HEALTHCARE

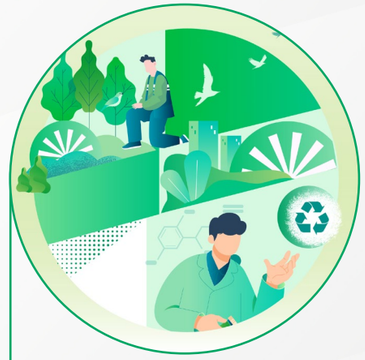
遠大醫藥集團有限公司
GRAND PHARMACEUTICAL GROUP LIMITED

2024

Environmental, Social and Governance Report

CONTENTS





About This Report

This is the second 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 requi-rements set out in the *Appendix C2 of The Listing Rules Environmental, Social and Governance Reporting Code (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 2024 to 31 December 2024 (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 extended to 2025 when appropriate.

Reporting Scope

The disclosure scope of this Report covers Grand Pharmaceutical Group Limited (00512.HK) and its subsidiaries, which is consistent with that of the 2024 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 Biotechnology Co., Ltd.	Grand Bio
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 JohamuPharmaceutical Co., Ltd.	Grand Johamu
Xi'an Beilin Pharmaceutical Co., Ltd.	Xi'an Beilin
Nanchang Baiji Pharmaceutical Co., Ltd. (南昌百濟制藥有限公司) and Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd. (江西百安百煜醫藥科技有限公司)	Baiji Pharmaceutical (renamed as "Grand Johamu Jiangxi" after merger and acquisition)
Tianjin Tanabe Pharmaceutical Co., Ltd. (天津田邊制藥有限公司)	Tianjin Tanabe (renamed as "Grand Tianjin" after merger and acquisition)
Wuhan Shetai Medical Technology Co., Ltd.	Shetai Medical
Cangzhou Huachen BioTech Co., Ltd.	Huachen Bio
Jiangsu Grand Xianle Pharmaceutical Co., Ltd. (江蘇遠大仙樂藥業有限公司)	Jiangsu Xianle
Sirtex Medical Pty Ltd	Sirtex

Report Disclosure

This Report is disclosed alongside the 2024 Annual Report of Grand Pharmaceutical Group Limited; and the financial data involved are consistent with that of the 2024 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.

Confirmation and Approval

This report was approved by the Board of Directors on March 12 2025, after confirmation by the management.

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 traditional 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

2024 is a critical year for Grand Pharma to advance steadily. During this year, innovative drugs were highlighted in the government work report, the bio-pharmaceutical industry was identified as a key area for developing new quality productivity, and pharmaceutical companies were entrusted with a more challenging mission and responsibility. Facing industry fluctuations and complex market changes, Grand Pharma remains committed to stable growth, strong innovation and strategic planning, continuously achieving technological breakthroughs and expanding its industrial footprint to contribute to the high-quality development of the industry and the continuous improvement of people's well-being.

Grand Pharma insists on operating in compliance with laws and regulations, continuously improving the corporate governance structure and internal control system, strengthening risk management efforts, creating an honest and clean business environment, and ensuring the Company's steady development. We continuously deepen our commitment to sustainable development, maintain long-term effective communication with stakeholders, and firmly integrate ESG principles into company decision-making and business operations to respond to stakeholder expectations with concrete actions.

On the path to building an international pharmaceutical company of technological innovation, we have achieved fruitful results. We continuously increased our investment in innovative products and advanced technologies, established multiple internationally leading R&D technology platforms and centers globally. We focused on three major innovative pipelines: nuclear medicine anti-tumor diagnosis and treatment technology, pharmaceutical technology and cerebro-cardiovascular precision interventional diagnosis and treatment technology. Significant clinical breakthroughs have been achieved in the sub-fields of cerebro-cardiovascular devices, ENT and respiratory. We regard product quality as the cornerstone of the survival and development of pharmaceutical enterprises, pursuing excellence in quality standards, quality capabilities and quality culture, striving to provide patients with safe and high-quality products and services.

We adhere to the corporate spirit of "dare to be the first and share the success", and actively contribute to the development of a healthy China through practical actions in areas such as chronic disease prevention and control, health education for medical staff and patients, improvement of primary healthcare standards, and research and development of rare diseases. We continued to deepen the synergy of the industrial chain cooperation, actively promoting the inclusion of the Group's pharmaceutical products in the medical insurance and commercial insurance lists, constantly enhancing the accessibility and affordability of medicines. Through conducting Yttrium-90 free clinic activities and public welfare projects such as the "Weiai Anxin (維愛氨心)" Hyperammonemia Patient Assistance, we provided financial aid to eligible patients, facilitating high-quality innovative drugs to benefit more patients, highlighting the social responsibility of pharmaceutical enterprises.

Grand Pharma actively responds to the national "dual carbon" strategy, empowering the construction of a beautiful China and assisting in achieving the coexistence of humans and nature. We have integrated climate risk management into the Company's overall risk management framework, conducted assessments of climate change risks and opportunities, set energy management and greenhouse gas reduction targets, and implemented climate action commitments. At the same time, we continuously strengthened environmental management of our operations and the entire product life cycle, promoted the light-weighting and recycling of packaging materials, adhered to refined resource operation, and pursued the concept of green development.

In the process of corporate sustainable development, Grand Pharma adheres to the principle of "people-oriented," regarding talent as a core asset. We are committed to creating an equal, inclusive and diverse workplace atmosphere, providing a safe, healthy and comfortable working environment for every employee. We are expanding the channels for attracting and recruiting talent, building a high-end innovative R&D talent cultivation system, comprehensively enhancing the depth and breadth of talent reserves, and achieving mutual growth and shared value between employees and the Company.

Looking ahead, Grand Pharma will continue to uphold the original aspiration of high-quality development, pursue development through innovation, and promote progress through hard work. We will adhere to the strategy of "global operational layout and dual-cycle business development" in collaboration with all parties to create greater economic, environmental and social value for the industry and society.

Chairman
Dr. Tang Weikun

About Grand Pharma

Company Introduction

Grand Pharmaceutical Group Limited (Stock Code: 00512.HK) is an international pharmaceutical company of technological innovation. Its core businesses cover three major areas, namely nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology, pharmaceutical technology and biotechnology. Based on the pharmaceutical and biological industries, the Group focuses on the needs of patients, and takes 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.

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 9 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.

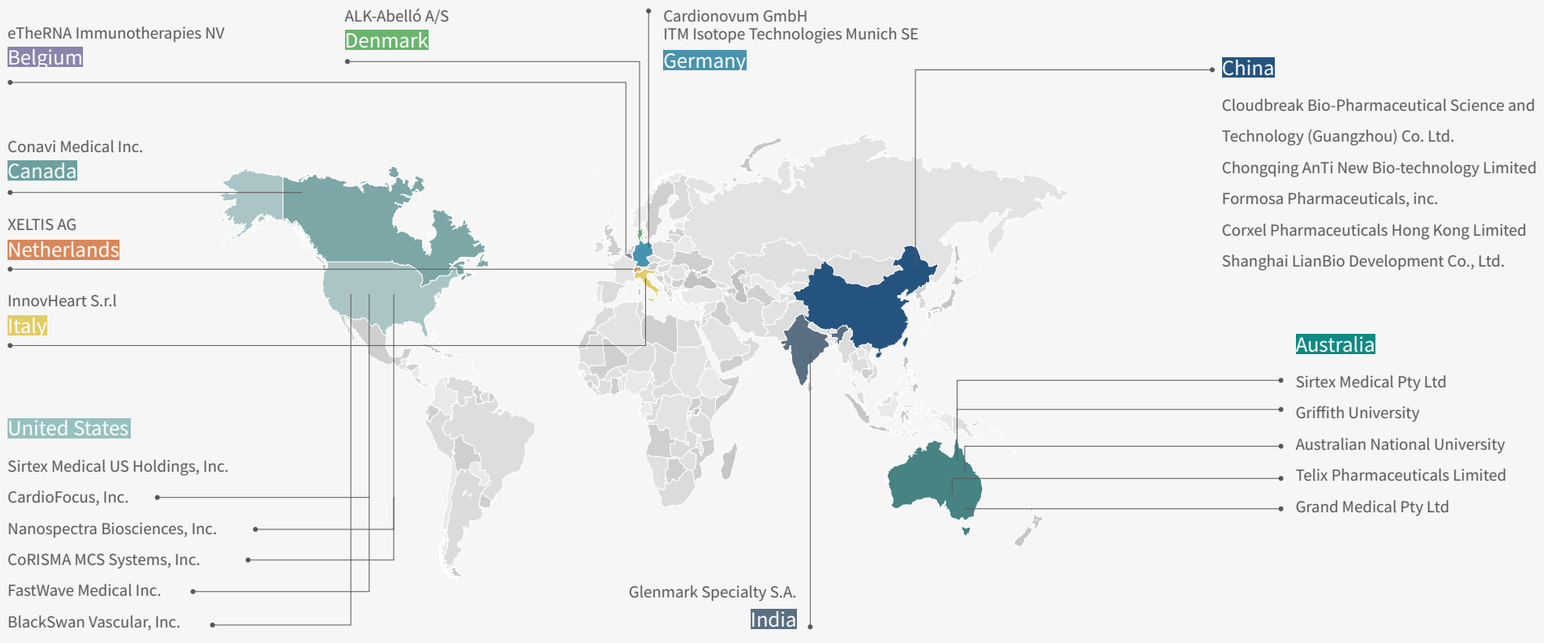
Grand Pharma has currently invested and operated

5

R&D technology platforms

9

R&D centres worldwide



Mission and Vision

2024 Performance Highlight

Governance

- Audits related to business ethics for subsidiaries

  Over 20 times

- Proportion of operational sites covered by business ethics audits

  100 %

- Participation rate of training on employee code of business conduct and anti-corruption policy

  100 %

- Data breach incident and information and data security-related legal proceedings litigation event

  0

Core Business

Economic Performance

- Di vidend

  910 million HK$

- Operating revenue

  11.64 billion HK$

- Year-on-year of operating revenue

  12.8 %[1]

Access to Healthcare

- Number of products included in the National Reimbursement Drug List

  > 260

Quality Culture Building

- Number of Quality Month events held

  27

- Number of participants in the Quality Month Events

  6,000

Technologies and Innovation

- Investment in R&D work and projects

  2.27 billion HK$

- Number of projects under development

  147

- Proportion of innovative projects

  32 %

- Number of approvals for commercialization

  34

Environment

- Investment in environmental protection

  RMB 14.25 million

- Number of subsidiaries that have obtained ISO 50001 Energy Management System Certification

  6

- ISO 14001 certification coverage rate of production-oriented subsidiaries

  46 %

- Number of energy-saving technological transformation projects

  27

- Green electricity transaction and consumption by subsidiaries

  169 thousand kilowatt-hours

- Completion rate of emergency plan drills for environmental incidents by each subsidiary

  100 %

Employee

Employment

- Number of new employees

  2,654

- Number of employees recruited through campus recruitment

  958

- Number of management trainees recruited

  94

  30 of them obtained doctoral degree and 64 of them obtained master's degree

Diversity

- Percentage of female employees in STEM-related positions

  51.9 %

Occupational Health and Safety

- Number of subsidiaries that have completed the safety management rating inspection

  17

- Number of subsidiaries that have obtained ISO 45001/ OHSAS 18001 Occupational Health and Safety Systems Certification

  14

- Number of subsidiaries awarded the municipal-level health enterprise title

  3

- Number of subsidiaries that have completed safety risk identification

  19

- Safety inspections undergone by all subsidiaries

  2,760 times

- Number of subsidiaries conducting annual environmental incident emergency drills

  38

- Number of major safety accidents

  0

Employee's Development

- Total number of participants of training reached

  267,920

- Average training hours of employees

  22.35 hours

- Proportion of trained employees

  100 %

Public welfare and charity

- Total amount invested in public welfare activities

  RMB 21.43 million

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

Accolades

February 2024 JDM (聚董秘)

Grand Pharmaceutical Group Limited

2023 Best Investor Relations Company (Pharmaceutical and Healthcare Industry)

March 2024 Ministry of Industry and Information Technology

Grand Hoyo

Selected as the eighth batch of manufacturing single champion enterprises on the accreditation list

April 2024 VBDATA.CN (動脈網)

Grand Pharmaceutical Group Limited

2024 Future Medical Top 100 • Medical Health Innovation Capability Ranking TOP100 of Listed Companies in Hong Kong

April 2024 HaoYue Capital

Grand Pharmaceutical Group Limited

Best Strategic Investment Institution in Healthcare for the Year

August 2024 JDM (聚董秘)

Grand Pharmaceutical Group Limited

"Best Investor Relations Company" List

October 2024 The 11th Hong Kong Stocks Top 100

Grand Pharmaceutical Group Limited

"High Potential in Pharmaceuticals"

China Pharmaceutical Quality Association organizes CQAP (October 2024)

Xi'an Beilin Pharmaceutical Co., Ltd.

2024 National Pharmaceutical Industry Quality Excellent Achievement Award for QC Management Team Activities

November 2024 2024 CHSESI (啟思會)

Grand Pharmaceutical Group Limited

"2024 Top 5 Chinese Pharmaceutical Innovation Enterprise in the Technology Segment (Nuclear Medicine)"

November 2024 Wuhan Federation of Industry and Commerce

Grand Pharmaceutical Group Limited

"Top 50 Wuhan Private Economy Technology Innovation (2024)"

December 2024

Grand Pharmaceutical Group Limited

"New Quality Productivity Enterprise Award 2024 (Bio-medicine)"

December 2024 Cailian Press

Grand Pharmaceutical Group Limited

"Investment-worthy Healthcare Enterprise" on the New Power Industry List (2024)

December 2024 Road Show China

Grand Pharmaceutical Group Limited

"Best ESG Award" at the 8th China Excellence IR

December 2024 Royal Flush Enterprise

Grand Pharmaceutical Group Limited

"Best Investor Relations Management Award of Hong Kong and US Shares" on the 2024 Listed Company Annual List

December 2024 Zhitong Finance

Grand Pharmaceutical Group Limited

"Most Valuable Pharmaceutical and Healthcare Company" awarded at the Ninth Listed Company Selection

December 2024 Zhitong Finance

Grand Pharmaceutical Group Limited

"Best IR Team Award" at the Ninth Listed Company Selection

2024 Xipu Conference

Grand Pharmaceutical Group Limited

2024 Health Industry Brand List

2024 Xi Ding Conference

Beijing Grand Johamu Pharmaceutical Co., Ltd.

Potential Brands in China's Pharmaceutical Retail Market

Hubei Provincial Department of Economy and Information Technology

Hubei Grand Fuchi Pharmaceutical & Chemicals Co., Ltd.

Provincial 'Specialized, Refined, Differentiated and Innovative' Little Giant Enterprises

Hubei Provincial Department of Economy and Information Technology

Hubei Grand Fuchi Pharmaceutical & Chemicals Co., Ltd.

Specialized and New Small and Medium-Sized Enterprises

All-China Federation of Trade Unions

Hubei Bafeng Pharmaceuticals & Chemicals Share Co., Ltd.

National Model Home for Staff

Golden Bee Award

Beijing Grand Johamu Pharmaceutical Co., Ltd.

Brand Marketing Benchmark Case Grand Award

Shaanxi Province Quality Association

Xi'an Beilin Pharmaceutical Co., Ltd.

Quality Management Group Results Presentation and Exchange - Excellence Achievement Award

All-China Federation of Trade Unions

Hubei Bafeng Pharmaceuticals & Chemicals Share Co., Ltd.

National May Day Labor Award

01 | Laying Foundation

Guided by Responsibility, Moving Steadily towards Long-term Success

Robust corporate governance and a comprehensive compliance management system are the foundation for enhancing corporate risk resilience and promoting steady corporate development. Grand Pharma continued to strengthen its corporate governance level and internal control system, integrating ESG management concepts into the core strategy of corporate development, adhering to high standards of business ethics, and was committed to promoting sustainable development of the industry and society, bringing long-term value to all stakeholders.

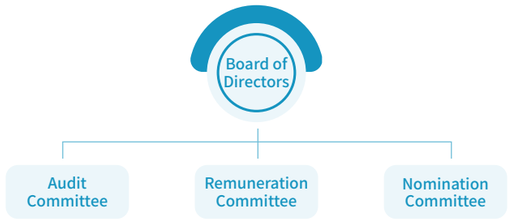
Enhancing Corporate Governance

Grand Pharma firmly believes that transparent, responsible and effective governance mechanisms are crucial foundations for enhancing corporate value and increasing the trust of investors and stakeholders. Grand Pharma continuously focused on the diversity and effectiveness of the Board composition, ensuring the independence and comprehensiveness of company decision-making, safeguarding governance transparency, and actively fulfilling responsibilities towards stakeholders.

Operation of the Board

Grand Pharma strictly complies with the requirements of laws, regulations and regulatory documents of each place of operation. It has formulated the *Memorandum and Articles of Association* and established a scientific and efficient corporate governance structure with clearly defined powers and responsibilities to ensure and standardize the effective operation of the governance framework. Grand Pharma has established the Audit Committee, the Remuneration Committee and the Nomination Committee under the Board of Directors to oversee the management of the Group's various affairs and to safeguard the rationality of resource allocation and operational decision-making.

In addition, Grand Pharma has established a comprehensive regulatory system to protect the legitimate rights and interests of shareholders and other stakeholders. 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.



Board Governance Structure

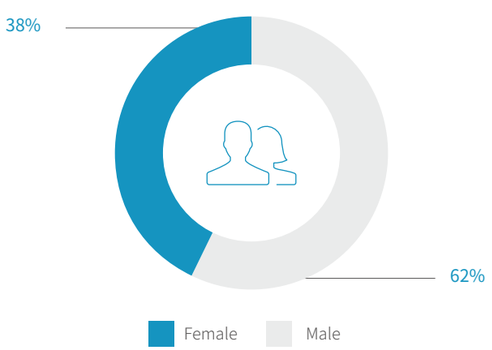
As of 31 December 2024, the Board of Directors of the Group comprises eight directors, including four executive directors, namely Dr. Tang Weikun (Chairman), Mr. Zhou Chao (executive director and Chief Executive Officer), Mr. Yang Guang and Ms. Lam Chit Yee Jessica, and four independent non-executive directors, namely, Ms. So Tosi Wan, Winnie, Dr. Xing Li Na, Dr.Pei Geng and Mr. Hu Yebi.

Board Diversity and Independence

We highly recognize the contribution of a diverse board of directors to corporate development, viewing the diversity of Board members as one of the important elements in maintaining the Group's competitive advantage and promoting its sustainable development. Grand Pharma has formulated a board and senior management diversity policy, with the Nomination Committee under the Board responsible for regularly monitoring and reviewing the Board diversity policy annually to ensure its effectiveness.

In line with the principle of diversity, we consider factors related to diversity such as gender, age, cultural and educational background, professional experience, skills and knowledge, race and ethnicity in the appointment of all Board members, in order to maintain a balance in the diversity of background, skills and perspectives on the Board. The Board members possess diverse professional backgrounds and extensive industry experience, including differentiated Board management skills and expertise, diverse regional and industry experience, as well as financial management and risk management professional skills, providing forward-looking, scientific and actionable advice for corporate governance and major decision-making.

Number of directors by gender



Board Diversity

Strengthening ESG Governance

Grand Pharma incorporates the concept of sustainable development into all aspects of its operations, deepening ESG concepts and awareness from top to bottom through production and business practices and corporate cultural activities. The Group has built a top-down ESG governance structure and established a comprehensive management mechanism to strengthen the ESG governance foundation.

ESG Governance Strategy

Grand Pharma strictly complies with the laws and regulations of its global operating locations and actively incorporates the latest ESG development trends into its ESG governance strategy. We are gradually integrating ESG governance standards and related requirements comprehensively into the corporate management system, ensuring that our environmental, social, and governance policies, processes, and disclosures meet the requirements through the establishment of an open and transparent communication mechanism. We have established effective management policies and internal monitoring systems for ESG matters, promptly optimizing and adjusting ESG governance guidelines and strategies, closely monitoring ESG-related risks, regularly tracking key ESG indicators and targets, integrating sustainable development into all aspects of daily operations, continuously enhancing ESG performance, and creating sustainable value for society and shareholders.

ESG Governance Structure

Grand Pharma has established a 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 execution level respectively, clearly defining the responsibilities and division of labor at each level to strengthen ESG governance capabilities and ensure strong support for the effectiveness of ESG management. In addition, to ensure the achievement of ESG goals, we link sustainable development performance with management remuneration, forming a top-down indicator tracking management system, regularly evaluating ESG matters and formulating corresponding improvement plans.

Board of Directors

- To consider the risks and significance associated with the Group's ESG matters
- To consider and approve the Company's ESG strategies, policies and objectives
- To monitor and review the Group's ESG-related matters, including policies, management, performance and progress of related objectives
- To consider and approve the Group'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 Group's ESG matters
- To assess and formulate the Group's sustainability strategies and objectives
- To monitor, evaluate and review the Group's policies, management, performance and progress of related objectives in respect of ESG matters
- To review and examine the Group'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 review annual ESG reports and ensure effective disclosure of corporate ESG performance
- To assess and identify ESG trends, track controversial events, and conduct stakeholder communications
- To report to the Strategy and ESG (Promotion) Committee on a regular basis

Grand Pharma ESG Governance Levels and Functions

In 2024, Grand Pharma conducted training on ESG-related fields for board members. Through the training, the directors deepened their understanding of the latest ESG disclosure requirements and regulatory trends, enhanced their oversight capabilities on ESG matters, and ensured scientific and efficient ESG governance decisions. In addition, we also conduct specialized training on climate change and ESG management enhancement for the ESG working group to ensure the orderly advancement of ESG special projects.

Photo of the Board Training Session of Grand Pharma

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. To assist the Board of Directors in overseeing ESG management and performance, the Board has authorized the Strategy and ESG (Promotion) Committee to guide and supervise the implementation of ESG objectives, strategies, priorities, initiatives and targets. The committee is responsible for regularly convening meetings to report ESG-related work outcomes and decision-making recommendations to the Board, providing strategic insights and resource support for ESG efforts. At the operational level, Grand Pharma incorporates sustainability factors into its daily operations, establishes an ESG working group, and regularly reports progress to the Strategy and ESG (Promotion) Committee.

The Board of Directors places great emphasis on the deep integration of ESG management concepts with the Company's development strategy, closely monitors the comprehensive performance of Grand Pharma's ESG governance, and continuously improves the ESG management mechanism. While ensuring the achievement of the Company's operational objectives, we 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 materiality assessment integrated to our enterprise risk management (ERM) process 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 has established a transparent and efficient stakeholder communication mechanism, regularly identifying stakeholders' concerns regarding sustainable development to ensure timely understanding of their demands and expectations. For sustainability issues of higher importance, we will formulate effective management strategies and regularly review and evaluate the Group's performance to meet the requirements of stakeholders. The assessment results of material issues for the Year have been discussed and reviewed by the Strategy and ESG (Promotion) Committee.

Stakeholder Engagement

We firmly believe that listening to stakeholder feedback helps us objectively and comprehensively assess and improve the Group's environmental, social, and governance performance. Based on its own business characteristics, Grand Pharma actively incorporates stakeholder feedback into its strategy and management decision-making process by drawing on the experiences and practices of global peers, ensuring that stakeholder requirements and expectations align with the Company's objectives and actions.

Communication with Stakeholders

Grand Pharma actively responds to the expectations of all relevant parties and listens to suggestions, reaching out to the opinions of internal and external stakeholders through efficient and transparent communication channels, continuously enhancing the management level of corporate sustainable development. During the Reporting Period, we combined our own industry and business practices with those of outstanding global peers to identify key stakeholders who have decision-making power and influence over the Group. We actively listened to their views and suggestions to steadily advance the orderly implementation of the Group's various sustainable development initiatives.

Stakeholders	Shared objectives	Communication and feedback
Stakeholders	• 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 • Implementation of national policies • Tax payment
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 • Voluntary services • Carry out annual environmental rating inspection
Suppliers	• Product quality and safety • Fair and open procurement • Win-win cooperation	• Evaluation on suppliers • On-site inspection • Daily communication

Grand Pharma's Stakeholder Communication and Response Methods

In 2024, the Group continued to enhance communication with the capital markets, organizing and participating in events including results presentations and investor open days, 35 large-scale investment summits including securities company strategy conferences, 9 on-site company research events, and over 170 online and offline roadshows.

"Nuclear Innovation for a New Era, Striving for Excellence" Investor Open Day Event

In May 2024, Grand Pharma held an investor open day event in Wuhan with the theme "Nuclear Innovation for a New Era, Striving for Excellence (核啟新篇，創行致遠)". The topics of on-site discussions covered the introduction and strategic layout of the Group's nuclear medicine business at home and abroad, the development plan of the Chengdu Medical City nuclear medicine industry, the development history and strategic cooperation in the Telix nuclear medicine field, as well as the ITM radionuclide production and nuclear medicine R&D industrial chain layout. The management of the Group, relevant leaders from Chengdu Medical City, and the management of Telix and ITM engaged in in-depth communication and dialog with over 130 investors and analysts on the above topics.

Matrix of Material Issues

Grand Pharma abides by the principle of double materiality assessment. While taking fully consideration of the impact on the Company from ESG risks and opportunities, we ensure that our 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.

Identification of material issues

- The Group identifies and determines material issues by referencing information from social media and industry organizations, consulting with stakeholders, and considering changes in internal and external environments.

Prioritization of material issues

- The Group prioritizes the identified material issues based on expert opinions, peer experiences, management, investor and employee feedback. We also weighed the severity of the negative and positive impacts of each issue, the probability of occurrence and the ability to respond to the impacts, to further determine the importance of each issue and generate a materiality matrix.

