ESSEX BIO-TECHNOLOGY LIMITED
億勝生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)

2024
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The board of directors (the "Board") of Essex Bio-Technology Limited (the "Company", together with its subsidiaries, the "Group") hereby presents this environmental, social and governance (the "ESG") report for the year ended 31 December 2024.

The Board assumes full responsibility for the Company's ESG strategy and ESG reporting and is responsible for evaluating and determining the ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control system are in place.

The Board supports the Company's commitment in fulfilling the ESG responsibility by (i) formulating the Company's ESG management policies and strategies; (ii) identifying, prioritising and managing important ESG-related issues in combination with stakeholder communication and materiality assessment results; and (iii) setting ESG performance objectives and reviewing the completion progress regularly.

BASIS OF PREPARATION

This report complies with the disclosure requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards and is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). To address investor concerns regarding the Group's ESG performance, this report also refers to and responds to the issues concerned by the S&P Global Corporate Sustainability Assessment (CSA). Additionally, this report includes all relevant Corporate Social Responsibilities (CSR) to provide shareholders with more detailed information about the Group's efforts in social responsibility and sustainable development. The financial data in this report is prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

There has been no change to the methods or key performance indicators as used in the last published ESG report. The standards, methodologies, assumptions and conversion factors used for the reporting of emissions and energy consumption are with reference to the ESG Reporting Guide and "Reporting Guidance on Environmental KPIs" set out in Appendix 2 to the guide "How to prepare an ESG report" published by the Stock Exchange.

REPORTING SCOPE AND BOUNDARIES

The scope of disclosure of this report aligns with that of the financial information in the Group's 2024 Annual Report. The reporting period covers the year from 1 January 2024 to 31 December 2024. The data collection of this report encompasses the Group's principal businesses based in the People's Republic of China (the "PRC") (i.e. development, manufacture and sale of biologic drugs) and operations of offices in Hong Kong and Singapore.

SOURCE OF DATA AND RELIABILITY ASSURANCE

The data and cases presented in this report primarily originate from the Group. The Group commits that this report contains no false records or misleading statements and takes full responsibility for the authenticity, accuracy, and completeness of the contents.

APPROVAL

This report was approved by the Board on 26 March 2025.

ACCESS TO AND FEEDBACK OF THE REPORT

In consideration of environmental protection, we recommend reading the electronic version of this report, which can be accessed on the website of HKEXnews (www.hkexnews.hk) and the website of the Company (www.essexbio.com). We welcome readers to contact us through the following ways. Your feedbacks will help us further improve this report and enhance the Group's overall sustainability performance.

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CHAIRMAN'S STATEMENT

During the past year, impacted by changes in international geopolitical and economic conditions as well as reforms in the pharmaceutical industry, the Group's business experienced certain fluctuations. This has further strengthened our determination to improve corporate governance efficiency across all aspects, establish robust business resilience, and address long-term challenges effectively.

In the area of environmental protection, we have implemented practical policies and measures to integrate emissions and resource utilisation management into our activities. We strictly comply with environmental laws, regulations, and emission standards. Through the development and execution of the Group's stringent Protocol on Pollutant Emissions Management, we have effectively managed and handled liquid waste, solid waste, air emissions, and noise generated during production in a compliant manner. In addition, we actively implement energy-saving and emission-reduction measures to improve energy efficiency. We also emphasise biodiversity conservation by participating in activities such as afforestation to ensure that our production activities do not harm the surrounding ecological environment. These efforts have not only enhanced environmental performance but also contributed positively to the green and sustainable development of society.

In terms of social responsibility, we fully recognise the unique nature of the pharmaceutical industry and always place patients' health and well-being as our top priority. The Group upholds a diversified and inclusive recruitment principle, focusing on employees' development and welfare. By fostering an inclusive and innovative working environment, we enable employees to realise personal value and growth while contributing to the Group. We are committed to community building and have established charitable funds to support education, healthcare and poverty alleviation projects, contributing to the betterment of society. In terms of healthcare accessibility, we have proactively aligned with relevant Chinese government policies, including several of our products in the Catalogue of Drugs for National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2024) (the "Medical Insurance Catalogue") and participating in centralised procurement of drugs, ensuring our products can benefit a broader range of patients.

In addition, the Group has established a sustainable supply chain management system to strictly control product quality and ensure patient safety. These initiatives demonstrate the Group's firm commitment and positive contribution to fulfilling social responsibilities. In terms of corporate governance, we adhere to the principles of transparency, fairness, and efficiency, continually improving our internal governance structure to ensure compliance and stability in our operations. We place significant importance on communication and engagement with investors, complying with the disclosure requirements of the Stock Exchange by providing timely and accurate information to enhance investor trust in the Group. We are committed to compliance in all business practices, resolutely opposing any form of corruption, bribery, fraud, or unethical behaviour, and cultivating a corporate integrity culture. As we expand our global business, we remain committed to upholding the highest standards of corporate conduct. We firmly believe that a robust corporate governance system is pivotal in promoting the long-term interests of shareholders and other stakeholders.

Looking ahead, we will continue to uphold a global perspective and the principles of sustainable development, further integrating ESG considerations into all levels of the Group's operations and practices. We extend our gratitude to all investors and stakeholders for their attention to and trust in the Group.

SUSTAINABILITY HIGHLIGHTS

- Required packaging materials suppliers to recycle the used packaging cardboard in order to achieve the target of 100% packaging cardboard recycling
- Using natural gas as its heat source in the production process with an aim to maintain thermal efficiency at 95% from 2021 to 2025
- Female employees represented 53% of the total workforce
- Underwent 26 safety inspections by regulatory authorities with a 100% pass rate
- Organised 1,555 training sessions attended by 1,310 participants, with an average of 8 training hours per person
- The core ophthalmic products, Beifushu® series, served over 11 million patients in 2024
- The core surgical products, Beifuji® series and Beifuxin® series, served over 5.5 million patients in 2024
- The flagship ophthalmic product, Shilishun® (Iodized Lecithin Capsules), served over 2 million patients in 2024
- Obtained 99 patent certificates or authorisation letters, including 69 invention patents, 15 utility model patents and 15 design patents
- Continued to optimise and enhance the anti-bribery, anti-corruption, and responsible marketing systems to build compliance resilience

STAKEHOLDER INVOLVEMENT AND MATERIALITY ASSESSMENT

The involvement of stakeholders represents an essential component of the Group's business development and of the performance of its social responsibility. The Group maintains an open communication with its stakeholders through a number of channels in order to understand and respond to their comments and demands in a timely manner, devoting itself to ongoing constructive, win-win interactions for promoting the sustainable development of the enterprise. Our communication channels include but are not limited to regular meetings with investors and press conferences.

Through collecting and sorting the stakeholders' comments and issues of concern, the Group has determined the key parameters, which are disclosed in this report, with tracking of performance results and strategic planning regarding the work of ESG.

In 2024, the Group reviewed and assessed ESG issues, summarising and consolidating material ESG issues based on the concerns of internal and external stakeholders. These material ESG issues have been used as the foundation for the preparation of this report.

Materiality Assessment Process

Step 1: Review and update of the pool of ESG issues

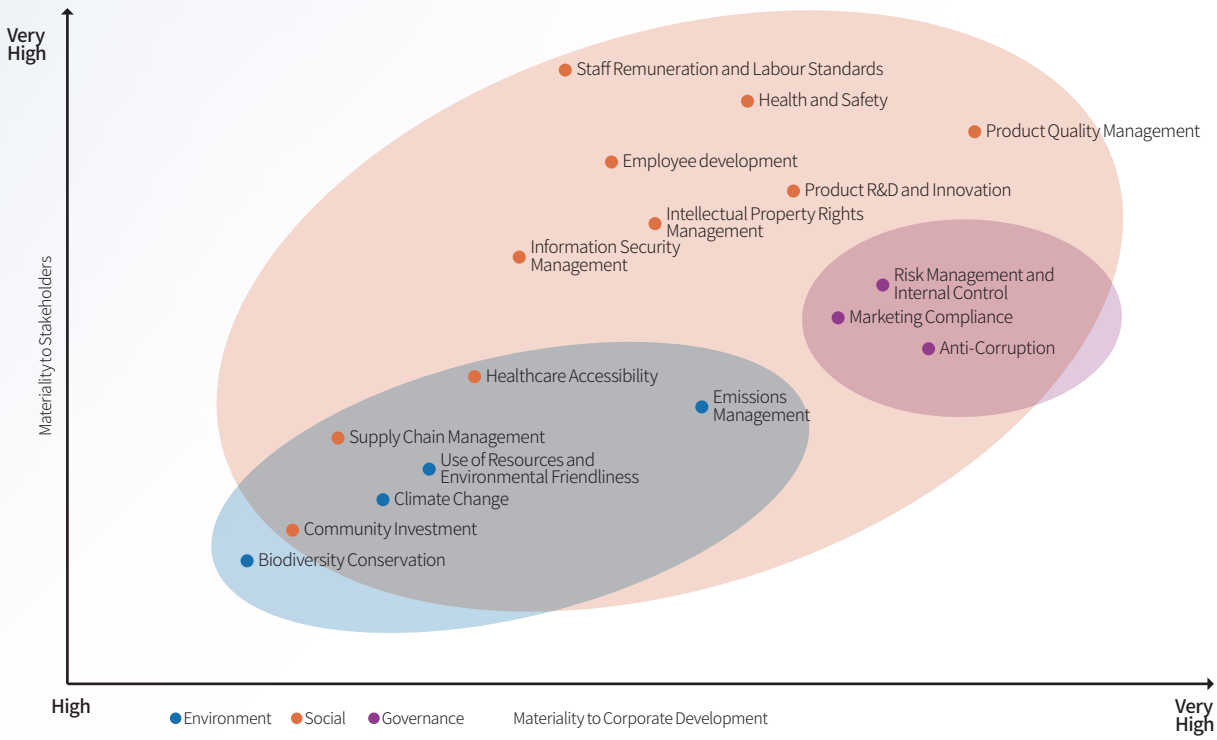
Reviewed the 2024 materiality assessment results, taking into account the Group's overall business development during the year and advanced ESG management practices in the industry. Following a comprehensive evaluation, the pool of ESG issues was updated.

Step 2: Formulation and implementation of the stakeholder engagement program

Focused on trends in the pharmaceutical industry and overall economic and social development, while considering the Group's circumstances during the reporting period. Conducted communication and surveys with important stakeholders, including shareholders, investors, customers and suppliers, to gather and understand their opinions and suggestions.

