ASYMCHEM 凯莱英医药集团 Asymchem Labs.

2024

環境、社會及管治報告

Environmental, Social and Governance Report

www.asymchem.com

www.asymchem.com.cn

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Explanation of Report Formulation

This report represents the fourth Environmental, Social and Governance ("**ESG**") Report of Asymchem Laboratories (Tianjin) Co., Ltd. Its purpose is to disclose to all stakeholders the concepts, management methods, efforts and achievements of the Company's sustainable development in its operations.

❖ Reporting Scope

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

❖ Reporting Period

The reporting period of this document aligns with the Annual Report, covering the timeframe from 1 January 2024 to 31 December 2024. Any textual information that falls outside this period will be explicitly noted in the relevant sections.

❖ Formulation Basis

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (version effective from 31 December 2023) (the "**ESG Guide**") published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKSE**"), as well as the "Self-Regulatory Guidelines No. 17 for Companies Listed on the Shenzhen Stock Exchange – Sustainability Report (for Trial Implementation)" (《上市公司自律监管指引第 17 号—可持续发展报告（试行）》) (the "**Sustainability Report Guidelines**") and the "Self-regulatory Guidelines No. 1 for Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Main Board" (《上市公司自律监管指引第 1 号—主板上市公司规范运作》) (revised in December 2023) (the "**Standardized Operation Guidelines of Main Board Listed Companies**") issued by the Shenzhen Stock Exchange ("**SZSE**").

❖ Reporting Principles

This report follows the reporting principles of the ESG Guide of the HKSE, and the Sustainability Report Guidelines and the Standardized Operation Guidelines of Main Board Listed Companies of the SZSE, including:

- Sustainability Context/ Materiality

The Company identifies material issues related to operations that are of concern to various stakeholders as the focus of this report. While reporting on material issues, this report also focuses on the characteristics of the Company's industry and business. For details of the analysis process and results of the issue materiality, please refer to the "Identification and Management of Material Issues" section of this report. At the same time, this report highlights environmental, social and governance issues that may have a significant impact on investors and other parties concerned.

- Accuracy

This report makes every effort to ensure that the information is as accurate as possible. In the case of quantitative information, the measurement has been described in terms of the data source, the basis of calculation and the assumptions made to ensure that the margin of error in the calculation is not misleading to the users of the information. Quantitative and annotated information is available in the "ESG Data Tables and Notes" section of this report. The Board commits that there are no deceptive records, misleading or major omissions in the content of this report.

- Balance

The contents of this report reflect objective and true facts and provide unbiased disclosure of both positive and negative information concerning the Company. The Company found no negative events that should have been disclosed but have not been disclosed during the Reporting Period.

- Clarity

This report is published in Chinese and English. This report contains information such as tables, model diagrams and a glossary of professional terms as a supplement to the text in this report for ease of understanding of the text by stakeholders. To ensure faster access to information for stakeholders, this report provides a table of contents and a benchmarking index for ESG criteria.

- Quantitativeness

This report discloses key quantitative disclosures and historical information where possible. For details, please refer to the section headed “ESG Data Tables and Notes” section of this report.

- Comparability/ Consistency

This report maintains consistent statistics and disclosure methods for the same quantitative disclosure in different reporting periods. In the event of any changes in data collection, measurement, and calculation methods, retrospective adjustments will be made to relevant data, and the adjustment and reasons will be explained in the Notes to the report, so as to enable stakeholders to conduct meaningful analyses and assess the development trend of the Company's ESG data level.

- Completeness

The scope of disclosure in this report is consistent with that of the Company's consolidated financial statements.

- Timeliness

This report is an annual report covering the period from 1 January 2024 to 31 December 2024. The Company endeavours to publish the report as soon as possible after the end of the reporting year to provide timely information and reference for stakeholders to make decisions.

- Verifiability

The cases and data as mentioned in this report are sourced from the original records or financial reports of the Company's actual operation. The Company adopts the HiESG performance management information system to manage historical ESG data. The source of disclosed data and the calculation process are traceable and can be used to support external authentication inspections.

❖ Statement of Forward-Looking Information

The report includes forward-looking statements regarding future plans and other matters, accompanied by corresponding cautionary statements. These do not constitute substantive commitments by the Company to investors. Investors and relevant parties should maintain a sufficient awareness of the associated risks and understand the distinctions between plans, forecasts, and commitments.

❖ About the Data

The data and cases as mentioned in this report are sourced from the original records or financial reports of the Company's actual operation. The financial information in the report is mainly denominated in RMB. If there is any inconsistency, please refer to the text description for details. Where the financial information is inconsistent with the Annual Report of the Company, the Annual Report shall prevail.

❖ Reliability Commitment

Asymchem commits that there are no deceptive records, misleading statements, or major omissions in the content of this report. The Board of Directors of the Company is answerable to the authenticity, accuracy, and completeness of its content. Based on the principle of "balance", this report discloses the positive and negative information of the Company in an unbiased manner, and there are no negative events that should have been disclosed but have not been disclosed, or that have been penalized by the competent authorities or have had a significant impact due to violations of relevant laws or regulations.

❖ Reporting Language

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

❖ Contact Information

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Chairperson's Statement

Dear Shareholders and Stakeholders:

As the seasons change and time progresses, each day brings new achievements. The past year has been filled with both challenges and accomplishments. Amid a complex and ever-changing global environment, we have remained steadfast in our original aspirations, advancing steadily and driving the Company's continuous development. On behalf of the Board of Directors of Asymchem, I hereby extend my sincerest gratitude to every friend who has supported us.

In 2024, the global political and economic landscape remained complex and ever-changing. Guided by the unidirectional trajectory of time, we have consistently adhered to the principles of sustainable development and deepened our roots in the CDMO industry. Guided by the five dimensions of "D", we have defined a new journey unique to Asymchem.

We fortified the dam of our "competitive advantage in small molecule" ("**Dam**"). Throughout the year, we deepened our expertise in small molecule CDMO operations, advanced various cutting-edge technology platforms, and developed and applied innovative technologies and strategies for pharmaceutical process development. By mitigating process risks and enhancing safety measures, we focused on strengthening green chemistry to achieve cost reduction and efficiency improvement. Excluding the impact of large orders, we recorded significant year-on-year growth, with the profitability of our small molecule CDMO business maintaining a strong level and the gross margin of overall business substantially increasing.

We accelerated our "emerging businesses" toward a dawn filled with new opportunities ("**Dawn**"). By honing our internal capabilities, we continuously expanded the depth and breadth of our market reach. The markets for drug categories such as peptides, antibody drug conjugates ("**ADCs**"), and small nucleic acids remained vibrant. With the increase in project deliveries and the growth of overseas projects, our emerging businesses demonstrated a robust recovery and growth trajectory.

We continued to expand the depth of our "advanced manufacturing" technological capabilities ("**Depth**"). Technological innovation is the cornerstone of Asymchem's ongoing progress and the key to our standout performance in the competitive market. As global “advanced manufacturing” evolves to an "upgraded version", our forward-looking initiatives in “Continuous Flow Technology” and “Biology Synthetic Technology” have become industry buzzwords. These technologies have been promoted worldwide, setting new benchmarks for green pharmaceutical manufacturing.

We once again expanded the boundaries of our "global strategic footprint" ("**Develop**"). In May 2024, we acquired production capacity in Sandwich, UK, which was officially put into operation in early August. This not only provides global partners with integrated, one-stop R&D and production services for small molecule drugs but also marks another significant milestone in Asymchem's global strategy, following the establishment of the Boston R&D Center.

We extend our gratitude and pay tribute to the contribution of our “engineering team” ("**Dedication**"). Talent has always been the foundation of Asymchem's continuous innovation and the driving force behind our accelerated development. In 2024, our engineering team achieved remarkable results in exploring cutting-edge technologies and building core technical reserves. Numerous projects were delivered at high standards, earning repeated praise from customers both domestically and internationally. The ongoing enhancement of our engineering culture's foundational framework empowers us to explore the never-ending journey of innovation in the pharmaceutical industry with greater courage and confidence.

Furthermore, we have integrated the concept of sustainable development into all aspects of the Company's operations, striving to achieve dual progress in both "financial performance" and "impact." On the environmental front, we actively address climate change, continuously promote the research and application of green chemistry technologies, enhance the efficient use and recycling of resources, and foster the development of a circular economy. On the social front, we rigorously ensure product safety and quality, safeguard supply chain security, create a diverse, equitable, and inclusive workplace, adhere to a talent acquisition strategy, and build an efficient talent management system. Additionally, we drive industry collaboration and development, working hand-in-hand with upstream and downstream partners in the industrial chain, and actively participate in social welfare initiatives and rural revitalization. In terms of governance, we continuously refine our corporate governance, strengthen risk management, enhance capabilities in anti-bribery and anti-corruption, uphold a fair competitive market environment, and ensure data security and privacy.

We continue to advance ESG initiatives and create long-term value. In 2024, our strong ESG performance earned us an "A" rating in the ESG ratings by Morgan Stanley Capital International Inc. ("**MSCI**"), placing us among the 33% of companies globally that achieve an "A" rating in the MSCI ESG ratings. In addition, our score in the S&P Global Corporate Sustainability Assessment ("**S&P CSA**") ESG Ratings saw a significant improvement, elevating us to a higher level of ESG development within the industry. These achievements highlight the Company's milestones and unwavering commitment to sustainable development.

Looking forward, we will uphold the philosophy of "green pharmaceuticals, innovation-driven development", consistently dedicating ourselves to our mission and strategy. We will continue to refine our ESG system, strive to maximize value for our shareholders, and aim to become a trusted and preferred partner in the global healthcare industry.

Asymchem Laboratories (Tianjin) Co., Ltd.

Chairperson, Executive Director and Chief Executive Officer

Dr. Hao Hong

1. About Asymchem

❖ Company Profile

Asymchem Laboratories Group is a globally leading, technology-driven pharmaceutical contract development and manufacturing organization ("**CDMO**") providing comprehensive one-stop services. We offer full lifecycle chemistry, manufacturing and control ("**CMC**") services to over 1,100 clients worldwide, delivering efficient and high-quality R&D and production services that accelerate the clinical research and commercialization of innovative drugs. As one of the top-ranked CDMO companies for APIs of innovative drugs globally, Asymchem has achieved dual listings on both the "A" and "H" main Board markets.