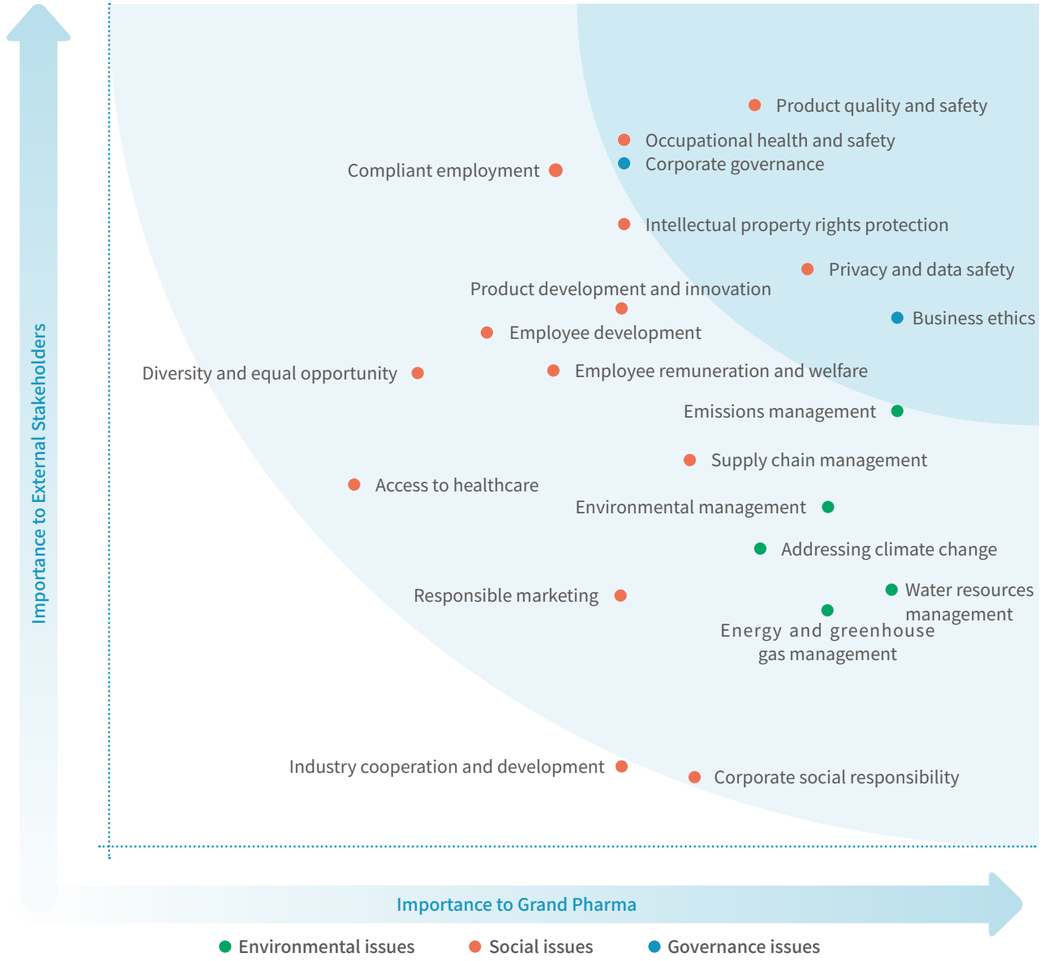
Approval of material issues

- The Board of Directors of the Group is responsible for regularly reviewing and approving the matrix of material issues.

Management of materiality issues

- To avoid and mitigate negative impacts and expand positive impacts, the Group regularly reviews and improves the internal operating system to ensure management effectiveness. The Group integrates and draws on the opinions of internal and external stakeholders when formulating response measures to enhance the effectiveness and scientific basis of decision-making, ensuring the interests of all parties.

During the Reporting Period, we conducted a materiality analysis by consulting expert opinions and peer experiences, 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. We conducted impact analysis and prioritization for 21 material issues, ultimately classifying them into three categories, including environmental, social, and governance, thus further clarifying the Group's materiality topic matrix. Compared to last year, there are no changes to the list of material issues for the current year. In 2024, the ESG materiality matrix of Grand Pharma has been reviewed and approved by the Board of Directors.



Grand Pharma's 2024 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. Based on the materiality assessment results for the Year, we conducted an in-depth analysis of the impact of top-ranked highly material issues on external stakeholders.

For example, in terms of product quality and safety, if there are issues with drug quality and safety, it may lead to adverse reaction events, thereby seriously harming the health of patients or affecting their treatment process. Therefore, 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. In addressing climate change, a significant amount of greenhouse gas emissions is generated during the corporate production process. If the intensity of greenhouse gas emissions cannot be effectively controlled, it may exacerbate global warming, leading to more extreme weather events. Therefore, 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 consistently regards integrity and honesty as the guiding principles for conducting business, actively identifying and managing business ethics risks in operational activities. We continuously improve our compliance management system, establish comprehensive management policies, maintain open reporting channels, and conduct regular audits, supervision, and management of the compliance and business ethics in daily operations. We integrate business ethics requirements and compliance management concepts into the Group's daily business operations.

Standardization of Corporate Practices

Grand Pharma has a "zero tolerance" attitude towards commercial bribery, unfair competition and other practices against the business ethics. We strictly comply with the *Law Against Unfair Competition of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, among other laws and regulations, and continuously improve the compliance management system and framework to uphold the Company's standards of business ethics in practice. During the Reporting Period, we established and published guidelines, such as the *Code of Business Ethics of Grand Pharmaceutical Group Limited* and the *Supplier Code of Conduct of Grand Pharmaceutical Group Limited*. These are intended to provide ethical business requirements and guiding principles for all employees, Board members, suppliers, contractors, and other partners of the Group and its subsidiaries, aiming to create and maintain a highly ethical and integrity-driven business environment.

Grand Pharma has established a sound 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. 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.

The Board of Directors	Approve business ethics and compliance policies and monitor implementation.
The Audit Committee	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.
Supervision and Audit Department	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.

Business Ethics Governance Framework of Grand Pharma

Business Ethics-Related Risk Management

In 2024, Grand Pharma updated and implemented the *Grand Pharma Supervision and Management System (《遠大醫藥監察管理制度》)*, comprehensively strengthening the primary responsibility of the Group's employees in terms of business ethics, and implementing a closed-loop management system where authority entails responsibility, responsibility requires commitment, and accountability is ensured. 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 the compliance management related matters such as anti-corruption, anti-bribery, anti-monopoly and business cooperation and avoid the occurrence of all kinds of improper, illegal and fraudulent behavior. The audit and supervision management system is led by the Supervision and Audit Department, with chief auditor of the Company 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. As the third line of defense for compliance management at Grand Pharma, the Audit and Supervision Department conducts at least one compliance audit annually for all operational locations and business units.

During the Reporting Period, Grand Pharma has conducted a business ethics audit, covering the implementation of the Group's business ethics code and anti-corruption policy, as well as the compliance of all employees' conduct. In 2024, we conducted more than 20 commercial ethics-related inspections and audits across the subsidiaries of the Group, covering over 30 subsidiaries, achieving a 100% coverage rate of operational sites for commercial ethics audits, with no major compliance management issues found. 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.

Construction of Ethical Business Culture

Grand Pharma urges its employees to practice the culture of "Loyalty, Simplicity, Diligence, and Innovation", striving to implement the construction of business ethics culture at all levels of the Company. It clarifies to all employees various specific scenarios such as embezzlement, misappropriation, bribery, conflict of interest, falsification, abuse of power, dereliction of duty, and infringement of trade secrets, establishing a good atmosphere of integrity and diligence in employment. During the Reporting Period, to ensure that employees fully understand and respect our business ethics requirements, we regularly provide compliance training on the code of conduct and anti-corruption policies to all employees of the Group (including full-time and part-time employees) and contract personnel. The participation and pass rates for the training both reached 100%.

On the basis of compliance training, we conduct general and specialized training on relevant hot topics and risk points of business ethics, fostering an honest and fair working environment. In May 2024, Grand Pharma formally launched the compliance column the *Compliance in Progress (《合規進行時》)*, conducting business ethics promotion activities, including the *Code of Business Conduct*, in the form of special articles. Articles such as *Anti-Monopoly Compliance in the Pharmaceutical Industry - Abuse of Market Dominance (《醫藥行業反壟斷合規——濫用市場支配地位》)*, *Anti-Monopoly Compliance in the Pharmaceutical Industry - Monopoly Agreements (《醫藥行業反壟斷合規——壟斷協議》)*, *Common Commercial Bribery Risks Involving Pharmaceutical Company Employees (《醫藥企業員工所涉常見商業賄賂風險》)* and *Pharmaceutical Advertising Compliance in the 'Internet Era' (《"互聯網時代"下的醫藥廣告合規》)*, were published to help all employees gain an in-depth understanding of compliance scenarios and corresponding risks in various segments of business ethics. In addition, Grand Pharma conducted special training on anti-commercial bribery precautions for employees in high-risk positions such as marketing, market, and finance within each business unit. The training introduced the background of anti-corruption and anti-unfair competition enforcement in the pharmaceutical industry, as well as common commercial bribery practices and compliance guidelines in the pharmaceutical field, to help them understand the compliance requirements in their work areas.

Anti-corruption

Grand Pharma consistently upholds the principles of operating with integrity and maintaining professional ethics, adopting a zero-tolerance stance towards any form of corruption, continuously improving the anti-corruption system to mitigate the risk of corruption. The Group has formulated internal regulations such as the *Grand Pharma Integrity Practice Management Regulations (《遠大醫藥廉潔從業管理規定》)*, requiring employees in key positions to sign a compliance undertaking with the company, and linking ethical compliance with employee performance evaluations. In addition, Grand Pharma follows the principle of "trace the root causes and identify defects", and has formulated the *Grand Pharma Accountability Management Measures (《遠大醫藥問責管理辦法》)* to conduct regular inspections on the compliance management of various departments within the company. Disciplinary actions are implemented for confirmed cases of fraud and other misconduct such as corruption and money laundering by employees of the Group, thereby safeguarding the healthy development of the enterprise.

To create a fair and just business environment, we expect our business partners to also adhere to our integrity management requirements. In order to comprehensively strengthen anti-corruption management for personnel engaged in business dealings with the Group, we have established integrity commitment clauses in all commercial contract templates of the Group, requiring cooperating suppliers to sign integrity agreements. The clauses include requirements for suppliers and other transaction parties to commit to integrity in their operations and actively participate in integrity training organized by the Group.

Grand Pharma continued to advance internal and external anti-corruption and integrity promotion efforts, conducting anti-corruption training for all employees, Board members and key personnel (such as procurement staff). This is achieved through various methods including "going out" educational activities, study seminars, visits to integrity culture museums and specialized training, to promote and train on anti-corruption awareness and the concept of integrity in professional conduct, further strengthening the construction of a culture of integrity. In 2024, Grand Pharma conducted anti-commercial bribery and anti-monopoly training through a combination of online and offline methods, providing "Six Prohibitions, Six Obligations" training to relevant heads of compliance, marketing, market, and finance departments of the Group and its business units. A marketing compliance manual of Grand Pharma was issued, and the anti-commercial bribery concepts and requirements were successively promoted within each business unit.

2024 Grand Pharma "Integrity and Dedication Month" Activity

In August 2024, Grand Pharma and its subsidiaries conducted a special training session with the theme of "Integrity and Dedication" for key personnel, continuously strengthening integrity development. The training activities were chaired by the leaders of the secondary group and its subsidiaries, with the participation of deputy general managers and above, as well as directors of various departments. The responsible personnel from each department conveyed the meeting's spirit to all employees of the Company. During the period, participants studied past negative cases of internal corruption within the Company, exchanged and reflected on issues, experiences, and lessons related to compliance, quality, and safety in past corporate management, and continuously enhanced the integrity awareness of all employees.

Reporting and Investigation Mechanism

Grand Pharma encourages stakeholders, including employees of the Group, suppliers and business partners, to report any improper conduct that violates business ethics to us. We have formulated internal regulations such as the *Management of Reports and Complaints of Grand Pharma (《遠大醫藥舉報投訴管理辦法》)*, which comprehensively specify the specific circumstances that need to be reported, assign responsibilities to various departments, and outline the measures to be taken after a report.

Employees who actively monitor and report corrupt behavior are rewarded, promoting continuous monitoring of any potentially unethical, illegal, or dishonest activities. During the Reporting Period, the Audit and Supervision Department has verified, investigated, provided feedback and addressed all internal and external complaints and reports concerning potential unethical, illegal, or dishonest activities, and proposed corresponding solutions.

Reporting Channel

- Hotline：027-83565610
- E-mail：ts@grandpharma.cn
- Mail Address：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

Reporting and Investigation Mechanism of Grand Pharma

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, forming a closed-loop management system to curb potential risks, effectively reduce operational risks, and safeguard the sustainable development of the Company.

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 actively controls internal and external risks. It has developed a comprehensive risk management framework, established three lines of defense, and constructed a comprehensive risk management framework to ensure the effective operation of the risk management system.

First Line of Defense

Core Business Departments

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

Second Line of Defense

Functional Administrative Departments

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

Third Line of Defense

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 2024, the Group's Supervision and Audit Department carried out internal control evaluation and risk assessment of the businesses of over 30 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 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 Review Procedures of Grand Pharma

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.

2024 Grand Pharma Internal Control and Risk Training

In 2024, Grand Pharma meticulously planned and implemented a systematic training program aimed at enhancing the risk identification capabilities of its subsidiaries. Our team of training instructors is composed of experienced risk control experts from within the Group. Based on cutting-edge risk management theories and a wealth of practical case studies, they clearly and concisely explained the principles, methods and techniques of risk identification to personnel of subsidiaries, ensuring they can accurately grasp the characteristics and signs of potential risks in different business scenarios.

Grand Pharma adheres to the principles of comprehensiveness, significance and prudence. By integrating internal and external environmental analysis with historical risk data, it employs scientific risk assessment models to classify and grade various risks, selecting specific business processes in key business areas to form a logically rigorous risk list. At the same time, we fully consider cost-effectiveness and operability, and after multiple rounds of discussion and optimization, we identify and clarify the risk control points, control methods and supervision mechanisms at each stage. We formulate risk response measures such as enhancing market research, optimize budget allocation, and improve talent reserve plans, providing a solid guarantee for effective risk prevention.

Risk Management for Daily Contract Review

In investment transactions, we provide legal risk assessment reports and revise investment agreements to highlight critical risks to business units, including legal risks associated with investment entities, contractual terms within investment-related agreements, and government approval risks linked to the agreements.

Legal Risk Prevention for Investment Projects

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 counter-party, and contract performance

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

Legal Risk Prevention Measures of Grand Pharma

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 encryption upgrades, network security transformation, third-party vulnerability analysis and special internal IT audits.

Data protection and encryption	• On the office side, Grand Pharma enhances the security of its encryption system, encrypts data on the office terminals of R&D employees of subsidiaries, and strengthens group-level control and decryption processes • 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
Network security upgrade	• Carry out network security transformation and upgrading, strengthens internal network access control through security zoning, IP address planning and modification, ACL, etc., to achieve refined management
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	• The Company conducted information security-related audits covering databases, sales systems, production systems and R&D systems, with no major findings during the audit process • For the identified audit findings, the Company will continue to follow up with the departments in charge to implement rectifications as planned

Data Security Protections of Grand Pharma

In 2024, the Group did not experience any data leakage incidents and legal proceedings related to information and data security.

02 | Promoting People's Well-being

Affordable Medical Solutions

Grand Pharma always focuses on the needs of patients, considers technological innovation as the driving force, continuously pays attention to unmet clinical needs, increases investment in global innovative products and advanced technologies, enriches and improves its product pipeline, and is committed to providing advanced and affordable medical solutions to patients worldwide.

R&D and Innovation

The Group regards innovation as an important cornerstone for sustainable development, adhering to the development concept of "comprehensive advantages, innovation-oriented and global expansion", and is committed to becoming an international pharmaceutical company of technological innovation, respected by doctors and patients and contributing back to society. We focus on developing products and technologies with core competitiveness to meet the ever-changing market demands and provide higher quality medical solutions for patients worldwide.

Relying on five major technology platforms and a global R&D center, Grand Pharma continues to focus on the fields of respiratory and anti-infection small molecule innovative drugs, anti-tumor innovative nuclear medicine, innovative traditional Chinese medicine, ophthalmic innovative drugs, cerebro-cardiovascular interventional devices, tumor interventional devices and innovative biotechnology products. It adheres to a research-based approach, registration-oriented direction, and patient-centered focus, continuously incubating high-quality innovative products, scientifically and efficiently promoting product transformation, and comprehensively advancing the implementation of its innovation strategy.

147 projects under research

- 147 projects under research, of which 47 are innovation projects
- 120 projects are projects related to pharmaceutical products, 19 are related to medical devices, and 8 are related to biological products

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

9 R&D centers

- Australia R&D Center, Boston R&D Center (USA), Grand Pharmaceutical-Shandong University Radiopharmaceutical Research Institute in Shandong, China, the Radiopharmaceutical R&D Center in Chengdu, China, Wuhan Optics Valley International R&D Center, Wuhan Optics Valley Medical Device R&D Center, Changzhou Medical Device R&D Center, Shanghai Medical Device R&D Center and Nanjing R&D Center

Innovative R&D Achievements of Grand Pharma

Improving R&D Capability

Grand Pharma has established a comprehensive research and development management system, covering the entire life cycle of product development, effectively controlling and guiding the Group's research and development activities.

Group Level	Establish research and development management-related systems and policies, including project initiation, changes, project completion, procurement, incentives, patents and talent.
At the level of each R&D business unit	Establish R&D processes and operational guidelines suitable for different product development needs to ensure the efficiency and controllability of the entire R&D process.

R&D Management System of Grand Pharma

As a technology-based innovative pharmaceutical enterprise, Grand Pharma is committed to building a high-end innovative R&D talent system to support the development of innovative projects. We have established an efficient R&D incentive mechanism to ensure the high-efficiency and high-quality advancement of R&D projects. During the Reporting Period, the Group optimized 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）》)*, further refining and clarifying relevant terms, increasing incentive efforts, encouraging original innovation, major innovation, high-quality and efficient innovation, and motivating R&D personnel who have made outstanding contributions to R&D innovation.

Summary of R&D Data Highlights for 2024

Investment of **2.27 billion HK$** in R&D work and projects

The Group, together with its associates, has more than **770 R&D personnel** covering the entire life cycle of product research and development in various fields such as innovative drugs, generic drugs, medical devices and biological raw materials

147 projects under research

of which innovative projects accounts for **32%**

A total of **34** marketing authorizations have been obtained

Including **2** innovative products

Including **18** generic products

3 functional foods

11 raw material products

6 IND applications were approved

2 NDAs of innovative drug products were accepted by NMPA

Substantial Clinical Development

Nuclear Medicine Anti-tumor Diagnosis

- The phase III clinical study of the innovative nuclear medicine product TLX250-CDx for the diagnosis of clear cell renal cell carcinoma conducted in China has completed the first patient enrollment and dosing;
- The innovative nuclear medicine product ITM-11 for the treatment of gastroenteropancreatic neuroendocrine tumors has been approved by the National Medical Products Administration to conduct an international multi-center phase III clinical study (COMPOSE study) and a phase III clinical study (COMPETE bridging study);
- The registration clinical study conducted in China of the global innovative temperature-sensitive embolic agent for the treatment of vascular-rich solid organ tumors has completed the first patient enrollment.

Respiratory and Critical and Severe Disease

- The NDA of Ryaltris® compound nasal spray ("GSP 301NS"), an innovative product for the treatment of allergic rhinitis submitted to NMPA has been accepted;
- The innovative drug GPN00187 for the treatment of respiratory diseases has been approved to commence phase I clinical study;
- The IND was submitted to the NMPA for the innovative drug GPN00204 for the treatment of respiratory diseases, and phase I clinical study was approved;
- The phase I clinical study of the global innovative drug APAD for the treatment of sepsis conducted in China has completed and successfully met clinical endpoint;
- The innovative drug STC3141 for the treatment of sepsis has been approved to conduct phase II clinical study in China and the enrollment and dosing of all patients has been completed.

ENT

- The phase III clinical study of innovative and improved new drug CBT-001 for the treatment of pterygium conducted in China has completed the first patient enrollment and dosing;
- The phase III clinical study of hormone nano-suspension eye drops GPN00833 for anti-inflammatory and pain relief after ophthalmic surgery conducted in China has been completed and has successfully met clinical endpoint;
- The phase I clinical study conducted in China of the innovative drug GPN00884 used to delay the progression of myopia in children has been the first patient enrollment and dosing.

Medical Devices

- The medical device registration certificate for the adjustable intracranial stent retriever product (Luci) for the treatment of acute ischemic stroke was issued by the National Medical Products Administration.

mRNA Platform

- The phase I clinical study of the therapeutic tumor vaccine ARC01 for the treatment of advanced unresectable or recurrent/metastatic solid tumors positive for human papillomavirus type 16 ("HPV-16") has been approved to conduct in China.

Respiratory Segment - Innovative Drug Ryaltris®

Ryaltris® is a novel antihistamine and corticosteroid compound nasal spray for the treatment of allergic rhinitis (AR) in adults and children. As a compound preparation, Ryaltris® compound nasal spray can bring more convenient and effective treatment methods to patients with AR, improve patient compliance, and bring new treatment methods to patients with AR in China. Currently, the product has been approved for commercialization in the United States, Australia, South Korea, Russia, the United Kingdom and the European Union as well as other countries and regions. In terms of registration in China, it was approved in October 2021 to be used in the phase III clinical study on allergic rhinitis and rhinoconjunctivitis symptoms in patients aged 12 years and above,successfully reaching its clinical endpoint in September 2023. According to clinical results, the efficacy of Ryaltris® compound nasal spray is superior to that of the single original formulations Patanase® NS and Nasonex® NS. At the same time, the safety, tolerability, and pharmacokinetic characteristics of the Ryaltris® compound nasal spray also met the pre-set clinical endpoints. In February 2024, the NDA for this product was officially accepted by the NMPA.

Ophthalmology Segment - Ophthalmic Drug GPN00884

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. 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. The product was approved to conduct phase I clinical study in China in March 2024, and has completed the first patient enrollment in June the same year.

Medical Devices - Innovative Device Product Luci

Luci is the first adjustable intracranial stent retriever product that produced in China. The stent is designed with a round wire braided structure, and can be manually adjusted in vitro to the ideal diameter to match the target blood vessel. At the same time, the stent implantation process is fully visible and developed, which can better assist the surgeon to adjust the stent according to the location and total length of the thrombus to better adapt to the occluded blood vessel, and achieve a higher vascular recanalization rate. The results of the registrational clinical study show that Luci is safe and effective for intravascular treatment of patients with acute ischemic stroke. In October 2024, the product was granted registration certificate for medical device by the NMPA. This is another milestone for the Group in the direction of neurointervention in the field of cerebro-cardiovascular precision interventional diagnosis and treatment.

mRNA Platform - Therapeutic Tumor Vaccine ARC01

ARC01(A002) is a therapeutic tumor vaccine for human papillomavirus type 16 ("HPV-16")-positive late-stage unresectable or recurrent/metastatic solid tumors. This product is the first mRNA therapeutic tumor vaccine that has been approved to conduct clinical trials in China. Through LNP delivery technology, the mRNA of E6 and E7 antigens in encoding HPV-16 is transfected in autologous cells, and the corresponding antigens are translated. Under the combined action of immune adjuvants TriMix®, the body is stimulated to produce specific humoral immunity and cellular immunity, thereby achieving the anti-tumor effect. Among them, LNP delivery technology and TriMix® adjuvant technology are exclusive patented technologies that can significantly enhance the body's immune response, thereby improving the immunotherapy effect of the vaccine. The product was approved to conduct phase I clinical study in China in January 2024 .

Innovation Capability Development

We are guided by market demand and adopt the strategy of "global expansion and dual-cycle operation" to actively expand the cooperation network of innovative products and advanced technologies, providing patients with more excellent, efficient and innovative medical solutions.

Grand Pharma Completed the Acquisition of Tianjin Tanabe and Baiji Pharmaceutical, Further Deepening Business Strategic Plan in the Cerebro-cardiovascular Emergency Segment and the Respiratory and Critical and Severe Disease Segment

Grand Pharma has completed the acquisition of 100% equity in Tianjin Tanabe Seiyaku Co., Ltd. ("Tianjin Tanabe", now known as Grand Pharmaceutical (Tianjin) Co., Ltd.), as well as Nanchang Baiji Pharmaceutical Co., Ltd.* (南昌百濟製藥有限公司) (now known as Grand Johamu (Jiangxi) Pharmaceutical Co., Ltd.) and Jiangxi Baian Baiyu Pharmaceutical Technology Co., Ltd.* (江西百安百煜醫藥科技有限公司) (hereinafter collectively referred to as "Baiji Pharmaceutical"). These two acquisitions further deepened the Group's industrial strategic plan in the cerebro-cardiovascular emergency segment and the respiratory and critical and severe disease segment.

- Tianjin Tanabe is one of Mitsubishi Tanabe Pharma Corporation ("MTPC")'s core enterprises in China. It mainly engages in the production and sales of high-quality original drugs in the fields of cerebro-cardiovascular, endocrine metabolism, gastrointestinal and other chronic diseases. Many of its core products have been included in many authoritative clinical guidelines at home and abroad , with clear clinical efficacy and high safety. After fully taking over the business of Tianjin Tanabe, the Group will conduct a comprehensive integration and upgrade of Tianjin Tanabe's resources to make it a new performance growth point for the Groups cerebro-cardiovascular emergency segment and benefit more patients with chronic diseases.
- Baiji Pharmaceutical is a high-tech enterprise engaged in the R&D and production of hormone nasal spray preparations. It possesses multiple core technologies and has established a domestically leading nasal spray preparation platform. Its three core products can meet the treatment needs of allergic rhinitis patients aged three and above. After the completion of the acquisition of Baiji Pharmaceutical, the Group will become one of the enterprises with the most comprehensive product pipeline for the treatment of allergic rhinitis in China, and will have a domestically leading technology platform for nasal spray preparations, and further enhance the construction of the Group's inhaled preparation platform in the field of respiratory.

Grand Pharma Introduced a Global Innovative Product for the Treatment of Demodex Blepharitis and Meibomian Gland Disease with Demodex Mites, Advancing its Product Layout in the Ophthalmology Field

Grand Pharma has entered into a strategic cooperation agreement for product introduction with LianBio Development (HK) Limited and Tarsus Pharmaceuticals, Inc. ("Tarsus"). After the relevant conditions are satisfied, the Group will acquire the exclusive development, production and commercialization rights in Greater China Region (Mainland China, Hong Kong Special Administrative Region of China, Macau Special Administrative Region of China, and Taiwan Region, the "Licensed Region") for TP-03, a global innovative ophthalmic preparation for the potential treatment of Demodex blepharitis and Meibomian Gland Disease ("MGD") in patients with Demodex mites with an upfront payment of USD15 million and a certain amount of registration milestone fees. This strategic cooperation will deepen the strategic plan of the Group's products in the field of ophthalmology.

Intellectual Property Rights Protection

While continuously promoting innovation and R&D, the Group is constantly strengthening its intellectual property management system. We strictly adhere to the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*, among other laws and regulation. During the Reporting Period, we further improved our *Patent Administrative Regulations*. We set reward standards for the commercial value of enterprises based on patents, further refining the rating criteria for core patents, peripheral patents and general patents, and enhancing the recognition standards for core and peripheral patents. At the same time, we actively carried out the certification work of the intellectual property management system and have passed the Level 3 certification of the international standard ISO 56005 'Innovation and Intellectual Property Management' during the Reporting Period, becoming the first pharmaceutical enterprise in Hubei Province to obtain Level 3 certification.

To effectively prevent the risk of intellectual property infringement, we have established a comprehensive patent risk identification and prevention process, covering key areas such as R&D projects, market products and the supply chain, to promptly identify and address potential patent infringement risks.