Step 3: Quantitative assessment of ESG material topics

Invited internal and external stakeholders to evaluate the materiality of various issues and drew a materiality matrix. In January 2025, the Group conducted offline surveys, inviting diverse stakeholders to rate the materiality of the Group's 2024 ESG issues. After the survey, the Group analysed feedbacks from all participants and evaluated each topic's materiality from two dimensions: materiality to corporate development and materiality to stakeholders. This led to the Group's materiality matrix of ESG issues in this year and the priority of the issues.



A. ENVIRONMENTAL

Our Environmental Approach

The Group is principally engaged in the manufacturing, selling, marketing and distribution of pharmaceutical products.

Environmental protection is a cornerstone of the Group's long-term sustainable development. Through adopting practicable policies and measures, the Group performs management over its emissions and use of resources in the course of its specific activities, thereby assuming its responsibility of environmental protection and playing an active role in this connection.

In the pharmaceutical manufacturing process, we value every resource, including energy, water, and raw materials, and continuously optimise production processes to minimise environmental impact. Through scientific management, we comprehensively monitor and control energy consumption, water usage, greenhouse gas emissions, and the generation of waste and wastewater, promoting green and sustainable development. The unified implementation of the Environment, Health and Safety (the "EHS") management system enables us to achieve a win-win outcome of high-quality development and environmental protection.

During the reporting period, there was no material breach of any applicable rules and regulations that have a significant impact on the Group in relation to the environment.

1. Emissions Management

Constantly concerned about the issue of emissions arising from its production and operations, the Group strictly complies with the various environmental protection laws and regulations and emission standards of the PRC, where the principal production activities of the Group occur, and exercises maximum control over various types of emissions. The Group's factory in Zhuhai City is fully equipped with production plants for the production of active pharmaceutical substance (i.e. rb-bFGF) for the Group's flagship biologic formulations.

During the reporting period, the principal emissions arising in the course of the Group's production include liquid waste, solid waste, exhaust and noise. In order to ensure that the relevant emission standards are met, the Group has formulated an internal protocol named as "Protocol on Pollutant Emissions Management" in accordance with the requirements of the national environmental regulations of the PRC.

Key elements of the "Protocol on Pollutant Emissions Management" are as follows:

1. General liquid waste is required to be treated in a wastewater treatment facility located at the industrial site such that the treated water will meet the requirements of the respective emission standards relating to water pollutants.

2. Centralised collection is implemented in respect of general solid waste, whereby the relevant environmental hygiene authorities are solely in charge of its removal, transportation and treatment.

3. The hazardous liquid and solid wastes arising in the course of a small number of product inspections are required to be separated for collection purposes, stored in a dangerous goods store, and handed over periodically to a professional institution licensed with the national environmental protection authorities for compliant treatment.

4. The Group strictly adheres to the Local Standards for Emission Limits of Air Pollutants of Guangdong Province such that its exhaust emissions comply with the requirements of the applicable regulations.

5. With regard to noise at the factory boundaries, the Group emphasises the selection of electromechanical devices with low levels of noise and vibration, proactively employs noise insulation, acoustic and noise reduction measures and enhances the day-to-day repair and maintenance of its devices, so as to ensure the compliance of its noise emissions with the requirements of the national limits.

The Group's EHS Management System Unit is responsible for supervising the management over its various emissions. In 2024, the Group was subject to non-periodic supervisory spot checks performed by the national environmental protection authorities, in which the monitoring results indicated that the various emission levels of the Group throughout the year complied with the relevant national and regional standards.

Key performance indicators

Air emissions	**2024**		2023	
	kg	**Intensity (kg/number of vehicles)**	kg	Intensity (kg/number of vehicles)
Nitrogen oxides	**78.02**	**4.88**	93.29	4.91
Sulphur oxides	**0.58**	**0.04**	0.43	0.02
Particulate matter	**5.87**	**0.37**	6.75	0.36

The air emissions produced by the Group were generated from vehicles used for the business operation of the Group. In order to reduce air emissions produced by the Group, we have set a target to gradually replace petrol and diesel vehicles with hybrid vehicles by 2025, in which it is estimated that the fuel consumption could be lowered by 20%.

The Group has adopted the following measures to mitigate air emissions generated from petrol and diesel vehicles:

- Submitting a detailed plan for the replacement of petrol and diesel vehicles by hybrid vehicles to the Board for approval.

- Planning the reasonable driving route to reduce the frequency and length of time for using vehicles.

- Increasing the temperature of air conditioners in vehicles to reduce the petrol and diesel consumption.

Greenhouse gas emissions	**2024** **Tonne**	2023 Tonne
Direct emissions	**93.71**	69.76
Indirect emissions (Note)	**4,267.74**	4,061.75
Other indirect emissions	**26.87**	28.31
Total	**4,388.32**	4,159.82
Intensity of greenhouse gas emissions (kg/unit of production volume)	**0.02**	0.04

Note: Emission factor (average) of 0.6379 kg/kWh was used for purchased electricity in Guangdong Province.

The greenhouse gases produced by the Group were mainly due to indirect emissions generated from purchased electricity. In order to mitigate greenhouse gases emissions, we have set a target to (i) limit the electricity consumption to 7,000,000 kWh in 2025; and (ii) maintain a maximum increase in electricity consumption by 15% per year with an expected increase in production volume of the Group by 15% to 20% per year from 2025 to 2027.

To achieve our target, our staff are encouraged to disable the standby mode for all electrical appliances, including computers, photocopying machines and printers when they are not in use. They are also required to ensure that the windows and doors are closed when air conditioners are on, and turn off the air conditioners during non-office hours. In addition, frequency converters have been installed on large equipment to reduce reactive power consumption. We have also replaced traditional light bulbs with induction light bulbs.

Total hazardous waste produced	**2024**	2023
Total hazardous waste produced (Tonne)	**2.45**	2.39
Intensity of hazardous waste (g/unit of production volume)	**0.01**	0.03

The hazardous wastes produced by the Group mainly consisted of wastewater solution containing methanol and acetonitrile, which are handed over to a professional institution licensed with the national environmental protection authorities for compliant treatment. The intensity of hazardous waste measured by the unit of production volume was extremely low.

We have set a target to maintain a maximum increase in hazardous waste produced by 10% per year with an expected increase in production volume of the Group by 15% to 20% per year from 2023 to 2025. The Group has adopted the following measures to achieve the target:

- Urging laboratory staff to rinse and recycle used reagent bottles.
- Gradually using equipment such as shredder to legally detoxify the hazardous waste.

Total non-hazardous waste produced	**2024**	2023
Total non-hazardous waste produced (Tonne)	**18.93**	24.06
Intensity of non-hazardous waste (g/unit of production volume)	**0.09**	0.25

The non-hazardous waste produced by the Group mainly consisted of waste paper and sludge from sewage treatment station. Sludge are dealt with by a qualified environmental protection company. The intensity of non-hazardous waste measured by the unit of production volume was extremely low.

The Group has required its packaging materials suppliers to recycle the used packaging cardboard in order to achieve the target of 100% packaging cardboard recycling.

During the reporting period, the Group's measures to mitigate emissions have been successful in reducing the intensity of greenhouse gas emissions. Also, our wastes have been properly treated according to the aforesaid measures.

2. *Use of Resources and Environmental Friendliness*

As an advocate of green and environmental protection notions, the Group adheres to the principle of treasuring and making the best use of resources, striving to reduce its consumption of resources and lessen the corresponding environmental impact.

Water Resources Management

The Group has set targets for water resources conversation in its daily operations, including limiting the water consumption to 70,000 m^3 in 2025.

To achieve the above targets, the Group has adopted the following clean production measures:

- Employing a circulating water system for its production steps, whereby the wastewater generated in the course of the production of purified water was reused for, among others, industrial park greening and cleaning purposes, so as to boost the use efficiency and reduce the consumption of water resources.

Energy Management

The Group has set targets for energy conversation in its daily operations, including:

- Limiting the electricity consumption to 7,000,000 kWh in 2025.
- Maintaining a maximum increase in electricity consumption by 15% per year with an expected increase in production volume of the Group by 15% to 20% per year from 2025 to 2027.
- Using natural gas as its heat source in the production process with an aim to maintain thermal efficiency at 95% from 2021 to 2025.

To achieve the above targets, the Group has adopted the following clean production measures:

- Exercising stringent control over the energy consumed in the course of the production of its products for the continuous enhancement of its energy use efficiency.
- Invested RMB2,800,000 in the solar photovoltaics project with installation area of more than 3,000 square metres in 2018. The annual electricity generation is around 532,400 kWh and the energy efficiency reached approximately 78% which saves electricity charges of around RMB349,000 annually. This project will last for more than 20 years, and can significantly reduce the carbon emissions caused by electricity consumption and realise the concept of environmental protection and efficiency.

- Installing frequency converters on large equipment to reduce the reactive power consumption.

- Engaging a professional party to maintain the natural gas boiler in order to sustain the thermal efficiency of the natural gas boiler.

Raw Materials Management

The Group has adopted the following clean production measures:

- Employing non-toxic and non-hazardous raw materials or those with a low degree of toxicity and hazard, such as using environmentally friendly materials as the refrigerant in air-conditioning systems and chiller plants, so as to lessen the environmental impact of the materials used.

The Group also advocates the notion of green office by formulating the "Employee Code of Conduct", and by striving to enhance its employees' awareness of environmental protection and reduce the energy and resources consumption of the office area. Continuous efforts have been made in connection with day-to-day work procedures for transforming the Group's offices into paperless and decarbonised ones for the conservation of energy.

Energy conservation measures adopted by the Group include:

- Gradually introducing the use of modernised office systems such as office automation system and enterprise resource planning system for reducing the resources consumed at offices.

- Proactively switching to conference calls and/or online video conferences in order to lower the frequency of business trips undertaken by employees and lessening the greenhouse gas emissions caused by such trips.

- Offering commuter bus services connecting to industrial sites for effective reduction of the number of staff members who drive their own vehicles to work.

- Diminishing the use of disposable cutlery and cups for reducing plastic-related pollution.

- Promoting the double-sided use of paper in order to save the paper used for office purposes.

- Replacing traditional light bulbs with induction light bulbs.

- Installing sensor faucets to conserve water.

We aim to continue to adopt the above-listed measures to improve energy use efficiency and water efficiency, and have achieved lower energy and water consumption intensity during the reporting period.

Key performance indicators

Direct and indirect energy consumption by type in total and intensity	**2024**	2023
Electricity consumption (kWh)	**6,708,005**	6,374,101
Electricity consumption intensity (kWh/unit of production volume)	**0.03**	0.07
Fuel consumption (L)	**39,110**	28,788

The fuel consumed by the Group was due to the use of vehicles of the Group, and no fuel had been consumed in the production of biologic drugs.