The Company has established R&D and production bases in multiple countries and regions, including Tianjin, Jilin, Liaoning, Shanghai, and Jiangsu in China, as well as Boston in the United States and Sandwich in the United Kingdom. Our operations span various business areas, such as chemical small molecule drugs, chemical macromolecule drugs (small nucleic acids, peptides, and toxin-linkers), biologics (integrated ADCs), drug products, external technology output, and synthetic biology. Our sales subsidiaries and offices are distributed globally. As of the end of the Reporting Period, we employ over 9,000 staff worldwide, with R&D personnel accounting for more than 45% of the workforce. We have developed strong collaborative ties with global pharmaceutical giants, gradually building an integrated service ecosystem for innovative drugs.

Company Overview

Company name	Asymchem Laboratories (Tianjin) Co., Ltd.
Stock code	002821.SZ & 6821.HK
Address of headquarter	No. 71, 7th Avenue, TEDA Tianjin, the PRC
Year of founding	1998
Company size	• Multiple R&D and production bases and 3 overseas commercial & technical support centers • Staffed with 9,595 employees[1]

[1] The number of employees includes full-time contract employees, excluding employees in other forms of employment (interns, employees with disabilities, rehired employees after retirement).

❖ Main Business

Asymchem has established itself as a reliable and preferred partner in the global pharmaceutical industry, leveraging over 26 years of deep industry insights, efficient R&D and production capabilities, exceptional service quality, and a strong industry reputation. Building on our extensive experience, technological expertise, and customer resources in the small molecule CDMO sector, we actively explore and expand into emerging business areas such as chemical macromolecules CDMO, drug products, clinical contract research organization ("**CRO**"), biological macromolecules CDMO, process technology output, and synthetic biology. These efforts have yielded remarkable results, solidifying the Company's position as a professional, comprehensive, one-stop platform for innovative drug customization services.

Business Layout of the Company

Small Molecule CDMO Services	Small molecule drugs	• We provide comprehensive outsourcing services for small molecule drugs throughout their entire lifecycle. Our primary focus lies in sectors characterized by high product quality standards, substantial production volumes, and stringent regulatory requirements. The drugs we serve cover multiple major therapeutic areas, including antiviral, infectious, oncological, cardiovascular, neurological, and diabetic conditions, as well as rare disease treatments.
Emerging Services	Chemical macromolecules	• Our chemical macromolecule business segment includes one-stop CMC solutions for peptides, oligonucleotides, drug conjugates, polysaccharides/ polymers, excipients/adjuvants, etc., from pre-clinical stages to New Drug Application ("**NDA**") filing and commercial production.
	Drug products	• We offer one-stop drug product services, encompassing polymorph screening, pre-formulation studies, formulation and process development, analytical method development and validation, Investigational New Drug ("**IND**") and NDA registration batches, Phase I to III clinical trials, as well as Current Good Manufacturing Practice ("**cGMP**") compliant production services and stability studies. By continuously strengthening and advancing platforms such as solid dispersion technology and nanocrystal technology, our services cover a wide range of dosage forms, including conventional tablets and capsules, extended-release and controlled-release tablets, granules, sterile solutions, sterile lyophilized powders, eye drops, oral peptides, and complex formulations.
	Clinical CRO	• We provide comprehensive, integrated services for the design, initiation, and management of clinical trial projects. Leveraging our technical and academic expertise, we employ the innovative Contracted Academic Research Organization ("**CARO**") model to empower our clients in achieving regulatory approval for their pharmaceutical products.
	Biological macromolecules	• Our services include providing CDMO services for Deoxyribonucleic Acid ("**DNA**") recombinant products (including monoclonal antibodies) and antibody-drug conjugates, plasmids. To meet the rapidly growing demands of domestic and international clients, we have established an antibody and ADC drug research, development, and commercial production center in Shanghai, as well as a plasmid business research and pilot production base in Suzhou. These facilities are dedicated to developing and delivering one-stop

		CDMO solutions for biological macromolecules.
	External technology output	• Continuous flow technology export business offers a full range of customized solutions, including "chemical process R&D, process package design, continuous flow pilot test, application services (i.e. initial process validation, etc.), continuous flow system and equipment design and manufacturing, and assistance with production facility installation and commissioning". We are committed to providing one-stop, continuous solutions for the fine chemical industry, enhancing efficiency and quality in pharmaceuticals, pesticides, materials, additives, and other sectors. Our goal is to promote safer, greener, healthier, and more efficient development across the industry.
	Synthetic biology	• We have established a comprehensive integrated biocatalysis platform, encompassing enzyme discovery, evolution, screening, immobilization, production, substrate production, biocatalysis, and its application in chemical processes. Our enzyme fermentation capabilities range from milligram to ton-scale high-quality production, providing rapid and high-quality one-stop services for biologics, including IND/ Biologics License Applications ("**BLA**"). Additionally, our high-throughput automation platform for cell-free protein synthesis ("**CFPS**") enzyme evolution significantly enhances enzyme evolution efficiency, reducing time and improving performance. Combined with artificial intelligence ("**AI**")-assisted technology, our platform achieves up to 1,500 times higher productivity as compared to traditional enzyme catalysis, significantly saving enzyme consumption and drastically reducing wastewater, exhaust gases, and solid waste. Our microbial cell factory technology platform has developed a series of efficient strain engineering and high-throughput screening ("**HTS**") technologies, marking the first step toward industrial applications in synthetic biology and contributing to addressing the overexploitation of scarce plant resources.

❖ Annual honors and social recognition

Honors and social recognition received by the Company in 2024[2]

Aspect	Description
ESG	• The Company's Morgan Stanley Capital International Inc. ("**MSCI**") ESG rating has been upgraded to A, placing it within the top 33% of global industry peers • The Company's score in the S&P Global Corporate Sustainability Assessment ("**S&P CSA**") ESG Ratings increased to 57, elevating it to a higher tier of ESG development within the industry • Asymchem Life Science, a subsidiary of the Company, was awarded the EcoVadis Silver Medal certification in 2024, and Asymchem Pharmaceuticals, another subsidiary, received the EcoVadis Bronze Medal certification in the same year • The Company's Carbon Disclosure Project ("**CDP**") Climate Change Questionnaire was rated as B grade • 2 of the Company's subsidiaries submitted target setting documents in 2024 for validation by the Science-Based Targets Initiative ("**SBTi**") Among them, the target setting document of Jilin Asymchem Laboratories was approved by SBTi in March 2025, while the target setting document of Asymchem Pharmaceuticals is pending verification • Shenzhen Value Online Information Technology Co., Ltd., Shenzhen Asset Management Association, and the Directors & Boards of Phoenix Publishing and Media Inc. jointly hosted the "Creating Change Together, Shining Towards the Future: A Hundred Listed Companies Marching Towards Brightness – The Green Innovation and ESG Sustainable Development Conference (創變與共·光耀未來，百家上市公司走進光明—綠色創新與 ESG 可持續發展大會)", where the Company was awarded the 2023 Yidong ESG+8 "Value 100" Honorary Trophy (2023 年度易董 ESG+8"價值 100"榮譽獎杯) • The Company received the Outstanding Social Contribution Award by TEDA Committee of the Communist Party of China and TEDA Administrative Commission • The Company obtained the title of Top 20 ESG Competitiveness of China's Listed Pharmaceutical Enterprises in 2024 by Healthcare Executive magazine • The Company was honored with the 2024 China Times ESG Dandelion Top 10 Outstanding Cases Award by China Times • The Company received the 2024 Five-Star Gold Award for Social Responsibility among China's Manufacturing Listed Companies by Era Responsibility 40-people Forum Think Tank • The Company was recognized as the 2024 Advanced Unit in Work Safety by TEDA
Operation	• The Company was honored with the Annual Top Ten Drug Innovation Service Institutions Finalist Award by Securities Times • The Company was honored with the 2023 Tianjin Top 100 Leading Science and Technology Enterprises by the Tianjin Science and Technology Bureau • The Company was recognized as one of the 2023 China Pharmaceutical Industry Top 100 Series: Top 20 Chinese CXO Enterprises by Menet • The Company was honored with the title of Top 20 Chinese Pharmaceutical CDMO Enterprises in 2024 at the International Pharmaceutical Service Industry Innovation and Development Conference by www.yaozh.com, the organizing committee of China Pharmaceutical R&D Innovation Summit and China Pharmaceuticals • The Company was honored with the title of Eyas Enterprise by the Tianjin Science and Technology Bureau

[2] Honors and social recognition received by Asymchem Laboratories and all of its subsidiaries are collectively denoted by "Company".