Identification of Patent Risks in Marketed Products

- At present, the Group have completed the full coverage of patent early warning of marketed products according to patent management requirements. Through patent early warning analyses, we identify, monitor and intervene in advance the risks of currently marketed products of the enterprise to avoid patent infringement risks of the marketed products.

R&D Project Patent Work

- The patent investigation and research of self-research projects is divided into two levels. The R & D Project Patent Opinion is issued by the patent personnel of the enterprise. The IP Department of the Company then reviews the project patent opinion to ensure that patent layout opportunities and potential patent infringement risks are identified in the project, and develops a risk response plan.

Investigation and Research related to Supplier Patents

- An intellectual property audit will be conducted on all alternative suppliers, requiring proof of non-infringement. At the same time, patent infringement risks are identified for the products and synthesis routes provided by it, and non-infringing suppliers are selected to avoid patent infringement risks. We determine the rights and obligations of the related patent risks in the relevant contracts, and also determine the ownership of subsequent patent applications.

Patent Risk Identification and Control Process

The Group attaches great importance to the protection of intellectual property rights for independent innovation projects. We customize patent protection strategies according to project needs, building a high-quality patent portfolio to provide solid legal support for the Company's technological innovation. At the same time, for introduced projects, we actively address the core patent licensing issues of introduced products, extend the patent protection period, and ensure that the Company maintains a leading position in market competition.

During the Reporting Period

The Group filed **98** new patent applications

Including **78** new invention patent applications

Accounting for **80%**

16 new overseas patent applications

We obtained **90** new patent authorizations

Including **54** invention patent authorizations

Accounting for **60%**

6 new overseas patent authorizations

The Group has accumulated **741** valid patents

Including **453** valid invention patents

The Group places great emphasis on the protection of intellectual property for independent innovation projects, holding **174** patents in the field of innovation

In the areas of anti-infection, oncology, medical devices and mRNA technology platforms **44** new patent applications were filed

Accounting for **45%** of the Group's total new patent applications.

In addition, core patents in the anti-infection field have been granted in China, the United States, Europe, Japan, South Korea, Israel, Singapore and Australia

IP Training

Grand Pharma emphasizes the promotion of intellectual property protection awareness by regularly conducting intellectual property training and exchange activities for the Group and its subsidiaries, thereby deepening the awareness of intellectual property protection at all levels and further enhancing the overall intellectual property management level of the Group.

IP Training Activities

In mid to late April each year, the Group and its subsidiaries hold a week-long Intellectual Property Day Event. In 2024, Grand Pharma, under the theme of "Professional Empowerment of Intellectual Property in the Pharmaceutical Field" invited four senior examiners from the National Intellectual Property Administration to customize training content based on the interests of various enterprises, covering all employees of Grand Pharma and its subsidiaries. In addition, each subsidiary has also conducted a variety of promotional activities internally for all employees, such as essay competitions with prizes, exhibitions and promotions, themed training and Q&A sessions, tailored to the characteristics of their respective enterprises.

Access to Healthcare

As a global comprehensive pharmaceutical enterprise based in China with a global perspective, Grand Pharma has always adhered to the mission of enhancing the well-being of patients worldwide, committed to making high-quality products benefit more patients. We fully leverage our own advantages to continuously improve the accessibility and affordability of medicines to meet the health needs of more patients.

Governance Structure

The Board of Grand Pharma is the highest responsible body for access to healthcare, overseeing the implementation of various tasks related to access to healthcare. The Strategy and ESG (Promotion) Committee is responsible for carrying out the work related to access to healthcare.

Improving Access to Pharmaceutical Products

Grand Pharma fully leverages its professional advantages in the pharmaceutical field. Through a deep global layout of the industrial chain, it further explores high-quality innovative projects worldwide to expand the Group's product pipeline and enhance the Group's comprehensive strengths, vigorously transforming towards innovation and internationalization. In addition to its strong R&D platform, the production and manufacturing of Grand Pharma's products are also globally distributed, with production bases in Singapore, Germany and the United States. With the continuous deepening of global operations in the industrial chain, Grand Pharma will bring more high-quality products to doctors and patients worldwide.

Pharmaceutical Technology

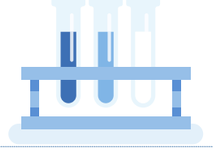
- The mRNA technology platform, with R&D centers in Nanjing, China and Belgium, focuses on the development of anti-tumor and anti-infective mRNA drugs, and will further expand into the fields of rare disease and protein replacement therapy in the future
- The Glycomics technology platform at the R&D 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 Pharma - Shandong University Radiopharmaceutical Research Institute focuses on the development of RDC drugs
- The main structure capping of The Grand Pharma radiopharmaceutical R&D and production base in Wenjiang District, Chengdu, China has been completed, and will be put into operation in 2025
- 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, China focuses on the R&D of active equipment
- Changzhou Device R&D Center in China focuses on the R&D of passive equipment
- Shanghai R&D Center in China focuses on the R&D of mitral valve replacement products for structural heart disease medical devices



Global Business Layout

Improving the Affordability of Medicines

Accessing Healthcare Together

In advancing the process of access to healthcare, Grand Pharma always prioritizes the health needs of patients and is committed to improving the affordability of medicines. We work closely with the government and the industry to jointly promote the rationalization of drug prices, aiming to enable more people to access high-quality medical products and services. To this end, we are actively promoting the inclusion of the Group's pharmaceuticals in the medical insurance catalog to alleviate the burden on patients and enhance the accessibility of the medicines.

As of the end of the Reporting Period

The Group has more than

260

products included in the *National Drug List for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2024 Edition)*

Win-win, Building A Better Future with Yttrium (共創共贏，釔啟鎂好)": Shetai Medical and Meditrust Health Jointly Exploring a Innovative Payment Model for Liver Cancer Patients in China

In June 2024, Wuhan Shetai Medical Technology Co., Ltd., under the nuclear medicine anti-tumor diagnosis and treatment segment of Grand Pharma, and Shanghai Meditrust Health Technology Group Co., Ltd. (上海鎂信健康科技集團股份有限公司) entered into the "Yttrium Unlimited (釔無止境)" Million Medical Insurance Cooperation Agreement, pursuant to which both parties will carry out in-depth cooperation in the field of medical insurance.

In this cooperation, both parties will actively promote the approval of the inclusion of Yttrium-90 microsphere injections in more commercial insurance products, based on the principle of "Co-creation and Win-win, Building A Better Future with Yttrium (共創共贏，釔啟鎂好)", while subsequently providing insurance products with additional payment capabilities outside the national basic medical insurance for liver tumor patients in China, including inclusive insurances, commercial insurance projects and innovative payment projects. This aims to offer innovative drugs for the treatment of liver tumor conditions to users at the earliest opportunity through diversified and innovative payment methods. Simultaneously, we integrate health insurance to establish a "Liver Tumor Treatment and Health Management" system, providing patients with superior health protection services to assist patients and their families in the fight against cancer.

The signing ceremony between Shetai Medical and Meditrust Health will benefit more liver tumor patients, helping them alleviate significant financial burdens, while fully exploring in the future and jointly establishing an innovative payment system for liver tumor patients, to facilitate high-quality innovative drugs benefiting more patients.

Patient Assistance

Grand Pharma always prioritizes the well-being of patients and adheres to a service philosophy oriented towards patient needs. On this basis, we have developed a series of assistance measures aimed at directly benefiting patients, connecting medical resources with patient needs, and helping patients facing economic or health challenges to obtain necessary medical support, ensuring that every care reaches its target accurately, assisting patients in regaining health and hope.

Vigabatrin Hyperammonemia Patient Assistance

Hyperammonemia, also known as hyperammonemia syndrome, is a rare genetic metabolic disorder characterized by abnormally elevated blood ammonia levels due to specific enzyme deficiencies in the urea cycle or alternative metabolic pathways outside the urea cycle. The patient's central nervous system is damaged, resulting in symptoms such as consciousness disorders, episodic encephalopathy and mental abnormalities, severely affecting life and health. Currently, hyperammonemia does not receive much attention domestically, and many patient families, the general public and even clinical doctors have limited awareness of this condition. In addition, the accessibility of drugs for the treatment of hyperammonemia is relatively low, the price is high, and they are not yet covered by medical insurance, placing a heavy treatment burden on patients and their families.

Carglumic Acid Dispersible Tablets are the first domestically marketed drug for the treatment of hyperammonemia. To benefit more patients suffering from hyperammonemia caused by methylmalonic acidemia, propionic acidemia, isovaleric acidemia and N-acetylglutamate synthase deficiency, Grand Pharma and Beijing RenZe Foundation (北京仁澤公益基金會) have jointly launched the "Weiai Anxin (維愛氨心)" Hyperammonemia Patient Assistance Program. This program provides assistance to patients who meet the aid criteria, alleviating the financial burden of long-term treatment with Carglumic Acid Dispersible Tablets (Anvid) and offering patients new hope and opportunities. The project is planned to run until 30 September 2025, and is expected to cover approximately 100 patients with hyperammonemia.

Investment in Treatment for Rare Diseases

As one of the greatest medical challenges facing humanity, the clinical diagnosis and treatment of rare diseases are more complex and difficult compared to other diseases. To meet the clinical needs in the field of rare diseases and fulfill the social responsibility of pharmaceutical enterprises, the Group relies on its own research capabilities to continuously increase the development of rare disease drugs, providing more safe and effective treatment methods for patients with rare diseases, and continuously contributing to alleviating the burden on patients.

As of the end of the Reporting Period

the Group's orphan drug pipeline includes

5 products

2
products for which marketing applications have been submitted

The Group has

4
orphan drugs under research

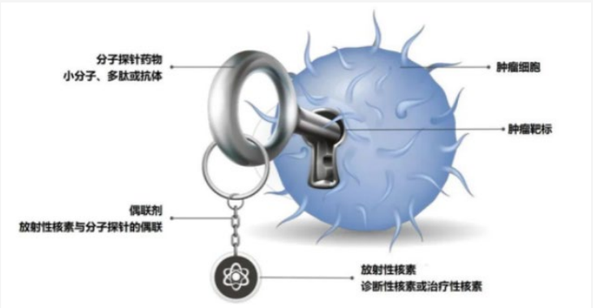
Grand Pharma's orphan drugs for rare diseases	Indication	Status
Macitentan Tablets	Pulmonary Arterial Hypertension	Commercialized
Eltrombopag Olamine Tablets	Idiopathic Thrombocytopenic Purpura	Commercialized
Carglutamic Acid Dispersible Tablets (Anvid)	Hyperammonemia	Commercialized
Vigabatrin Oral Solution Powder	Infantile Epileptic Spasms Syndrome	Commercialized
Treprostinil Injection	Pulmonary Arterial Hypertension	Commercialized
Pasireotide Diaspartate Injection	Cushing's Disease	Commercialization Applications Submitted
Icatibant Acetate Injection	Hereditary Angioedema	Commercialization Applications Submitted
TLX-101	Giloblastoma Multiforme	Under Development
Cetuximab for injection	β-thalassemia	Under Development
TOCscan®	Diagnosis of Gastroenteropancreatic Neuroendocrine Tumors (GEP-NETs)	Under Development
ITM-11	Gastroenteropancreatic Neuroendocrine Tumors (GEP-NETs)	Under Development

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

The Global Innovative Radionuclide-drug Conjugate of Grand Pharma ITM-11 is Approved to Conduct Two Types of Phase III Clinical Studies in China

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 NMPA to conduct two Phase III clinical studies. The product was approved by the NMPA in March 2024 to join the international multi-center Phase III clinical study (COMPOSE study) targeting highly differentiated invasive grade 2 and grade 3 GEP-NETs, and in December 2024, it was approved to conduct a Phase III clinical study (COMPETE bridging study) for the treatment of highly differentiated grade 1 or grade 2, somatostatin receptor-positive GEP-NETs. The product is expected to achieve comprehensive coverage of all stages of the GEP-NETs disease course.

ITM-11 is a therapeutic RDC drug based on radionuclide conjugated technology that targets GEP-NETs. It conjugates no-carrier-added 177Lu with a somatostatin analog, and targets the killing of tumor cells by binding to the somatostatin receptor (SSTR) that is highly expressed on the surface of GEP-NET tumors. Compared with the commonly used carrier-added 177Lu radioisotope products, the no-carrier-added 177Lu has higher specific activity and purity, and produces less long half-life impurities during the production process and so has easier handling of radioactive waste. ITM-11 has been granted orphan drug designation by the United States Food and Drug Administration (FDA) and the European Medicines Agency (EMA) among others. The ongoing Phase III clinical study conducted in oversea (COMPETE) has successfully met its primary clinical endpoint in January 2025.



03 | Perseverance

Quality First, Safeguarding Health

Grand Pharma adheres to the core philosophy of prioritizing quality, upholding a scientific, rigorous, and professional spirit in production and services, and is committed to providing patients with advanced, diverse and high-quality treatment solutions. We focus on patient needs and are committed to becoming a trusted pharmaceutical company for doctors and patients, actively giving back to society.

Quality Management

Drug quality is related to the life safety of patients and is the lifeline of pharmaceutical companies. Grand Pharma continues to improve its quality management system, strictly controlling the quality and safety throughout the entire product life cycle, striving to provide solid and reliable medical assurance for patients.

Quality Management System

The Group strictly follows the requirements of laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Implementation Regulations of the Drug Administration Law of the People's Republic of China*, the *Measures for Quality Supervision and Management of Drug Operation and Use*, the *Measures for the Administration of Drug Registration, and the Measures for the Supervision over and Administration of Drug Production*, and has 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, aiming at guiding the Company and its subsidiaries to strengthen end-to-end full life cycle quality management, standardize compliance operations at all stages, and ensure the smooth implementation of the Group's quality management policies, objectives and policies.

The Group continuously improves its full life cycle quality management system, covering stages such as product development, technology transfer, commercial production and product termination, in compliance with international quality standards such as GMP and ISO 9001, to ensure that the quality and safety of pharmaceuticals are controllable throughout their entire life cycle with high standards and strict requirements.

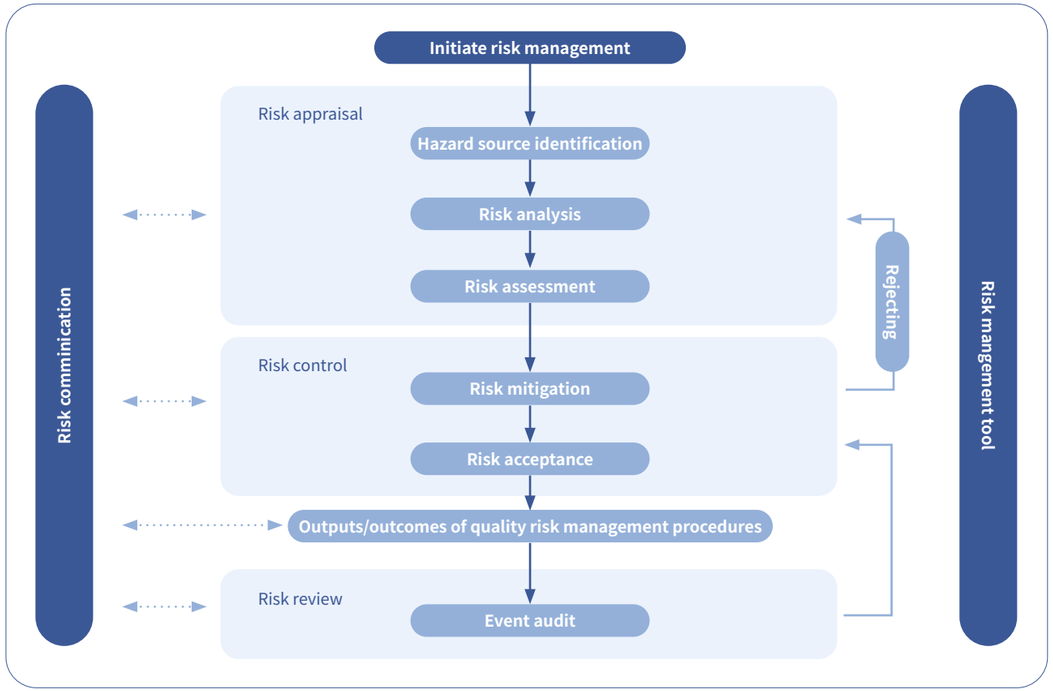
In 2024, the quality management system certification and quality inspection of the Group cover all production enterprises/bases, of which the inspection conclusions meet the requirements.

Quality management system certification and inspection	Quality certification compliance of subsidiaries in 2024
ISO 9001	4 drug companies, 1 medical device company and 8 pharmaceutical raw materials intermediates/chemical companies have obtained ISO 9001 certification, with 30% certification coverage among production-oriented companies.
GMP	11 companies passed GMP official certification inspections 28 times (including domestic GMP certification, EU GMP, Brazil GMP certification, etc.)
Other quality management system certifications	9 companies have obtained certifications 24 times, including FSSC 22000, IP, ARA HALAL organic certification and green certification.

At the same time, the Group has established a management system and framework for drug marketing authorization holders to achieve systematic management of drug quality throughout the entire lifecycle of the drug. In 2024, Grand Pharma further integrated the *Announcement by the National Medical Products Administration on Strengthening the Supervision and Management of Drug Marketing Authorization Holder's Entrusted Production (《國家藥監局關於加強藥品上市許可持有人委託生產監督管理工作的公告》)* to improve the MAH system and institutional construction, clarified the division of responsibilities, and strengthened communication and handling of process issues such as deviations and changes. In this process, Grand Pharma also actively guided and assisted the newly added enterprises with Certificate A, Certificate B and Certificate C to successfully obtain production licenses in accordance with relevant regulatory requirements, thereby ensuring the quality and safety of the drug production and entrusted production stages.

Quality Risk Management

Grand Pharma keeps high vigilance against the risk of drug quality. We base our approach on science to anticipate, monitor and strictly control potential risks in each stage of the production process. In the quality risk management process, we have employed various risk assessment tools, such as flowcharts, fishbone diagrams and checklists, to ensure comprehensive and effective management of product quality risks.



Quality Risk Control Process for the Whole Life Cycle of Drugs

We timely formulated risk control measures and further strengthened quality process risk control and life cycle risk management measures during the Reporting Period to ensure the safety and effectiveness of the products.

- In terms of regulations, new regulations are disseminated, internally studied, bench-marked for gap analysis, and improvement measures are formulated on a monthly basis. In 2024, 11 meetings were held, more than 20 regulations and policies were disseminated, and internal regulation studies were conducted over 150 times.
- When introducing new products, we conduct risk analysis from the aspects of personnel, machinery, materials, methods, environment and measurement to reduce the risks associated with product introduction; and complete the *Contamination Control Strategy (CCS) Operating Procedures for Sterile Drug Production* and implement risk management for the products.
- In the production process, we continuously improve management procedures and operational procedures to guide personnel in compliant operations, reducing the introduction of risks during production; and strengthen process management, process inspection and internal self-inspection management.

Quality Risk Management Measures

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, including physical and chemical laboratories, microbiological laboratories and animal 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. We have also established a complete laboratory management system and document management system to guide the laboratories to conduct regular precautionary testing of all products and services for possible emerging quality or safety concerns. We conduct inspections on raw and auxiliary packaging materials, intermediate products, process control, and products required for production on a batch/regular basis according to relevant regulations and standards for pharmaceuticals or products, the Company's systems and customer requirements, achieving an internal product testing rate of 100%. During the Reporting Period, we also commissioned third-party organizations to conduct product testing, involving 220 products and 201 tests, to further ensure the reliability and stability of product quality.

Quality Inspection over the Full Life Cycle of Product

Quality Audit

Quality audit is an important step to ensure the stability and reliability of product quality. The Group formulates and executes a comprehensive quality audit plan annually, conducting thorough and rigorous inspections and evaluations of all product lines. In 2024, the Group formulated a quality inspection plan for subsidiaries of the Group in accordance with regulatory requirements and control requirements of the Group, covering production and pharmaceutical business subsidiaries. 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 in accordance with the requirements by regulatory authorities and the Group. 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

19

internal audits and special inspections

API and chemical enterprises

16

internal audits and special inspections

External quality inspections and audits

Drug products (including devices) enterprise

a total of

35

inspections, including special inspections, unannounced inspections, production license renewal inspections, new production line inspections, GMP inspections, routine supervision inspections, collective procurement special inspections and registration site inspections

a total of

3

customer inspections

0

major defect

API and chemical enterprises

a total of

29

external special inspections, unannounced inspections, production license renewal inspections, production resumption filing inspections, domestic GMP inspections, Brazilian GMP inspections, and EU GMP inspections

over

100

inspections by domestic and international clients

0

major defect

Internal and External Quality Audits

We also attach great importance to the quality management of suppliers at all levels. We formulate an annual supplier audit plan by combining various methods such as data audit, on-site audit and remote audit, based on the management level and the criticality of the suppliers, and conduct audits on suppliers according to the audit plan and the quality of supplier deliveries. During the audit of key material suppliers, the Group reviews the quality management and quality audit implementation of indirect suppliers to Grand Pharma by the suppliers, and promptly urges indirect suppliers to make rectifications on issues identified during the audit.

Supplier Category	Audit Method
Direct suppliers	Formulate the annual audit plan based on management level and criticality, including methods such as data audit, on-site audit and remote audit
Indirect suppliers	Direct suppliers are required to audit the quality management status of their suppliers (that is, the indirect suppliers of Grand Pharma) and confirm the completion of the audit

During the Reporting Period, Grand Pharma conducted a total of 131 audits on suppliers of pharmaceutical raw materials, excipients, packaging materials for drug preparations enterprises. A total of 220 audits were conducted on suppliers of raw materials, reagents, packaging materials and other chemical enterprises.

Quality Culture Building

Grand Pharma consistently adheres to cultivating a quality culture by conducting quality training activities for all employees, ensuring that everyone thoroughly learns laws and regulations on quality, and proficiently masters the core skills of quality management. In addition, we conduct targeted quality-related training for suppliers annually. In 2024, the Group conducted a total of 2,245 quality-related training sessions, amounting to 13,000 learning hours. The Group organized "Quality Month" events for its subsidiaries, in which a total of 18 enterprises participated and 27 quality activities were held, with a total of 6,000 people participating in the activities.

"Quality Month" Events

In 2024, the Group organized "Quality Month" events for its subsidiaries, in which a total of 18 enterprises participated and 27 quality activities were held, with a total of 6,000 people participating in the activities. Each subsidiary organized quality management improvement activities and quality knowledge competitions 4 times in total, with more than 600 participants participating in the event.

Comprehensive Enhancement of Team Building and Testing Capabilities

In July 2024, the Beilin Jinghe Quality Management Department organized a team of 15 QC and QA professionals to participate in a comprehensive enhancement activity for inspection capabilities at the Lintong Production Base. The team first visited the raw and auxiliary material warehouse in Lintong, and, through on-site exchanges and inspections, gained an in-depth understanding of the storage conditions and environmental requirements for raw and auxiliary materials. Subsequently, the team visited the laboratory to explore in detail the inspection process and specific inspection items for raw and auxiliary materials.

This event included a one-on-one in-depth job exchange session, aimed at facilitating thorough communication between both parties regarding specific issues encountered in daily work and suggestions for improvement. The teams from both sides conducted discussions around the content of the exchange, which holds significant importance for enhancing the quality and efficiency of their work.

Training and Education on Employee Quality, and Enhancing Professional Skills

To further enhance the professional level of GMP system members, the quality system and production system departments continuously implement the "One Point Lesson" program. This is achieved through methods such as self-study followed by training and seminars, enabling employees to continuously learn and improve their quality work skills. During the implementation of the "One Point Lesson," 13 pieces of courseware were produced by various systems, providing valuable resources for employees' continuous learning.

Grand Pharma Conducted On-site Audits on Material Suppliers

Grand Pharma conducted on-site audits of its material suppliers. The audit team conducted a comprehensive inspection of the suppliers' production, quality control, materials and document systems, identified some issues in the suppliers' production quality management processes, and followed up and provided guidance on the implementation of rectification measures.

Clinical Ethics

Throughout the clinical study process, Grand Pharma has consistently adhered to the principle of scientific rigor, prioritizing the rights and safety of subjects. We strictly adhere to relevant international and domestic ethical standards, ensuring that each clinical trial undergoes rigorous ethical review and supervision. With a high sense of responsibility and professional spirit, we guarantee the scientific integrity and safety of clinical research, providing patients with safe and effective treatment options.

Protection of Subjects' Privacy

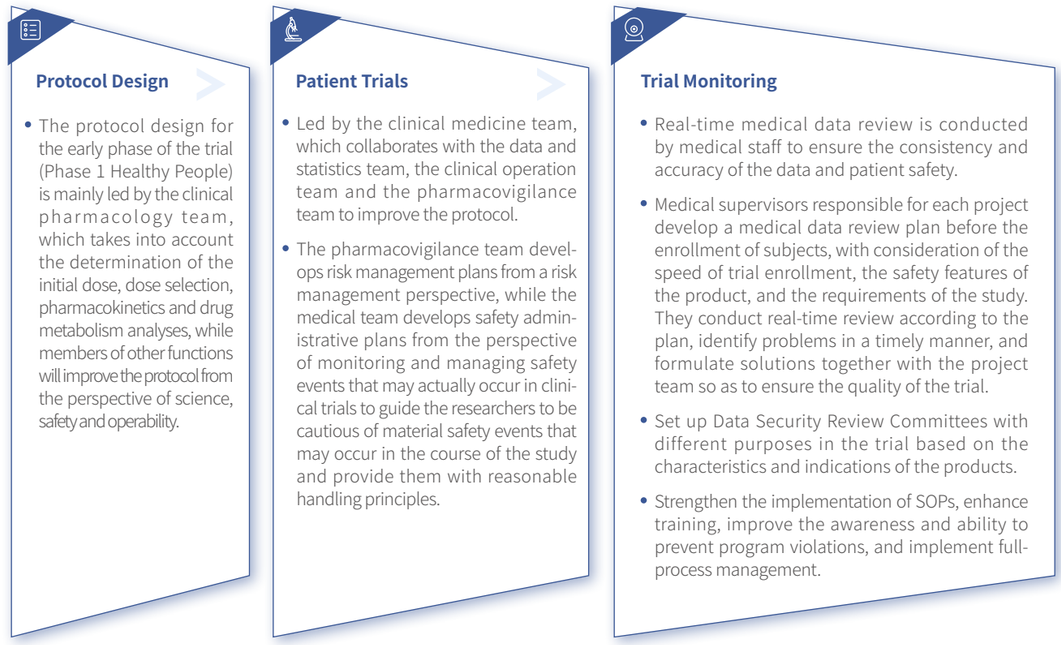
In the course of clinical trials, Grand Pharma places great emphasis on the protection of patient privacy and safety. All of our experimental projects are strictly designed in accordance with ICH-GCP[2], *the Declaration of Helsinki, the Good Clinical Practice, the Measures for the Administration of Drug Registration*, and other relevant laws and regulations of the PRC to fulfill the responsibilities of the organizer.