Water consumption in total and intensity	**2024**	2023
Water consumption in total (m^3)	**53,739**	60,583
Water consumption intensity (m^3/unit of production volume)	**0.00026**	0.00064

During the reporting period, the Group has no issue in sourcing water that is fit for purpose.

Total packaging material used for finished products and intensity	**2024** **Tonne**	2023 Tonne
Packaging cardboard used	**513.91**	241.81
Packaging plastic used	**22.98**	29.63
Packaging aluminium tube used	**56.91**	55.24

The intensity of packaging materials measured by the unit of production volume was extremely low. The increase in total packaging material used for finished products was in line with the increase in production volume.

The Group is also highly concerned about the effects of the packaging materials of its products on the environment and on the health of their users. Regarding the selection of packaging materials, the primary criterion is to ensure that the packaging materials are non-toxic and non-hazardous and those that are readily degradable and recyclable are preferred. In addition, over-packaging is avoided as it would lead to wastage of resources and create additional packaging waste.

Biodiversity Conservation

The Group has always placed a high priority on biodiversity conservation surrounding the operations. We actively implement local government policies and measures for biodiversity conservation, using efficient and advanced technologies to ensure that our production activities do not harm the surrounding ecological environment. We utilise scientifically designed, energy-efficient facilities to treat wastewater, exhaust gases, and hazardous waste generated by the Group. Furthermore, we ensure that our activities do not damage existing vegetation and ecosystems, and we do not use protected plants, endangered species, or toxic and harmful materials as raw or auxiliary materials in production.

Case

Voluntary tree planting activity

In June 2024, more than 20 employees of the Group responded to the government's call for ecological civilisation and travelled to Shikeng Hill in Zhuhai City to plant the "Essex Forest". Guided by forestry experts on-site, the Group's employees planted trees symbolising green aspirations while promoting the principles of ecological civilisation. This initiative demonstrated the Group's employees' commitment to social responsibility and their efforts in driving ESG development.

3. Climate Change

The Group recognises climate change as a significant issue and actively assesses the climate risks posed to the business operations. Climate risks can be categorised into physical and transition risks.

Physical climate risks

Physical climate risks are posed by extreme weather condition such as typhoon and rainstorm in greater frequency and severity, which may cause disruption to our operation and affect the safety of our staff. Therefore, the Group has formulated the "Emergency Plan on Production Safety Accidents" which sets out the safety precautions to be taken under extreme weather condition as follows:

- Reinforcing or dismantling outdoor facilities of the factory before extreme weather strikes in order to prevent substantial damages to the factory.
- Ensuring smooth drainage by inspecting catch basins regularly to prevent flooding during rainstorm.
- Observing government's policy under extreme weather conditions and cooperating with the government to shut down the work and production in order to ensure the personal safety of employees.

Transition climate risks

Transition climate risks result from the transition to a low-carbon economy, which may require changes in policies, regulations, technology and market to address mitigation and adaptation requirements related to climate change. The Group does not expect the transition to a low-carbon economy to have a significant impact on the Group's operation. However, the Group will regularly monitor the regulatory market environment and take relevant measures to address potential transition climate risks.

Climate-related risks and opportunities

Based on its own strategic planning framework, operating cycle and development characteristics of the biopharmaceutical industry, the Group defines the impact cycle of climate-related risks and opportunities as "short-term", "medium-term" and "long-term", which helps in setting corresponding goals, resource allocation and risk management practices. "Short term" means 1 to 3 years, including current urgent priorities; "Medium term" means 3 to 5 years, connecting operational execution with strategic transformation and focusing on initiatives that require sustained investment or organisational adaptation; "Long term" means more than 5 years, depending on major trends in the industry, prioritising sustainable value creation, competitive positioning and alignment with global ESG commitments. The Group's strategic planning process integrates these time-horizon definitions to ensure alignment between governance, risk appetite and stakeholder expectations. The Group's climate-related risks and opportunities are regularly reviewed and assessed by the Board.

Risk Analysis

Risk Type		Expected Time of Occurrence	Risk Impacts	Response Measures
Physical climate risks	Acute	Medium-term	Extreme weather events could disrupt daily production operations and supply chains, leading to reduced production capacity or operational disruptions.	Align inventory preparation with sales plans and production needs while increasing the reserve of qualified suppliers.
	Chronic	Long-term	Climate change may increase the risk of unforeseen disease outbreaks, potentially affecting labour availability and production efficiency.	Develop multiple contingency plans to ensure normal production and operations.
Transition climate risks	Policy and Legal	Medium-term	Non-compliance with laws and regulations may result in adverse consequences such as penalties, government investigations, reduced stakeholder trust, competitive disadvantages, or additional compliance costs.	Utilise multiple channels to understand and stay updated on national policies, laws, and regulations. Monitor changes, refine internal management practices, and formulate both long-term and short-term response strategies.
	Technology	Medium-term	Failing to develop safe, effective, and sustainable products or to meet medical needs through disruptive new technologies may lead to loss of market share, poor performance, and reduced stakeholder confidence.	Establish standards for initiating research projects within the research and development ("R&D") team to support R&D, regulatory approval, and market introduction of new product pipelines.
	Market	Medium-term	Failing to effectively identify, respond to, or plan for changes in market conditions, competition, and customer demands may result in poor decision-making and performance.	Adjust marketing strategies in response to market conditions while ensuring product competitiveness. Focus on developing differentiated products to align with cutting-edge technology and market demands.
	Reputation	Medium-term	Failing to implement adequate ESG plans may hinder the ability to address long-term risks and lead to reputational and business impacts.	The Board and ESG working group provide ongoing supervision and guidance on strategy and execution.

Opportunity Analysis

Opportunity Factor	Impact Level	Expected Time of Occurrence	Opportunity Impacts
Resource Efficiency	Medium-low	Long-term	Reduced operating costs
Energy Source	Medium-low	Long-term	Reduced operating costs Improved energy efficiency Reduced exposure to industrial greenhouse gas emissions
Products and Services	Medium-low	Long-term	Increased revenue through new solutions to climate adaptation needs

Saved as disclosed above, the Group's operating activities have no significant impact on the environment and natural resources. Apart from the above-mentioned activities related to emissions and energy and water consumption, the Group has no other activities that have significant impacts on the environment and natural resources.

B. SOCIAL

Our Social Approach

Our commitment to social responsibility begins with our goal of providing high-quality products. We collaborate closely with medical institutions at all levels and social organisations to address complex public health challenges, with a particular focus on meeting the needs of patients in resource-constrained areas. We are dedicated to creating an inclusive and efficient work environment that encourages employees to fully realise their potential, achieving a win-win for personal growth and career development. We are also committed to engaging deeply with local communities to promote social initiatives focused on health and well-being. Additionally, we place great emphasis on the continuous and effective management of our supply chain, strictly monitoring production processes to ensure the quality of our products.

1. Employment and Labour Practices

(a) Employment

Compliant Employment

As human resources represent one of the Group's valuable assets, we offer competitive remuneration packages to our employees while adhering to the principle of "equality and fairness (同工同酬)". Individuals' background, including their ethnicity, race, nationality, gender, religion, age, political affiliation and marital status, has no bearing on our decision to employ, promote or transfer them nor on the compensation and benefits offered to them. We uphold the notions of equality, willingness, and agreement based upon negotiations, and provide all our staff members with equal advancement opportunities under an equitable platform.

Diverse Recruitment

The Group's operations are primarily situated in the PRC, and therefore the staff recruitment and management has strictly complied with the relevant laws and regulations in the PRC that have a significant impact on the Group during the reporting period. The eligibility criteria and requirements for the various positions in the Group have been laid down as recruitment standards. The Group's recruitment channels include on-campus recruitment, open recruitment and internal referral.

- Campus Recruitment: Each year, the Group offers third-year university students one-year internships. On the basis of equality and mutual consent, we sign tripartite agreements with participating students.

- Social Recruitment: The Group conducts recruitment activities across various regions, attracting nationwide talent. We also collaborate with leading headhunting firms in the PRC to carry out targeted recruitment for key positions.

- Postdoctoral Research Stations: The Group's subsidiary, Zhuhai Essex Bio-Pharmaceutical Company Limited ("Zhuhai Essex"), has established postdoctoral research stations in collaboration with leading universities such as Sun Yat-sen University and South China University of Technology. These stations attract outstanding postdoctoral researchers to conduct scientific research, with top-performing individuals offered positions within the Group upon completion of their research.

- Internal Job Rotation: The Group provides opportunities for internal employees to transfer roles based on their personal skills and expertise. This initiative aims to create personalised career development paths tailored to each employee's growth potential.

As of 31 December 2024, the Group had altogether 1,450 full-time staff members, who were mainly located in the PRC. All of our staff members in the PRC had entered into a written labour contract with the Group in accordance with the requirements of the Labour Law of the PRC.

In addition, the Group has established rigorous and prudent procedures in relation to staff dismissal pursuant to the relevant national laws and regulations of the PRC. Where a staff member of the Group has committed a serious dereliction of duty, a serious breach of the PRC laws and regulations or a serious breach of the Group's respective rules and policies, the labour contract entered into with him/her may be terminated, and the matters relating to his/her vacating the office shall be dealt with in accordance with the Administrative Measures for Labour Contracts of the PRC and staff handbook of the Group.

Staff structure

	As of 31 December 2024	As of 31 December 2023
Group headcount (full-time)	**1,450**	1,481
New recruits during the reporting period	**190**	237
Departed employees during the reporting period	**221**	227
Current staff categorised by:		
Academic qualifications		
Postgraduate or above	**95**	82
Undergraduate	**508**	521
Post-secondary vocational education	**549**	548
Secondary vocational education or below	**298**	330
Rank		
Middle management or above	**162**	142
Production workers	**66**	69
Sales representatives	**742**	796
Technical staff	**235**	230
Other office staff	**245**	244
Professional titles		
Senior titles or senior technicians	**33**	34
Mid-level titles	**77**	86
Junior titles	**83**	80

Key performance indicators

Total workforce

By gender	As of 31 December 2024	As of 31 December 2023
Male	**677**	702
Female	**773**	779
Total	**1,450**	1,481

By age group	As of 31 December 2024	As of 31 December 2023
18-29	**246**	279
30-39	**629**	653
40-49	**480**	463
Above 50	**95**	86
Total	**1,450**	1,481

By geographical region	As of 31 December 2024	As of 31 December 2023
PRC	**1,367**	1,376
Hong Kong	**9**	9
Overseas	**74**	96
Total	**1,450**	1,481

Employee turnover rate

By gender	2024	2023
Male	**16%**	14%
Female	**11%**	12%

By age group	2024	2023
18-29	**21%**	16%
30-39	**12%**	13%
40-49	**6%**	6%
Above 50	**27%**	37%

By geographical region	2024	2023
PRC	**11%**	12%
Hong Kong	**25%**	31%
Overseas	**37%**	22%

(b) Remuneration and Benefits

Mandated Benefits

The staff remuneration offered by the Group is based upon a wage band that is determined with reference to market levels and the relevant staff member's capabilities, academic qualifications, work experience and job position, while bonus may be paid out subject to his/her work outcomes, sales results and individual performance, such that the contribution made to the Group by the staff is duly recognised. In addition, in order to enhance the protection extended to its staff, the Group maintains pension, medical, work-related injury, unemployment and maternity insurance as well as a housing provident fund for them in accordance with the relevant laws and regulations. The Group constantly refines its remuneration and staff welfare policies to allow its staff to share in the performance results associated with its development.