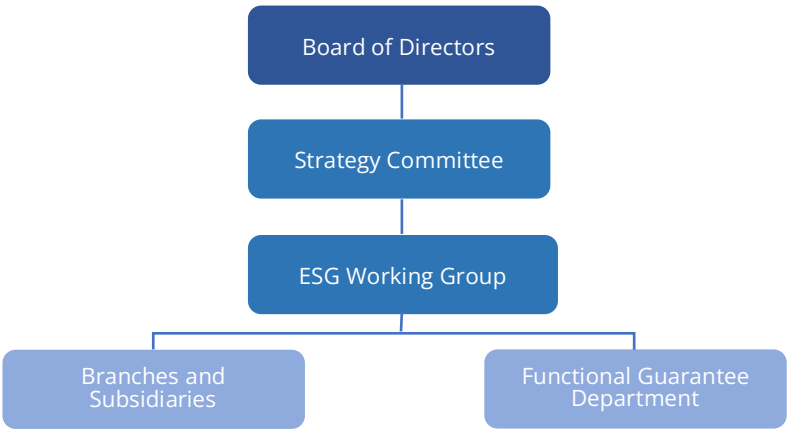
Aspect	Description
	• The Company was honored with the 2023 Golden Information Disclosure Award by China Securities Times • The Company was included in the Top 100 Cases of Pharmaceutical Brand Influence at the Healthy China Communication Conference (健康中國傳播大會) for its competitiveness, image strength, and communication strength indicators by the Health Communication Research Institute (健康傳播指數研究院) • The Company was honored as one of the Top 50 R&D Enterprises in the Pharmaceutical Industry for 2023-2024 by the Taishan Pharmaceutical Forum Committee (泰山醫藥論壇組委員) • The Company was honored as one of the Pharmaceutical Industry Information Statistics Top 100 Enterprises in Pharmaceutical Industry Operating Revenue for 2023-2024 by the Taishan Pharmaceutical Forum Committee (泰山醫藥論壇組委員) • The Company was honored with the title of Top 100 Chinese Life Science Service Enterprise Brands in 2024 by Healthcare Executive magazine (E 藥經理人) • The Company was awarded the 30 Years in the District Enterprise Honor by the TEDA
Clients	• The Company was honored with the 2024 Outstanding Partner by GeneQuantum • The Company was honored with the 2024 Excellent Partner by HUTCHMED
Employment	• The Company was named the Best Employer in Tianjin by BOSS Zhipin • The Company received the Outstanding Contribution to Human Resources Award from Liepin North China Region
Capital market	• 2024 Institutional Investor Research ("**II Research**") Most Honored Company, All-Asia Executive Team & Best IR Professional • The Company was awarded the 2024 Best IR Team Award for Hong Kong and US Stocks by Cailianshe (**財聯社**)

2. Governance for Sustainable Development

❖ Governance for Sustainable Development

With a steadfast commitment to our mission of “being the partner of choice to global pharmaceutical companies of all sizes providing R&D and manufacture solutions throughout the full lifecycle of innovative drug development”, Asymchem has adhered to our operational philosophy of "International Standards, Chinese Advantages, Technology-Driven, and Eco-Friendly" for many years. Leveraging our continuous innovation and development of several internationally leading patented technologies, we have been dedicated to serving the realm of innovative and breakthrough medicines, expediting our clients' product launches to market. These endeavors have contributed to enhancing the quality of life for patients, relieving their suffering.

To further integrate ESG into the Company's corporate operations and management, the Company has established a top-down ESG governance framework to harmonize our ESG strategies across the organization and ensure the efficient implementation of ESG management practices, thus fostering our sustainable development. During the Reporting Period, the Company revised the Rules of the Strategy Committee under the Board of Directors and updated the ESG management responsibilities of the Strategy Committee to strengthen the management of ESG-related risks and opportunities.



ESG Governance Structure and Responsibilities of the Company

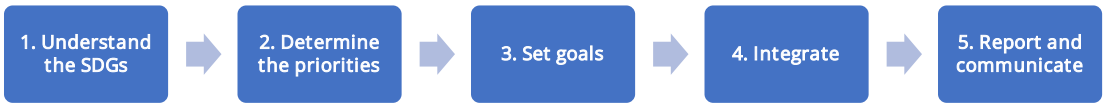
Board of Directors	As the supreme decision-making body of ESG management, the Board of Directors is responsible for the Company’s ESG supervision and management.
Strategy Committee	As the management body of ESG efforts, it is responsible for evaluating the important issues of ESG management of the Company and overseeing the implementation of ESG management, and plays its part in the following tasks: • To conduct research and make relevant recommendations on the Company's ESG development strategy, vision and target setting; review major ESG trends, related risks, and opportunities, and accordingly assess the adequacy and effectiveness of the Company's ESG framework; identify and prioritize the Company's significant ESG risk issues, and provide recommendations to the Board of Directors; • To propose opinions and suggestions on the Company's sustainable development and the formulation and implementation of the ESG management work plan; • To monitor and review the implementation and improvement of the sustainable development and the management of ESG, ensure that the management and decision-making mechanisms of relevant issues meet the requirements of relevant laws and regulations, and improve the performance of relevant issues; • To review the Company's annual ESG report and submit it to the Board of Directors for consideration.
ESG Working Group	• It consists of the heads of the Company's departments and subsidiaries, assisting the Strategy Committee in promoting and implementing ESG efforts; • At the ESG report level, the relevant ESG ratings of concern to the capital market are compiled and authored by the investor relations function.

❖ Contributing to Global Sustainable Development Goals

As a leading enterprise in the CDMO industry, Asymchem adheres to the concept of sustainable development, actively responds to the United Nations Sustainable Development Goals ("**SDGs**"), and continuously advances ESG management and practices, contributing to the realization of sustainable development goals and the construction of a greener, healthier future.

In accordance with the United Nations' Guide for Corporate Action to Support SDGs (聯合國企業助力可持續發展目標的行動指南), the Company identifies and integrates sustainable development goals related to its business activities into its core business strategy, based on its actual conditions, and reports the annual key actions taken in response to these SDGs in its ESG report.

The Company's Process for Identifying and Integrating the SDGs



Major Actions in Response to the SDGs in 2024

SDGs	Major Actions in 2024
	• We cared for employees in need, conducted condolences, raised funds to help those with serious illnesses and took other measures to solve the worries of employees. • We actively participated in public welfare and charitable projects in healthcare, community development and rural revitalization and more.
	• Through R&D and innovation, we help pharmaceutical customers bring products to market quickly, so as to alleviate the suffering of patients and improve people's quality of life. • Our Environmental Health and Safety ("**EHS**") management system ensured the establishment of a healthy and safe workplace environment for our employees.
	• We have established a sound training system and continued to build the Asymchem Learning Center to empower employees to develop their careers and improve their comprehensive competence on all fronts. • Joined by social educational institutions, we supported all employees to participate in educational background upgrading and vocational skills certification to further enhance their professional skills and overall competence.
	• Revised the Diversity Policy of the Board of Directors and set up the diversity targets of the Board of Directors as efforts to build a diversified Board of Directors. • Formulated the Diversity, Equity and Inclusion Policy, committed to building a diverse and inclusive work environment, encouraging talent of all genders to join and providing equal development opportunities.
	• Formulated the Environmental Management Policy, committed to reducing water resource usage and minimizing the discharge of pollutants in wastewater during production processes. • Reduced water resource consumption with better water consumption efficiency by means of water resource recycling and more equipment maintenance. • Strictly complied with relevant laws and regulations, standards, and norms to strengthen the management of wastewater to meet the discharge standards.

SDGs	Major Actions in 2024
	• Improved the efficiency and steam supply of incinerators and waste heat boilers to bring down raw coal consumption. • Installed and used solar streetlamps in the factory. • Implemented energy-saving equipment upgrades, advanced the construction of photovoltaic power generation systems, and purchased and utilized green electricity.
	• Provided employees with management development paths and technical development paths to help them accurately map out their careers and assist them in their career development and self-worth realization.
	• Maintained active exploration of cutting-edge technologies and worked to improve the innovation capabilities to seek faster solutions to new and complex process problems and technical challenges faced by customers through technological innovation, thereby rapidly transforming from small laboratory trials to largescale mass production.
	• We established a comprehensive external publicity and information protection mechanism to standardize and improve the processes of the Company's marketing for the Company's compliant and responsible marketing. • Adhering to the development concept of "Green for the Future", we have long been committed to the development and application of environment-friendly and low-carbon new green chemical technologies to reduce emissions of three wastes for safer largescale enlarged production.
	• Promoted Science-Based Target ("**SBT**") setting and implemented decarbonization actions. • We continued to improve our climate management mechanism and worked on R&D of green pharmaceutical technologies to reduce greenhouse gas emissions with better resource utilization rates.
	• We revised management systems such as the Anti-Corruption and Anti-bribery Policy and the Whistleblowing Policy to prevent and detect corruption and bribery for better integrity management. • We formulated the Supplier Code of Conduct and Supplier ESG Management Policy, and signed the Sunshine Cooperation Agreement with all project suppliers to ramp up the management of suppliers' business ethics.

3. Identification and Management of Material Issues

❖ Identification of Material Issues

In accordance with the requirements for "materiality analysis of issues" outlined in the SZSE's Sustainability Reporting Guidelines, the "materiality" principle in the HKSE's ESG Guidelines and the management requirements for material issues in the Global Sustainability Standards Board's ("**GSSB**") GRI Sustainability Reporting Standards, Asymchem conducts annual review, reflection, and adjustment of the material issues from the previous year, and conducts survey and research on material issues every two years.

During the Reporting Period, the Company invited external experts to participate in the preliminary identification and screening of issues. From the dual perspectives of impact materiality and financial materiality, the Company assigned scores to the factors for assessing impact materiality and financial materiality, analyzing the dual materiality of each issue to the Company. Ultimately, the Company internally reported and confirmed the results of the materiality analysis and disclosed the methodology, process, and outcomes of the materiality analysis in this report.

2024 Dual Materiality Analysis Process for Issues

Process	Details
Step 1 Background identification and understanding	• Understand the Company's internal activities and business relationships, as well as the external objective environment; • Identify and understand key affected stakeholders: including government and regulatory authorities, clients, partners, suppliers, employees, communities and the general public.
Step 2 Preliminary identification of issues	• Conduct preliminary identification and screening of ESG issues relevant to the Company by benchmarking against standards, policy analysis, and peer comparisons, and provide initial definitions for the identified issues; • Identify the impacts, risks, and opportunities related to the issues, and compile them into the Company's issue list.
Step 3 Materiality assessment of issues	• From the dual perspectives of impact materiality (i.e., impact on stakeholders) and financial materiality (i.e., impact on business operations), assign scores to impact materiality assessment factors (likelihood of impact, scale of impact, scope of impact, and irremediability of impact) and financial materiality assessment factors (likelihood of impact and degree of financial impact); • Use half (50%) of the maximum score for materiality assessment as the threshold to determine whether an issue is "material," assess the impact materiality and financial materiality of each issue, and determine the priority ranking of issues.
Step 4 Issue confirmation and review	• Consolidate the assessment results of impact materiality and financial materiality to develop a dual-materiality issue matrix; • Present the materiality analysis findings internally for review, with final confirmation by the Board of Directors; • Disclose the analysis of the materiality and relevant details of each issue in accordance with the requirements of the stock exchange.

During the Reporting Period, the Company initially identified and screened 31 issues. Among them, there were 9 issues in the environmental dimension (E), 16 issues in the social dimension (S) and 6 issues in the governance dimension (G).