To avoid the risk of subject privacy leakage, Grand Pharma has implemented a series of measures to protect subjects. The Group has established an ethics committee for clinical trials, responsible for comprehensively overseeing the implementation of ethical reviews and privacy protection measures. All subjects signed the *Informed Consent Form for Clinical Study* before participating in the clinical study to ensure their right to be informed, freedom of choice and privacy are effectively protected, and all medical information of the subjects is kept strictly confidential. At the project kick-off meeting, we emphasized the confidentiality requirements of subject information to the researchers and other participants, ensuring that all relevant personnel clearly understand their responsibilities and obligations. During the project implementation, we replace subject information with numbers to avoid the risk of information leakage to ensure the privacy and security of the subjects. At the same time, we are committed to enhancing the clinical ethical awareness and related skills of relevant personnel. During the Reporting Period, Grand Pharma organized confidentiality education and training for researchers and related staff to deepen employees' awareness of privacy protection in clinical trials.

Clinical Drug Safety

In terms of clinical medication safety, Grand Pharma upholds a rigorous and responsible attitude, viewing the assurance of medication safety for subjects as a core task of clinical study. 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*, comprehensively evaluating the safety characteristics of drug therapy from the design of clinical protocols to the implementation of trial processes, striving to reduce the safety risks associated with drug use. 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. In 2024, Grand Pharma further strengthened its quality management system for clinical study by establishing a comprehensive safety and quality management framework and control system for suppliers and collaborative research centers involved in clinical study. It also developed a necessary document checklist and corresponding management processes to ensure the safety and compliance of all aspects of clinical research, providing safe and reliable pharmaceuticals for subjects.

[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 Control Process

During the Reporting Period, Grand Pharma conducted comprehensive quality system development and strict control over key aspects of several clinical research fields, including suppliers and collaborative research centers. We have implemented measures such as clinical supplier audits, research center inspections, TMF[3] review, quality control (QC) inspections and collaborative monitoring to timely identify, assess, control and track potential risks in various aspects of clinical research. For the identified quality issues, we timely took corrective actions and, when necessary, formulated reasonable preventive measures to continuously follow up on rectifications and control clinical risks.

Clinical Safety Control Measures

[3] The Trial Master File.

Pharmacovigilance

We strictly comply with the relevant laws and regulations on pharmacovigilance, adhering to the patient-centered principle. In accordance with the *Drug Administration Law of the People's Republic of China*, the *Good Pharmacovigilance Practice*, the *Guidelines for Pharmacovigilance Inspections* and other laws and regulations, we have formulated the *Management Regulations on Post-launch Pharmacovigilance Work*, we have established a comprehensive pharmacovigilance system to ensure that pharmacovigilance is integrated throughout the entire life cycle of drugs, safeguarding patient health in all aspects.

Grand Pharma has established a Drug Safety Committee responsible for emergency handling of major safety incidents, risk control decisions and other significant matters related to pharmacovigilance. In terms of pharmacovigilance management, the pharmacovigilance department's reporting management specialist is responsible for collecting individual case information on adverse reactions from various channels. 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. During the Reporting Period, we selected one to two high-risk aggregation signals triggered by the pharmacovigilance system and conducted clinical medication safety emergency drills to enhance our ability to respond to emergencies. In addition, the Group also actively organizes special training activities on pharmacovigilance to continuously enhance employees' awareness and professional skills in pharmacovigilance.

Special Training Activities on Pharmacovigilance

In 2024, under the annual training plan, Grand Pharma conducted a special pharmacovigilance training for all company employees. The training content covered regulations and basic knowledge of adverse drug reactions, individual case reporting of adverse reactions and safe medication knowledge. The trainees included 440 people from the production base and some sales personnel. All participants in the training passed the E platform examination. In addition, at the first meeting of Drug Safety Committee in 2024, Grand Pharma also conducted a special training on drug safety emergency drills for the committee members.

Product Recall

To protect patient rights and ensure product quality, Grand Pharma implements strict monitoring of marketed products and has established a comprehensive product recall process. In 2024, the Company updated the *Protocol to Manage Product Recall*, further clarifying the responsibilities related to recalls, including the duties of the General Manager, Quality Manager, Quality Authorizer, Pharmacovigilance Manager, Production Management Department and Technical Management Department. In addition, we have established a comprehensive product recall process to ensure that swift and accurate measures can be taken when a product safety hazard is identified, thereby protecting patient rights.

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

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*

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

Product Recall Procedure

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

Customer Communications

The Group is committed to comprehensively safeguarding our customers' rights and providing a safe and reliable experience of products and services through an efficient communication and feedback mechanism. To this end, the Group has formulated the *Product Information Reporting Management System* to ensure prompt action can be taken to properly handle various issues.

Each business segment of the Group attaches great importance to customer feedback and continuously strengthens the mechanism for handling customer complaints. Different business segments have established sound quality complaint management systems in accordance with relevant laws, regulations and the Company's policies. At the same time, each business segment has actively maintained open channels for customer communication and complaints, including sales department mailbox, customer hotline, etc., so as to provide comprehensive protection to our customers' rights and product quality.

The Customer complaint Handling Mechanism of Field of Biotechnology

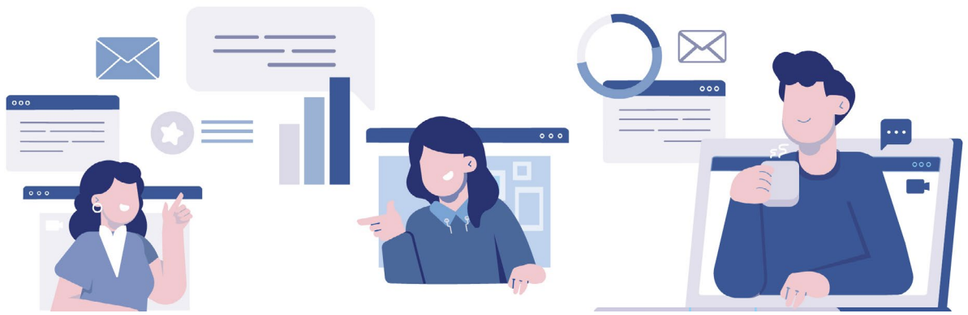
To address product quality issues, our bio-technology business segment has established a sales department mailbox and a hotline as its specific customer complaint channels. Once a quality complaint is received, its particulars will be related by the sales department to the quality assurance department,who 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 Cerebrocardiovascular 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 Pharmanceutical 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.



Responsible Marketing

The marketing activities of Grand Pharma 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. During the Reporting Period, we formulated and published *the Responsible Marketing Policy (《負責任營銷政策》)*, which was applicable to all employees of the Group, so as to ensure compliance with the requirements of relevant laws and regulations and business ethics when communicating with stakeholders, promoting and marketing the Company's products and services, thereby ensuring the accuracy and scientific nature of the marketing process.

In order to enhance employees' awareness of responsible marketing and help them better understand and comply with relevant policies and regulations, we conduct annual training on responsible marketing for all employees. The courses cover requirements for marketing compliance behavior, social media communication, anti-unfair competition requirements, anti-bribery requirements and etc.

Responsible Marketing Training	
Training of OTC Marketing Center	In 2024, the Compliance Department conducted training for the OTC management and staff through the Grand E Platform, which covered the topics such as compliance requirements for market activities, anti-unfair competition compliance requirements in the pharmaceutical industry, risks of commercial bribery in the pharmaceutical industry, and compliance of online drug sales. The completion of the training was assessed.
Compliance marketing training for new employees	In 2024, Grand Pharma conducted four online and offline training sessions for new employee which explained and exemplified compliance requirements including responsible marketing and compliance risks involved in the industry, and organized training tests. 
Marketing training for a member company	Xianle, a member company of Grand Pharma, conducts annual marketing training for sales personnel of different business segments. The training includes but is not limited to training on compliance, application and efficacy of the products sold by the business personnel. At the same time, it also conducts targeted follow-up tests on the training content. In the event that a related business employee does not pass these tests, retraining will be conducted.
Marketing training for cerebro-cardiovascular segment	The Compliance Management Department of the Business Groups organized multiple compliance training sessions, which included sales compliance systems, procuring marketing personnel to comply with compliance requirements, ensure timely learning of the latest academic promotion compliance knowledge and safeguard the long-term stable development of product sales.

In order to ensure the legality and compliance of various marketing activities, we have established a review and supervision mechanism for outward promotion and marketing. We conduct a systematic responsible marketing audit annually, which focuses on reviewing the implementation of the Group's responsible marketing policies, the compliance of marketing activities and the management of honest transactions to ensure that sales business strictly complies with various compliance regulations.

04 | Valuing Talents

Collaborating with Employees for Growth

Grand Pharma adheres to the concept of people-oriented talent development, and is always pursuing achieving harmonious unity between corporate values and employees' self-actualization. We adhere to the principle that organizational growth and personal development complement each other, and attract outstanding talents through multiple channels to create an inclusive, equal, open and harmonious working atmosphere. On the basis of effectively safeguarding the basic rights of employees, we place great emphasis on employee care and communication. We fully stimulate the enthusiasm and potential of our employees through establishing a sound employee development mechanism and training system, so as to assist our employees in maximizing their personal value while ensuring corporate prosperous development.

Diversity and Inclusion of Talent

Talents are the most valuable assets of Grand Pharma. Grand Pharma is committed to safeguarding the legal rights and interests of all employees, establishing an objective and fair recruitment and promotion system, recognizing the efforts of each employee, actively creating a harmonious, inclusive and equal working environment, and striving to join hands with employees to create a better future.

Safeguarding 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 Re-public 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 and continuously optimized 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. We advocate a diverse working environment, respect all employees' rights for free association and collective bargaining, and are committed to protecting all employees from any form of discrimination and harassment. We consistently adhere to the bottom line of "never recruiting child labor, strictly prohibiting any form of forced labor, and firmly opposing employee discrimination and unfair competition" to ensure compliant employment. We conduct strict background investigations on new employees, verify the age information of each employee, and sign formal labor contracts to ensure that the contract signing process is open and transparent. In addition, we actively communicate and cooperate with stakeholders including regulatory authorities and customers in various operating locations, cooperate with the audits of all parties and regularly conduct audits related to labor rights and risks, and are committed to ensuring full legality and compliance in all aspects of recruitment, employment and usage of labor.

Annual Human Resources Compliance Audit

In order to enhance the compliance and overall efficiency of human resources management, in 2024, Grand Pharma organized on-site audits on the compliance of various tasks such as talent introduction, prohibition of forced labor or child labor, employee development, compensation incentives, equal pay for equal work, welfare protection, employee relations, anti-discrimination and anti-harassment and the construction of personnel management systems of each enterprise and conducted inspections on the rectification of personnel audits for 2023. During the Reporting Period, the Group completed on-site audits of 20 member companies and issued audit reports. The audit results indicated that the human resource management of each company complied with the requirements of relevant regulations. In 2024, we did not receive any report of non-compliant human rights incidents such as forced labor or employment of child labor.

During the Reporting Period, we formulated and publicly released *the Human Rights and Diversity Policy of Grand Pharma* on the official website of Grand Pharma, committed to enhance the level of employee diversity, created an inclusive work environment with nil discrimination, nil harassment and nil bullying, and maintained transparent and accessible complaint channels for employees, further highlighting Grand Pharma's determination to build an equal, diverse and inclusive workplace. In order to create a diverse and equal corporate culture atmosphere, we conducted training courses on employee rights and diversity during the stage of induction training for new employees and organized various promotional activities to raise the awareness of diversity among all staff and effectively prevent the occurrence of any form of discrimination and harassment.

Training on Diversity, Equity and Inclusion (DE&I)

In 2024, Sirtex, an associate company of Grand Pharma, conducted a series of Diversity, Equity and Inclusion (DE&I) themed training sessions, aiming at enhancing all employees' awareness of DE&I. The training content covered foundational knowledge of DE&I, unconscious bias, diverse hiring, etc. In addition, Sirtex also conducted specialized training for management and recruiters to prevent potential discriminatory behaviors during the recruitment process and clarify the Company's diversity goals and action paths. Sirtex posted all open positions on diversity-focused websites, dedicated to underrepresented groups such as ethnic minorities, veterans and the disabled to ensure that the Company's recruitment activities may reach a more diverse talent group.

We expect to enhance the employees' awareness of DE&I through diversified training, strengthen the leadership's capability and sense of responsibility in diverse recruitment and management, and create a more inclusive and equitable working environment, so as to improve satisfaction and loyalty of the employees and promote the sustainable development of the Company.

Protecting the legitimate rights and interests of all employees

- Employees have the rights and freedom to join in labor unions in accordance with the laws;
- Employees have the rights and freedom to participate in collective bargaining for labor contracts in accordance with the laws;
- Employees' personal dignity and privacy shall be respected, and we prohibit illegally use or disclose employees' personal information.

Protecting the legitimate and special rights and interests of female employees

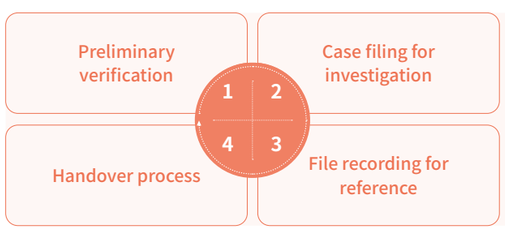
- Female employees are entitled to comprehensive protections such as pregnancy protection, maternity leave protection and health checkups, so as to reduce the impact of occupational health risks on female employees.

Prohibiting discrimination and harassment in the workplace

- Employees are entitled to fair development opportunities and equal treatment, and any form of discrimination against any employee is strictly prohibited.

We have clearly defined the strictly confidential internal employee grievance work processes in the *Measures for the Management of Reports and Complaints of Grand Pharma*. Based on a clear reporting process and an efficiently operated reporting system, we encourage all employees to file complaints and provide feedback via email and corporate WeChat regarding any form of workplace discrimination, sexual harassment, unfair treatment, etc. under the premise of fully protecting the safety and privacy of employees.

We attach great importance to the complaints and feedback raised by all employees and conduct rigorous and meticulous investigations. After confirming the situation is true through investigations, the Company will uphold the firm position of "zero tolerance", take serious treatment measures against the involved personnel and promptly inform the relevant employees of the investigation results and handling status to ensure the fairness and transparency of the Company's management.



Report Response Process

Email:
ts@grandpharma.cn

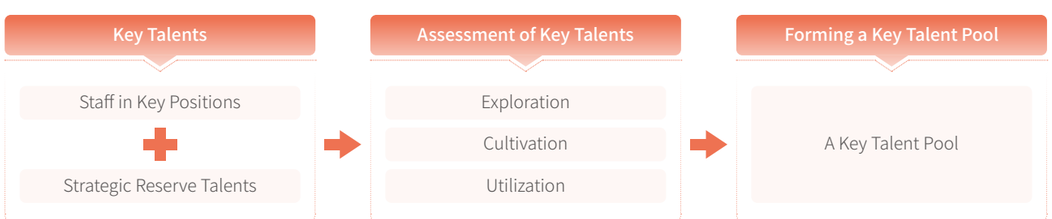
Corporate WeChat:
Worktop-Daily Office-Audit Complaint Reporting

Whistle-blowing channels

Attracting Diverse Talents

Grand Pharma is committed to gathering outstanding talents through diversified channels and continuously improving a diverse, standardized, transparent and open recruitment process. Through recruitment channels such as social recruitment, campus recruitment and internal recommendations, we continuously attract outstanding talents with diverse social experiences, so as to enhance the diversity of the employee team, stimulate employees' innovative capabilities and inject momentum into the Company's long-term development.

During the Reporting Period, Grand Pharma continued to implement the "2030 Talent Strategic Plan". We were committed to assessing the incumbent competency and succession pipeline of our key positions, making estimation on our recruitment needs and manpower gaps, drawing out the strengths and weakness and development positioning of the assessed targets and our future talent utilization plan, and formulating plans for the recruitment, training and development of the enterprise's talents through the three major dimensions of organizational building, talent building and mechanism building. During the Reporting Period, we adhered to the core philosophy of "focusing on key minorities and building a key talent team", and launched the program of "Thousand Talents Project". The plan focused on future talent building, and we were committed to exploration, cultivation and utilization of key talent team to meet the employment needs for the long-term development of the Group.



The program of "Thousand Talents Project" which matches the "2030 Talent Strategic Plan"

Talent Assessment

During the Reporting Period, Grand Pharma focused on key positions and their reserve talents in its 31 subsidiaries[4] , conducted talent assessment, forecasted talent needs and formulated annual and medium to long-term plans to expand the corporate talent pool, ensure steady progress of business and continuous innovation. We conducted recruitment demand forecast based on the results of talent assessment, endeavored to broaden recruitment channels and introduced new talents to the enterprise.

In terms of recruitment channel building, the Company actively broadened recruitment channels, introduced third-party recruitment platforms, and conducted professional searches for functional talents and international talents. At the same time, for campus recruitment, the Company collaborated with the IT Department, successfully established an HRIS online resume submission channel, and reserved over 3,000 outstanding candidates with master's degree and doctoral degree.

Recruitment Channels of Grand Pharma

[4] This assessment has not covered the enterprises newly acquired in 2024.

Campus Recruitment

Grand Pharma has always regarded campus recruitment as an important channel for talent reserve. We have been cooperating with various universities and educational institutions for many years to organize and conduct campus recruitment, forming a comprehensive publicity system combining online and offline measures. In 2024, we actively broadened our channels to recruit talents among recent graduates and attracted over 3,000 outstanding talents to the pools. The Company has vigorously conducted various campus recruitment promotions using a combination of online and offline channels, with a total of 2 corporate open days for doctoral students successfully held during the year. We have recruited 958 new employees through campus recruitment activities, of which 94 were management trainees (30 persons with doctoral degree and 64 with master's degree).

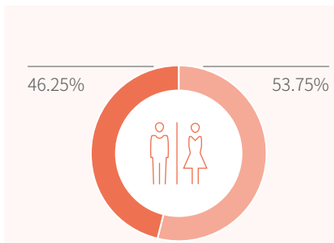
Standard Management Trainee Offer Retention Activity of Grand Pharmaceutical Group

In June 2024, Grand Pharma conducted an online fun quiz competition for "Standard Management Trainees of the Group", aiming to strengthen the connection between the enterprise and high-quality campus talents and improve the efficiency of talent introduction. The event invited over 30 candidates who have already received offers to participate. The event content included corporate presentation, introduction of talent building programs, introduction of corporate business and online interactive session. This event not only deepened the candidates' understanding of Grand Pharma, but also enhanced the interaction between the enterprise and the candidates, further promoting Grand Pharma's employer brand and enabling the candidates to form a more comprehensive impression of Grand Pharma.

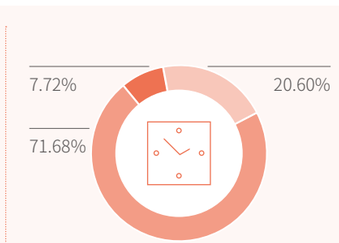
Internal Recruitment

Grand Pharma encourages employees at all levels to engage in cross-company rotation and exchange, helping them accumulate experience in various aspects through practice and grow rapidly. In 2024, the Company revised the "Inter-Company Rotation Exchange Management Measures" and further promoted inter-company rotation exchange by means of precise talent selection, providing incentives, strict process management, and closed-loop control, thereby enhancing team vitality and fostering a positive growth environment. At the same time, the Company continues to optimize the management regulations and subsidy standards for job rotation and exchange, enhancing care, cultivation, and motivation for rotating personnel, promoting reasonable talent mobility and dynamic optimization allocation, stimulating the vitality of the talent team, and building an excellent talent growth ecosystem. During the Reporting Period, a total of 56 employees of Grand Pharma participated in cross-company job rotation exchange, and 72 employees completed cross-company transfer.

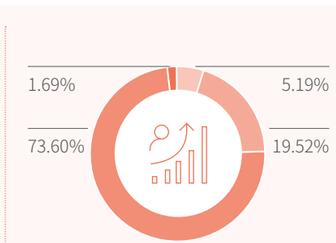
As of the end of the Reporting Period, Grand Pharma had a total of 11,987 full-time employees, 468 part-time employees and 2,654 new employees. The breakdown of our staff data is as follows:



Employees by Gender



Employees by Age



Employees by Rank

Talent Training and Development

Grand Pharma is committed to building a comprehensive and multi-level talent building system to discover, cultivate, and unleash employee potential. Our talent building system encompasses various aspects including on-boarding training, career planning, skill enhancement, and leadership development, providing employees with abundant learning resources and personal growth paths that align with their own needs, thereby achieving a resonance between individual employee value and the Company's development goals.

Cultivating Talent with Care

We continuously improve the training system, striving to empower employees of various categories and levels to achieve high-quality and rapid development together, meeting the diverse needs encountered during the Company's development process. Based on internal policies and systems such as *the Training Management System of Grand Pharma*, we accurately position the objectives and core of training work, clarify the training responsibilities of all parties, and carry out standardized training management. We have developed a hierarchical talent building plan, creating differentiated training content for employees at different levels and career stages to promote the simultaneous improvement of their professional skills and overall quality.

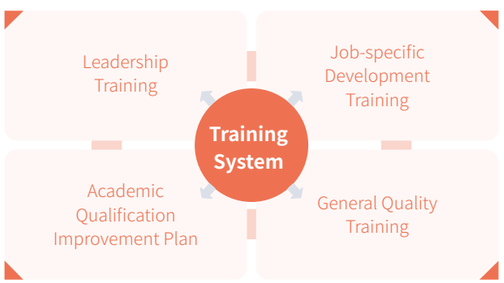
New Talents	We focus on the new talents, invite management trainees, new controllers and above strategic talents to conduct centralized training at the headquarters each quarter on the sharing of corporate strategic management ideas and the visit of production and R&D bases, so as to strengthen the publicity of Grand Pharma's management culture and concepts and help the new talents gain a deep understanding of the Company's culture, establish a sense of belonging and complete the transformation from "accelerated integration" into "accelerated output".
Middle Management Team	We continuously conduct the cultivation of the reserve force of the talent team and develop practical experience of the middle management talents through "practicing in engagements and cultivating in affairs" focusing on young and high-potential reserve talents and taking the "Kindred Spirit, Liked-minded and Support" cultivation project as a carrier, so as to enable young reserve talents to stand out from the crowd quickly.
Senior Management Team	We focus on the core senior reserve talents and continuously carry out the "Grand Pharma Camp (GPC) Cultivation Project", which provides senior management talents with comprehensive cultivation courses based on the pharmaceutical industry, corporate operation and management perception.

Tiered Talent Cultivation Plan

Grand Pharma's Management Trainee Project

In 2024, Grand Pharma continuously carried out the management trainee training project. During the year, the management trainee project took inspection and follow-up as its main approach, and assigned an instructor to each management trainee to ensure they receive professional guidance. In the course of the project, each management trainee deeply involved in frontline business positions, participated in actual projects and enhanced their abilities through practical exercises. In the course of the project, we implemented a strong assessment mechanism to promptly understand the growth of management trainees, allow outstanding management trainees to be promoted quickly, thereby facilitating their accelerated growth. Currently, nearly 100 management trainees have participated in training, gradually growing to be the backbone for the Company's future development.

We have developed a diverse training system for employees, covering general competency training, business-specific training, leadership training, academic advancement, and professional qualification support, empowering employees to comprehensively enhance their overall capabilities.



Grand Pharma's Training System

Leadership Training at All Levels

In order to meet the leadership cultivation needs of employees at different levels, Grand Pharma has established a comprehensive leadership training program. This program adopts a tiered training model that aligns with the requirements of different positions and personal development plans, helping young key personnel, junior management, and middle management to tailor leadership training programs. Senior lecturers from the headquarters of Grand Pharmaceutical Group were invited to teach courses for each project, supplemented by experience sharing from external lecturers, to jointly support the growth of the employees.

Talent teams facing the future

Kindred Spirit	Liked-minded	Support	Technician Plan
Youth core group training camp	Junior manager training camp	Middle manager training camp	Workshop director training camp
• Structural mindset • Plan and organization • Influence • Leading a virtual team	• Leadership cube • Goal setting and operational execution • Work assignment and tracking • Planning and organizing, delegation, coaching • Reaching the best performance	• Responsible leadership • Project workshop • Innovation promotion • Building a highly efficient team	• Workshop director role understanding • Streamlined production management • 5S onsite management • Production plan and cost

Training for General Manager

For the new general manager, Grand Pharma has developed a comprehensive training plan aimed at fully enhancing their management literacy, professional skills, and leadership level, assisting them in quickly integrating into the role, effectively addressing various management challenges, and contributing to the Company's continuous development and innovation. The General Manager's training is divided into two core phases. The first phase focuses on basic skills, emphasizing systematic learning and accumulation of laws, regulations, fundamental knowledge and rules of "must-know and know-how" through a standard question bank for regular dynamic assessments, to enhance the effectiveness of self-study in basic theories and knowledge for general managers. The second phase is skill enhancement, primarily using case studies to integrate Grand Pharma's management practices with global leading management concepts, aiming to cultivate a management team with high practical operational capabilities, enabling them to continuously improve leadership and decision-making abilities through systematic learning and practice in actual work.

Job-specific Development Training

We provide job-specific professional competency training courses closely related to the job content for employees in different positions, helping them continuously improve their performance in their respective business areas. During the Reporting Period, we conducted safety culture training, environmental protection special training, HR special training, pharmacoeconomics and intellectual property in the pharmaceutical field professional skills training for employees in specific positions, comprehensively enhancing the understanding of their respective business lines for on-duty employees, ensuring that employees are aware of the latest developments, and continuously improving business performance.

Special Training on Environmental Protection

In order to effectively enhance the management level and professional competence of environmental protection professionals and operational personnel of environmental facilities, we have conducted a series of specialized training activities. The training content covered key areas such as basic environmental concepts, water pollution prevention and control, air pollution management, noise pollution control, and solid waste (hazardous waste) management. Through these training sessions, the environmental awareness and management skills of the participants have been effectively enhanced, laying a solid foundation for the steady development of the Company's environmental protection work.

Special Training on Human Resources

We adopt the approach of "promoting learning through assessment and promoting practice through learning" to comprehensively enhance the professional fundamentals and overall personal qualities of personnel cadres. The training courses are diverse and include legal and regulatory knowledge throughout the employee life cycle and its practical application, professional human resources theories and practical tools, the culture and management systems of Grand Pharma, as well as the enhancement of English proficiency, all aimed at helping Grand Pharma's HR officers enhance professional knowledge, improve practical skills, and strengthen work efficiency.