Apart from their entitlement to national statutory festivals and holidays, the Group's employees are also entitled to paid annual leave, marriage leave and bereavement leave, etc. The wages, subsidies and awards, etc. in respect of paid leave are offered in accordance with the relevant national policies and the Group's staff handbook.

Internal Benefits

The Group provides employees with a series of internal benefits, tailored to meet practical work needs, ensuring both efficiency and quality. These benefits include transportation allowances, staff canteen access, communication allowances, high-temperature allowances, children's education funds, condolence payments, onboarding accident insurance, traffic accident insurance, and employee recognition awards. These benefits reflect the Group's care for employees and their families, as well as its commitment to fulfilling social responsibility.

Trade Union Benefits

The Group has established dedicated departmental team-building funds to foster team cohesion. These funds support various activities that enhance mutual understanding and collaboration among employees, creating a harmonious and efficient working environment. During holidays, employees receive festive gifts as tokens of appreciation. Additionally, Zhuhai Essex trade union organises weekly yoga relaxation sessions and has set up a badminton area within the company, enabling employees to exercise and enjoy sports in their free time. The trade union also offers maternity gifts to support and encourage employees welcoming new family members and provides wedding congratulation funds as a gesture of care for employees' happiness and well-being.

Case

A wide variety of diversified cultural and sports activities

In 2024, the Group hosted the 10th Annual Employee Sports Day with the theme of "Just Have Fun," creating a relaxing and enjoyable atmosphere where employees could experience the joy of sports and deepen friendships. The Group also organised a variety of cultural and sports activities, including the Essex Spring Festival Fair, spring team-building events and monthly employee birthday celebrations, which demonstrate the fulfilling and vibrant personal lives of the Group's employees.

(c) Employee Development

Placing emphasis on our staff's development and career planning, we have been continuously refining our performance appraisal and promotion mechanisms. The Group performs half-yearly and annual appraisals that cover three major aspects, where the performance outcomes, professional attributes and attitude of the staff are assessed. The appraisal programme adheres to the principles of fairness, impartiality and objectiveness. Staff members may lodge a complaint with our human resources department should they have any objections to their appraisal results.

The Group offers promotion opportunities to those staff members who have achieved exceptional outcomes. By taking into consideration an array of factors including the performance appraisal results, personal capabilities and strengths of the staff, the Group guides them to pursue advancement towards higher management or technical positions and provides them with related training, offering assistance to them for the fulfilment of their personal career aspirations.

Performance Management

The Group has developed a unique "PEAK" performance management system, using responsibility, urgency, belonging, and self-renewal as intrinsic standards for evaluating employees' work. Performance goals are aligned with the company strategy, which is rooted in the Group's philosophy of "continuously using the latest bio-technology to benefit human health" and then broken down for each department and role. Prioritise (P) is differentiated based on employee rank, and Evaluate Contributions (E) are conducted through an interactive process that takes into account the employee's actual work results and their corresponding problem-solving abilities based on their rank. Employees' strengths and weaknesses are identified and Assessed (A), and subsequent arrangements include opportunities for learning, job rotation, involvement in special projects, and assuming more important and challenging responsibilities, providing Know & Grow Plan (K). This process fosters continuous professional development, aligning the team with contemporary trends and forming a vision-driven, vibrant, and creative collective identity.

The Group requires all levels of management to continuously identify and nurture talent, improving employees' problem-solving abilities to provide sustainable internal motivation for the company's long-term growth. Employees with excellent performance evaluations are given opportunities for promotion and salary increases.

Case

Performance goal setting and management training

In April 2024, the Group's human resources department organised one of the "Managerial Leadership Enhancement Series" courses, "Performance Goal Setting and Management". The training, led by experts with extensive management and training experience, was attended by 51 managers. The training effectively helped managers gain a comprehensive understanding of the importance of performance management and strengthened their grasp of the scientific and effective aspects of setting performance goals.

(d) Health and Safety

Adhering to its "nature-integrated, environmental betterment, people-oriented and continuous improvement (融入自然，改善環境。以人為本，持續改進)" approach, the Group is committed to offering a safe and healthy work environment to its staff.

With reference to the OHSAS 18001 standard for occupational health and safety management systems, the Group has established its EHS management system for the specific implementation of a safe production system. The EHS Management System Unit performs inspections and offers training in respect of safe production on a periodic basis such that knowledge and skills relating to safe production are imparted to the staff. Fire evacuation, self-rescue and escape drills, etc. are held every 6 months to enhance the staff's fire safety awareness and relevant skills.

Job shops (i.e. production workplaces) adopt dust removal and noise reduction measures. Requirements for the storage and use of dangerous goods such as flammable and explosive substances have been laid down, and those workplaces presenting hazards are identified, assessed and managed in a comprehensive manner for maximum reduction of the impact on the health of the staff. Professional institutions are engaged annually to perform tests on the workplaces in order to supervise, prevent and diminish the risk of occupational diseases.

In 2024, the Group underwent 26 safety inspections by regulatory authorities, all of which were successfully passed, with a 100% rectification rate for identified hazards. The inspections included:

- 7 inspections by the Emergency Management Bureau, focusing on daily safety management and safety measures for resumption of work and production during holidays;
- 6 inspections by the Ecology and Environment Bureau, focusing on compliance with wastewater, gas waste and solid waste management;
- 6 joint inspections by the Special Equipment Inspection and Research Institute and the Market Regulatory Department, focusing on the safety operation of special equipment, personnel certification and management systems;
- 2 inspections by the Fire Department, focusing on the effectiveness and operational status of the Group's fire safety facilities;
- 2 inspections by the Health Commission, focusing on the Group's occupational health records and personal monitoring files for employees;
- 3 safety inspections by leaders of various government departments, investigating the Group's overall safety management status.

Case

Safety status evaluation report

In September 2024, the Group invited a team of qualified experts to conduct a safety status evaluation across the entire plant and issued a "Safety Status Evaluation Report". The evaluation team concluded that the safety conditions of the production site at Zhuhai Essex were satisfactory in accordance with the Production Safety Law of the PRC, "Hazardous Chemicals Safety Management Regulations" and other relevant laws, regulations and standards. The safety facilities were appropriately and reasonably configured, safety measures were comprehensive and effective, and the safety risks in the production area were considered acceptable. The Group is advised to continue improving, optimising and strengthening safety production management in line with the recommendations and countermeasures outlined in the report.

Medical check-ups are arranged for all staff every year on a periodic basis, and occupational medical check-ups are arranged on a periodic basis for those who are engaged in work or duties associated with potential occupational health and safety risks in strict compliance with the Law of the PRC on the Prevention and Control of Occupational Diseases and related labour protection regulations during the reporting period. The occupational disease hazards presented at the production premises are monitored and assessed on a periodic basis. During the reporting period, medical checkups were arranged by the Group for all of its operational staff who might be subject to occupational disease hazards, and the results indicated that all of them were in good health.

The Group is also attentive to the mental health of employees by communicating regularly with employees to understand their mental health conditions and concerns over work and life. In 2024, the Group (i) organised team building activities; and (ii) engaged an external mental health consulting firm to provide training courses for employees.

Promotion of Safety Culture

Case 1

In April 2024, to enhance safety management at the Group's production facilities, the EHS department designed a safety hazard reporting QR code. These codes were placed in various public areas across the facility, enabling the prompt and effective collection and resolution of reported safety concerns.

Case 2

In 2024, to improve safety management and operational standards, the EHS department organised certification and qualification programs, which include qualifications for 3 safety management personnel, certifications for 5 special equipment operators, and recertification for 9 personnel.

Case 3

To strengthen employee safety awareness and promote safety education, the EHS department conducted 24 safety training sessions in 2024, with a total of 1,322 participants.

Case 4

In November 2024, to enhance emergency response capabilities of the Group's voluntary firefighting team, the EHS department organised professional training sessions on the operation of firefighting equipment for team members.

Key performance indicators

	2024	2023
Lost days due to work injury	**9**	55

In 2024, three minor work injuries occurred in the Group. The compensation claimed by all the injured staff had been covered by the employees' compensation insurance policy and the Group did not have to pay additional compensation to the injured staff.

	2024	2023	2022
Number of work-related fatalities occurred	**1**	–	–

In 2024, (i) one work-related fatality occurred in the Group, and the compensation had been covered by the employees' compensation insurance policy and the Group did not have to pay additional compensation; and (ii) the Group has been in compliance with all relevant laws and regulations relating to its employees' health and safety which have a significant impact on the Group.

(e) Development and Training

The Group places emphasis on staff nurturing and provides on-the-job training opportunities. Committed to realising the development of both our staff and the enterprise, we adopt a mode of training that is characterised by centralised management, rank-based training, management techniques and business skills. Specialised training is organised in respect of different positions every year, covering numerous aspects such as content related to administration, quality management, skills and sinology. Besides, induction training is offered to new recruits, while specific training on, among others, corruption-free business practices and senior management knowledge is additionally offered to the middle and senior management. Through our comprehensive training system, we ensure that each of our staff members is equipped with the knowledge and skills that are necessary for fulfilling the requirements of his/her position. The Group also offers financial assistance for education and training to encourage its staff to pursue continuing education and self-improvement.

In 2024, the Group organised 1,555 training sessions attracting an aggregate of 1,310 attendees, equivalent to approximately 8 hours of training per employee on average.

Case

Financial and tax compliance training by the Finance Centre

In the second half of 2024, to further enhance the professional competence of the finance team, strengthen the enforcement of internal management systems, and effectively address financial and tax compliance challenges, Zhuhai Essex Finance Centre designed and implemented a series of online and offline training programs for all staff.

The offline training covered 27 core financial management policies within the Group, focusing on areas such as financial management, cost control, and tax planning. Finance professionals leveraged their expertise and practical experience to transform complex management policies into relatable case studies, ensuring that all participants could fully understand and effectively apply the training content.