After analyzing the 31 issues, the Company has 8 issues of double importance, including "Green chemistry", "Waste disposal", "Employee training and development", "Occupational health and safety", "Innovation-driven growth", "Product safety & quality", "Client service management", and "Supply chain security". A total of 5 issues are of financial materiality only, 12 issues are of impact materiality only and 6 issues are neither of financial materiality nor impact materiality.

The Company will disclose the relevant contents of the above issues in this report in accordance with the relevant requirements of the exchange, including: (1) disclosure of issues of financial materiality in

accordance with the "Four Elements + Specific Issue Requirements"[3]; (2) disclosure of issues of impact materiality in accordance with the "Specific Issue Requirements". In addition, for issues that are neither of financial materiality nor impact materiality, the Company has also made relevant disclosures in accordance with its actual management situation.

Dual-materiality Issue Matrix of the Company in 2024

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[3] In sections 4 to 9 of this report, sections corresponding to financially material topics are marked with an asterisk "*" at the end of their titles.

The identification and evaluation of impacts, risks and opportunities associated with the financially material issues are presented in the table below, with detailed management approaches provided in the respective sections of this report. The Company has established the following definitions for "time frame": the short-term period denotes within one year following the conclusion of the Reporting Period, specifically within 2025; the medium-term period encompasses one to five years following the conclusion of the Reporting Period, specifically 2026 to 2030; and the long-term period refers to beyond five years following the Reporting Period, specifically 2031 and beyond.

Analysis Form of Impacts, Risks and Opportunities associated with the Company's Issues

Issue	Impact analysis			Risk and opportunity analysis			
	Major Type of impact	Scope of impact	Impact description	Major Type of risk/ opportunity	Time frame	Major potential financial impact	Risk and opportunity description
Corporate governance	Potential negative impact	Enterprise's own operation	Poor corporate governance may lead to flawed decision-making, undermining overall corporate value and adversely affecting the interests of shareholders and investors. Simultaneously, governance deficiencies may attract regulatory scrutiny, impair healthy industry development, and consequently generate negative impacts on economic stability and public trust. The Company has established a comprehensive corporate governance framework and decision-making mechanisms to mitigate potential adverse effects on stakeholders, including shareholders and investors.	Risk	Medium/ long term	Increase in operating cost	Deficient corporate governance may result in inefficient decision-making, inadequate internal controls, and regulatory non-compliance. These governance shortcomings could subsequently expose the Company to diminished profitability, liquidity crises, and legal disputes.
Risk management	Potential negative impact	Enterprise's own operation	Inadequate risk management may result in failure to effectively address potential risks, thereby adversely affecting the interests of shareholders and investors, undermining public trust and economic stability, and potentially exacerbating market uncertainty to the detriment of industry and societal development. The Company has established a comprehensive risk management system to mitigate any negative impact on stakeholders, including shareholders and investors.	Risk	Short/ medium term	Increase in operating cost	Inadequate risk management may expose the Company to market volatility, product quality issues, and supply chain disruptions, increasing the risks of contract breaches and legal disputes. These challenges could further undermine financial stability of the Company, resulting in economic losses, rising costs, and ultimately impairing investor returns and long-term profitability.
Anti-commer	Potential	Upstream of the	Unethical conduct, including commercial bribery and corruption, can erode trust and damage our	Risk	Short/ medium	Increase in operating	Unethical practices such as commercial bribery and corruption may trigger

Issue	Impact analysis			Risk and opportunity analysis			
	Major Type of impact	Scope of impact	Impact description	Major Type of risk/ opportunity	Time frame	Major potential financial impact	Risk and opportunity description
cial bribery and anti-corruption	negative impact	value chain/ enterprise's own operation / downstream of the value chain	collaborative relationships with suppliers, clients, and government agencies. Such misconduct may destabilize supply chains, hinder contract fulfillment, and trigger distrust among regulators and the public—ultimately undermining sustainable industry development. To mitigate these risks, the Company has implemented anti-bribery and anti-corruption mechanisms to safeguard our stakeholders, including suppliers, clients, government agencies, regulatory bodies, society and the public.		term	cost	regulatory scrutiny, compliance violations, and legal proceedings, potentially exposing the Company to substantial fines, compensations, and legal expenses. These consequences would not only increase operational costs but also significantly impair our financial performance and market competitiveness.
Product safety and quality	Potential negative impact	Upstream of the value chain/ enterprise's own operation / downstream of the value chain	Product quality and safety constitute the lifeline of an enterprise. Failure to rigorously ensure pharmaceutical safety and quality standards during production may result in unsafe or non-compliant products entering the market. Such lapses could endanger patient health, erode client trust, damage public confidence in drug products, and ultimately compromise societal health and safety. To mitigate these negative impacts, the Company has established a comprehensive quality management system to safeguard all stakeholders, including patients and pharmaceutical clients.	Risk	Short/ medium / long term	Decrease in operating revenue	Inadequate product safety and quality management may lead to the production of unsafe or non-compliant products, potentially resulting in legal disputes, compensation liabilities, and heightened financial risks for the Company. Furthermore, substandard products could trigger customer attrition, damage brand reputation, and ultimately erode sales revenue and market share of the Company.
Intellectual property protection	Potential negative impact	Enterprise's own operation / downstream of the	Failure to properly safeguard client' intellectual property may result in intellectual property leaks or infringement, potentially causing financial losses for clients and exposing the Company to legal disputes and reputational damage. The Company has implemented a solid intellectual property management system to ensure protection of client	Risk	Short/ medium / long term	Decrease in operating revenue	For CDMO enterprises, protection of both client and proprietary intellectual property is paramount. Inadequate intellectual property safeguards may expose the Company to infringement risks, damaging brand reputation and eroding client trust. Furthermore, failure to meet transnational

Issue	Impact analysis			Risk and opportunity analysis			
	Major Type of impact	Scope of impact	Impact description	Major Type of risk/ opportunity	Time frame	Major potential financial impact	Risk and opportunity description
		value chain	intellectual property rights from the above negative impacts.				intellectual property protection requirements could hinder international market expansion of the Company and elevate compliance risks.
Customer service management	Actual positive impact	Downstream of the value chain	Through high-quality customer service management, the Company responds to and meets customer needs in a timely manner, assists customers in drug research and development and production, promotes the transformation of innovation achievements, and improves the health of patients, which in turn has a positive impact on the overall health of society.	Opportunity	Short/ medium / long term	Increase in operating revenue	Through continuous optimization of customer service management, the Company can enhance customer satisfaction and loyalty, strengthen market competitiveness, thereby attracting more clients, increasing sales revenue, and improving financial performance and long-term profitability.
Supply chain security	Potential negative impact	Upstream of the value chain/ enterprise's own operation / downstream of the value chain	Deficiencies in supply chain management may precipitate disruptions in the procurement of raw materials or compromise their quality standards. Such lapses could adversely impact pharmaceutical production timelines and product quality, potentially resulting in financial liabilities and reputational harm to clients. These failures may also endanger patient health and undermine public security and welfare as a whole. The Company shall establish and maintain a robust supply chain management system to prevent adverse impacts on stakeholders, including patients and pharmaceutical clients.	Risk	Short/ medium term	Increase in operating cost	Inadequate supply chain management may result in raw material shortages, supplier quality issues, or logistics disruptions, adversely affecting pharmaceutical production timelines and product quality. Such deficiencies would increase operational costs, reduce R&D efficiency, consequently impairing the Company's financial performance and competitive position while elevating financial risks.
Innovation-driven	Actual positive impact	Enterprise's own operation / downstre	Through continuous technological innovation, particularly in the application of environmentally friendly enzyme engineering and synthetic biology technologies, the Company has advanced the greening of pharmaceutical production, reducing emissions of	Opportunity	Short/ medium/ long term	Increase in operating revenue	The Company can expand its business and product portfolio while enhancing its international competitiveness by continuously driving innovation, particularly in the application of synthetic biotechnology

Issue	Impact analysis			Risk and opportunity analysis			
	Major Type of impact	Scope of impact	Impact description	Major Type of risk/ opportunity	Time frame	Major potential financial impact	Risk and opportunity description
		am of the value chain	waste gas, wastewater, and solid waste. Concurrently, these technological advancements accelerate drug development and clinical trial processes of the Company, lowering external costs while enhancing therapeutic efficacy. Collectively, these innovations generate positive economic, social, and environmental impacts.				and clinical trial methodologies. Concurrently, national policy support for new drug development presents opportunities for the Company, facilitating the advancement of pharmaceutical research and accelerating the market expansion of its business operations.
Green chemistry	Actual positive impact	Enterprise's own operation / downstream of the value chain	The Company enhances resource utilization in pharmaceutical production and reduces pollutant emissions through the innovation and commercial application of green chemistry technologies, such as continuous flow reaction and biocatalytic processes. These efforts contribute significantly to ecological conservation and the industry's green transformation.	Opportunity	Short/ medium / long term	Increase in operating revenue	By adopting green chemistry technologies and processes, the Company can develop and produce more environmentally friendly and efficient pharmaceutical products. This approach not only enhances production efficiency but also strengthens market competitiveness by meeting the growing demand among customers and consumers.
Circular economy	Actual positive impact	Upstream of the value chain/ enterprise's own operation	The Company enhances resource efficiency and reduces resource consumption intensity through innovations in production technologies, the recycling of resources such as water and packaging materials, and the adoption of digital and intelligent equipment. These efforts contribute to the development of a circular economy and sustainable resource management.	Opportunity	Medium/ long term	Decrease in operating cost	The Company implements circular economy practices by leveraging technological innovation in production, resource recycling, and digitalization and intelligent equipment adoption. These initiatives reduce production costs, enhance operational efficiency, and meet the needs of customers for green development, strengthening market competitiveness while realizing sustainable development opportunities.
Waste disposal	Potential negative	Upstream of the value	The Company generates both hazardous and non-hazardous waste during production operations, which may pose potential risks to ecosystems and public health. To mitigate these negative impacts, the	Risk	Short/ medium term	Increase in operating cost	Inadequate waste management may result in environmental degradation, exposing the Company to multiple risks including lawsuits, regulatory penalties, operational