Pharmacoeconomics Training

With the continuous deepening of national medical reform, the importance of health technology assessment (pharmacoeconomics) is increasingly prominent. To this end, general managers of various enterprises and personnel from relevant departments such as medical, marketing, and access actively participated in the training, gaining an in-depth understanding of the core concepts and methods of health technology assessment, mastering the practical application skills of pharmacoeconomics, and enhancing their ability to respond to changes in relevant policies and regulatory environments. The enhancement of these knowledge and skills helps enterprises better adapt to national healthcare reform policies, optimize product strategies and improve market competitiveness.

Intellectual Property Training in the Pharmaceutical Field

We have engaged experienced patent examiners from the industry to provide customized training addressing the most urgent and focused patent training needs of each enterprise. We helped patent, R&D and production technology personnel to deeply learn the core points of patent knowledge, enhancing the professional level of patent drafting, application, and management. The training stimulated the team's innovative thinking, enhanced their understanding and practical ability in patent work, making the Company's patent efforts more competitive, and provided strong support for the Company to stand out in the fierce market competition.

Academic Qualification Improvement and Academic Certificate Support

In order to implement the strategic policy of talent-driven enterprise development and build a well-structured and excellent corporate talent team, we have optimized and updated the *On-the-job Education Management Guidance for Employees of Grand Pharma,* actively encouraging all employees to participate in on-the-job learning and education. In this optimization, we emphasized the importance of professional certifications and encouraged employees to obtain various professional certifications in work-related fields. We have formulated detailed eligibility criteria and application instructions to enable employees to make judgments based on their own circumstances and accelerate the approval process for on-the-job education.

Eligibility Conditions for Candidates

- The applications for qualification certificates should be related to the job position

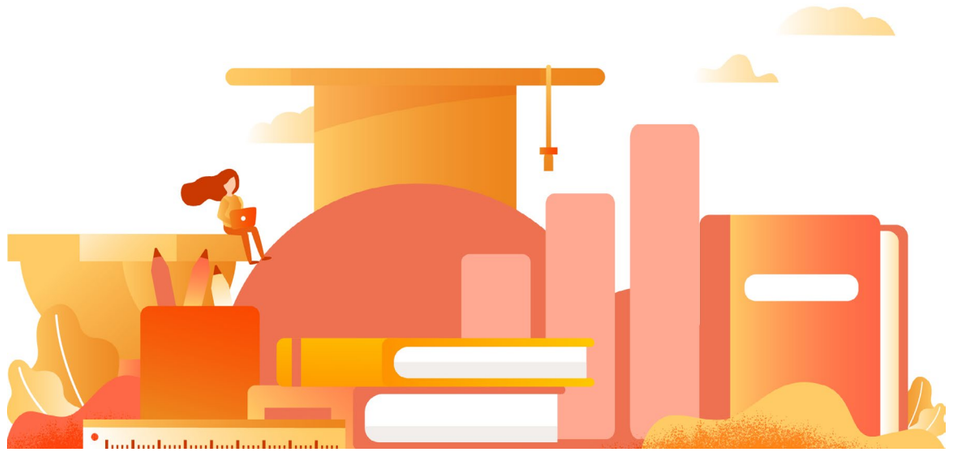
Types of Professional Certificates

- Based on the specific needs of the position, each employee can choose a maximum of two certificates for each of the two applications for on-the-job education
- Employees with large job span due to job rotation can apply for more certificates

Further Study for Academic Qualifications

- Overseas academic further education should be conducted in overseas institutions, and priority should be given to the development wishes of the learners
- Candidates of further study for academic qualifications should have at least one "Outstanding" result in the appraisals of last three years

Based on a comprehensive training system, Grand Pharma actively introduces external educational training institutions and high-quality external training resources, and shares the latest insights and cutting-edge knowledge with all employees through internet technology. If a long-term cooperation is established with Golden Consulting to set up an online financial learning platform, it will enhance the professional competence of financial personnel. The platform's courses cover various fields such as financial accounting and tax planning, designed by the experts of Golden, integrating the latest regulations and case studies to help financial personnel comprehensively and systematically improve their knowledge and skills. The platform also facilitates internal communication and knowledge sharing among financial personnel, creating a good learning environment and supporting the career development of outstanding financial professionals.



Focusing on Talent Reserve

Talent Promotion Mechanism

Grand Pharma adheres to the core principle of "appointing people based on their merit and ability" and attaches great importance to the outstanding performance of every employee. We have established a systematic human resources hierarchical structure that not only covers multiple dimensions such as management, technology, R&D, and operations, but also connects the promotion pathways between these dimensions, ensuring that employees can choose the most suitable development path based on their abilities and interests. By establishing two growth pathways, a professional pathway and a management pathway, and clearly defining the position levels and individual rank promotion pathways for each pathway, the Company provides employees with broader development space and more diversified growth opportunities.

New employee → Specialist → Backbone → Authority

Technical Route Promotion Mechanism

New employee → Junior Manager → Middle Manager → Senior Manager

Management Route Promotion Mechanism

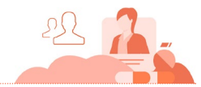
Performance Appraisal Mechanism

Grand Pharma conducts comprehensive performance evaluation from two dimensions: employee performance appraisal and comprehensive assessment. At the performance assessment level, the Company provides semi-annual, quarterly, monthly, and milestone performance evaluations for all employees based on the characteristics of their positions, ensuring that the evaluation process is fair, transparent, and impartial. At the comprehensive evaluation level, as one of the important assessment methods for employee personal development plans, we have established a 360 evaluation mechanism for each employee based on the Company's talent planning. Employees first self-report their goal completion status and provide supporting materials. Direct supervisors conduct one-on-one review feedback with employees, affirming their performance while listening to their performance summary and reflections on work, proposing further improvement directions, and providing specific resource support to employees. Finally, the Human Resources Department submits to the Company's assessment management department for final evaluation, forming talent building opinions and corresponding training and development plans, promoting a virtuous cycle of personal development of employees and enhancement of organizational performance.

Senior management team	Conduct appraisal on a biannual and annual basis
Functional management employees	Conduct appraisal on a quarterly basis
Production and marketing employees	Conduct appraisal on a monthly basis
Project unit employees	In conjunction with R&D planning, Grand Pharma's project management department strictly conducts follow-up and appraisal in accordance with project milestones

Performance Evaluation Mechanism for Employees of Grand Pharma

Talent Retention and Care



Grand Pharma is committed to optimizing the work experience of employees, enabling each employee to gain a sense of value and achievement in their work, and to feel happiness and a sense of belonging in their life. We actively implement employee retention plans, providing competitive remuneration and benefits for employees; we establish smooth communication channels for employees, proactively listening to their voices; we organize a variety of caring activities, promoting a corporate culture of joyful work and deepening employees' sense of belonging.

Establishing a Scientific Incentive Mechanism

Based on the *Grand Pharma Salary Management Regulations, R&D Innovation Work Incentives and Management Measures (Trial), Incentive Measures for Business Expansion Projects and Reward Measures for the Cultivation Project of Major Marketing Products,* we 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 ensure that male and female employees with the same positions, experience and performance receive equal pay. We regularly analyze and manage compensation metrics to ensure all employees are treated fairly and justly.

Grand Pharma's current remuneration structure includes direct and indirect remuneration, with all statutory benefits being implemented in compliance with relevant national management policies. Direct remuneration covers three main components: salary, cash allowances and performance bonuses, among which performance bonuses usually include excess operational performance bonuses and other project bonuses. Indirect remuneration is primarily influenced by the nature of business segments and corporate operations, management culture, and regional characteristics, resulting in a diverse range of benefit subsidy programs. During the Reporting Period, we updated the incentive policies for R&D, BD and major marketing products to ensure that the incentive policies fully reflect employees' performance.

Our specific remuneration structure is as follows:

Basic salary	We adhere to the principle of "fixing salary based on position, matching people with positions, and changing positions and changing salaries", and comprehensively consider the Company's internal salary standards for positions of the same level, the salary levels of similar positions in the external market, the employee's educational background, skills proficiency, work experience, and future development potential to determine their fixed remuneration. We will continue to make timely adjustments to remuneration based on the Company's operating conditions, employees' individual performance output, and the Company's labor cost budget.
Performance bonus	Each business segment and enterprise adopts an assessment method that matches the level for the employees at different levels to ensure that bonuses fully reflect performance.
Over-achievement rewards	In order to motivate each segment and enterprise to actively innovate and achieve significant performance in management, the Company has formulated an over-achievement rewards policy for the enterprises with a sales nature.
Special rewards	While focusing on achieving short-term revenue and profit targets, the Company also looks towards future development directions, guiding each business segment and the enterprise to continuously carry out various professional and management projects. To this end, the Company has specifically designed various special incentive policies covering areas such as sales, research and development innovation, investment and mergers and acquisitions, technological improvement, engineering projects and management enhancement.
Welfare subsidies	The Company provides statutory benefits including five kinds of insurance and one pension, as well as additional allowances such as transportation subsidies, off-site subsidies, telephone subsidies, housing subsidies, children's education subsidies, supplementary insurance, professional title subsidies, and cash gifts for holidays and major events in employee life. Additionally, the Company also provides employees with benefits such as annual health examinations and employee canteens.

Strengthening Employees' Sense of Belonging

In order to attract high-quality outstanding talents, Grand Pharma actively introduces "like-minded individuals" who align with the Company's business strategy direction and development level, providing them with a broad development platform and learning resources. On the other hand, we retain talents through multidimensional measures such as enhancing salary competitiveness, offering diversified career development paths, and strengthening corporate culture construction, with more detailed and comprehensive corporate care. We provide non-salary benefits to all employees. During the Reporting Period, we conducted a series of employee activities to enrich their amateur life.

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-salary benefits

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

"Warm Winter Wish Season · Carnival for Christmas and New Year's Day" Double Festival Event of Grand Pharma

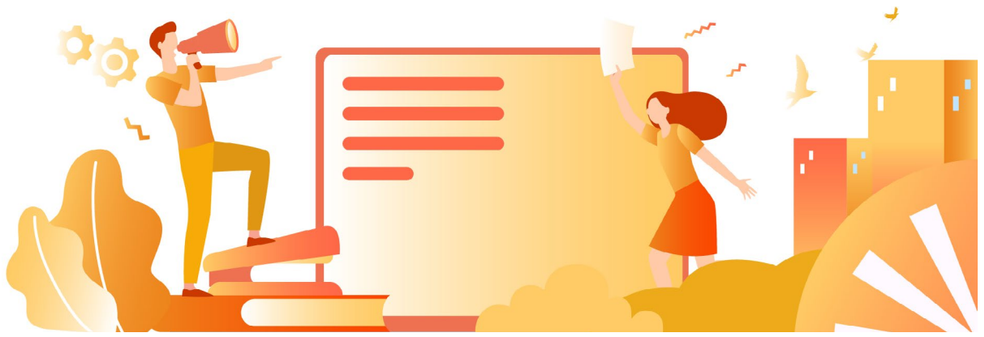
On 25 December 2024, the "Warm Winter Wish Season · Carnival for Christmas and New Year's Day" event of Grand Pharma was held simultaneously in Wuhan, Beijing and Chengdu. This special year-end event not only offered sincere blessings to the employees, but also created a warm moment for sharing wishes and connecting with each other. This event includes several segments such as a lucky draw and food DIY, showcasing a warm and vibrant corporate culture. The employees felt care and blessings in a relaxed and pleasant atmosphere, and also enhanced mutual understanding and rapport amidst laughter.

"Full Moon Mid-Autumn, Cultural Gathering" Mid-Autumn Event of Grand Pharma

On 13 September 2024, Grand Pharma hosted the "Full Moon Mid-Autumn, Cultural Gathering" Mid-Autumn Event. This event was jointly held at the three office locations in Wuhan, Beijing and Chengdu. This event transcended geographical boundaries, allowing employees in different cities to collectively experience the warmth and care of the nuclear medicine anti-tumor diagnosis and treatment segment family. This event included multiple segments such as the "Flying Flower Orders of Poetry" ancient poetry word relay competition and intangible cultural heritage handicraft DIY, and under the guidance of professionals, it helped employees understand the essence of traditional skills and deeply appreciate the unique charm of traditional culture. Every participant thoroughly enjoyed the fun brought by traditional culture and deepened the valuable camaraderie in the interaction.

"Flowers Blooming in Warm Spring, Meeting the Most Beautiful You" Women's Day Event

On 6 March 2024, Grand Pharma hosted a warm and joyful "Flowers Blooming in Warm Spring, Meeting the Most Beautiful You" Women's Day Event. This event highlighted the Company's high regard for women's power while creating a joyful and warm festive atmosphere for everyone. At the beginning of the event, an award ceremony was held on-site to honor outstanding female employees under the theme of "Searching for the Power of the Most Beautiful Her", inheriting the Company's culture of "turning the impossible into possible" and promoting the beauty of the power of outstanding women.



Promoting Employee Communication

Grand Pharma respects the right of every employee to express their concerns and is committed to making the voices of employees an accompaniment to the Company's development and growth. The Company has established a smooth and flexible employee communication system, actively expanding diverse communication channels to enhance interaction between employees and the enterprise.

During the Reporting Period, the Company held management reception days and mentor face-to-face activities, actively promoting the functioning of the employee committee, effectively reducing the distance between employees and management, and enhancing employees' sense of belonging.

Management Reception Day

In order to further enhance internal communication and improve problem-solving efficiency, Grand Pharma has established a "Management Reception Day" platform, which is open to the entire group at 3 PM every Friday, providing employees with an opportunity to directly communicate with the management. Whether it is business, projects, or "urgent, difficult, worrying and hopeful" issues encountered on the front line of management, employees are free to express their opinions. The platform enables management to promptly understand the needs and difficulties of employees, swiftly coordinate relevant departments to jointly resolve issues, and significantly enhance internal operational efficiency.

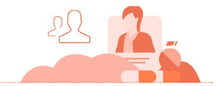
Employee Committee

The functional departments of the Company actively recommend outstanding employee representatives to join the employee committee, conduct policy discussions related to the vital interests of employees, extensively solicit employee opinions, promptly feedback employee suggestions, effectively safeguard employees' legal rights, and fully leverage the positive role of employees in the construction and development of the enterprise. It not only promotes communication and interaction between the Company and employees, but also encourages employees to actively participate in the construction of corporate culture and systems, further enhancing their sense of unity, cohesion and sense of belonging.

Face-to-face guidance by a mentor

The Company has innovatively established a mentor system for management trainees, matching each trainee with an executive mentor for conducting monthly communication and guidance, listening to debriefings quarterly, answering questions and solving problems in a timely manner and proposing development suggestions. This measure effectively enhanced the sense of belonging among management trainees, facilitated the rapid improvement of their work capabilities and overall qualities and provided strong support for their career growth.

Occupational Health and Safety

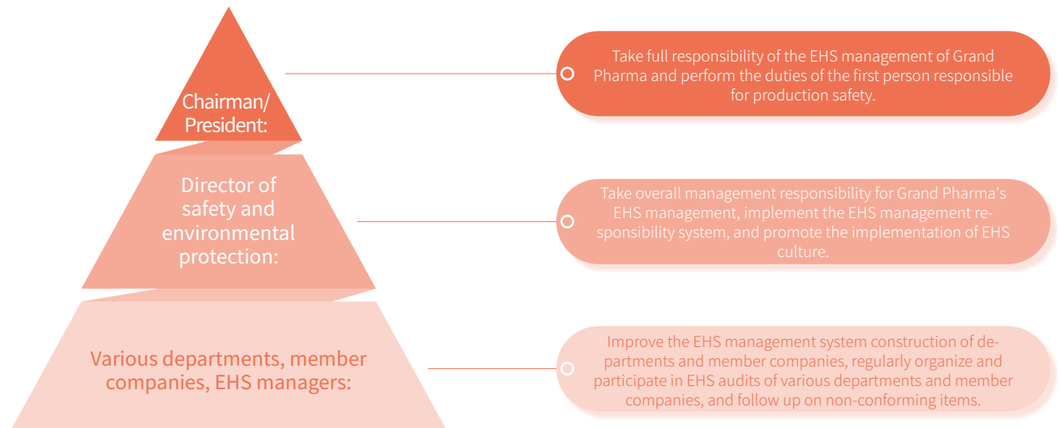


Grand Pharma steadfastly implements the production safety principles of "prioritising safety, emphasizing prevention and managing comprehensively". In the course of corporate development, we have consistently adhered to the principles of lawful and compliant operations, upholding the core concept of "people-oriented and life-first", and prioritizing the life safety and health of our employees. The Company fully implements the production safety and occupational health management system and firmly establishes a strong defense line for production safety. At the same time, we ensure the smooth operation of risk identification and control as well as emergency support processes and make every effort to eliminate potential risks of safety and occupational diseases.

Maintaining a Safe Production Environment

Grand Pharma strictly complies with relevant laws and regulations such as the *Production Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China,* the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases,* the *Regulations on Reporting, Investigation and Disposition of Work Safety Accidents* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites.* We have formulated internal regulatory management systems such as the *EHS (Safety, Environmental Protection, Occupational Health) Responsibility System,* the *Production Safety Supervision and Management Regulations,* the *Fire Safety Management Regulations,* the *Production Safety Accident Investigation and Handling Management Regulations* and the *Safety Management Guidelines* to conduct safety management in accordance with the laws and regulations. In order to standardize the safety management of external personnel such as contractors entering the factories of various departments and member companies of Grand Pharma, Grand Pharma has formulated the *Guidelines for Safety Management of Personnel Entering Factories.* The guidelines specify the safety management requirements for all personnel entering the enterprise, including contractors and further ensure the safety of all relevant parties entering the enterprise. During the Reporting Period, we established and published the *Employee Occupational Health and Safety Policy of Grand Pharmaceutical Group Limited* and further clarified the Group's commitment and requirements for safety development.

The Group has established a top-to-bottom safety supervision and management structure and a comprehensive safety supervision and safeguard system, fully coordinated by the ESH Management Committee for production safety. The ESH Management Committee is responsible for formulating the Group's occupational health and safety strategic policies and objectives, guiding and coordinating the safety work of member companies, and strengthening the compliance with safety standards and procedures. The Group strictly enforces the full-staff production safety responsibility system. In 2024, we have completed the signing of production safety responsibility documents by all personnel, from the Group President, heads of business groups, and general managers of the enterprises to management personnel at all levels of the enterprises and frontline employees of the enterprises. And we conducted regular assessments to urge management personnel at all levels of the Group to fulfill their production safety responsibilities.



During the Reporting Period, Grand Pharma continuously conducted safety management rating inspections and safety standardization assessments for its member companies and completed safety management rating inspections for 17 member companies. The overall safety work of each member company was actively carried out, and the safe operating environment was favorable. As of the end of the Reporting Period, a total of 14 member companies of the Group have obtained ISO 45001 certification, and 3 member companies have been awarded the title of municipal-level healthy enterprise.

Occupational Health and Safety Targets

In 2024, Grand Pharma has set annual targets and clearly defined non-zero safety targets in the annual safety responsibility letters issued to each member company. 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.

Short-term: 2024

- The rectification rate for major safety hazards in the enterprise shall be no less than 95%, and effective safety prevention measures shall be taken before rectification.
- The enterprise shall conduct comprehensive and special emergency drills at least twice throughout the year.
- The enterprise's licensed employment rate for special operations shall be 100%.
- The rate of minor injuries caused by corporate responsibility shall be less than 3‰ .

Achievement Status of 2024 Targets:
- Fully completed

Interim: 2024~2026

- Benchmark enterprises in EHS management within each segment shall achieve zero liability incidents and zero new occupational diseases.

Achievement Status of 2024 Targets:
- In progress

Long-term: 2024~2030

- All enterprises shall achieve zero liability incidents

Achievement Status of 2024 Targets:
- In progress

In 2024, the Group effectively implemented its annual safety targets, and no incidents of severe injury, fatality, poisoning, fire or explosion occurred among its member companies.

Production Safety Hazard Inspection

Grand Pharma adheres to the safety policy of "putting prevention first", and places safety prevention work as a top priority in its operations. During the Reporting Period, we continuously promoted the construction of the corporate dual prevention mechanism, assisted 19 member companies in completing risk identification, conducted training for 10 companies, updated the enterprise risk control four-color chart of corporate risk management and control, formed a risk control list and position risk notification cards, thereby strengthening the overall risk prevention and control capability of the Group. On this basis, the Company has conducted a series of hidden danger investigations covering the entire business process to comprehensively ensure the safety of production, including but not limited to hazard identification and periodic safety inspections, to ensure timely detection and handling of potential safety hazards.

In 2024, all member companies of the Group collectively underwent a total of 2,760 safety inspections, including but not limited to Group safety inspections, government safety inspections, client audit inspections, third-party agency safety inspections, inter-company cross safety inspections, and internal self-inspections, with no major findings. In the future, we will continue to adhere to the corporate safety policy, continuously improve hazard identification and prevention measures, and provide solid safety assurance for the steady development of the enterprise.

During the Reporting Period, Grand Pharma did not experience any incidents violating occupational health and safety-related laws and regulations, and no work-related employee fatalities occurred in the past three years. Grand Pharma's all member companies collectively reported 11 work injury incidents, with a total accident rate of 0.15 per two hundred thousand working hours for all member companies. All work-related injury incidents that occurred in each member company were minor injuries, with no serious physical injury accidents involved. In response to these work-related injury incidents, each member company conducted an in-depth investigation according to its own accident investigation procedures, prepared accident investigation and handling reports, and organized accident reflection and learning activities to draw lessons and prevent the recurrence of similar incidents.

Enhancing Safety Awareness

We actively conduct safety awareness promotion and training to enhance employees' preemptive prevention and response capabilities. During the Reporting Period, all member companies of Grand Pharma conducted training activities according to the safety and environmental protection training plan. The Group's Safety and Environmental Center organized 4 internal training sessions using various training formats, specifically targeting a wide range of groups including senior and middle management, members of the electrical and safety departments, and technical and safety personnel of fine chemical enterprises. In addition, we actively engage in various production safety activities, striving to build a corporate safety culture. During the Reporting Period, we successfully organized a series of activities such as Safety Warning Education Month, Production Safety Month, Safety 100% Knowledge Competition, and Fire Safety Week, which effectively promoted the Group's safety culture and significantly enhanced employees' safety awareness.

During the Reporting Period, all 38 member companies under Grand Pharma have conducted annual emergency drills for environmental incidents. In addition, we organized multiple occupational safety and health training sessions, including but not limited to safety laws and regulations training for middle and senior management, electrical explosion-proof safety training, chemical engineering safety training, and training on identifying and handling abnormal working conditions. These efforts aim to enhance employees' safety awareness, ensure they possess the necessary safety knowledge and skills, and safeguard the Company's production safety.

"100% Safety, Protecting You, Me and Others" Learning Competition Activity

In order to continuously create a strong cultural atmosphere where the enterprise places high importance on safety and effectively enhance the awareness and initiative of all employees regarding safety responsibilities, we have organized safety learning competition activities for all production enterprises. The activity targets include all management personnel and all employees involved in production safety. This event consolidates the basic safety knowledge and skills of all employees, assists the Company in enhancing the execution and implementation capabilities of safety management, and effectively safeguards the healthy development of the enterprise.

Occupational Disease Prevention

We strictly comply with 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*, continuously optimize *the Employee Occupational Health Management Guidelines*, and are always committed to providing a healthy and safe working environment for employees.

During the Reporting Period, we implemented various measures to ensure the occupational health of all employees, including safety technological renovation, occupational health education, occupational health inspection, regular physical examinations for occupational health employees, regular workplace testing, and distribution of protective equipment. In 2024, we implemented a total of 19 safety technological renovation projects, covering several key areas. For instance, Grand Life Technology upgraded its hydroxylation plant automatically, Fuchi Branch of Wuyao added a nitrogen inerting system for the centrifuges and an SIS system for amination reaction, Huachen BioTech added a rain curtain and emergency fan at the liquid chlorine warehouse, and Jinghe Factory of Xi'an Beilin increased capacity of power distribution. Through the implementation of these technological renovation projects, the enterprise's safety level has been substantially improved. In addition, we carry out classified physical examinations for employees of various types of work. The physical examinations cover job-specific items to help employees in high-risk positions understand their health conditions in a timely manner. In 2024, all member companies of the Group organized annual physical examinations for all employees exposed to occupational disease hazards, covering a total of 4,419 employees. In addition, we organized and conducted annual monitoring of occupational disease hazard factors in the workplace and established personal occupational health monitoring files for each employee exposed to occupational disease hazard factors.

05 | Protecting Green
Achieving Green Prosperity Together in Healthy Environment

Grand Pharma actively responds to the national call for "dual carbon" goals and adheres to the corporate environmental protection policy of "prioritising environment, emphasizing prevention, managing comprehensively, saving energy and reducing emission". We integrate climate change response, environmental management, resource management, and pollutant prevention into all aspects of production and operation, promote low-carbon development and contribute to green sustainable development.

Addressing Climate Change

Grand Pharma has incorporated climate change into the overall ESG management process. With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Environmental, Social and Governance (ESG) Reporting Guide issued by the HKEX, it has improved the Company's climate risk management process, carried out work on identifying and evaluating the risks and opportunities of climate change, and improved the disclosure of climate change information in the four dimensions of governance, strategy, risk management, indicators and targets, explored effective carbon reduction measures and actively addressed climate change.

Governance

Grand Pharma actively established a working mechanism for climate-related matters, built a governance structure composed of the Board, Strategy and ESG (Promotion) Committee and ESG Working Group, and integrated climate change governance into the overall ESG governance framework. The Board of Directors of the Group reviews climate change-related matters at least once a year and continues to improve the effectiveness of climate change governance.

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-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 of Grand Pharma, and reviews and examines 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

Strategy

We assess the impact of various climate change risks on our business, strategy, and finances using scenario analysis, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Through the assessment of the significance of corporate impacts, we have identified the key physical and transitional risk factors affecting Grand Pharma and assisted the Company in better formulating and implementing strategies to address climate change.

In order to better determine the prioritization of physical and transition risks, we utilized four climate change scenarios for analysis, with the "Representative Concentration Pathway (RCP) 4.5" and the "2050 Net Zero Emissions Scenario (NZE)" as green scenarios, and the "Representative Concentration Pathway (RCP) 8.5" and the "Stated Policies Scenario (STEPS)" as brown scenarios[5].

[5] In 2015, nearly 200 countries signed the Paris Agreement and agreed to limit global warming to less than 2 ° C by 2100 and endeavor to achieve an increase of no more than 1.5 ° C. A temperature control scenario of 2 ° C or less is the globally recognized limit on temperature rise that avoids significant and potentially catastrophic impacts on the planet, i.e., the scenario consistent with the Paris Agreement. A temperature control scenario of more than 2 ° C indicates that the agreement is not be achievable under this scenario.