Meanwhile, the online training sessions focused on the topic of "Analysis of Key Tax Risks and Compliance Strategies for Tax Audits". Through systematic learning, the finance team not only mastered analytical methods for identifying tax risks but also acquired practical strategies for compliance during tax audits, significantly improving their risk management capabilities.

Key performance indicators

Percentage of employee trained

By gender	**2024**	2023
Male	**47%**	47%
Female	**53%**	53%

By employee category	**2024**	2023
Production workers	**89%**	91%
Middle management	**10%**	8%
Senior management	**1%**	1%

Average training hours completed per employee

By gender	**2024 Number of hours**	2023 Number of hours
Male	**7.4**	17.1
Female	**7.7**	16.1

By employee category	**2024 Number of hours**	2023 Number of hours
Production workers	**7.2**	16.3
Middle management	**11.1**	21.1
Senior management	**5.4**	6.6

(f) Labour Standards

Human Rights Protection

During the reporting period, the Group strictly complied with the national and local laws and regulations that have a significant impact on the Group relating to human rights and labour rights, including but not limited to those preventing child and forced labour. Regarding the management over recruitment and staff induction, it is expressly stipulated, as a rigorous ban of child labour practices, that new recruits must be aged 18 or above. In the event of a forced labour incident, the forced labour can file a complaint with the trade union or human resources department and the Group will coordinate and handle it internally. If the internal coordination fails, the forced labour may request the relevant labour administrative supervision department of the government to intervene.

The working hours of the Group's employees are enforced in compliance with the requirements of the relevant local laws and regulations, and no forced labour or compulsory overtime work is allowed in the Group. In accordance with the stipulations, overtime payment should be made to, or an alternative holiday should be arranged for, those staff members who have been engaged in overtime work.

With the implementation of the EHS management system, the Group's concern in relation to its staff's occupational health has been boosted and good quality of their work environment is ensured. Besides, the staff handbook has been formulated as the Group's employment guidelines and serves to further protect the legitimate interests of the staff.

In accordance with the relevant provisions outlined in the staff handbook, we are committed to creating a fair, equitable and safe working environment for all employees. We strictly adhere to international human rights conventions and relevant laws and regulations, prohibiting all forms of discrimination, harassment, forced labour and child labour. We ensure that the dignity and rights of our employees are fully protected.

The Group is committed to fostering a culture of diversity and inclusion, respecting employees' cultural backgrounds, religious beliefs, and individual differences while fostering equal opportunities for career development. Additionally, we place a strong emphasis on human rights within our supply chain management, requiring all partners to adhere to the same high standards of human rights protection.

- Anti-discrimination and Anti-harassment

  The Group has formulated a set of "Staff Complaint Management Policies", which outlines the procedures and channels for lodging complaints regarding discrimination and harassment. Employees can report instances of discrimination or harassment through the designated channels and formats.

  The Group is committed to the principles of equality and respect, and considers capability as the sole criterion for recruitment and promotion. Recognising the challenges faced by women in the current employment climate, the Group is committed to providing equal opportunities to talented and capable female job seekers. As of 31 December 2024, the Group's workforce comprises 677 males and 773 females. The age profile of the Group's employees spans generations from those born in the 1950s who joined during the Group's early days to those born in the 2000s who have embraced the vision of regenerative healthcare. Employees aged 30 and above account for 83% of the workforce. The Group also employs individuals from 14 minority ethnic groups, including Manchu, Mongolian, Hui and Zhuang, alongside the Han majority. The Group is committed to offering equal opportunities to all candidates who meet the requirements of their respective roles.

- Employee Communication

  Grievance Escalation Procedures

  The Group has formulated a set of "Staff Complaint Management Policies" to ensure that appropriate means are made available to its staff for expressing their wishes. These policies outline the procedures for handling complaints, feedback mechanisms and protection measures, encouraging employees to voice their genuine thoughts. At the same time, we strictly safeguard employee privacy, conduct all investigations in a fair and impartial manner, and implement timely corrective actions to foster a culture of trust and openness within the organisation.

  Employee Engagement Survey

  The Group places great importance on employee opinions and suggestions, recognising employee satisfaction as a key indicator for continuous improvement. To this end, we conduct regular quarterly satisfaction surveys covering areas closely related to employees' daily lives, such as cafeteria services, shuttle operations and workplace environment. By collecting and analysing feedbacks from employees, the Group can quickly identify and address issues, continuously optimising logistical support and the working environment. This approach provides a scientific basis for managerial decision-making, strengthens two-way communication between employees and the Group, and fosters a more comfortable and harmonious workplace atmosphere.

  Communication of Trade Union

  The Group has established a staff representative congress to conduct discussions on those policies relating to staff benefits, and formed a trade union committee which exercises the rights and performs the obligations of a trade union in compliance with the Trade Union Law of the PRC for safeguarding the legitimate interests of the staff. The congress provides a forum for employee representatives to convey the collective voice of the staff, offering an effective channel for the articulation of perspectives. The Group places significant value on the outcomes of the conference, meticulously categorising and analysing the suggestions received and formulating corresponding improvement measures to address employees' reasonable demands. This mechanism not only fosters a sense of belonging and engagement among employees but also further promotes positive interaction between the company and its employees.

2. Community Investment

A good external community setting represents an essential condition for the growth and development of an enterprise. While pursuing its business development, the Group has been proactively giving back to society so as to enable the harmonious development of the Group and the society.

The Group has established the Essex Charitable Fund (the "Fund"), which focuses on areas such as education, health and poverty alleviation, with an aim to lend a helping hand to needy groups in the society. In January 2024, the Fund donated RMB25,700 to a hospital in Zhuhai City for organising visits to leprosy patients. In July 2024, the Fund donated RMB50,000 to the Zhuhai Red Cross on the "Guanggong Poverty Alleviation Day". In December 2024, the Fund and the Group donated an aggregate amount of RMB100,000 to the Zhuhai Association for Science and Technology for funding the 40th Zhuhai Youth Science and Technology Innovation Competition.

Case 1 Supporting disadvantaged students in completing their studies

It takes ten years to grow a tree, but a hundred years to cultivate people. The Group recognises the pivotal role of education in a nation's progress. In 2022, the Group established the Essex Common Prosperity Fund with the aim of helping disadvantaged students overcome financial difficulties, focus on their studies and contribute more to their communities. In March 2024, the Essex Common Prosperity Fund, in partnership with the Guangdong Tianxingjian Charity Foundation, successfully held a scholarship distribution ceremony at Qianwu Town Central Primary School in Doumen District, Zhuhai City. Scholarships with a total amount of RMB40,000 were distributed to 20 students.

Case 2 "Vision Care Charity Initiative" in Lijiang Yulong County

In December 2024, Zhuhai Essex, in collaboration with the Guangdong Tianxingjian Charity Foundation, held the "Vision Care Charity Initiative" in Lijiang Yulong County. The Essex Common Prosperity Fund donated RMB100,000 and the Group's ophthalmic products to provide vision checks for 2,266 students at Yulong Middle School. Also, 450 students with poor eyesight were provided with free glasses, demonstrating the Group's commitment to social responsibility and rural revitalisation. The expert team has provided better vision health for the students at Yulong Middle School, enabling them to clearly see the blackboard and pursue their future aspirations.

3. Healthcare Accessibility

(a) Product Coverage

贝复舒®

Bovine Basic Fibroblast Growth Factor Eye Drops

Recombinant Bovine Basic Fibroblast Growth Factor Eye Gel

Served **11 Million+** patients in 2024

Beifushu® (recombinant) bovine basic fibroblast growth factor eye drops/gel is an innovative solution in the field of ophthalmology, specifically designed to address a variety of corneal issues. The product is used to treat a range of corneal issues, including various corneal defects and punctate keratopathy, recurrent punctate keratopathy in the shallow layer, mild or moderate dry eye, bullous keratitis, corneal abrasion, mild and moderate chemical burns, geographic (or nutritional) herpes simplex keratitis, and other ocular conditions. Recognised as the first-line therapy for ocular surface repair and dry eye treatment, Beifushu® has gained widespread recognition for its exceptional efficacy. Launched in 1999, Beifushu® eye drops was approved as a Category I national new drug and is the world's first bFGF (basic fibroblast growth factor) eye formulation developed independently in the PRC, leading the way in ocular treatment innovation. We offer a variety of dosage forms and specifications to meet the diverse needs of patients. Beifushu® eye drops/gel is included in the Medical Insurance Catalogue, providing broader access to this highly effective and safe biological product. In 2024, Beifushu® served over 11 million patients, helping them regain clear vision and a comfortable life.

适丽顺®

卵磷脂络合碘胶囊

National coverage across **30** provinces

Served **2 Million+** patients in 2024

Shilishun® (Iodized Lecithin Capsules) is indicated for the treatment of retinal diseases such as vitreous haemorrhage, vitreous opacity, central serous chorioretinopathy, central exudative chorioretinopathy and central retinal vein occlusion. It was granted approval by the National Medical Products Administration ("NMPA") in 2010, becoming the first oral organic iodine agent approved for treating retinal diseases in the PRC. In 2024, Shilishun® was available in 30 provinces of the PRC, serving over 2 million patients.

贝复新® 贝复济® 贝复济®

Bovine Basic Fibroblast Growth Factor Gel

Bovine Basic Fibroblast Growth Factor Lyophilised Powder

Bovine Basic Fibroblast Growth Factor Spray

Served **5.5 Million+** patients in 2024

Beifuxin® (bovine basic fibroblast growth factor gel) and Beifuji® (bovine basic fibroblast growth factor lyophilised powder and spray) are primarily used to promote wound healing, including for burn wounds (including shallow II degree and deep II degree wounds, granulation wounds and inhalation injuries), chronic wounds (including surface chronic ulcers), and acute wounds (including bruises, contusions, combined injuries and cuts). Beifuji® lyophilised powder and spray were officially approved by the NMPA in 1998, making them the first fibroblast growth factor drugs to be marketed in the PRC as a Category I national new drug. Beifuxin® gel was approved in 2004, becoming the first fibroblast growth factor gel formulation drug in the PRC, also a national new drug. Since their launch two decades ago, Beifuxin® and Beifuji® have been widely applied in burn, dermatology, obstetrics and gynaecology, otolaryngology and other departments in the PRC that require wound repair. They are now available in over 6,500 medical institutions across the PRC, including more than 1,600 tertiary public hospitals and over 2,600 secondary public hospitals. Over the years, they have consistently held the largest market share in the PRC's growth factor drug sector. Beifuxin® gel and Beifuji® lyophilised powder have been included in the Medical Insurance Catalogue. In 2024, the Beifuxin® series products served more than 5.5 million patients.