Issue	Impact analysis			Risk and opportunity analysis			
	Major Type of impact	Scope of impact	Impact description	Major Type of risk/ opportunity	Time frame	Major potential financial impact	Risk and opportunity description
	impact	chain/ enterprise's own operation	Company has implemented measures featuring scientific management and compliant disposal.				suspensions, reputational damage, and loss of clientele.
Employee Training and Development	Actual positive impact	Upstream of the value chain/ enterprise's own operation	The Company continuously provides training and development opportunities to help employees enhance their professional skills and expertise, foster personal growth and innovation capabilities, and strengthen their employability. Simultaneously, these initiatives cultivate a positive and motivating work environment that boosts employee satisfaction and expands career development prospects.	Opportunity	Short/ medium/ long term	Increase in operating revenue	The CDMO industry is highly dependent on top-tier talent. By establishing a robust employee training and development system, the Company can attract and retain outstanding professionals, enhance workforce capabilities, drive technological innovation and management efficiency, capitalize on industry growth opportunities, expand into new business areas, and ultimately support long-term development of the Company.
Occupational health and safety	Actual negative impact	Upstream of the value chain/ enterprise's own operation	The Company recognizes that actual hazards present in R&D, production, and other operational processes may pose potential risks to employee health and safety. To mitigate these negative impacts on employees and other stakeholders, the Company has established a comprehensive occupational health and safety management system, implementing rigorous safety protocols and risk control measures.	Risk	Short/ medium term	Increase in operating cost	Ineffective occupational health and safety management may lead to employee occupational diseases and work-related injuries, adversely affecting workforce health and productivity. Such failures may simultaneously expose the Company to legal disputes, increased operational costs, and reputational damage.

❖ Material Issues Management

In the course of its business development, Asymchem has consistently placed paramount importance on the identification and management of material issues. Through comprehensive analysis of both external environments and internal operations, the Company has identified a series of issue-related risks and opportunities that significantly impact the Company's development. Having assessed the implications of these risks and opportunities, the Company has systematically integrated them into its decision-making processes to ensure thorough consideration in all material business decisions.

Currently, the Company has completed preliminary evaluations of these factors' financial impacts across current and anticipated time horizons (short, medium, and long term), resulting in strategic-level adjustments and the formulation of specific management strategies of the Company (detailed in respective sections of this report). Through the implementation of these strategies, the Company believes and expects that, under the uncertainty of future changes in the external environment, Asymchem will continue to uphold the concept of sustainable development, and promote its own high-quality development while contributing to the sustainable development of society.

❖ Communication with Stakeholders

Asymchem is committed to building long-term, trust-based relationships with its stakeholders. Through a structured communication mechanism, the Company gains in-depth understanding of stakeholders' opinions and expectations, maintains two-way interactions, and actively responds to their concerns and aspirations. Aligning with its business strategies and benchmarking against global standards, Asymchem has identified key stakeholders, encompassing governmental bodies, regulatory agencies, shareholders, investors, clients, partners, suppliers, employees, communities, and the general public. Tailored management approaches and targeted communications have been initiated to address their concerns effectively, aligning with their expectations and aspirations.

Stakeholder Communication Methods and Issues of Concern

Key stakeholders	Representatives of stakeholders	Issues of concern	Communication methods and channels
Governments and regulatory authorities	• The National Health Commission, the State Medical Products Administration, the China Securities Regulatory Commission, and local government departments of overseas operations, etc.	• Product safety and quality • Anti-commercial bribery and anti-corruption • Occupational health and safety • Environmental compliance management	• Policy consultation and briefing • Industrial policy exchange meeting • Daily policy implementation • Whole-process product quality control • Subject to regular official audits • Anti-commercial bribery and anti-corruption management • Application of green chemistry technology • Safe production management
Shareholders and investors	• Investors, financial institutions and credit rating agencies that engage in equity and investments within companies	• Product safety and quality • Innovation-driven • Corporate Governance • Risk management • Investor rights protection • Climate change response	• General meeting • Regular result conference • Special meeting communication between securities dealers and capital market, online interactive group meetings and roadshows • "Investor Relations" section on the Company's official website, investor email communications, and news updates on the Company's official social media accounts • Regular reporting and timely information disclosure mechanism • Risk management systems • Early warning system for major risks • Whole-process product quality control • Eight major innovation platforms • Green operation • Identification of and response to climate change risks and opportunities
Clients	• Pharmaceutical enterprises, R&D enterprises, sponsors, etc.	• Product safety and quality • Innovation-driven • Energy utilization • Climate change response Intellectual	• Customer service quality assurance • Customer satisfaction survey • Customer visit reception • Whole-process product quality control • Application of green chemistry

Key stakeholders	Representatives of stakeholders	Issues of concern	Communication methods and channels
		property protection • Customer service management • Green chemistry	technology • Anti-infringement search and patent navigation
Partners	• Industry associations, research institutes, universities, etc.	• Innovation-driven • Intellectual property protection • Industry cooperation and development • Employee training and development	• Industry events, including exhibitions, seminars, etc. • Anti-infringement search and patent navigation
Suppliers	• Raw material suppliers, equipment suppliers and service suppliers	• Supply chain security • Supply Chain Environmental and Social Risk Management • Industry Cooperation and Development • combat climate change • Occupational Health and Safety	• Regular meetings, such as annual supplier meeting, business review meeting • Supplier portal • Supplier assessment and audit • Supplier training • Supplier quality control • Incentive for quality improvement • Building stable supplier relationship • Supplier environmental and social responsibility management • Regular on-site or remote audits
Employees	• All employees of Asymchem, including junior employees, junior management, middle management, and senior management	• Employment and employee rights • Employee training and development • Occupational health and safety • Product safety and quality	• Diversified employee benefits • Employee communication platform (including: DingTalk, and email) • Offline forum • Employee representative meetings • Employee training system • Safety production training • Occupational health protection
Community and public	• Community residents, non-profit organizations, social groups, media, etc. around the operation site	• Social contribution and rural revitalization • Climate change response • Energy utilization • Water utilization • Circular economy • Pollutant emissions • Waste disposal	• Public welfare activities • "Three wastes" disposal mechanism • Green operation • Identification of and climate change response risks and opportunities

4. Adherence to Principles and Steady Advancement

❖ Corporate Governance*

Governance

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

"General Meetings, Board Meetings and Meetings of Board of Supervisors" and their Terms of Reference

Three Sessions	Composition	Terms of Reference
General meeting	All shareholders	The General Meeting, as the Company's authoritative organization, shall, in accordance with law, exercise the following terms of reference: • To exercise the right to determine the Company's business objectives and investment plans in accordance with law; • to elect and replace Directors and Supervisors who are not employee representatives, and to decide on matters relating to the remuneration of such Directors and Supervisors; and • To consider and approve the reports of the Board of Directors and the Board of Supervisors.
Board of Directors	• The Board shall consist of 9 Directors, including 4 female Directors; • The Board consists of one chairperson and three independent nonexecutive Directors.	The Board of Directors is a standing organization for the Company's business decision-making and is accountable to and reports its work to the General Meeting, and shall, in accordance with law, exercise the following terms of reference: • To convene the General Meeting and report its performance at the meeting; • to implement resolutions of the General Meeting; and • to decide on the operation plans and investment schemes of the Company etc.
Board of Supervisors	It shall be made up of three Supervisors, who are representatives of shareholders and employees of the Company.	The Board of Supervisors is accountable to the General Meeting and shall, in accordance with law, exercise the following terms of reference: • Review and provide a written audit opinion on the Company's periodic reports prepared by the Board of Directors; • to check the Company's finance; and • to supervise the conduct of the Company's Directors, chief executive officer ("**CEO**"), co-chief executive officer ("**Co-CEO**") and other senior management in performing their duties with the Company, and to propose the removal of such Directors or senior management as have violated the relevant laws and regulations, the Articles of Association, or the resolutions of the General Meeting, etc.

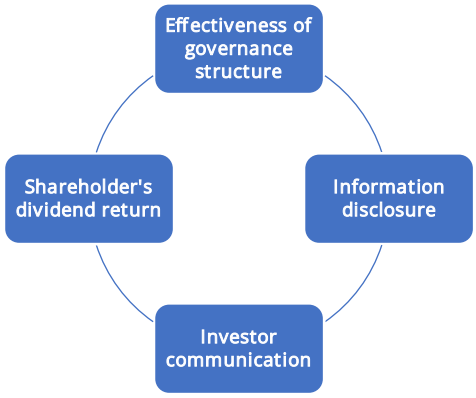
The Company strictly complies with laws, regulations and relevant requirements including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Corporate Governance Code for Listed Companies. We have established comprehensive governance systems, including the Articles of Association, Rules of Procedure for the Board of Directors, Rules of Procedure for General Meetings, and Working System for Independent Non-Executive Directors. During the Reporting Period, the Company further enhanced its corporate governance framework by revising or formulating a series of corporate governance documents, such as the Rules of the Audit Committee of the Board of Directors, Rules of the Strategy Committee of the Board of Directors, Board Diversity Policy, Management System for Shareholding and Trading by Directors/Supervisors/Senior Management of the Company, and Public Opinion Management System, thereby continuously improving corporate governance standards and operational efficiency while strengthening emergency response mechanisms for public opinion management to safeguard the Company's reputation.

In accordance with the Articles of Association, the Rules of the Nomination Committee of the Board of Directors and other relevant systems, the Nomination Committee of the Company evaluates the qualifications, selection procedures and term of office of the members of the Board of Directors in accordance with the relevant laws and regulations and in the light of the realities of the Company. The Committee's resolutions are submitted to the Board of Directors for approval, followed by final deliberation and adoption at the shareholders' general meeting before formal implementation. Board meetings require the attendance of a majority of Directors to constitute a quorum. Directors serve three-year terms, are elected or replaced by the shareholders' general meeting, and may be re-elected upon expiration of their terms.

Strategy

The Company has implemented multiple corporate governance strategies across key dimensions including effectiveness of governance structure, information disclosure, investor communication, shareholder's dividend return, and regulated related-party transactions, thereby effectively enhancing its governance standards.