Climate Scenario	Medium Emission Pathway: RCP 4.5 (IPCC) [6]	High Emission Pathway: RCP 8.5 (IPCC) [7]
Scenario description	Medium emission scenario, assuming that some emission reduction measures are implemented, but global greenhouse gas emissions will still peak in the middle of this century and then gradually decline. It represents a possible future trajectory of greenhouse gas emissions without achieving the more ambitious targets of the Paris Agreement.	High emission scenario, assuming no changes in emission reduction policies in the future, is characterized by a significant increase in greenhouse gas emissions, leading to higher concentrations of greenhouse gasses in the atmosphere.
Estimated warming value for 2100	2.7°C	4.4°C
Analysis method	We analyze the tangible impacts of physical risks from climate change on our assets and the entire value chain in the short, medium, and long term.	

Climate Scenario	Low Emission Pathway: NZE (IEA)[8]	High Emission Pathway: STEPS (IEA) [9]
Scenario description	The pathway scenario for achieving net zero emissions in the global energy industry by 2050, where the achievement of the targets does not rely on emission reductions from industries outside the energy sector.	The scenario is based on the current policy settings. Global temperatures could exceed 1.5° C around 2030, and emissions will be approximately 32 Gt CO_2 in 2050.
Estimated warming value for 2100	1.4° C (probability of 50%)	2.4° C (probability of 50%)
Analysis method	We analyze transition risks and climate opportunities to adapt to and mitigate the impacts of short-term, medium-term and long-term climate transformation.	

We conducted a qualitative and quantitative risk assessment on climate change through selecting a climate scenario with a 2-degree increase in temperature to assess the impact of physical risks on the Company's production and operational activities, and analyzed quantitative information such as the likelihood of risk occurrence and the extent of risk impact at various operating locations of Grand Pharma in conjunction with the database of external climatic parameters, to comprehensively assess the level of risk in the absence of mitigation measures. The table below provides detailed information on the key climate change risks and opportunities we have identified, their scope of impact, the level of risk, the timeframe of their impact on the Group's operations and the Group's response measures:

Category of risk		Risk description	Potential impact	Level of risk	Corresponding measures	Time frame
Transformation risk	Policies and regulations	**Strengthening of environmental requirements and regulations for existing products:** As carbon emission management becomes increasingly stringent, there may be stricter carbon emission requirements and standards for the production operations and products of the pharmaceutical industry. Responding to regulatory requirements will incur management and operational costs to enterprises.	• Increase in management costs	Low	• We continuously promote the refined management of energy usage, and establish routine statistics on the energy consumption brought by business activities; • We regularly follow up on the latest climate-related laws and regulations in the places where we operate and respond to regulatory requirements in a timely manner.	Mid-term
		Impacts of carbon pricing mechanism and carbon tax policies: In many countries where Grand Pharma currently operates and plans to conduct business, there is uncertainty regarding future environmental and carbon emission policies. Enterprises may be affected by carbon emission trading, and regulations related to border adjustment taxes and broader environmental taxes are also expected to be strengthened.	• Increase in operating costs	Medium	• Grand Pharma has set a greenhouse gas emission target of "With 2023 as the base year, 10% reduction in GHG emission intensity by 2030". We will gradually implement refined management of greenhouse gas emissions to mitigate the impact of carbon pricing policies.	Long-term

[6] The RCP scenario is the pathway used by IPCC (Intergovernmental Panel on Climate Change) in the latest Sixth Assessment Report (AR6).

[7] National Oceanic and Atmospheric Administration (NOAA). (2013). Climate Model: Climate Change (RCP 8.5) - 2006 - 2100.

[8] The scenario International Energy Agency (IEA) uses to forecast the global energy system every year in its flagship publication, World Energy Outlook (WEO).

[9] International Energy Agency (IEA), (2022). Understanding the scenarios of GEC Model.

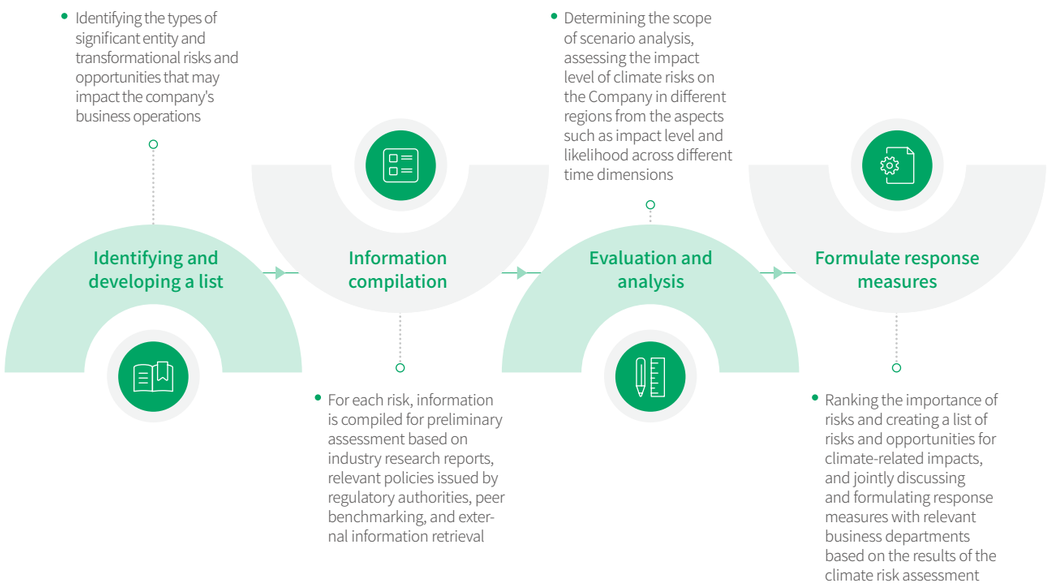
Category of risk		Risk description	Potential impact	Level of risk	Corresponding measures	Time frame
Transformation risk	Technology	**The cost of low-carbon technology transformation:** With the accelerated advancement of energy transition in various operational locations and the continuous development of green processes, the optimization and upgrading of production equipment and the widespread application of green chemical technology have become key paths and inevitable choices for various industries to achieve energy-saving and carbon reduction goals. However, in the process of advancing the transition to low-emission technology, the Company also faces numerous challenges, including the complexity of technology development, the immaturity of the supply chain, and the high risk of cost investment. In the future, the Company's investment in the transition to low-emission technology will increase.	• Increase in operating costs	Medium	• We actively carry out green factory certification to reduce production energy consumption and greenhouse gas emissions, lower operating costs, and enhance asset value; • We replace equipment of high energy consumption and low efficiency with equipment of low energy consumption and high efficiency, and encourage the use of frequency conversion equipment, green energy-saving equipment and energy-saving lighting; • We promote the use of clean energy and new energy facilities such as solar panels, photovoltaic power stations and etc. in member companies where conditions permit.	Mid-term
	Market	**Increase in raw material costs:** The types of raw materials of the Group involve various types such as chemical raw materials, biological materials and APIs. Extreme weather events may affect the production activities of raw material suppliers, resulting in an increase in adverse situations such as production reduction and suspension, thus driving up procurement costs. In order to reduce waste, pollution and energy consumption, many packaging materials (especially plastics) are facing additional costs due to increased regulatory efforts.	• Increase in operating costs • Increase in management costsmanagement costs	Low	• We develop a green supply chain and strengthen research on upstream suppliers; • We actively develop green suppliers to reduce the impacts of relevant policies on the stability and prices of raw material procurement of enterprises.	Mid-term
		Changes in consumer behavior: With the increased public awareness of climate change and environmental protection, Grand Pharma faces new market challenges and potential risks.	• Increase in operating costs • Decrease in income from main operations	Low	• We strengthen our communication with customers to understand their needs and expectations in areas such as low carbon.	Long-term
	Reputation	**Stakeholders' concerns and negative feedback:** There is increasing demand from regulatory authorities, investors, clients and consumers for public disclosure of climate risks and low-carbon products. Non-compliant disclosure practices and inappropriate climate change response strategies may trigger a series of chain reactions such as damage to brand image, decline in stock price and difficulties in financing, ultimately harming the overall reputation of the enterprise.	• Decrease in operating income • Stock price fluctuation	Low	• We regularly summarize the concerns of various stakeholders and actively respond to questions and questionnaires from various stakeholders on climate; • We respond to stakeholder concerns through high-quality climate information disclosure.	Short-term
Physical risk	Acute physical risk	**Extreme heat:** The frequency of a rise in the global highest temperatures and extreme high temperature events caused by climate change, which may lead to the issues of shortages in energy supply such as electricity. Extremely heat weather may lead to transportation disruptions and increased demand costs for additional energy to maintain a controlled environment.	• Increase in operating costs • Increase in employee health risk • Decrease in operating efficiency	Low	• In response to the heat weather, we use central air-conditioning, fans and other cooling facilities; • We formulate emergency plans for high-temperature heat stroke, strengthen measures for employees to prevent heat stroke, adjust working hours and provide sufficient drinking water and medication reserves.	Mid-term
		Drought: In the event of a drought, water scarcity may lead to the temporary closure of production bases or the suspension of water-intensive production processes, resulting in increased water costs, reduced efficiency, and consequently affecting product delivery, which may further impact sales; Due to water shortage, the passive upgrade and transformation of water treatment equipment and technology led to an increase in water treatment operating costs.	• Increase in operating costs	Medium	• We carry out measures to save the use of water resources, including reusing, recycling and storing water; • We strengthen water resource management and increase the reserve capacity of water resources by reconstructing water supply facilities in high-risk areas.	Mid-term

Category of risk		Risk description	Potential impact	Level of risk	Corresponding measures	Time frame
Physical risk	Acute physical risk	**Floods:** The increased frequency of floods or heavy rain may lead to disruptions or delays in production processes (such as damage or maintenance of production equipment, freshwater supply shortages, etc.), as well as interruptions in product supply and distribution (such as delays in delivering raw materials or products to production bases).	• Increase in operating costs • Loss on fixed asset • Increase in default costs	High	• We establish a comprehensive waterlogging prevention work mechanism, set up a waterlogging prevention work leading group, monitor weather forecasts at all times, and activate emergency plans according to risk levels; • We conduct waterlogging prevention hazard inspections and treatments, focusing on checking drainage facilities, power distribution rooms, warehouses, etc., to ensure that emergency facilities are in good condition; • We prepare waterlogging prevention materials, such as sandbags and water pumps, and relocate goods and equipment from low-lying areas in advance; • We strengthen the inspection and maintenance of equipment and facilities, reinforce buildings, and conduct comprehensive inspections of power distribution systems and electrical circuits regularly.	Long-term
		Typhoon: If the Company's assets (such as office buildings, production bases, facilities and equipment, laboratories, and warehouses) are located in areas susceptible to extreme weather events like typhoons and hurricanes, the Company needs to invest additional capital expenditures (such as maintenance, repairs, relocation, insurance costs, etc.) to maintain its own assets in scenarios where the severity and frequency of climate disasters increase; extreme rainfall weather may affect employee commutes and delay production progress.	• Increase in operating costs • Loss on fixed asset	Medium	• We take into account the impact of extreme weather about the site selection, planning, and design of the new project; • We formulate typhoon emergency plans and strengthen flood and waterlogging prevention; • We continuously monitor flood and waterlogging prevention information in procurement areas to minimize the impact of typhoons on supply; • We prepare typhoon prevention materials, check the fastening of equipment foundations and wall-mounted devices, and ensure smooth drainage of equipment foundations.	Mid-term
		Extreme cold and snow disaster: Blizzard and its accompanying strong winds and cold weather severely affect or even damage lifeline projects such as transportation, communication and power transmission lines, causing power and water outages in cities, collapsing buildings, and impacting business production and transportation; Extreme cold and snow disasters will lead to increased regional electricity load, and enterprises may face government requirements for power restrictions and outages, resulting in forced production reduction and limitation of production facilities, affecting the production and operation activities of enterprises.	• Increase in operating costs	Low	• We implement measures for personnel cold protection, including providing thermal clothing and arranging work hours reasonably; • We implement anti-freezing measures for vehicles, machinery, earthworks, and concrete works to prevent damage to facilities and equipment in low temperatures; • We develop an emergency plan for cold wave weather and prepare an emergency response according to the plan.	Mid-term
	Chronic physical risk	**Rise in sea level:** The rise in sea level will impact flood control facilities, potentially inundate low-lying coastal areas, and pose a threat to the infrastructure and equipment assets at some of the Company's coastal operations.	• Loss on fixed asset	Low	• We continuously monitor geographic and climate information to determine the sea level risk line, and initiate the plant relocation plan when the sea level reaches the risk line; • We strengthen risk control of fixed asset investment and timely adjust investment strategies for areas with foreseeable sea level rise.	Long-term
		The rise in average temperature: The increased frequency of persistent hot weather may lead to heat-related illnesses such as heatstroke, reducing labor productivity; The increase in heat waves reduces the efficiency of existing cold chain transportation and cooling systems in the production process and increases the cooling energy consumption required for the Company's production and transportation stages, thereby raising operating costs; In scenarios of higher temperatures, increased water demand in water-scarce regions may lead to the formulation of regulations mandating improved water use efficiency.	• Increase in operating costs • Increase in employee health risk • Decrease in operating efficiency	Medium	• We enhance the energy efficiency of facilities, including improving temperature control capabilities and increasing the efficiency of air conditioning and cooling systems, etc.; • We adjust working hours during high-temperature periods to ensure occupational health and safety of employees.	Long-term

Type of opportunity	Opportunity description	Response measures	Time frame
Resource utilization	**Enhancing resource utilization efficiency:** In the course of drug research and development, we apply more intelligent and automated R&D tools to improve research efficiency, reduce emissions and resource consumption; in the course of production and operations, we continuously optimize the resource management model by utilizing a visualized central control platform for resources and energy.	• We enhance energy efficiency through process optimization, facility and equipment upgrades, and technology optimization measures; • We reduce the use of water resources and packaging materials and enhance the recycling of resources.	Short- term
Energy source	**Energy substitution and new technology application:** We adopt more efficient energy management methods (such as digital energy management systems, online energy consumption monitoring, waste heat utilization, etc.) to enhance the accuracy of real-time energy monitoring, reduce energy conversion losses, effectively control costs, and improve the overall efficiency of energy utilization; increasing the proportion of clean energy usage can enhance the enterprise's ability to withstand fluctuations in prices of energy and fuel.	• We gradually transition to low-carbon energy, expanding the use scenarios of clean energy such as solar and wind energy; • We increase the proportion of procurement and application of renewable energy such as green power generation with green certificates.	Mid-term
Products and services	**Developing low-carbon products and services:** The future healthcare system may prefer or require suppliers to provide low-carbon products. Stakeholders are transitioning to "low-carbon, climate-resilient healthcare systems", and healthcare providers in some countries are increasingly demanding sustainable low-carbon products and services, which may present growth opportunities for Grand Pharma in the area of low-carbon products and services. By promoting low-carbon innovative products and services, the Company can enhance its brand image and gain more market share, especially in markets such as the EU that have set net-zero emission targets.	• We integrate the consideration of low-carbon concepts deeply into the front-end design process to reduce the environmental impact of products and services, and continuously develop more sustainable products.	Long-term
Market	**Increased demand for drugs due to climate change:** Climate change may affect the prevalence and severity of certain health conditions and diseases. More climate change-related diseases will increase, leading to an increased demand for preventive/treatment drugs.	• We actively assess the market demand trends for pharmaceuticals and adjust supply and demand strategies based on the analysis results.	Long-term

Risk Management

Grand Pharma incorporates climate-related risks into the overall risk management system, and ensure that climate risk management is carried out in an orderly manner by identifying and compiling a list of potential climate risks, conducting risk assessments and formulating response measures.



Climate Change Risk Identification Process of Grand Pharma

Indicators and Targets

In order to ensure the effective implementation of climate change strategies and actions, Grand Pharma continuously monitors energy consumption and greenhouse gas emissions and regularly reviews the progress of energy saving targets.

Target indicator	Target	Progress
Energy saving	Using 2023 as the base year, reducing energy consumption intensity by 6% by 2030	On plan
Greenhouse gas emissions	Using 2023 as the base year, reducing greenhouse gas emission intensity by 10% by 2030	On plan

Climate Change Risk Response and Energy Management

Grand Pharma continued to carry out climate change risk response and energy 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》).* Through the measures such as the application of energy management system, optimization of energy management system and active promotion of the use of clean energy, we integrated energy-saving and carbon-reducing measures into all aspects of production and operation to enhance the resilience of the enterprise to climate change.

Energy Information System

Grand Pharma has established a Power and Energy Management System (PEMS) at the Fuchi Production Park and achieved integrated park-level information control covering metering data collection, energy statistics and steam scheduling. Through the application practice of the PEMS system, we have achieved automatic collection of energy consumption data, analysis of energy consumption trends and comprehensive scheduling of the steam system and provided important data support for energy-saving technological transformation projects. In addition, during the annual inspections and audits, the Equipment Management Department continuously urged the enterprises to provide a complete rate of tertiary metering equipment, increased investment in energy management systems, and required the establishment of intelligent energy management systems in new plant areas and projects to enhance energy management levels. As of the end of the Reporting Period, a total of five member companies under Grand Pharma have established online energy management systems.

Energy Management System Certification

The Group continuously promoted the certification of its energy management system and consistently enhanced its own energy management level. As of the end of the Reporting Period, six manufacturing member companies of Grand Pharma, including Grand Jiu He, Grand Life Technology, Grand EBE, Hubei Wellness, Xi'an Beilin and Xiantao branch of Kernel, have obtained the Energy Management System (ISO 50001) certification.

Energy Efficiency Improvement

Improving energy efficiency is a crucial approach for Grand Pharma to conduct energy management and address climate change. We actively explore feasible energy-saving and consumption-reducing projects from various aspects, including budget control, energy-saving project management, introduction of new technologies and promotion of new energy projects. In 2024, the Group promoted the implementation of a total of 27 key energy projects, which involved various aspects such as electricity saving, steam saving and management enhancement, and improved the utilization efficiency of energy system equipment, and the projected annual energy cost savings amounted to RMB 5 million. Some of completed or ongoing projects are shown in the table below.

Project Type	Project Name	Project Effectiveness
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 cost saving estimated at RMB125,000 • 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 cost saving estimated at RMB78,000
	Magnetic Levitated Centrifugal Chiller Project	• By replacing the screw chiller unit with a magnetic suspension chiller, the cooling capacity can be increased by 30% while the power consumption can be reduced by at least 60%, which is expected to save RMB270,000 per year in electricity costs
	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 RMB112,000 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 RMB35,000 • Introducing a methanol distillation screw heat pump compression device to directly compress methanol vapor for temperature and pressure increase, and recycle it for heating the methanol distillation column, aiming to save steam heat source usage. It is expected that the steam consumption per ton of methanol can be reduced from the current 6.6 tons to 1.6 tons. Upon completion of this project, it is anticipated to achieve an energy saving of RMB23 million per year
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 RMB156,000 • Residual heat utilization of boiler flue gas: 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 • Energy-saving transformation of methanol distillation column: By adding a heat exchanger at the top of the distillation column, the residual heat of 70° C methanol vapor at the top is used for preheating the mother liquor, reducing steam consumption by 0.05t/m^3, with an expected reduction in steam costs of RMB5.85 million per year • 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 • Technical improvement of condensed condensate water recovery: By recycling condenser condensate for vacuum pump water replenishment and greening irrigation, it is expected to achieve a reduction in steam costs of RMB26,000 per year
	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 RMB998,000, which is conducive to the optimization of steam dispatch in the park

Selected Energy-saving Technological Renovation Projects in 2024

We collaborated to strengthen daily energy management, effectively reduced peak electricity consumption through optimizing scheduling and staggered production, actively responded to the power demand-side requirements, and ensured the safety of the high-load power grid during summer. In addition, Grand Pharma invited high-quality suppliers in the energy field to conduct in-depth on-site research at the enterprises and engaged in thematic technical exchange with them to broaden the Group's energy management ideas and explore energy saving opportunities.

Optimization of Energy Structure

Grand Pharma continuously adjusted its energy structure, actively explored the application of clean energy and increased the proportion of renewable and clean energy usage. We have initiated a rooftop photovoltaic survey and green electricity usage plan, adopted the contractual energy management model, and invited professional photovoltaic investment entities to cooperate in developing distributed photovoltaic power generation projects using the idle rooftops and ground parking lots of relevant enterprises with implementation conditions.

We actively explored the application of clean energy and laid a solid foundation for the green transformation of enterprises. In 2024, Grand Pharma initiated the first phase of centralized procurement for the rooftop distributed photovoltaic power generation project of the enterprises, covering three pharmaceutical companies with a total installed capacity of over 4MW. Upon completion, it is expected to provide a total of 4.8 million kWh of low-priced green power to the three enterprises. In addition, Grand Pharma has established a dedicated team to conduct research on green and low-carbon technologies, continuously promote the introduction of new energy and new technologies such as photovoltaics and energy storage, and gradually increase the use of green energy and reduce carbon emissions.

Meanwhile, Grand Pharma's subsidiary, Grand Life Technology, has taken the lead in introducing green power generation with green certificates and completed a transaction and consumption of 169,000 kWh of green power through a power sales company, which marked 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.

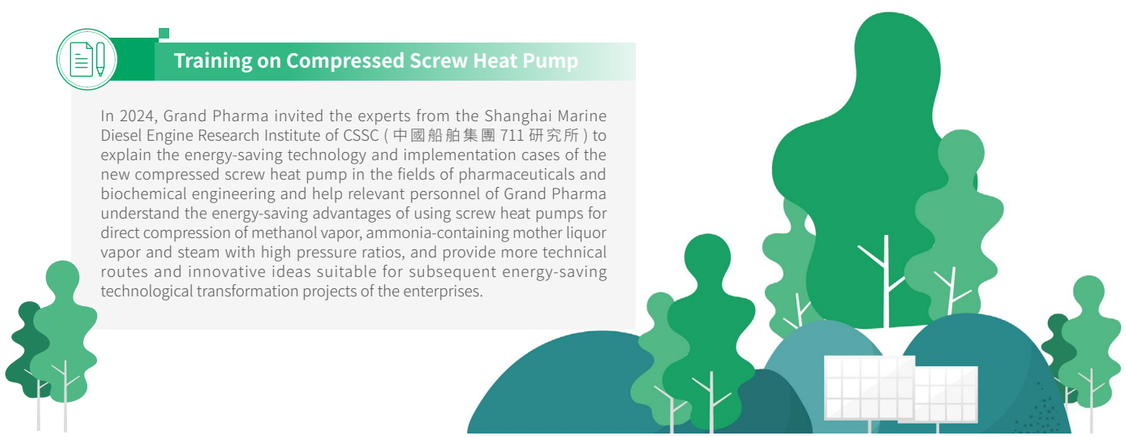
Enhancement of Energy Saving and Carbon Reduction Awareness

In order to continuously enhance the Group's carbon emission and energy management capabilities, Grand Pharma provides comprehensive energy management related training to all employees whose work involves relevant skills and professional requirements, ensuring that training is provided wherever necessary and strengthening employees' awareness of environmental protection and energy conservation and emission reduction.

Furthermore, Grand Pharma particularly emphasizes new technologies and introduction.

Training on Compressed Screw Heat Pump

In 2024, Grand Pharma invited the experts from the Shanghai Marine Diesel Engine Research Institute of CSSC (中國船舶集團 711 研究所) to explain the energy-saving technology and implementation cases of the new compressed screw heat pump in the fields of pharmaceuticals and biochemical engineering and help relevant personnel of Grand Pharma understand the energy-saving advantages of using screw heat pumps for direct compression of methanol vapor, ammonia-containing mother liquor vapor and steam with high pressure ratios, and provide more technical routes and innovative ideas suitable for subsequent energy-saving technological transformation projects of the enterprises.



Environmental Management

Sticking to the environmental management principle of "Legal compliance, Disease prevention, Process control, Terminal management, Technology upgrade", Grand Pharma incorporates environmental protection and sustainable development into our corporate development strategy. We continuously optimize the environmental management system, actively reduce the environmental risks and burdens of corporate operations, and protect the ecological environment. During the Reporting Period, the Group continued to increase its investment in environmental protection, implementing multiple projects in energy saving, consumption reduction, and pollutant control, with a total environmental protection investment amounting to RMB 14.25 million.

Environmental Management System

Environmental Management Mechanism

Grand Pharma strictly complies with the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, and the requirements of the environmental management system (ISO 14001), and has formulated a series of environmental management mechanisms and management procedures, including 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. In 2024, the Group formulated and published *Environmental Management Policy* on its official website, covering contents such as saving energy and reducing emission, resource management, waste management, and environmental protection training, aiming to enhance the environmental awareness of all employees and demonstrate Grand Pharma's commitment to environmental protection.

Environmental Management Structure

To guarantee the high effectiveness of environmental management system, Grand Pharma has established a comprehensive environmental management governance structure, which breaks down environmental management tasks item by item to provide strong support for the continuous advancement environmental management of the Group. Environmental performance is in conjunction with management emoluments. Every year, the Group signs a safety and environmental protection target responsibility letter with the persons in charge of each functional segment and business segment of the group company, and requires 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, carries out assessment according to the target responsibility letter, and implements the safety and environmental protection one vote veto system to ensure the effective operation of the environmental management system.

The Strategy and ESG (Promotion) Committee	• It 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
EHS Management Committee	• It 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
Safety and Environmental Protection Centre	• It 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

Environmental Management Structure of Grand Pharma

Environmental Risk Management

In terms of environmental risk management, 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, and regularly conducts inspections for potential sudden environmental risks. At the same time, we organize all subsidiaries of the Group to formulate *Emergency Plans for Environmental Emergencies* and put them on record, and require all subsidiaries to carry out emergency plans for environmental emergencies drills every year, so as to manage environmental risks effectively. In 2024, the completion rate of emergency plan drills for environmental incidents by all subsidiaries reached 100%[10]. 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.

Environmental Compliance Audit

Grand Pharma has established a comprehensive internal control and audit system for environmental compliance management. We carry out annual internal environmental audit and external audit to supervise the operation of environmental management system and environmental management performance of all subsidiaries, covering 100% of locations of operations, including audits on the validity of environmental certificates, stability of equipment and facilities operation, emission concentrations, and compliance of the environmental management systems.

In terms of internal audit, we carry out annual environmental rating inspection on all key subsidiaries and some low-risk companies every year, to supervise their environmental performance and ensure the compliance of their environmental management. Moreover, the Group carries out monthly 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 2024, Grand Pharma conducted annual compliance environmental management audits on all operations. In terms of external audit, Grand Pharma engages an independent third party to conduct an annual ISO environmental management system and EHS audit.

In accordance with national environmental protection requirements, the Group conducts environmental impact assessments for new construction projects to ensure the environmental compliance of new projects. In addition, we conduct annual environmental impact inspections at our operational production bases to ensure that the test results are below compliance standards. During the Reporting Period, we engaged third party suppliers to regularly conduct self-monitoring such as leak detection and repair, (LDAR) in accordance with the discharge permit, covering 100% of our operations.