(b) Medical insurance and volume-based procurement

The Group has always adhered to the core philosophy of "continuously using the latest bio-technology to benefit human health", actively responding to national medical insurance policies and continuously optimising its product portfolio. Multiple products of the Group have been included in the Medical Insurance Catalogue, contributing to reducing the financial burden on patients and improving the accessibility of medications.

As of 31 December 2024, the following products of the Group have been included in the Medical Insurance Catalogue:

1. Beifushu® eye drops
2. Beifushu® eye gel
3. Beifuxin® gel
4. Beifuji® lyophilised powder
5. Moxifloxacin hydrochloride eye drops
6. Tobramycin eye drops
7. Levofloxacin eye drops
8. Sodium hyaluronate eye drops

In addition, the Group actively supports the national pharmaceutical reform policies and participates in the national level volume-based procurement. This has not only increased the market coverage of products but also effectively reduced the medication costs for patients.

As of 31 December 2024, six drugs of the Group were selected in the national level volume-based procurement, including:

1. Beifushu® eye gel: The winning bid price was RMB24.85/box, with a price reduction of 17.99%
2. Beifuxin® gel (5g): The winning bid price was RMB50.32/box, with a price reduction of 16.12%
3. Beifuxin® gel (10g): The winning bid price was RMB95.60/box, with a price reduction of 6.26%
4. Beifuji® lyophilised powder: The winning bid price was RMB65.34/box, with a price reduction of 10%
5. Moxifloxacin hydrochloride eye drops: The winning bid price was RMB1.10/unit, with a price reduction of 75.93%
6. Tobramycin eye drops: The winning bid price was RMB25.31/box (10 units per box), with a price reduction of 15.63%

(c) Expansion into Overseas Markets

The Group is actively expanding into overseas markets and advancing the global presence through international R&D collaborations. Currently, SkQ1 eye drops has completed second phase 3 clinical trial in the United States, offering innovative treatment options to a wider range of patients suffering from dry eye disease. Meanwhile, the Group's co-development of bevacizumab injection with Shanghai Henlius Biotech, Inc. is progressing with global multi-centre phase 3 clinical trials in the PRC, the United States, Europe and Australia, aimed at providing high-quality and affordable retinal disease medications to patients across multiple regions and countries.

(d) Medicine Donations

The Group is committed to addressing patient needs by actively improving the accessibility of its products through medicine donations. We hope that this can help alleviate the medical burden for more patients, especially vulnerable groups, and provide them with timely and effective treatment.

In July 2024, the Group donated 200 boxes of Levofloxacin eye drops, 200 boxes of Sodium hyaluronate eye drops, 240 boxes of Tobramycin eye drops and 300 boxes of Beifushu® eye drops to the Aba Tibetan and Qiang Autonomous Prefecture People's Hospital, and carried out a cataract restoration programme.

4. Supply Chain Management

(a) Entry Management

In order to ensure the quality of the raw materials, ancillary materials and packaging materials supplied, the Group has formulated the Audit and Management Protocol for Material Suppliers (the "Protocol") in strict compliance with the requirements of the Pharmaceutical Administration Law of the PRC, the Good Manufacturing Practices for Pharmaceutical Products and other related and applicable laws and regulations. According to the Protocol, the Group performs standardised management over the procurement of its raw materials, ancillary materials and packaging materials, and maintains a sound supply system through the creation of a Qualified Supplier List. All of the Group's suppliers (i.e. 504 suppliers for the year ended 31 December 2024) are located in the PRC.

We have defined the specific qualification requirements and certification documents by type of suppliers, which shall include but are not limited to the following standards:

	Type of suppliers	Qualification and certification documents
1	Suppliers of pharmaceutical raw materials and auxiliary materials	Business licence or commercial registration certificate, production permit, legal authorisation letter for corporate sales representatives and their identity card copies, product (supplementary) application approval, renewal approval or (import) registration certificate; Product quality standards (pharmacopoeia, internal testing guidelines as applicable), product testing report, Centre for Drug Evaluation ("CDE") registration certificate, other industry qualifications such as Good Manufacturing Practices ("GMP") certificate, conformity inspection results public notice, ISO9001/14001/45001 (quality management system/environmental management system/occupational health and safety) certification, organisational chart, list of production and testing equipment, product manufacturing process flowchart or process description document, stability study records or reports for the most recent three batches, batch release certification, Transmissible Spongiform Encephalopathy (TSE)/Bovine Spongiform Encephalopathy (BSE) statement, third-party inspection reports, distributor agency certification, EHS-related documentation, etc.

	Type of suppliers	Qualification and certification documents
2	Suppliers of inner packaging materials	Business licence or commercial registration certificate, production permit, legal authorisation letter for corporate sales representatives and their identity card copies, product (supplementary) application approval, renewal approval or registration certificate; Product quality standards (pharmacopeia and internal testing guidelines as applicable), product testing report, CDE registration certificate, other industry certifications such as ISO9001/14001/45001 (quality management system/environmental management system/occupational health and safety) certification, organisational chart, list of production and testing equipment, product manufacturing process flowchart or process description document, packaging material specifications, compatibility evidence, stability study records or reports for the most recent three batches, third-party inspection reports, other qualification documents such as irradiation sterilisation or validation of other sterilisation methods, EHS-related documentation, etc.
3	Suppliers of outer packaging materials	Business licence, printing operation permit, product barcode printing qualification certificate, legal authorisation letter for corporate sales representatives, product inspection reports, other industry certifications such as ISO9001/14001/45001 (quality management system/environmental management system/occupational health and safety) certification, organisational chart, list of production and testing equipment, product manufacturing process flowchart or process description document, other qualification documents such as Material Safety Data Sheet ("MSDS") documentation, etc.
4	Suppliers of auxiliary supplies	Business licence or commercial registration certificate, industry production/operation/transportation permits such as for hazardous or highly toxic chemicals, legal authorisation letter for corporate sales representatives, product inspection reports, MSDS documentation, etc.

(b) Supplier Audit

The Group identifies environmental and social risks along the supply chain by performing dynamic management over all of its suppliers and assessing their performance in terms of both goods supply and service quality on a periodic basis. Their qualifications are audited and the certificates of such qualifications are checked for the presence of any update. On-site audits (by physical attendance or video conference) are carried out on them on a non-periodic basis, during which their staff, institutions, plant facilities and equipment, materials management, and production process and procedures are inspected and confirmed. Such audits are intended to result in a comprehensive evaluation of their quality assurance systems and environmental and social risks, which would ensure the quality of the products offered by such suppliers and reduce our quality risk originating from the sources. For the year ended 31 December 2024, on-site audits were carried out on 53 suppliers of the Group.

(c) Sustainable Supply Chain

The Group imposes requirements relating to environmental protection (including the use of environmentally preferable products) and occupational health and safety on its major suppliers. The Group also conducts EHS questionnaire-based surveys on its collaboration partners on a periodic basis for exerting a positive impact on the suppliers' ESG status, prompting them to meet the needs of sustainable development of both the environment and the society. If a supplier is found to be using new products that are not environmentally preferable, we will make recommendations to the supplier to change to more environmentally preferable alternatives.

5. Product Responsibility

(a) Product Quality Management

The Group's products are primarily pharmaceutical products, and our principal responsibility is to ensure drug safety for each of their patient users.

The Group has published a number of documents on management principles of quality, including the "Protocol on Quality Risk Management" and the "Protocol on the Review, Analysis and Management of Product Quality", in strict compliance with product and drug quality management regulations such as the Pharmaceutical Administration Law of the PRC and the Good Manufacturing Practices for Pharmaceutical Products. According to the said documents, the Group performs comprehensive compliance management over aspects such as the receipt of raw materials, the production process, the inspection and release of products from customs custody, products circulation and after-sales services. The Group has also taken out product liability insurance, which offers additional protection to both patients and the Group itself.

The Group has been continuously improving and building upon its quality systems, fostering their certification at the same time. All production lines are in compliance with the requirements of the Good Manufacturing Practices issued by National Medical Products Administration during the reporting period.

Quality System Structure

To ensure the effective operation of the Group's quality management system, we have established a hierarchical structure with primary management documents, including the Quality Manual, Plant Master File, Quality Objectives and Pharmacovigilance System Master File. By further breaking down these primary documents, we ensure the efficient functioning of the overall quality management system.

Product Registration, National Certification and GMP Compliance Status

In 2024, the Group's commercialised formulation production lines achieved a 100% pass rate in GMP compliance inspections.

Item	Details
GMP compliance status	1. The manufacturing site located at 88 Keji 6th Road, High-Tech Zone, Zhuhai has been constructed and designed in compliance with the PRC's GMP requirements, achieving 100% coverage under the quality management system. It is fully equipped to support the production of both sterile biological products and sterile chemical products. 2. All 12 production lines involved in the Group's commercial manufacturing operations, including the blow-fill-seal production line, ophthalmic gel production line, lyophilised powder production line and eye drop production line, have successfully passed the PRC's GMP compliance inspections.

External Regulatory Inspections

Inspections by external regulatory agencies accepted by the Group in 2024

- 2 GMP compliance inspections (mainly new manufacturing sites and their production lines, as well as expanded production scope)
- 1 on-site inspection of registration (mainly new manufacturing sites and their production lines)
- 1 pharmacovigilance mock inspection

All inspections were passed.

Case

Accelerating the digitalisation of quality management

In 2024, Zhuhai Essex successfully launched the Quality Management System ("QMS"). This system integrates 19 functional modules, including deviation management, change management, customer complaint management, supplier management, validation management and equipment management. With the implementation of QMS, quality management activities have transitioned to "fully remote approval" and "paperless management", elevating the Group's quality management proficiency to new heights.

(b) Quality Culture Development

The Group has not only established stringent quality objectives but has also fostered a quality culture through various initiatives, driving the high-quality development of its products.

Quality Objectives

The Group's quality objectives are clear and ambitious. Key indicators such as "inspection accuracy rate", "product pass rate upon release" and "quality complaint resolution rate" have all achieved 100%. Additionally, the Group remains committed to the prevention of major quality incidents in order to uphold its quality pledge.

Building Employee Awareness of Quality

To enhance quality risk awareness and quality management capabilities across all employees, the Group continuously strengthens the quality culture. We have developed and implemented a series of quality management measures in line with regulations and standards under the quality management system and in accordance with product regulatory requirements.