Corporate Governance Strategy



Impact, risk and opportunity management

Effectiveness of governance structure

The Company is committed to enhancing the effectiveness of its governance structure through measures such as strengthening Board of Directors' engagement in ESG oversight, promoting member diversity, elevating professional competencies, and reinforcing performance evaluation mechanisms.

ESG management engagement	• The Board of Directors maintains ongoing oversight of sustainability-related opportunities and risks, driving continuous improvement in ESG performance of the Company. • The Strategy Committee focuses on critical ESG management issues and monitors implementation progress of related policies. • The Audit Committee regularly reviews work reports from the audit department to identify operational opportunities and risks, ensuring full compliance with sustainable development objectives across the

	Company's operations.
Diversification	• The Company has formulated the Board Diversity Policy, which specifies that several factors including, but not limited to, gender, nationality, ethnicity, age, cultural and educational background, professional experience, skills, knowledge and years of service, shall be taken into account in the composition of the Board of Directors.
Professionalism	• The Company places strong emphasis on the expertise of its Board of Directors and continuously optimizes its composition. As of the end of the Reporting Period, the Board of Directors includes a professor with a Ph.D. in Accounting who is also a Certified Public Accountant ("**CPA**"). This member possesses not only profound academic credentials but also substantial practical experience, providing vital professional support for the Company's financial management and development strategies.
Performance review	• The Board of Directors conducts comprehensive annual performance evaluations, with detailed results disclosed in the Company's Annual Report. • The Remuneration and Appraisal Committee conducts independent annual evaluations of each Director's performance to ensure the effectiveness of governance of the Board of Directors. • Independent Directors conduct performance reviews based on personal assessment and regularly disclose their duty reports to the public, so as to give full play to the role of the independent Directors in safeguarding the overall interests of the Company and the lawful rights and interests of all shareholders, in particular the small and medium-sized shareholders.

Information disclosure

The Company utilizes China Securities Journal, Securities Times, the CNINFO website (www.cninfo.com.cn), and HKEXnews as its official information disclosure media. The Chairperson assumes the primary responsibility for information disclosure, with the secretary function of the Board of Directors responsible for disclosure work. The Company discloses all information that may materially affect the decisions of shareholders and other stakeholders in a timely and accurate manner to protect shareholders' right to know and continuously improve the fairness and timeliness of its information disclosures.

As of December 31, 2024, the Company has disclosed a total of 411 announcement documents and other reporting information for its A+H shares. Among them, the Company disclosed 166 announcement documents on the SZSE, while 245 announcements and other reporting information uploaded on the HKSE.

Investor communication

In terms of investor rights protection, the Company has formulated the Investor Relationship Management System and regularly reviews the two-way communication policy to sustain its effectiveness. During the Reporting Period, the Company's proactive investor engagement approach has attracted increased attention from global funds, while expanding its coverage by both domestic and foreign sell-side brokers to over 55 institutions.

The Company has shaped effective communication channels with investors to carry out effective investor relations management, including regular reports, the Company's website, investor conferences, roadshows and healthcare summits, earnings call, on-site visits, and research tours.

Major Investor Communication Channels and Initiatives

General meeting	• The Directors (or appropriate proxies) will meet with shareholders and answer their inquiries through the annual general meeting and other general meetings.
Investor reception	• Earnings call and on-site interviews and survey tours for investors are specially held. • Occasional customized survey activities for various investment institutions and investors are held from time to time.
Online	• An "Investor Relations" feature on the Company's official website has

communication	been devoted to helping the public obtain up-to-date information on the Company's business operations and development, financial information, as well as other information on the Company's governance practices and shareholders, investors, and stakeholders. • We enhanced institutional investors' understanding of the Company's business and operations through investor phone calls, emails, and online and offline face-to-face meetings. • The Company has established official WeChat public accounts, including the public account, video account and HR account of the Group, to comprehensively showcase and reflect the Company's development updates. This enables investors and stakeholders to access the Company's information from multiple dimensions and perspectives. • Considering the small and medium-sized shareholders and individual shareholders, we worked to cover the needs of investors in an all-round manner and enhance the Company's recognition and image in the capital market by offering online interactive group meetings and non-deal roadshows through platforms such as ZhiTong Financial, Roadshowing.com and Roadshowchina.cn on a quarterly basis.
External events	• We actively participated in brokerage strategy conferences, investor group or one-on-one communication meetings, annual/quarterly/monthly and customized roadshows, and global healthcare investment summits.

As of 31 December 2024, the Company has actively participated in online and offline investor conferences, non-deal roadshows, global investor strategy conferences and medical summits, etc., and has held over 400 investor communication activities in total, including meetings with institutional investors and research analysts and responses to investor inquiries via telephone, email, and Easy IR platform. Such summits and conferences have been held in Mainland China, Hong Kong, Singapore, Europe, and the United States, covering more than 1,000 funds.

Shareholders' dividend return

The Company stresses the reasonable return on investment for investors and protects their rights and interests. During the Reporting Period, the Company, taking into account the Company's operating results, financial condition, development prospect and other important factors, has formulated the Shareholders' Dividend Payment Plan for the Next Three Years (2023 - 2025) in accordance with the Circular on Further Implementation of Matters Relating to Cash Dividends for Listed Companies, the Supervisory Guideline for Listed Companies No. 3 - Cash Dividends for Listed Companies (Revised in 2022)", and the Articles of Association of the Company. During the Reporting Period, the Company implemented the cash dividend for the year 2023 amounting to a total of RMB641,939,100 (tax-inclusive). The Board of Directors has formulated a cash dividend proposal for the year 2024, which will be implemented upon consideration and approval by the shareholders at the General Meeting, with an estimated amount of RMB390,367,300 (tax-inclusive).

Indicators and targets

The Company fully recognizes the importance of Board diversity in achieving strategic objectives and sustainable development, and actively builds a diversified Board of Directors. The Company has established Board diversity targets, conducting at least one annual Board diversity review, with the goal of maintaining a minimum 20% female representation on the Board of Directors, while historically maintaining approximately 40% in general. To sustain gender diversity on the Board of Directors, the Company will periodically identify and select qualified female candidates with diverse skills, experience, and knowledge across various fields, and maintain a list of Board-ready female candidates, which is regularly reviewed by the Nomination Committee.

During the Reporting Period, the Company conducted one Board diversity review session, with female Directors accounting for 44.44%, exceeding the set target. Female Directors of the Company have played an irreplaceable role in strategy formulation, risk management, and sustainable development, injecting "Her Power" into the Company's breakthrough innovation and sustainable growth. Moving forward, the Company will continue to focus on and strive to enhance Board diversity levels, translating sustainability commitments into concrete actions.

❖ Risk Management*

Governance

Asymchem has established a top-down risk management structure and developed internal control policies and procedures such as the Risk Management System. These policies clearly define the objectives of risk management, organizational structure, the roles and responsibilities of the three lines of defense, goals, response strategies, and measures. This ensures continuous monitoring of risk management practices and gradual improvement of risk management capabilities through ongoing refinement.

Risk Management Structure

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

Strategy

The Company has established a comprehensive risk management strategy. For major (material) risk matters, the Company has implemented a tracking and monitoring mechanism to ensure the achievement of risk management objectives. Regarding high-risk business operations, the Company conducts specialized risk management, promoting the integration of risk management with professional management, and strives to institutionalize risk management practices.

Impact, risk and opportunity management

Risk identification and control

The Company conducts comprehensive risk identification across all operational levels, primarily analyzing and prioritizing identified risks based on two dimensions: the likelihood of risk occurrence and the degree of impact on the Company's objectives, thereby determining key focus areas and risks requiring prioritized control. The audit and supervision scope of the Company is expanded from specific business processes to a systematic review and evaluation of the completeness and effectiveness of internal controls, as well as various risk assessments. Meanwhile, the audit approach of the Company has evolved from post-event audits to real-time audits, further strengthening supervision during critical business operations. This ensures comprehensive and systematic risk management, effectively reducing the Company's overall risks. Additionally, the Company conducts an annual self-assessment of internal control risks based on the internal control matrix. The results of the 2024 risk identification are as follows.

Risk Identification and Control (Partial)

Risk type	Control measures
Procurement risk	• To specify the workflow and approval authority of key business processes, such as requisition and approval, bidding and price comparison, procurement acceptance, procurement payment and supplier management, etc., of the procurement program. • To step up control over procurement approval, tendering and price comparison to ensure the control of procurement risks. • To enhance the functionality of the Enterprise Resource Planning ("**ERP**") system to ensure seamless integration and mutual checks between procurement operations, inventory management, and financial processes, thereby reducing internal control risks in procurement activities. • To establish a strict supplier review and evaluation process, ensuring rigorous verification before granting access.
Compliance risk	• To conduct intellectual property protection audits for subsidiaries, focusing on tracking and confirming the rectification of issues identified in the previous year's audits, and evaluate the progress and effectiveness of these corrective actions.
Asset security risk	• To implement risk mitigation strategies through measures such as regular and ad-hoc inventory checks, safety stock and inventory cycle management, asset access control, IT monitoring and alerts, asset recycling, specialized management of intangible assets, cross-departmental evaluation for asset disposal, and multi-level approval processes, ensuring comprehensive and strict management of the Company's assets.
Social responsibility risk	• To formulate policies or codes of conduct related to business ethics in order to manage the business behavior of the Company or factory and its employees against corruption, embezzlement, bribery, etc., and to maintain fair competition in the market operation and business environment.
Construction project management risk	• To supervise and inspect construction sites, verifying construction and equipment installation quality and project volume calculations, and issue inspection reports or special audit reports based on the findings.

Audit of risk management system

The Company has established the Internal Audit System to guide the audit department in reviewing and evaluating the existing risk management system through regular or ad-hoc audits and monitoring. The system also identifies new risks associated with emerging businesses, helping the Company continuously improve its risk management capabilities and fully leverage the role of the third line of defense in risk management.

The audit department conducts risk-oriented audits based on business cycles, systematically reviewing, assessing, and providing recommendations for addressing risks in the Company's risk management system. In addition, the audit department submits quarterly internal audit reports to the Audit Committee, including risk assessment results and corresponding recommendations.