Environmental System Certification

Grand Pharma actively engages in environmental management system certification, formulates environmental management requirements according to the ISO 14001 environmental management system standards, and supervises the implementation by each subsidiary. As of the end of the Reporting Period, the ISO 14001 certification coverage rate of all production-oriented subsidiaries of the Group reached 46%. In the future, the Group will continue to advance the environmental management system certification, with plans to extend ISO 14001 certification to all production-oriented subsidiaries of the Group. Meanwhile, the Group also continuously engaged in the certification of clean production and green factories. As of the end of the Reporting Period, 13 subsidiaries have passed the clean production certification, and 7 subsidiaries have been awarded the national/provincial green factory honorary title. The details are as follows:

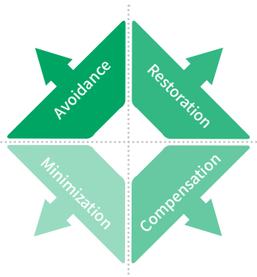
Certification name	Number of certification
Green factory certification/review	7
Environmental management system (ISO 14001) certification /review	18
Clean production certification	13

[10] Yongsheng Company and Chengdu Shetai are temporarily exempt from organizing environmental emergency drills during the construction period.

Biodiversity Conservation

The Group places great importance on the protection of biodiversity surrounding its enterprises, actively paying attention to relevant policies of the local government where it operates, and has formulated the *Biodiversity and Forest Protection Commitment (《生物多樣性及森林保護承諾》)* during the Year. We adhere to the principle of "progressive mitigation measures", ensuring that all activities, products, and services do not have a significant impact on biodiversity. All office locations, operational sites, and industrial plants are not situated within nature reserves or areas rich in biodiversity outside of protected zones. In addition, we do not destroy original vegetation and ecosystems, and do not use protected animals for animal testing.

Taking corresponding measures before and during the project to avoid any impact on biodiversity



If impacts on ecosystems are likely to occur despite the implementation of "avoidance" and "minimization", "restoration" actions will be carried out in the affected area

Minimizing the impact on biodiversity, where unavoidable

Making biodiversity compensation for projects outside the affected area

Grand Pharma implements the "progressive mitigation measures" principle

In addition, Grand Pharma strictly complies with the *Forestry Law of the People's Republic of China (《中華人民共和國森林法》)*, the *Regulation on the Implementation of the Forestry Law of the People's Republic of China (《中華人民共和國森林法實施條例》)*, the *Regulations on Restoring Farmland to Forest (《退耕還林條例》)*, the *Measures for the Administration of Regenerative Felling of Forests (《森林採伐更新管理辦法》)*, and the *Water Law of the People's Republic of China (《中華人民共和國水法》)* and other relevant laws and regulations, to protect forest resources and adhere to sustainable and dynamic management of natural resources and raw materials in the supply chain. The Group strives to reduce the use of office supplies and equipment made from wood materials, promotes paperless office practices, encourages afforestation, actively engages in greening the factory area, and fulfills the commitment to refrain from indiscriminate deforestation and protect biodiversity.

Use of Resources

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

Water Resources Management

The main source of water resources for Grand Pharma is municipal water extraction. 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". We carried out water resources management by saving water usage and improving water use efficiency, paying close attention to water-saving indicators, and incorporating water saving into daily energy statistics and assessments.

In response to the Group's water-saving target of "With 2023 as the base year, 6% reduction in water intensity by 2030", Grand Pharma continued to monitor the water use situation and goal progress, actively implementing water-saving management and upgrades, focusing on both the recycling and reuse of water resources and the reduction of water consumption, continuously investing in various water-saving projects to reduce the consumption of fresh water and enhance the reuse rate of water resources.

Reducing waste of water resources

- 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
- Fuchi Chemical's fine chemical workshop implemented internal management controls and reduced the number of cooling tower water refilling and other management measures

Water resource reusing

- Grand Johamu 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
- 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
- Grand Biotechnology carried out technological transformation projects of condensate water and reuse of reclaimed water, and the evaporated vapor condensate and reverse osmosis reclaimed water from the original triple-effect concentrated solution is recycled for use in workshop floor flushing and cooling tower replenishment
- Xi'an Beilin carried out a technological transformation project of condensate water recovery, which will be recycled for use in vacuum pump water replenishment and landscaping irrigation

Water Resource Management Initiatives in 2024

To enhance employees' awareness of water saving, we actively conduct water resource saving training and promotional activities, advocating for all employees to save water and strengthen water resource protection in the daily management and cultural development of the enterprise, thereby enhancing the water-saving awareness of all employees.

Packaging Material Management

Grand Pharma strictly abides by the relevant laws and regulations in regions where the company operates, formulating systems such as the *Grand Pharma Production Material Supplier Management Measures (《遠大醫藥生產用物料供應商管理辦法》)* and the *Grand Pharma Production Material Procurement Operation Guide (《遠大醫藥生產用物料採購操作指南》)* to strictly control the packaging material procurement process. We continue to promote the streamlining and recycling of packaging materials, and are committed to reducing the impact of packaging materials on the environment. In 2024, the Group's procurement department collaborated with the production department to carry out improvements and enhancements related to packaging materials, setting qualitative or quantitative goals for the use of packaging materials, including technical indicators, personnel efficiency, production efficiency, and system development.

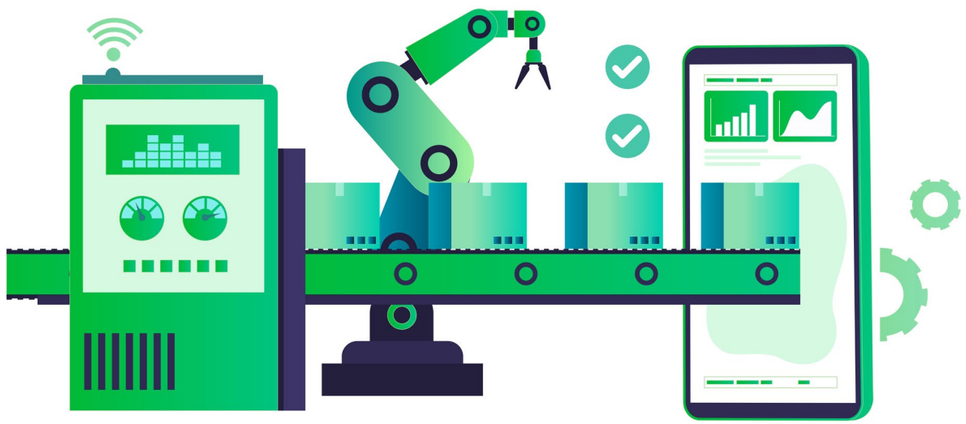
The Group actively explores the reduction and recycling of packaging materials of pharmaceutical products. In terms of R&D, we incorporate the environmental friendliness of packaging materials into consideration, understand the characteristics and packaging needs of pharmaceutical products, explore suitable packaging solutions for pharmaceutical products, and actively develop biodegradable and easily recyclable packaging materials to reduce environmental pollution. In addition, we optimize the packaging structure by improving the packaging design to reduce the usage of packaging materials, while ensuring the practicality and esthetics of the packaging, so as to minimize unnecessary waste of packaging materials. In terms of production cooperation, Grand Pharma implements refined management of packaging materials during the production process by optimizing production processes and improving production efficiency to ensure that the usage of packaging materials matches product demand, thereby reducing waste of packaging materials. In terms of inventory management, we are committed to reducing waste of packaging materials caused by inventory backlog and applying an inventory management system in the new factory to monitor inventory in real-time, ensuring timely supply and reasonable utilization of packaging materials.

Grand Pharma has been committed to meeting consumers' preference for green and environmentally friendly packaging. To achieve this goal, the Company has successively launched a series of material and packaging design upgrades starting from 2024.

Innovation and upgrade of Ruizhu® Sodium Hyaluronate Eye Drops Packaging

In 2024, the flagship eye care product under Grand Pharma, Ruizhu® Sodium Hyaluronate Eye Drops, was officially launched and undergo a comprehensive technological upgrade to further enhance the user experience for patients.

The product has undergone innovative improvements in packaging design, adopting an outer box design with storage function, which aligns more closely with the pragmatic design concept. A detailed instruction manual is attached on the back of the outer packaging for users to check at any time, while the sealed inner packaging has multiple functions of moisture-proof, anti-pollution, and antibacterial. The product adopts a branch-style packaging design, which not only facilitates portability but also ensures hygiene. Meanwhile, we have fully considered the actual needs of patients and, based on the usage scenarios of the product in daily life, have designed the branch packaging with a snap opening to ensure sealing during repeated use, preventing leakage and providing a better user experience for patients.



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 regulatory and 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, waste gas, wastewater and other aspects to ensure that various pollutants are treated in compliance with regulations and discharged up to standards. During the Reporting Period, two manufacturing enterprises under Grand Pharma have obtained the Zero Waste Factory Certification.

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 (HJ2025-2012)* 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 required all subsidiaries to conduct an inventory of the types, sources and quantities of waste within the enterprise, explore potential waste reduction opportunities, set waste reduction targets, strengthen the management and reduction of hazardous wastes and other wastes with potential environmental risks, and handle and dispose of all types of wastes in a safe and compliant manner.

With 2023 as the base year

5%

reduction in hazardous waste emissions intensity by 2030

We continuously tracked waste reduction targets and related performance by conducting annual environmental rating inspections and special audits on waste management for subsidiaries. This includes hazardous waste management plan filing, annual hazardous waste emergency drills, compliance of storage facilities and labeling, completeness of form record, compliance review of disposal units, and daily waste management, aiming to continuously improve waste performance.

Non-hazardous waste management

The Group's non-hazardous waste mainly includes 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 actively carried out the reduction of solid waste at the source by controlling the sludge load from wastewater treatment within a reasonable range and expanding the capacity of the sewage station, thereby reducing the volume of harmless waste outsourced for treatment. At the same time, we are implementing internal recycling of waste through measures such as composting and utilization of traditional Chinese medicine residues, comprehensive utilization of sulfuric acid slag and park coal slag, and adding the use of triple-effect evaporation and countercurrent evaporation devices to enhance the efficiency of harmless waste recovery.

Hazardous waste management

The Group's 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 subsidiaries 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, so as to minimize the impacts of waste and emissions.

Grand Pharma implements full-process management of hazardous waste, requiring all subsidiaries to set a temporary storage site for hazardous waste that has passed the inspection and acceptance of environmental protection facilities. 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 have actively carried out work in hazardous waste management, enhancing our hazardous waste management capabilities, and several measures have achieved obvious results. In 2024, Wuyao Xiantao used waste methanol and ethanol mother liquor as carbon sources for the sewage station, achieving resource management while reducing the production cost of the sewage station.

In addition, we conduct hazardous waste disposal training for corporate environmental management personnel and hazardous waste management personnel to improve their hazardous waste processing capabilities and ensure compliance with the disposal of hazardous waste.

Emission Management

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, continue to increase environmental protection investment, optimize environmental treatment processes, and install new efficient end-treatment devices to further reduce the concentration of pollutants in waste on the basis of ensuring that emissions meet standards.

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.

Indicator	Target
Volatile organic compounds (VOC)	With 2023 as the base year, 10% reduction in volatile organic compounds (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

During the Reporting Period, a total of twelve 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 achievement rate of each company was 100%.

During the Reporting Period

a total of

twelve

subsidiaries of Grand Pharma installed online exhaust gas monitoring facilities.

The compliance emission achievement rate of each company was

100%

Consolidating source control

- We reduce the generation of exhaust gasses and waste at the source in the production workshop by optimizing production processes and using harmless raw materials and other measures, and reduce the impact on the environment by collecting and disposing of unorganized exhaust gas
- Grand Life Technology has collected unorganized exhaust gasses from the sewage station and installed new exhaust gas treatment devices to reduce environmental impact
- Cangzhou Huachen Company has enclosed processes and areas that generate dust and installed new exhaust gas treatment devices to reduce environmental impact

Upgrading and renovating exhaust gas devices

- By upgrading and renovating the exhaust gas treatment devices, we promptly eliminate equipment hazards, standardize operations according to procedures, improving the effectiveness of exhaust gas treatment, and reducing the concentration of exhaust gas pollutants
- Grand Bio has newly set up catalytic incineration equipment to improve exhaust gas treatment efficiency, using activated carbon adsorption to replace the inefficient UV photolysis device, significantly enhancing the treatment effect of exhaust gas
- The Fuchi branch of Wuyao has introduced a new membrane treatment device to recycle ethanol exhaust gas, reducing production costs while minimizing environmental impact

Strengthening online monitoring of exhaust gas

- 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
- Kernel Bio has introduced a new online exhaust gas monitoring equipment

Measures and Cases for Enhancing Exhaust Gas Treatment by Grand Pharma in 2024

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. The Group requires all subsidiaries to follow the principle of "clean water and sewage separation for separate treatment" to properly control, classify and collect, and treat wastewater at source and reduce the impact of wastewater discharges on the environment. During the Reporting Period, the compliance rate of wastewater pollutants discharged by each subsidiary was 100%.

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

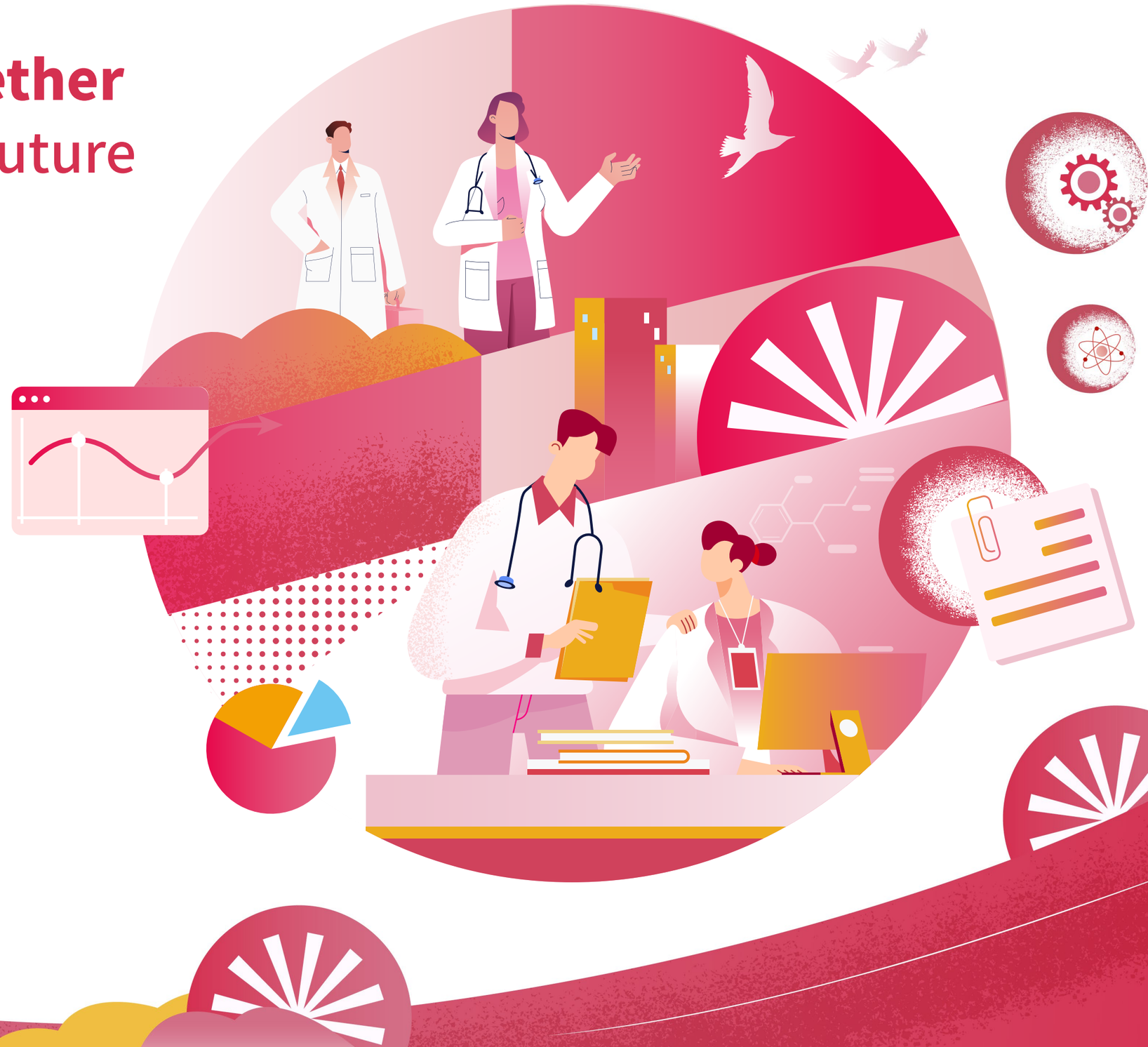
- We arrange professionals to regularly conduct full process supervision and inspection of the operation of environmental protection facilities, and all hidden dangers have been effectively rectified
- We invite professionals to optimize sewage station management and provide technical support
- We monitor 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 to eliminate the occurrence of leakage in the production process

Equipment and technology management

- We optimize, transform and maintain wastewater treatment facilities, strengthen the management of water pollution control facilities and effectively control the risks of various types of water bodies. Each subsidiary of Grand Pharma implemented and completed 18 wastewater treatment facility maintenance and optimization projects in 2024
- We recycle the wastewater and reduce the consumption of new water by using the external drainage water for the coagulation reaction tank pharmaceutical preparation or alkali replenishment water and the absorption of tower temperature and absorption of liquid concentration adjustment process water

Waste Water Management Measures in 2024

06 | Working Together
Building a Better Future



Grand Pharma proactively fulfills social responsibilities and is committed to working together with all stakeholders. We continue to deepen supply chain management, persistently expand industry cooperation opportunities, enhance the development level of the entire industry chain, and promote the joint progress of enterprises within the industry. We also actively participate in social welfare, and insist on the initial intention of "benefiting both patients and doctors and contribute to the society", striving forward with determination and courage.

Supply Chain Management and Development

Grand Pharma is well aware of the importance of a stable supply chain for providing high-quality products and regards maintaining a stable supply chain as a solid foundation for serving customers. The Company actively creates a fair and transparent cooperative relationship, constantly optimizing the supplier management processes while strengthening the sustainability of the supply chain. Meanwhile, the Company actively explores green procurement models, making progress together with supplier partners and jointly moving towards a sustainable future.

Strengthening Supplier Management

Grand Pharma carries out procurement activities in strict compliance with the *Bidding and Tendering Law of the People's Republic of China* and other relevant laws and regulations. During the Reporting Period, we revised and promulgated the *Supplier Management System for Production Materials*, the related management rules for the Supplier Life Cycle Management (SLM) system, the *Procurement Management System of Grand Pharma (China) Co., Ltd. (Trial Operation) (《遠大醫藥（中國）有限公司採購管理制度（試運行）》),* and related management measures. These systems covered procurement activities related to administrative logistics, production technical services, marketing services, and other services, and implements standardized management in respect of supplier access, development, classification, performance evaluation, risk management, affiliation review, capacity enhancement, and termination, so as to build a stable and sustainable information-based supply chain system.

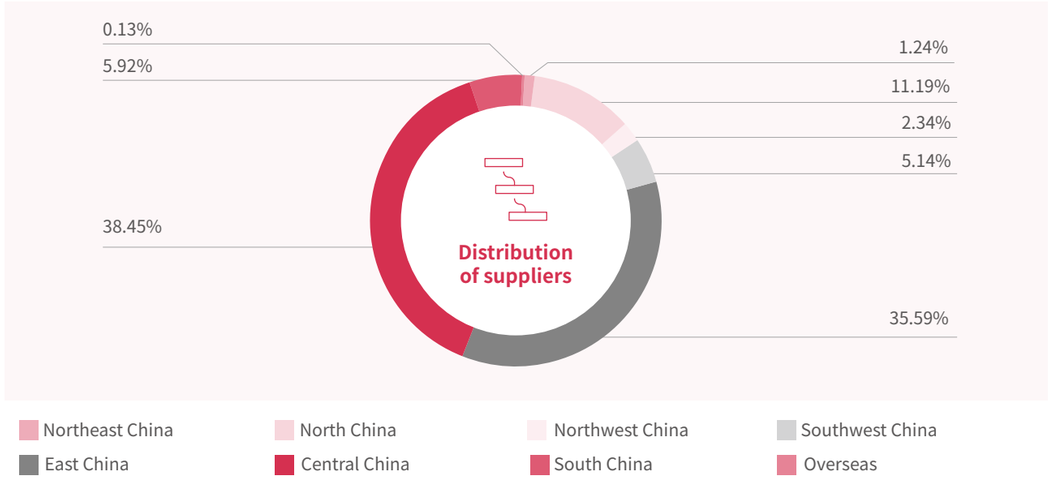
In terms of the newly released *Procurement Management System of Grand Pharma (China) Co., Ltd. (Trial Operation) (《遠大醫藥（中國）有限公司採購管理制度（試運行）》),* we have conducted promotion and education for all employees of the Company, including subsidiaries newly acquired. As at the end of the Reporting Period, 11,762 people learned about the system on the Grand Pharma online learning platform, including 865 people who were required to study the system in relation to organization and procurement, with a total of 1,405 participants in the examination.

As of the end of the Reporting Period

Grand Pharma had a total of

1,537 suppliers

The specific distribution is as follows:



Number of Suppliers by Region

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. We integrate corporate financial status, supply chain stability, and long-term cooperation potential to implement sustainable procurement. In addition, we continue to strengthen the real-name recommendation management of suppliers, clarifying the identity and responsibilities of the recommenders to ensure traceability of the recommendation actions.

Grand Pharma consistently adheres to strict, fair, and transparent principles in the qualification review of suppliers. In 2024, the materials procurement department continued to deepen the supplier management system, ensuring the establishment of long-term and stable cooperative relationships with high-quality suppliers through a stringent new supplier review process. Based on the *Supplier Management Regulations for Production Materials of Grand Pharma (China) Co., Ltd. (《遠大醫藥（中國）有限公司生產用物料供應商管理細則》),* we conduct a comprehensive evaluation of suppliers' legal qualifications, professional credentials, business background, financial strength, operational status, performance capability, creditworthiness, and legal risks, and implement classified management for different types of suppliers. For state-owned enterprises (including state-owned holding enterprises), GMP/GSP and other pharmaceutical material supply enterprises with relatively complete qualifications, we give more recognition and trust.

In the audit of 2024, we further emphasized the importance of legal risk and credit assessment of suppliers. By collecting and analyzing information such as the years of establishment, registered capital, paid-in capital, number of social security participants, litigation records, and administrative penalty records of suppliers, subsidiaries were required to more accurately identify the legal compliance and potential risks associated with suppliers, and strictly control the supplier selection criteria according to its regulations. Meanwhile, we obtained suppliers' credit scores through big data platforms, further enhancing the accuracy of supplier credit assessments, reducing procurement risks, and ensuring product quality and supply chain stability.

Follow-up Supplier Management

After the completion of supplier admittance process, we conduct regular audits and performance evaluations for all suppliers and provide supplier training based on their needs.

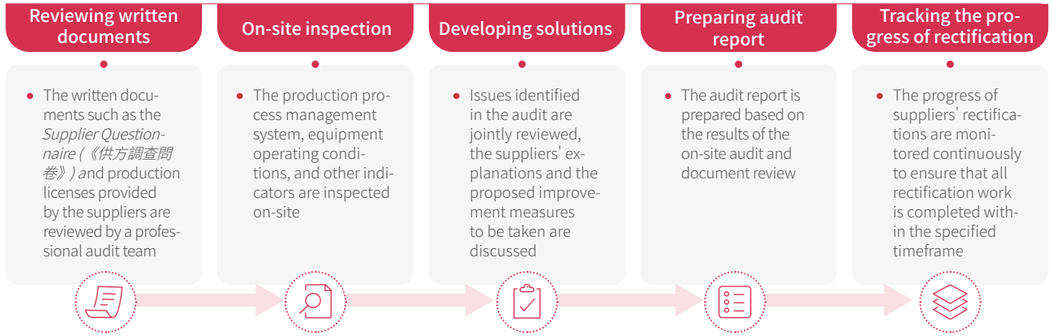
Supplier Performance Management

Supplier performance assessment is mainly divided into five dimensions, including procurement, production, quality, finance, and warehousing. The assessment, led by the procurement department, 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 number of A-level suppliers, which is the highest level, shall generally not exceed 20% of the total number of qualified suppliers. We provide timely guidance to suppliers rated as B and C, assisting them in making improvements until they meet all the Company's requirements. Suppliers who do not comply with bidding discipline during the tender process or fail to fulfill their obligations after winning the bid for reasons not attributable to the purchaser shall be classified as D-level suppliers. If a project cannot be fulfilled due to uncontrollable market reasons, the corporate procurement leadership team must conduct a risk assessment of the breach and conclude whether to hold the cooperating supplier accountable. For D-level suppliers wishing to resume cooperation, a new round of investigation, evaluation, and on-site audit should be conducted in accordance with the principles for developing and screening new suppliers, and cooperation can only commence after passing these assessments.

Level by Level Management of Supplier

Supplier Audit

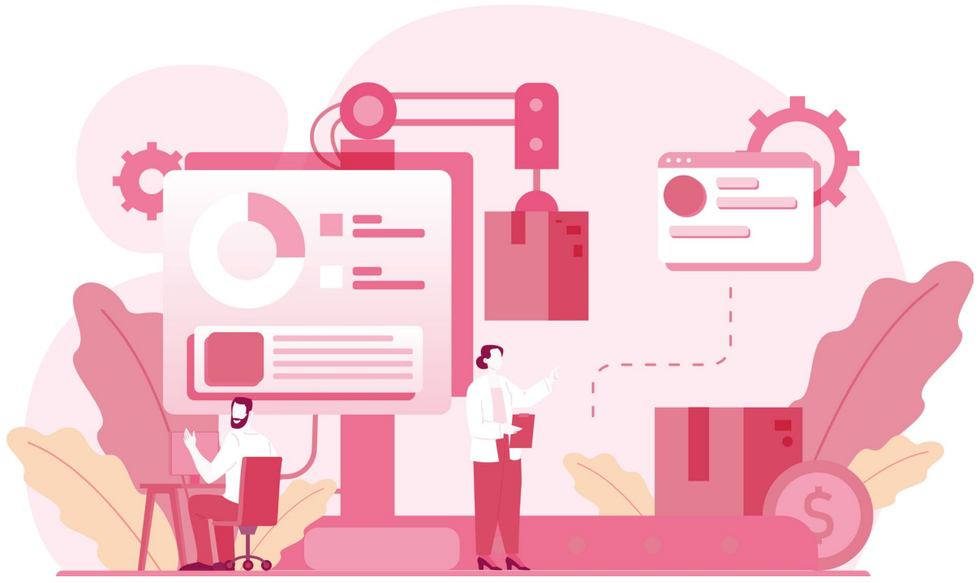
Grand Pharma places great importance on supply chain quality management and regards it as a key component of its own quality management. During the Reporting Period, we conducted audits and supervision of suppliers' quality and ESG compliance through document reviews and on-site inspections to ensure full compliance with the Group's standards and GMP (Good Manufacturing Practice) requirements. We conducted supplier audits on a total of 416 in-stock suppliers, including 331 on-site audits and 85 online audits. Our supplier audit procedure primarily covers the following five steps:



Supplier Audit Process

Building a Sustainable Supply Chain

While ensuring the stability of the supply chain, we continue to advance the construction of a responsible supply chain, striving to control environmental and social risks associated with suppliers, working hand in hand with suppliers to create a fair and transparent business environment, as well as promoting sustainable procurement management.