Through an annual training plan, the Group regularly provides employees with training on quality control, product knowledge and other relevant topics, including GMP for pharmaceuticals, microbiology and hygiene fundamentals. These efforts ensure that employees possess the necessary quality management skills and knowledge. Additionally, the Group offers morning meetings, weekly meetings, occasional online courses and external training opportunities to further reinforce the quality culture and regulatory requirements.

The Group employs a variety of channels to promote its quality culture, including online learning discussions, knowledge-sharing sessions, monthly production meetings, and weekly and monthly regulatory-focused online courses. These activities ensure the dissemination of the latest regulatory knowledge and corporate quality requirements to all employees, enhancing their quality awareness and supporting the continuous improvement and optimisation of the Group's quality management system.

The Group also organises an annual quality season activity, with active participation from employees in production and R&D centres. Activities include thematic lectures, professional knowledge contests, professional skills challenges, and the collection of quality improvement suggestions. These events promote the Group's quality culture on a large scale and encourage employees to continue learning about regulations and adhering to the Group's quality policies.

Case

Quality season activity

In May 2024, the quality assurance department led the organisation of the second annual quality season activity at the production centre. Themed "Forging Resilience for a Quality-Driven Future", the activity aimed to enhance employees' quality awareness and professional competencies, strengthen the Group's quality management system, and provide strong support for the production of high-quality products. The quality season featured a series of specialised lectures by experienced instructors, professional knowledge competitions and professional skills challenges. These activities provided colleagues not directly involved in specific quality-related roles with insights into the skills required for other positions, fostering cross-functional understanding and collaboration.

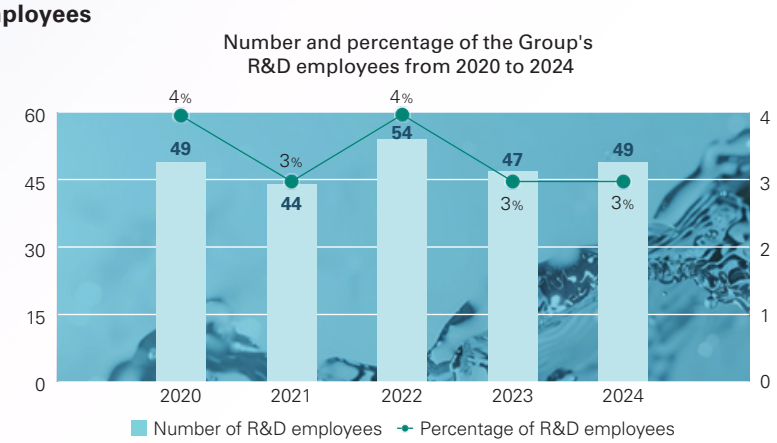
(c) R&D and Innovation

Product R&D represents the driving force for the sustainable development of our corporate business. The Group has established an R&D management system, under which the Board is responsible for R&D planning, review and approval while the R&D Centre is responsible for the management of R&D projects. Besides, the Group has formed an internal review committee to perform evaluation and demonstrate the feasibility and phase-based R&D outcomes in respect of all the upcoming and ongoing R&D projects, which enables the Group to make timely decisions regarding incentives and adjustments.

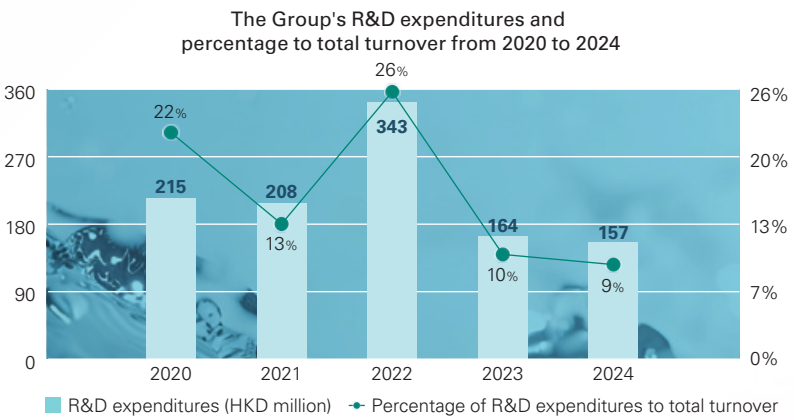
R&D Management System

The Group's R&D vision emphasises a dedication to science and innovation, with a mission to develop therapeutics that would meet unmet clinical and/or commercial needs. We have established a comprehensive R&D structure that spans the entire process from drug discovery, chemistry, manufacturing and controls ("CMC") and clinical development to commercialisation, ensuring the efficient development and successful market introduction of innovative drugs. The Group operates four major R&D centres globally, located in Singapore, the PRC, the United States, and the United Kingdom, and we are driving innovation and progress by integrating global resources. Our R&D efforts are primarily focused on ophthalmology, wound care and healing and oncology, with ongoing expansion into other fields such as dermatology, orthopaedics and stomatology to meet diverse healthcare needs.

R&D Employees



R&D Expenditures



Global R&D Programmes

As at the date of this report, there are 16 R&D programmes in the pre-clinical to clinical stage, out of which 4 ophthalmology programmes are in clinical stage. The 4 ophthalmology programmes listed below are targeted as mid-term growth driver.

1. EB11-18136P: SkQ1 eye drops, second phase 3 clinical trial (United States Food and Drug Administration (the "US FDA")) (VISTA-2) topline data released on 24 February 2021. The continuation of the VISTA programme is subject to the completion of the transfer of CMC, know-how and intellectual property rights relating to SkQ1 from Mitotech S.A., following the acquisition on 13 October 2022.

2. EB11-15120P: Azithromycin eye drops, ongoing review by external key opinion leaders (NMPA in the PRC)

3. EB12-20145P: Bevacizumab intravitreal injection for exudative (wet) age-related macular degeneration, phase 3 clinical trial (US FDA, European Medicines Agency, Therapeutic Goods Administration and NMPA in the PRC)

4. EB11-21148P: Cyclosporine eye drops, phase 2 clinical trial (NMPA in the PRC)

(d) Intellectual Property Rights Management

The Group places great emphasis on the management of its intellectual property ("IP") rights. It has engaged experienced personnel for the management of such IP rights to perform management over the application for and the assignment and licensing of patents in accordance with policies relating to the Administrative Measures for Intellectual Property Certification, make payment of application fees and annual fees as they fall due, keep track of the legal status of patents in a timely manner, and update the information on the patents of its competing products.

As of 31 December 2024, the Group has obtained a total of 99 patent certificates or authorisation letters, which include 69 invention patents, 15 utility model patents and 15 design patents.

(e) Consumer Services

The Group implements the "Protocol on the Management of User Consultation and Quality Complaints" and has established an after-sales service unit, through which it handles matters relating to users' drug consultation and complaints in a conscientious and timely manner and effectively protects consumers' legitimate interests.

In the case of a product complaint, the internal investigation and handling procedures are as follows:

Receipt of complaint by the business unit → Commencement of investigation and categorisation of the complaint by the quality assurance department (the determination results are also to be taken as the basis as to whether the complaint should be reported to the drug regulatory authorities) → Formulation of relevant corrective and preventive actions (where necessary) and performance of follow-up work → Notification of investigation and handling outcomes to the customer → Acceptance of the handling outcomes and termination of complaint by the customer, and the filing of relevant information

For the year ended 31 December 2024, the Group received 17 complaints on the pharmaceutical products which were all related to the product quality. All complaints had been handled properly according to the above procedures and resolved.

(f) Product Recall

In compliance with the stipulations of the Administrative Measures for Drug Recalls of the PRC, the Group has published an internal "Protocol on Drug Recall Management" to ensure that drugs can be effectively and rapidly recalled in the event of an emergency.

The Group has established a mechanism for monitoring drug quality and adverse drug reactions, whereby quality feedback from pharmaceutical companies, hospitals, patients and from within the Group is collected in a timely manner. Based upon the information collected, the unit taking charge of quality matters would convene meetings for discussing and determining whether recall procedures should be activated. Where a drug recall procedure is activated, a leading group for the recall will be set up, the level of recall will be determined and the recall scheme will be formulated. The marketing centre will be immediately notified to ensure that each of the relevant drug-selling enterprises and drug users will receive notification within 24 hours (in the case of a Level 1 recall), 48 hours (in the case of a Level 2 recall) or 72 hours (in the case of a Level 3 recall) to the effect that the sale or use of the relevant batch of products shall be ceased. Any remaining products of such batch shall be sent back to the Group and the remaining inventory shall be subject to preservation and segregation treatment. In addition, the recall scheme and recall progress will be reported to Guangdong Drug Administration within the stipulated time limit, and a recall report will be compiled upon completion of the recall.

For the year ended 31 December 2024, there was no product sold being subject to recalls for safety and health reasons.

(g) Product Information Management

Adhering to the principles of honesty and integrity, the Group ensures that accurate information on its commodities is provided in order to safeguard each consumer's "right to know" and create a trustworthy service setting.

In compliance with the requirements of regulations such as the Measures for the Examination of Drug Advertisements and the Provisions on the Administration of Pharmaceutical Directions and Labels of the PRC, the Group implements stringent management, review and approval procedures in respect of the design and production of drug advertising materials such as labels, directions and packaging, and relevant documents shall be filed by the R&D Centre with the provincial drug administration for its review and approval.

6. Information Security Management

(a) Consumer Data Protection and Privacy

The Group has formulated a set of "Commercial Secrets Management Policies" which includes detailed confidentiality scope, segregation of duties, department and personnel management, management of confidential data carriers and penalties, and has strictly implemented and monitored the commercial secrets management in accordance with the policies to prevent consumer data leakage.

During the reporting period, the Group has no material breach of the relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in relation to its products and services provided.

(b) Information Security Management System

The Group has established a number of information security management policies, including the Information Security Management Regulations, Software Development Management System, IT Project Implementation Management Measures, Emergency Plan for Major Sudden Events of Computer Systems, Reporting System for Major Issues of Information Systems and Archival Management System, to comprehensively manage the confidentiality and security of all data and documents.

(c) Information Security Safeguards

The Group continually optimises and refines the archival management system, standardising the entire process of archival management, from storage to usage and eventual destruction. Additionally, the introduction of archival system management software ensures the unified management of the Group's records, ensuring systematised, effective and compliant archival management.

C. GOVERNANCE

Our Governance Approach

The Group is committed to providing high-quality and safe products to customers, building a strong reputation and positive public image.

Throughout our operations, we adhere to compliance, resolutely avoiding corruption, bribery, fraud, or any dishonest practices. We reinforce the integrity of the Group and are committed to maintaining a healthy and orderly business environment.

We always uphold our core value of "continuously using the latest bio-technology to benefit human health" as a guiding principle in all our actions, and this commitment drives us to maintain high standards of corporate conduct across all our global business activities. We believe that a robust corporate governance system is essential for promoting the long-term interests of shareholders and other stakeholders.