Risk performance management

In order to further enhance employees' focus on risk management, the Company has integrated risk management into the performance management system for middle and senior management. This includes indicators such as safety incidents, environmental complaints, occupational health incidents, intellectual property leaks, significant audit findings, customer complaints, and quality issues. These indicators are regarded as one-vote veto items, directly impacting employees' performance evaluations.

Risk culture cultivation

In cultivating our risk culture, the Company consistently conducts risk awareness training programs for all employees. These include training on major safety production risks, risk management knowledge, and sharing of risk management experiences, to strengthen employees' awareness and commitment to risk management. Additionally, targeted risk management training is provided for Directors, Supervisors, and senior management to enhance their professional risk management capabilities.

Furthermore, the Company has also established an early warning system for major risks and an emergency response mechanism for unexpected events. It has defined risk warning standards, developed emergency plans for potential major risks or incidents, outlined the roles and responsibilities of personnel, and standardized response procedures to ensure timely and appropriate handling of emergencies.

Indicators and targets

The Company's risk management system is designed to keep risks within a manageable range aligned with the Company's overall objectives. It ensures the authenticity and reliability of internal and external information communication while strictly adhering to all applicable laws and regulations. Furthermore, the system aims to improve the Company's operational efficiency and effectiveness and includes crisis management plans for major risks to prevent significant losses caused by catastrophic risks or human errors.

The Company has set the management indicator of "conducting a comprehensive risk self-assessment once a year". For new business areas, risks shall be promptly identified, assessed, and addressed by the Company. Specialized audits are conducted annually for key risk areas and major risks. In 2024, the Company successfully completed 1 comprehensive risk self-assessment, further confirming the effectiveness of the risk management system.

❖ Anti-Commercial Bribery and Anti-Corruption*

Governance

Asymchem has established an anti-commercial bribery and anti-corruption governance structure with the participation of the Board of Directors. The Audit Committee and the audit department were incorporated into the management structure, and the division of responsibilities of each department in anti-commercial bribery and anti-corruption was clearly defined. The Company continuously enhances its governance capabilities to ensure compliance and transparency in its operations.

The Company attaches great importance to the professionalism of its management team and is committed to building a high-quality professional management team. As of the end of the Reporting Period, the audit department consists of 6 members, of whom 1 holds the international Certified Internal Auditor ("**CIA**") certificate, and 4 have more than 15 years of experience in internal auditing.

Anti-commercial bribery and Anti-corruption Governance Framework

<table>
<tr>
<td rowspan="3"> 
</td>
<td>The Board of Directors is responsible for overseeing the formulation and implementation of anti-corruption and anti-bribery policies.</td>
</tr>
<tr>
<td>The Audit Committee is responsible for managing anti-corruption and anti-bribery related work, reviewing and supervising the effectiveness of the anti-fraud management system and related systems.</td>
</tr>
<tr>
<td>The audit department is responsible for specific tasks such as business ethics audit, whistleblowing reception, investigation and handling, and reports the audit results and whistleblowing situation to the Audit Committee. The audit department reports to the Audit Committee at least once a quarter on the internal audit work, including anti-bribery and anti-corruption work.</td>
</tr>
</table>

Strategy

In order to effectively prevent embezzlement and corruption, Asymchem has established a comprehensive management strategy to mitigate business ethics risk, starting from system construction and policy improvement, internal personnel management, supply chain partner management, whistleblowing mechanism and protection measures, etc. The Company continues to strengthen its management and supervision to promote the development of business ethics.

Impact, risk and opportunity management

Institutional construction and policy improvement

The Company adopts a zero-tolerance policy against corruption and bribery. We strictly comply with anti-corruption regulations under the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region and relevant laws and regulations of the places where it operates overseas. The Company has also formulated various policies and systems, such as the Internal Control Management System on Business Ethics, Whistleblowing Policy of Asymchem Laboratories (Tianjin) Co., Ltd., Anti-Corruption and Anti-Bribery Policy of Asymchem Laboratories (Tianjin) Co., Ltd., Code of Conduct for Supply Chain of Asymchem Laboratories (Tianjin) Co., Ltd. and ESG Management Policy for Supplier of Asymchem Laboratories (Tianjin) Co., Ltd., etc., to comprehensively standardize the Company's internal management and external cooperation, providing an institutional framework for sustainable business development.

In order to ensure the effective implementation of our policies, the Company further clarified policy details,

covering aspects such as management structure, responsibilities and authorities, audit methods and frequency, training and communication, supplier management, relationships with domestic and foreign government officials, and whistleblowing mechanisms. The Company continuously improves its anti-unfair competition supervision and management system, and ensuring operational compliance through full-process oversight before, during, and after business activities.

In addition, Asymchem Laboratories (Tianjin) Co., Ltd. assists subsidiaries in refining their systems to maintain group-wide compliance. Through a unified policy framework and management standards, the Company promotes consistency in business ethics and compliance management across all group companies, enabling better responses to internal and external risks while collectively fostering a clean and transparent business environment.

Internal personnel management

The Company comprehensively strengthens its internal personnel management by focusing on daily oversight, key risk controls, and integrity culture building, driving continuous improvement in employees' compliance awareness and ethical conduct. This approach lays a solid foundation for the Company's sustainable development.

Internal Anti-Commercial Bribery & Anti-Corruption Measures and Achievements

Measures	Description
Daily management	• Strictly regulate employee conduct to avoid improper interactions with clients and suppliers, ensuring transparent and fair business dealings. • Implement strict management of gifts received by employees from clients or suppliers. The audit department is responsible for the collection, registration, consolidation, and reporting of such gifts, which are uniformly surrendered to the Company for disposal, eliminating any factors that may influence impartial decision-making. • All employees and individuals acting on behalf of the Company are strictly prohibited from engaging in bribery or improper benefit transfers in any form, regardless of whether the Company stands to benefit.
Key positions control	• Identify and supervise high-risk positions (e.g., senior management, procurement staff, financial personnel) to strengthen internal monitoring mechanisms. • Conduct exit audits for these key personnel prior to their departure through collaboration between human resources and audit department, comprehensively reviewing their job performance to ensure compliance with the Company's anti-corruption and anti-bribery policies.
Fostering a culture of integrity	• Conduct business ethics training and anti-corruption training for key positions and all employees at least once a year to enhance employees' compliance awareness and integrity and self-discipline standards. • Require both senior management and general employees to sign the Integrity Commitment Letter and Integrity Agreement, which are included in the personal performance appraisal system and empowered with one-vote veto power for violations.

Management of supply chain partner

The Company has consistently intensified its anti-commercial bribery and anti-corruption management efforts, extending integrity and compliance requirements to supply chain partners. The Company has entered into the Sunshine Cooperation Agreement with all suppliers, clearly stipulating integrity and compliance obligations. Regular spot checks are conducted to verify agreement signings, ensuring all stakeholders fully understand the Company's compliance management policies. During the Reporting Period, the Company formulated the Code of Conduct for Supply Chain of Asymchem Laboratories (Tianjin) Co., Ltd. and ESG Management Policy for Supplier of Asymchem Laboratories (Tianjin) Co., Ltd., rigorously evaluating suppliers' governance, transparency and ethical compliance. Special emphasis is placed on assessing the formulation and implementation of anti-corruption and anti-bribery policies to ensure

suppliers' business conduct comply with high-standard ethical and legal requirements. In addition, the Company further revised the Sunshine Cooperation Agreement to strengthen suppliers' awareness of integrity and compliance.

Whistleblowing mechanism and protective measures

The Company consistently maintains an open, trusting, and respectful corporate culture, committed to fostering a clean and compliant working environment. The Company has formulated the Whistleblowing Policy of Asymchem Laboratories (Tianjin) Co., Ltd., which clarifies whistleblower protection mechanisms and specifies critical measures including reporting requirements, scope of reports, investigation procedures, and whistleblower safeguards.

In order to facilitate employees and stakeholders in raising concerns or reporting misconduct, the Company has implemented multiple dedicated reporting channels, including dedicated Office Automation ("**OA**") system module, whistleblowing email, and whistleblowing hotline, etc. These channels accept both real-name and anonymous suggestions and reports from employees, third-parties and other stakeholders.

Whistleblowing Channels

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

The Company attaches utmost importance to whistleblower protection and ensures that no whistleblower shall suffer discrimination, unfair treatment, or any form of retaliation. For any violations involving disclosure of whistleblower identities or retaliatory actions against whistleblowers, the Company will implement severe disciplinary measures, including dismissal, termination of labor contracts, and even refer to judicial authorities for legal action when warranted. Asymchem is committed to maximizing protection for whistleblowers and actively encourages employees and stakeholders to participate in compliance oversight of the Company. Together, we uphold an ethical business environment with integrity and transparency.

Indicators and targets

The Company strictly abides by relevant laws and regulations, and business ethics standards. We have established a sound and effective mechanism to prevent and detect bribery and corruption, with clearly defined objectives such as “conducting business ethics training for all employees at least once a year” and “conducting business ethics audits covering all operational processes at least once every three years”. During the Reporting Period, the Company conducted 1 business ethics training session, achieving 100% employee participation.

During the Reporting Period, the Company recorded no whistleblowing and action taken against any personnel, and did not experience any non-compliance incidents in relation to corruption, bribery, conflicts of interest, fraud, money laundering or extortion.

❖ Anti-Unfair Competition

Asymchem strictly abides by the Anti-Unfair Competition Law of the People's Republic of China, the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong Special Administrative Region and the relevant laws and regulations regarding anti-monopoly and anti-unfair competition in overseas operational jurisdictions to prevent and stop improper means adopted in market competition, such as illegal related party transactions or conflicts of interest violations, intellectual property infringement, false advertising and abuse of market dominance, so as to maintain fair competition in the market.

The Company has established a sound internal management system that explicitly prohibits illegal related party transactions, conflicts of interest, as well as false advertising or misleading consumer behavior. The Company implements pre-event and in-process supervision and management procedures to front-load risk control, with the audit department responsible for conducting post-event special audits to evaluate the completeness and effectiveness of anti-unfair competition procedures and drive continuous improvement.