Supplier Code of Conduct

In 2024, the Group further strengthened its responsible procurement efforts by formulating and releasing the *Supplier Code of Conduct of Grand Pharmaceutical Group Limited (《遠大醫藥集團有限公司供應商行為準則》)*, which served as the foundation for the sustainable development of Grand Pharma's supply chain. Grand Pharma requires all suppliers to comply with the Group's *Supplier Code of Conduct (《供應商行為準則》)* when conducting business, to support the building of an honest and transparent value chain with our suppliers. If the suppliers cannot meet the Group's ESG requirements, no contract shall be signed with them. Additionally, for the procurement and transportation projects of production materials that have been initiated, we require shortlisted suppliers to sign the *Supplier Anti-Bribery Code of Conduct (《供應商反賄賂行為規範》)* at the project initiation stage. Suppliers who do not sign will not be able to continue participating in the cooperation. As of the end of the Reporting Period, the signing coverage rate of the Supplier Anti-Bribery Code of Conduct by shortlisted suppliers reached 100%.

Supplier Environmental and Social Risk Management

In 2024, the Group continued to deepen the sustainable development and social responsibility efforts of its suppliers, incorporating ESG factors and risks such as supplier credit and legal issues into the supplier admission process. During the Reporting Period, we prepared the *2024-2030 Production Material Procurement Supply Chain Construction Schedule (《2024~2030 年生產物料採購供應鏈建設時間表》)*, formulated the medium and long-term strategic plan for the procurement supply chain, clarified objectives, paths, and key milestones, encouraged subsidiaries to innovate in the supply chain to explore new procurement models and supply chain management methods, and examined suppliers' sustainable procurement and social responsibility. By comprehensively assessing the potential negative impacts on sustainability caused by factors such as the actual conditions of the supplier's operating location, characteristics of the industry, and the structure of the product and service supply chain, we conduct a thorough evaluation of the environmental and social risks of suppliers to ensure the economic and sustainable nature of procurement activities.

Supplier Risk Assessment Dimensions

We have explored green procurement practices actively, assess whether suppliers use raw materials in compliance with environmental protection requirements, and reduce the environmental impact of procurement activities through eco-friendly measures such as green packaging and green transportation.

Building a Transparent Supply Chain

Grand Pharma has taken a series of measures aimed at strengthening the integrity of the Group's supply chain. We have established a rigorous evaluation system to conduct supplier selection with a fair, just, and transparent attitude. We have issued a clear anti-corruption policy, stipulating that any form of bribery from suppliers, including but not limited to cash, gifts, and services, is strictly prohibited during the procurement process. We also conduct regular internal audits of procurement activities to examine the compliance of procurement processes and any form of corrupt practices, provide regular integrity training for procurement personnel to enhance their awareness of integrity and legal consciousness, ensuring that employees act rationally in procurement activities and adhere to internal guidelines, relevant laws and regulations, and ethical standards.

We have established reporting channels to provide employees with a convenient and safe means to expose potential corruption in procurement activities. We encourage every employee to actively participate in anti-corruption efforts and to bravely report any improper conduct they discover. The Company will place great importance on issues reported through the whistleblowing channels and will promptly organize a professional team to conduct a thorough and detailed investigation. To safeguard the rights of whistleblowers, we will strictly keep their identity and information confidential, and upon verifying the reported content, offer appropriate rewards and necessary protective measures to protect them from suffering any unjust treatment or retaliation due to their reporting actions.

Ensuring the Stability of the Supply Chain

Grand Pharma attaches great importance to collaborative development with suppliers. We uphold the belief of equality and transparency in cooperation, adhere to the basic principles of openness and sharing, and continuously improve and strengthen communication and cooperation with suppliers to enhance supply chain resilience.

Supplier Localization

During the Reporting Period, we continued to enhance supplier localization, proactively avoiding the risk of over-reliance on a single supplier or overseas suppliers, and strengthening the resilience of the supply chain. We have made steady progress in both the localization of imported materials and regional joint procurement, enhancing the stability and security of the supply chain. As at the end of the Reporting Period, the Group's subsidiaries initiated 25 supplier localization projects and completed 17 projects. At the same time, we achieved economies of scale through the implementation of regional joint procurement, effectively reducing procurement costs by combining large volumes with smaller ones. In addition, regional resource sharing has optimized the supply chain and improved procurement efficiency. Our integrated organization and centralized contracting reduced the processes requested by each subsidiary, and the procurement requirements, bid evaluation criteria and procurement cycle were unified to further enhance the standardization of the Group's procurement work.

During the Reporting Period

the Group's subsidiaries initiated

25 **supplier localization projects**

and completed

17 **projects**

Supplier Training and Communication

We deliver the latest business knowledge and supplier system operation skills to all suppliers in real-time through live training, and provide immediate answers for suppliers encountering issues during actual operations. To continuously optimize the content and methods of training, we regularly distribute questionnaires to suppliers to collect their valuable feedback on the effectiveness of the training. According to the supplier audit results, 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. In addition, we provide more precise and targeted support and assistance through on-site inspections of the suppliers' production facilities.

Community Co-construction

Grand Pharma firmly believes that its development benefits from the prosperity of the industry, and the development of the industry also requires the cohesion of corporate strength. We uphold the philosophy of "daring to be the first and sharing the success", continuously promoting industry development and advancing together with like-minded peers in the industry. We focus on community development, actively participate in social welfare activities, and strive to improve the well-being of all sectors of society, contributing our efforts to build a healthier and more harmonious social environment.

Industry Capacity Building

On the path of innovation and development, Grand Pharma continuously expands channels for external communications and discussions, proactively promotes the deep integration of industry-university-research cooperation, gathers the wisdom and strength of universities, the society and enterprises, and joins hands with partners to enhance scientific research and accelerate technological innovation, so as to jointly create an open, shared and win-win innovation environment. We actively participate in industry forums and the formulation of standards. In 2024, we assisted in the publication of 22 national, industry, and group standards, and we are in the process of actively promoting the formulation of 5 national and industry standards now.

Grand Pharma provided strong support to the Chinese Hospital Directors Forum (中國醫院院長大會)

In August 2024, the 13th Chinese Hospital Directors Forum - Sub-forum on Clinical Specialty Capacity Building under New Quality Productivity (第 13 屆中國醫院院長大會—新質生產力下的臨床專科能力建設分論壇), jointly organized by the Heilongjiang Health Development Research Center and the "China Hospital Management" magazine, with strong support from Grand Pharma, was held in Harbin. The forum brought together medical management elites and experts and scholars from across the country to jointly discuss how to further enhance clinical specialty capabilities under the drive of new quality productivity in the medical field, providing patients with higher quality and more efficient medical services.

Launch meeting of the Pharmacology Research and Translation Professional Committee of the Hubei Province Pharmacological Society (湖北省藥理學會藥理研究與轉化專業委員會啟動會)

In June, the kick-off meeting of the Pharmacology Research and Translation Professional Committee of the Hubei Province Pharmacological Society was held in Wuhan. The Chairman of the Hubei Province Pharmacological Society and the Director of the National Engineering Research Center for Nanomedicine at Huazhong University of Science and Technology attended the meeting and delivered a speech. The meeting was chaired by Dr. Xiao Wenchang (肖文昌), the senior manager of Business Development in the Cerebro-cardiovascular Segment of Grand Pharma. Approximately 60 experts and scholars from key universities, research institutions, teaching and research hospitals, and biopharmaceutical companies in Hubei Province gathered at the Grand Pharma Optics Valley R&D Center to witness and celebrate the launch ceremony of the professional committee.

Grand Pharma shared cutting-edge theories and clinical applications in respiratory medicine

In June 2024, Grand Pharma presented a number of global innovative products and its flagship products at the 2024 Respiratory Physicians Annual Congress and the 23rd Chinese Respiratory Physicians Conference (2024 年呼吸醫師年會暨第 23 屆中國呼吸醫師大會) held by the Medical Doctor Association in Suzhou. With the theme of "Deep Understanding and Active Implementation of the Attending Physician Responsibility System", the conference explored the future development direction of the respiratory field. During the conference, two symposiums, "Management of Airway Mucus Hypersecretion in Chronic Inflammatory Diseases (慢性氣道炎症性疾病氣道粘液高分泌管理)" and "New Options for Optimising Asthma Management from GINA2024 (從 GINA2024 出發，優化哮喘管理新選擇)", were set up and co-chaired by the alternate chairman of the Chinese Thoracic Society of the Chinese Medical Association and the national committee member who is also the head of the Respiratory Therapy Group. Several experts and scholars were invited to conduct in-depth discussions on the updates of GINA2024 and the issue of airway mucus hypersecretion in chronic airway diseases, providing attendees with high-level and highly professional academic symposium.

City conference on standardized diagnosis and treatment of chronic respiratory diseases at the primary level (Beijing station)

In March, to further enhance the diagnosis and treatment level of common chronic respiratory diseases at the primary level and strengthen the role of primary healthcare institutions as the main force in the prevention and treatment of chronic respiratory diseases, Beijing Grand Johamu Pharmaceutical held a special conference on "City Conference on Standardized Diagnosis and Treatment of Chronic Respiratory Diseases at the Primary Level (Beijing Station)". The conference aimed to discuss the cutting-edge academics of common chronic respiratory diseases at the primary level with numerous primary physicians, encouraging participating physicians to actively share their experiences in future treatments and jointly promote the progress in the diagnosis and treatment of chronic respiratory diseases.

Giving Back to Society

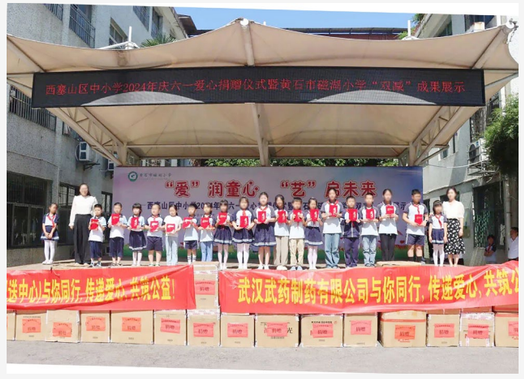
Social and Public Welfare

Grand Pharma consistently fulfills its corporate social responsibility, fully leveraging its technological and channel advantages in the pharmaceutical field to actively carry out and participate in social activities and public charities, and transforming technological achievements into public well-being. During the Reporting Period, Grand Pharmaceutical Group donated a total of RMB 21.43 million to community groups.

During the Reporting Period, we fulfilled our social responsibilities through a series of activities.

Caring support for left-behind children

Wuhan Wuyao Pharmaceutical Co., Ltd., a subsidiary under the API segment of Grand Pharma, demonstrated again its deep concern and responsibility for social charity. During the Reporting Period, the company conveyed warmth and care to 248 left-behind children in 11 schools, including Cihu Primary School (磁湖小學). For this donation, Wuhan Wuyao Pharmaceutical Co., Ltd. prepared a series of learning supplies such as school bags, books, drawing pens and stationery. These supplies not only provided the children with the necessary learning tools, but also inspired their desire for knowledge and aspirations for the future, thus making the left-behind children feel the warmth and care from the society.



Growing together with love - Grand Johamu administrative team's charity event for blind children

In May 2024, the administrative team of Grand Johamu visited the Beijing Bethel Vision Impairment Care Center (北京愛百福視障人士關愛中心) for the sixth consecutive year, conveying warmth and love to the visually impaired children. The staff of the Care Center introduced in detail the operation of the center and the living and learning conditions of the visually impaired children, and explained the intervention methods adopted to help them. Through listening to the staff's explanations, touching Braille children's books and having a close contact with the children, the team members gained a deeper understanding of the visually impaired children with their special education. With the donation of caring materials and visits, we have taken practical actions to make visually impaired children feel the warmth, care and encouragement from the society.

"2024 Respiratory Health China Tour (2024 呼吸健康中國行)" charity event

In October, Beijing Grand Johamu Pharmaceutical Co., Ltd. collaborated with Shandong Lijian Chain Drug Stores Co., Ltd. and Jianzhijia Health-Chain Co., Ltd. to launch the public welfare activity of "Smooth Nasal Respiration and Expectoration: 2024 Respiratory Health China Tour (鼻通暢痰無憂·2024 呼吸健康中國行)". The project covered more than 4,000 chain drugstores nationwide and attracted the enthusiastic participation of more than 84,000 pharmacists. The event aimed to comprehensively improve the professional health service capabilities of pharmacy staff in the field of respiratory diseases, and popularize respiratory health knowledge through diverse channels, so as to provide strong support for improving the respiratory health of the public in our country, and contribute to the enhancement of overall respiratory health.

During the public welfare empowerment of this event, Beijing Grand Johamu Pharmaceutical Co., Ltd. invited professional lecturers to instruct employees of chain pharmacies in professional skills and service capabilities. During the training, the lecturers answered the questions encountered by employees in their daily work on the spot and enhanced their understanding of the chronic disease service process through systematic practical teaching. By demonstrating the service reception process, practical training for trainees, and providing feedback and answers, as well as through the form of "practice with training", many trainees actively shared their experiences and insights to achieve a training that combined knowledge with practical operation, which not only enhanced the service skills of the employees, but also boosted their confidence and professionalism in their work, laying a solid foundation for future health services.

Appendix I: Key Performance Information

Environmental Performance Information[11]

Indicators	Unit	2023	2024
Greenhouse gas (GHG) emissions[12]			
Total GHG emissions (Scope 1 & 2)	tCO_2e	378,534.39	505,301.12
Direct GHGs (Scope 1)	tCO_2e	59,245.45	64,474.91
Indirect GHGs (Scope 2)	tCO_2e	319,288.94	440,826.20
GHG emissions intensity	tCO_2e/HK$ million	35.95	43.39
Air emissions			
Total air emissions	m^3	5,458,574,359.59	7,099,853,208.82
Sulfur oxides (SO_x) emissions	tonnes	45.12	54.87
SO_x emission intensity	kg/HK$ million	4.29	4.71
Nitrogen oxides (NO_x) emissions	tonnes	88.14	79.25
NO_x emission intensity	kg/HK$ million	8.37	6.81
Volatile organic compound (VOC) emissions	tonnes	17.98	23.08
VOC emissions intensity	kg/HK$ million	1.71	1.98
Particulate matter (PM) emissions	tonnes	11.08	10.04
Particulate matter (PM) emission intensity	kg/HK$ million	1.05	0.86
Air emissions intensity	m^3/HK$ million	518,403.31	609,696.89
Wastewater discharge			
Total wastewater discharge	tonnes	2,049,078.42	3,803,851.17
Chemical Oxygen Demand (COD)	tonnes	106.03	2,103.53
NH_3-N	tonnes	7.81	131.60
Wastewater discharge intensity	tonnes/HK$ million	194.60	326.65
Waste			
Hazardous waste			
Total hazardous waste	tonnes	14,987.27	15,882.98
Amount of hazardous waste recycled	tonnes	146.55	170.57
Amount of hazardous waste incinerated	tonnes	14,510.95	14,721.37
Volume of hazardous waste landfilled	tonnes	16.50	661.83
Amount of hazardous waste disposed with other means	tonnes	312.10	329.21
Hazardous waste intensity	tonnes/HK$ million	1.42	1.36
Non-hazardous waste			
Amount of non-hazardous waste disposed (non-recyclable)	tonnes	10,540.68	3,278.12
Amount of non-hazardous waste recycled/ reused	tonnes	746.84	1,185.67
Non-hazardous waste intensity	tonnes/HK$ million	1.07	0.38
Water consumption			
Total water consumption	tonnes	3,329,608.77	4,940,439.00
Domestic/municipal water consumption	tonnes	3,329,608.77	4,940,439.00
Water consumption intensity	tonnes/HK$ million	316.21	424.26
Energy consumption[13]			
Direct energy consumption			
Diesel consumption	tonnes	0.19	46.63
Gasoline consumption	tonnes	84.90	142.86
Coal consumption	tonnes	19,694.53	19,500.00
Natural gas consumption	m^3	6,123,743.77	8,602,208.00
Indirect energy consumption			
Purchased electricity	10,000 kWh	23,546.49	28,352.44
Purchased steam	tonnes	624,465.55	927,548.77
Renewable energy consumption			
Renewable energy	10,000 kWh	/	149.50
Total energy consumption			
Energy consumption (direct)	tonnes of coal equivalent	27,964.32	31,219.09
Energy consumption (indirect)	tonnes of coal equivalent	87,825.74	122,313.00
Total energy consumption	tonnes of coal equivalent	115,790.06	153,532.09
Total energy consumption intensity	tonnes of coal equivalent /HK$ million	11.00	13.18
Packaging material consumption			
Total packaging material consumption	tonnes	9,171.98	10,567.23
Plastics	tonnes	3,143.95	4,372.45
Paper	tonnes	4,582.69	4,764.11
Glass	tonnes	1,119.36	434.49
Metals	tonnes	318.22	380.80
Others	tonnes	7.76	615.40
Packaging material consumption intensity	tonnes/HK$ million	0.87	0.91

[11] The scope of environmental statistics mainly covered our production-oriented companies. Compared to 2023, the scope of 2024 data consolidation has been expanded to include four newly acquired consolidated subsidiaries.

[12] The main sources of the Group's GHG emissions included the use of purchased electricity, 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 emissions data was calculated based on the national average carbon dioxide emission factor for electricity in 2022 (excluding non-fossil energy electricity from market-based transactions) as announced in the "Notice on the Release of the 2022 Power Carbon Dioxide Emission Factors" (《關於發佈 2022 年電力二氧化碳排放因子的公告》) by the Ministry of Ecology and Environment of the People's Republic of China.

[13] 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	2024
Supply chain management			
Total number of suppliers	company	1,687	1,537
Number of suppliers by geographical location			
Mainland China	company	1,686	1,537
Northeast China	company	20	19
North China	company	204	172
Northwest China	company	77	36
Southwest China	company	58	79
East China	company	640	547
Central China	company	593	591
South China	company	95	91
Hong Kong, Macau and Taiwan, China	company	1	0
Overseas	company	0	2
Number of suppliers by supplier rank			
Non-tier 1 suppliers	company	440	475
Number of key suppliers by supplier rank			
Key suppliers	company	338	411
Share of total spend	%	76	89
Non-tier 1 key suppliers	company	115	130
Supplier ESG Risk Assessment			
Number of suppliers assessed to have actual/ potential negative impacts to a significant extent	company	6	13
Number of suppliers who have implemented corrective measures/improvement plans	company	46	23
Other supply chain indicators			
Number of suppliers covered by training on the code of business conduct	company	1,687	1,537
Number of local suppliers	company	874	581
Percentage of local suppliers	%	52	38
Employment[14]			
Total number of employees	person	10,534	12,455

[14] The number of employees by region, gender, age and rank only counts full-time employees

Indicators	Unit	2023	2024
Number of employees by employment category			
Total number of full-time employees	person	10,534	11,987
Total number of part-time employees	person	302	468
Number of employees by geographical location			
Number of employees in Mainland China	person	10,522	11,968
Number of employees in Hong Kong, Macau and Taiwan, China	person	6	16
Number of overseas employees	person	6	3
Number of employees by gender			
Male	person	5,732	6,443
Female	person	4,802	5,544
Number of employees by age			
< 30	person	2,080	2,470
30 - 50	person	7,396	8,592
> 50	person	1,058	925
Number of employees by rank			
Senior management	person	196	203
Middle management	person	537	622
Junior management	person	842	2,340
General staff	person	8,959	8,822
Number of employees by ethnicity			
Number of minority employees	person	489	642
Zhuang	person	20	45
Manchu	person	34	68
Hui	person	47	64
Miao	person	26	46
Uyghurs	person	2	1
Other ethnicities	person	360	418
Other categories			
Number of disabled employees	person	/	4

Indicators	Unit	2023	2024
Gender Diversity Indicators			
Percentage of female employees	%	45.59	46.25
Percentage of female employees in management positions (including junior, middle and senior)	%	36.00	40.38
Percentage of female employees in junior management	%	40.02	42.86
Percentage of female employees in middle management	%	32.96	35.69
Percentage of female employees in senior management	%	28.06	26.11
Percentage of female management in revenue-generating functions	%	31.52	32.47
Percentage of female employees in STEM-related positions	%	51.40	51.90
Internal promotions			
Percentage of vacant positions filled by internal candidates[15]	%	12	12
Number of new employees			
Total number of new employees	person	3,001	2,654
By gender			
Number of new male employees	person	1,708	1,420
Number of new female employees	person	1,293	1,234
By age			
< 30	person	1,294	1,165
30 - 50	person	1,681	1,459
> 50	person	26	30
Employee turnover rate			
Overall turnover rate	%	15.40	17.57
By gender			
Turnover rate of male employees	%	13.36	18.30
Turnover rate of female employees	%	17.75	15.75
By age			
Turnover rate of employees < 30	%	19.83	30.33
Turnover rate of employees 30 - 50	%	15.07	13.42
Turnover rate of employees > 50	%	7.92	16.64
By geographical location			
Mainland China	%	15.40	17.56
Hong Kong, Macau and Taiwan, China	%	0	0.00
Overseas	%	11.80	66.67
Length of employment			
Average female length of employment	year	5.2	5.05
Average male length of employment	year	6.4	6.03
Health and Safety			
Number of work-related fatalities	person	0	0
Rate of work-related fatalities	%	0	0
Number of working days lost due to work-related injuries	day	879	1,195
Number of lost time injuries	case	14	18
Lost time injury rate (LTIR)	case/ 200,000 hours	0.21	0.15
Number of work-related injuries of contractors	case	0	0
Number of deaths due to work-related injuries of contractors	person	0	0
Rate of deaths due to work-related injuries of contractors	%	0	0
Lost time injury rate (LTIR) of contractors	case/ 200,000 hours	0	0
Training and development			
Total number of full-time employees trained	person	220,235	267,920
Percentage of employees trained	%	100	100
Trained percentage by gender			
Male	%	54	54
Female	%	46	46
Trained percentage by rank			
Senior management	%	2	1.69
Middle management	%	5	5.19
General management	%	8	19.52
General staff	%	85	73.60

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

Indicators	Unit	2023	2024
Average training hours per employee	hour	34.57	22.35
Average training hours by gender			
Male	hour	37.17	22.61
Female	hour	31.46	22.04
Average training hours by rank			
Senior management	hour	68.79	42.94
Middle management	hour	50.81	28.36
General management	hour	46.50	10.18
General staff	hour	30.48	21.69
Union and collective agreement			
Coverage of employees with collective bargaining agreements	%	83.7	100
Child and forced labor			
Incidents related to child or forced labor	case	0	0
Product quality and service			
Number of product batch recalled	case	0	0
Percentage of product called	%	0	0
Number of customer complaints	case	100	241
Complaint handling rate	%	100	100
Responsible marketing training hours	hour	15,077.5	1,039
Intellectual property rights			
Number of registered trademarks owned	case	1,185	1,355
Number of active patents owned	case	722	741
Social welfare			
Charitable donations	RMB million	6.43	21.43

Governance Performance Information

Indicators	Unit	2023	2024
Proceedings			
Number of infringement lawsuits initiated for counterfeits and bogus	case	0	0
Number of infringement lawsuits regarding counterfeits and bogus being subjected to	case	0	0
Infringement compensation paid	HK$ 10 thousand	0	0
Infringement compensation received	HK$ 10 thousand	0	0
Number of corruption and bribery cases during the Reporting Period	case	0	0
Business ethics and anti-corruption			
Total hours of anti-corruption training attended by directors	hour	7	9
Number of directors attended anti-corruption training	person	9	9
Total hours of anti-corruption training attended by management	hour	13.5	13.5
Number of managements attended anti-corruption training	person	9	9
Total hours of anti-corruption training attended by employees	hour	4,157	947
Number of employees attended anti-corruption training	person	3,617	895
Coverage of employee ethical standards training	%	100	100
Coverage of code of business ethics audit across all operating locations	%	75	100
Number of internal non-compliances related to corruption or bribery	case	16	6
Number of internal non-compliances related to discrimination or harassment	case	0	0
Number of internal non-compliances related to breaches of customer privacy data	case	0	0
Number of internal non-compliances related to conflict of interest	case	0	0
Number of internal non-compliances related to money-laundering or insider trading	case	0	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	0
Amount of fines for non-compliance of laws/regulations relating to the environment or ecology	HK$ 10 thousand	0	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
	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
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

Environmental, Social and Governance Aspect and General Disclosures and Key Performance Indicators (KPIs)			Relevant Section
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.	Diversity and Inclusion of Talent Talent Training and Development Talent Retention and Care
	B1.1	Total workforce by gender, employment type, age group and geographical region	Diversity and Inclusion of Talent Appendix I: Key Performance Information
	B1.2	Employee turnover rate by gender, age group and geographical region	Appendix I: Key Performance Information
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	Occupational Health and Safety 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.	Talent 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.	Diversity and Inclusion of Talent
	B4.1	Description of measures to review employment practices to avoid child and forced labour	Diversity and Inclusion of Talent
	B4.2	Description of steps taken to eliminate such violations when discovered	Diversity and Inclusion of Talent
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management and Development
	B5.1	Number of suppliers by geographical region.	Supply Chain Management and Development Appendix I: Key Performance Information

Environmental, Social and Governance Aspect and General Disclosures and Key Performance Indicators (KPIs)			Relevant Section
B5: Supply Chain Management	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 and Development
	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 and Development
	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 and Development
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	Information Security and Privacy Protection 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 bribery, 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	Appendix I: Key Performance Information
	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
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.	Community Engagement
	B8.1	Focus areas of contribution	Community Engagement
	B8.2	Resources contributed to the focus area	Community Engagement

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 2024 Environmental, Social and Governance Report:

☐ Great ☐ Good ☐ Fair ☐ Mediocre ☐ Bad

2.Your views on the disclosures in our 2024 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 2024 Environmental, Social and Governance Report:

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

4.Presentations you would like to see applied in Grand Pharma's 2025 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 2025 Environmental, Social and Governance Report:

☐ Corporate governance, in particular:

☐ Environmental protection, in particular:

☐ Social progress, in particular:

☐ Others, in particular:

Contact us

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