1. Risk Management and Internal Control

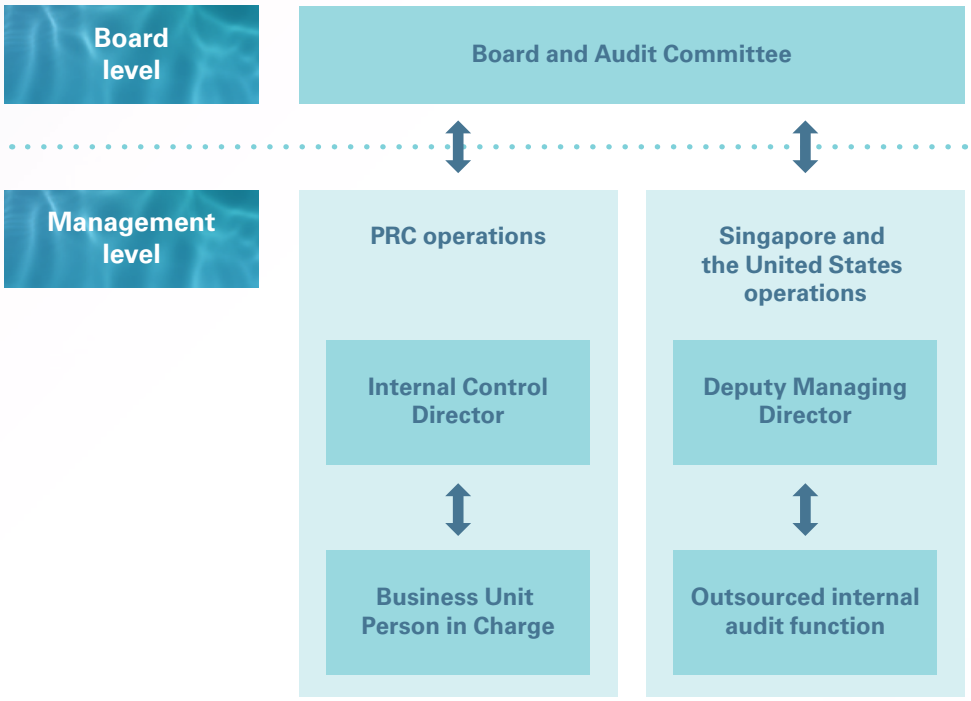
The Board acknowledges that a sound system of internal control and risk management practices are essential in ensuring good corporate governance and pursuing the achievement of the strategic goals of the Group. The Board also acknowledges that it is the Board's responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the assets of the Group at all times. The Board reviews and monitors the effectiveness of the internal control and risk management systems on a yearly basis to ensure that the systems in place are adequate, and it has conducted a review of the risk management and internal control systems during the year under review.

The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is also involved in the materiality assessment and prioritisation of ESG-related issues that may have significant influence on the Company's long-term sustainability. Key ESG risks have been incorporated into the Company's risk management system and the Company has formulated risk response measures by considering the possibility, impact and trends of key ESG risks. The Board has regularly reviewed these key risks and has made recommendations to the measures taken.

(a) Risk Management

In order to continuously improve the risk management and internal control systems, as well as to enhance the level of management and risk prevention capabilities, the Company has developed a risk management manual (the "Risk Management Manual"), established risk management strategy and structure, as well as defined the measures for risk assessment and risk management reporting procedures since 2016. The organisational structure for risk management is set out as follows:



(b) Key Measures for Risk Management and Internal Control

Compliance monitoring:

- Focus on relevant regulations and industry standards to ensure that all company activities comply with applicable laws, regulations and industry standards.
- Conduct regular compliance audits to promptly identify and rectify non-compliant behaviors, ensuring that business activities across departments align with the Group's internal policies.

Internal control system:

- The Group has established a comprehensive internal monitoring system, which includes the corporate governance committee, risk control and internal audit departments.
- A sound internal control system is in place, covering areas such as financial reporting, asset management, procurement and payments, and sales and receivables.
- Regular internal control assessments are conducted to ensure the effective execution of control activities.

Risk identification and assessment:

- A dedicated risk management team is in place to identify and assess the various risks the Group faces, including ESG risks, and to develop strategies to address these risks. The risk management plan is regularly updated.
- An internal control self-assessment mechanism has been established, where business departments conduct annual self-evaluations of the effectiveness of their risk management and internal control systems, reinforcing management's responsibility and awareness of internal controls.

Training and awareness enhancement:

- Provide ESG-related training to employees to raise awareness of risk and compliance.
- Encourage employees to participate in ESG-related activities, fostering a positive corporate culture.

Reporting and disclosure:

- Regularly compile ESG reports to disclose the Group's performance, achievements and challenges in ESG to stakeholders.
- Ensure the accuracy and completeness of the data in the reports, subject to independent third-party audits or verification.

Anti-fraud measures:

- The Group has implemented a "Whistleblowing Policy and Procedures" and established a grievance channel through the Company's audit committee. Employees can utilise this channel for the purpose of reporting any concerns they may have. All written complaints will be handled with confidentiality and due diligence by the Company's corporate governance committee.

(c) Emerging Risk

On an annual basis, we identify and assess emerging risks to the long-term development of the Group and social progress in the social and environmental fields, and take appropriate measures to prevent and mitigate them in the course of operations.

Name of emerging risk	Risk description	Mitigating actions
Application of artificial intelligence ("AI")	As an emerging technology, AI can enhance the efficiency of R&D, optimise clinical trial design, and promote the advancement of personalised medicine. However, its application also faces numerous challenges and uncertainties, such as issues related to data quality and bias, ethical and legal concerns, as well as technological updates and obsolescence.	We are closely monitoring the application of AI in the biopharmaceutical sector. We are integrating AI technology into our R&D innovation, strengthening data management and data security, staying attuned to AI technology trends, ensuring compliant applications, and cultivating AI professionals.

2. Anti-corruption

The Group is committed to reinforcing and enhancing the level of compliance of its operating activities with the relevant national and local laws and regulations regarding bribery, extortion, fraud and money laundering. The staff are required not to become involved in any impropriety, such as the giving or acceptance of bribes and corruption, in any circumstances, and are required to submit the related party transaction declaration form every year. In connection with any staff who are suspected to have committed an offence, the Group will lodge a report with the relevant judicial authorities in a timely manner in order to uphold a sound and orderly business environment.

To further reinforce this commitment, the Group has established and implemented the "Anti-Corruption and Anti-Bribery Business Principles". This policy is designed to provide clear guidance for the Group's management, employees, subsidiaries and all affiliated companies, ensuring compliance with anti-bribery and anti-corruption requirements in all business activities.

We require all business partners (including suppliers, subcontractors, distributors and customers) to adhere to the "Anti-Corruption and Anti-Bribery Business Principles" and to uphold the principles of integrity and transparency in all business activities.

In order to prevent corruption, a sound and effective internal control system is essential to the Group. As such, the Group has established an internal control framework and set up an independent risk control and internal audit department to provide independent assurance that the risk management, governance and internal control processes of the Group are operating effectively. The internal auditors assess the operating effectiveness of the risk management and internal control systems during their course of audits. Based on the results of the risk assessment and internal control issues identified, the Group will take remedial actions to address and resolve the identified issues. In addition, the Group will reinforce continuing education for staff members in the risk control and internal audit department to continuously improve their competence. The legal department of the Group also provides anti-corruption trainings to directors and staff. During the trainings in relation to "Anti-Unfair Competition Law" and "Interim Provisions on Prohibiting Commercial Bribery", directors and staff have improved their understanding towards the forms and manifestations of commercial bribery and legal responsibilities which can effectively prevent corrupt behaviour.

Case

"Anti-Corruption and Anti-Bribery Business Principles" training and examination

In December 2024, Zhuhai Essex organised training and an examination on the "Anti-Bribery and Anti-Corruption Business Principles", covering all employees and relevant business departments. The training content included relevant laws and regulations, identification and prevention measures for bribery and corruption, and compliance operational guidelines. The training programme combined theoretical learning with practical case analysis, ensuring that employees fully understood and implemented the anti-corruption principles. The examination further assessed the learning outcomes and reinforced the implementation of our compliance culture. This initiative strongly supports the Group's commitment to clean business practices and lays a solid foundation for creating a fair, transparent and sustainable business environment.

The Group has also formulated and given effect to its "Whistleblowing Policy and Procedures", and has set up a "General Manager's Mailbox" and "Audit Committee's Whistleblowing and Complaint Mailbox" which serves as a complaint and whistleblowing channel for the staff of the Group. Upon the receipt of a report or complaint, the audit committee of the Company will discuss such issue in the subsequent audit committee meeting and decide whether further actions are required. If further actions are required, the issue will be passed to the Board to determine whether to carry out internal investigations, initiate disciplinary process or refer to an external auditor or the relevant authority of the government.

For the year ended 31 December 2024, there was no case involving any violation of laws that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering being brought against the Group or its staff.

3. Marketing Compliance

In 2024, the Group continued to advance the construction of its marketing compliance management system, further strengthening its anti-bribery and anti-corruption governance capabilities and ensuring that the Group adheres to the highest ethical and legal standards in its key sales activities within the PRC. We firmly believe that compliance is not only the core of corporate responsibility but also the cornerstone of achieving long-term sustainable development.

The Group strictly adheres to relevant laws and regulations, including but not limited to Anti-Unfair Competition Law of the PRC, Drug Administration Law of the PRC, Regulations on the Supervision and Administration of Medical Devices, Measures for the Administration of Drug Registration and Measures for the Administration of Record Filing for Medical Representatives (Trial), to ensure the legality and transparency of all business activities.

To fulfil our commitment to stakeholders, the Group has focused on the following marketing compliance management practices in 2024:

1. Risk assessment and control: Implementing risk identification and management mechanisms in the sales process, with particular focus on potential risks in collaboration with public sectors.

2. Employee and partner training: Providing multi-format, in-depth anti-corruption training for all employees and those in high-risk positions.

3. Supervision and review mechanisms: Regular compliance audits to continuously improve the execution and transparency of compliance policies.

4. Whistleblowing and protection mechanism: Establishing whistleblowing channels and ensuring comprehensive protection for whistleblowers, reinforcing a culture of integrity.

5. Goal-oriented management: Setting clear key performance indicators (KPIs), including a 100% training coverage rate, to measure the effectiveness of compliance efforts.

The Group adheres to the philosophy of "building the brand with integrity and supporting development with compliance", making compliance management an integral part of corporate governance and contributing to social fairness, market transparency and economic sustainable development.