During the Reporting Period, the Company did not encounter any litigation or significant administrative penalties resulting from unfair competition practices.

Regulating related party transactions

The Company has established the "Related Party Transactions Management and Decision-Making Policy" to standardize related party transactions and safeguard the legitimate rights and interests of its shareholders. This ensures that all transactions between the Company and its related parties adhere to the principles of good faith, equality, voluntariness, equivalence, compensation, transparency, fairness, and impartiality, and do not harm the legitimate interests of the Company or its non-related shareholders. Related party transactions are subject to review by the Board of Directors. Related shareholders and Directors must comply with the abstention voting system as stipulated in the Company's Articles of Association and the "Related Party Transactions Management and Decision-Making Policy." Independent Directors provide independent opinions on significant related party transactions. When necessary, the Company engages professional intermediaries to conduct evaluation audits or appoints independent financial advisors to issue opinions.

During the Reporting Period, no material related party transactions occurred in the Company. All minor related party transactions followed decision-making procedures in compliance with applicable laws, regulations, and the Company's Articles of Association. The pricing of these transactions was fair and reasonable, with no instances of harm to the interests of the Company, its shareholders, particularly minority shareholders.

Supplier fair competition management

The Company places high importance on monitoring unfair competition practices among suppliers, ensuring fair competition and transparency in the supply chain through comprehensive compliance management across all processes. During the supplier qualification stage, the Company's audit department conducts rigorous qualification audits on newly introduced suppliers, with particular focus on whether they possess special certifications (such as hazardous chemical transportation licenses, pressure vessel production permits, etc.), and examines their relationships with already approved suppliers to prevent collusive bidding and other unfair competition practices in advance. Additionally, the Company strictly implements procedures such as bidding, bid supervision and price comparison reviews to ensure the compliance and fairness of the bidding process. During the Reporting Period, the audit department participated in supervising 12 bidding processes across Asymchem Laboratories and all of its subsidiaries, effectively preventing the occurrence of unfair competition practices.

To continuously optimize fair competition among suppliers, the Company regularly conducts statistical analyses of supplier order allocation and market supply-demand relationships. By signing annual agreements, optimizing order allocation strategies, and continuously developing new suppliers, the Company has further improved its supplier management system. These measures not only ensure the stability and transparency of the supply chain but also create a fair and just market competition environment for the Company.

Cultural publicity and whistleblowing mechanism

The Company regularly carries out training and communication activities related to anti-unfair competition, analyzes typical cases, and enhances employees' compliance awareness and professional capabilities.

Through annual business ethics training, signing integrity and self-discipline agreements, and incorporating compliance performance into performance assessments, the Company continuously improves employees' awareness of integrity in professional conduct, ensuring that anti-unfair competition requirements are implemented throughout all aspects of the Company's operations.

The Company has established a whistleblowing system, providing dedicated channels to accept real-name or anonymous reports from employees and stakeholders, and strictly protects whistleblower information. For violations, the Company will take severe measures including warnings, dismissal, and even refer to judicial authorities.

❖ Data Security and Privacy Protection

Asymchem has established a comprehensive data security management framework to strengthen governance mechanisms and ensure information security. This framework is directly managed by the Vice President of Information Technology ("**IT**"), with an information security team responsible for network security, data security, and the construction and maintenance of related systems. The IT Vice President regularly reports work progress to the Company's Co-CEO and receives periodic supervision and guidance from senior management. The Co-CEO possesses extensive experience in the field of information security, having successfully driven the implementation and optimization of multiple information security projects, and has accumulated extensive professional expertise in data protection, risk assessment, and security compliance. Leveraging a profound understanding of information security and strategic vision, the Co-CEO has led the Company's IT team to achieve significant results in safeguarding corporate data security and enhancing security management standards. Furthermore, the Co-CEO extends their extensive information security experience within the Company to Director roles at affiliated companies to support related work.

To comprehensively strengthen information security management, the Company has formulated a series of multi-dimensional management systems, including Emergency and Business Continuity Management and Information Security Management Policy of Asymchem. Among these, Emergency and Business Continuity Management specifies that business continuity and emergency plans related to information security shall be validated for effectiveness and improved annually, covering business impact analysis, disruption incidents, maximum tolerable downtime, recovery time objectives, and response and recovery plans. Simultaneously, the Information Security Management Policy establishes an emergency response plan for information system security, detailing reporting procedures, handling methods, and recovery measures for different information security incidents. When employees encounter issues related to information system usage or information security, they must submit a resolution request through their employee account. The information management department addresses or escalates issues promptly based on severity and in accordance with emergency handling procedures to ensure timely resolution and traceability.

Focusing on key dimensions such as information security risk control, daily information security management, and information security awareness promotion, the Company has implemented a series of information security management measures and procedures to comprehensively defend against security threats and ensure the stability and security of the Company's operations.

Information security risk control

The Company has comprehensively strengthened information security risk control and implemented a series of effective measures to achieve vulnerability management and remediation. A complete disaster recovery plan has been formulated, and regular drills are conducted to ensure its efficiency and reliability.

Vulnerability management and remediation	• Penetration testing and vulnerability scanning are conducted semi-annually on databases, middleware, operating systems, etc., to identify and manage vulnerabilities and issues in the management system as thoroughly as possible. During the Reporting Period, the Company performed vulnerability scans on critical business systems, identifying no high- or medium-risk vulnerabilities (1 low-risk vulnerability and 17 informational-level vulnerabilities), with no impact on clients or employees. • Annual red team/blue team exercises are conducted to comprehensively evaluate the Company's multi-dimensional security protection and threat detection capabilities. During the Reporting Period, the Company engaged a third-party organization to assist in red team/blue team drills, clarifying responsibilities, attack methodologies, execution procedures, and delivering attack/defense reports with remediation plans. Follow-up actions included continuous reinforcement and improvement of identified information security issues. • An annual business recovery drill is organized to ensure the fastest possible restoration of information systems during critical incidents, maintaining uninterrupted services for clients. During the Reporting Period, the Company developed a detailed business continuity exercise plan, thoroughly testing system data recovery capabilities through simulated failures. All test cases

	were executed and reviewed as scheduled, with results meeting expectations and deemed acceptable. • Annual code audits are performed on business systems, with identified issues rectified, verified, and remediated. During the Reporting Period, 9 categories of code issues were discovered and successfully resolved.
Business continuity management and disaster recovery	• A robust business continuity management procedure has been established to protect the Company's operations from information security incidents. In accordance with the Information Security Procedure Documents, business continuity and impact analyses are conducted, followed by the development of business continuity strategic plans and implementation roadmaps. Additionally, the business continuity management plan undergoes annual testing and review. • Disaster recovery plans are formulated and regularly tested. During the Reporting Period, the Company simulated a virus attack on the OA system that compromised partial data, conducting server and system recovery drills for the information management and planning departments to ensure rapid operational restoration during emergencies.

Daily information security management

The Company has fortified its security defenses through multi-dimensional measures, continuously optimizing data leak prevention, mobile device and endpoint security, as well as network security and monitoring, thereby further enhancing overall network security.

Data breach management	• Intensify document anomaly behavior monitoring to promptly detect and address potential risks. • Introduce computer screen watermarking functionality to enhance traceability of data usage and dissemination.
Mobile and endpoint security	• Deploy mobile device management ("**MDM**") software to centrally manage mobile devices and ensure device security. • Implement network access control to restrict unauthorized devices from connecting to the Company's network, safeguarding network security.
Cybersecurity and surveillance	• Collaborate with third-party security vendors to conduct 24/7 network security monitoring for real-time threat response. • Optimize the network architecture of the Company by implementing zone-based management according to functional modules, improving overall network security.

Information security awareness promotion

The Company continuously enhances employees' information security awareness and protective capabilities through multi-level and diversified training activities.

Training for all employees	• Quarterly online and offline Employee Information Security Awareness Training sessions are conducted. During the Reporting Period, the training content of the Company has been expanded in 2023 to include network security laws and regulations, email usage security and case studies, office computer security and case studies, password security and case studies, common poor work habits, and other network security behaviors and case studies. • Monthly information security infographic training is provided to all employees through DingTalk announcements to disseminate information security knowledge.
New employee training	• Weekly information security training (both offline and online) is offered to new employees, covering password management, secure printer usage, phishing prevention, etc., to help new employees quickly establish

	information security awareness.
Performance evaluation	• Information security-related content is included in performance evaluations for employees involved in information management. The evaluation comprehensively considers multiple dimensions including the number of information security incidents, severity of harm, and duration of impact.

To further strengthen information security management, the Company regularly engages third-party organizations to audit and certify its information security management system, ensuring its effectiveness and integrating information security into business processes to standardize the implementation of data security and privacy protection.

During the Reporting Period, the Company successfully passed the surveillance audit conducted by the China Quality Certification Centre for its ISO 27001 Information Security Management System certification. The certification covers the Group's information infrastructure, and the audit results confirm that the information security management system activities of the Company's internal IT and network-related departments have been functioning effectively. During the Reporting Period, no data security incidents occurred in the Company, and there were no instances of unauthorized disclosure of customer or subject privacy.

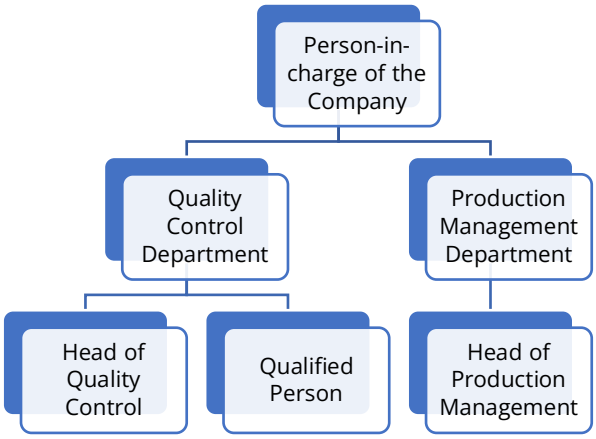
5. Comprehensive Empowerment, Shared Success

❖ Product Safety and Quality*

Governance

Asymchem is equipped with sufficient and well qualified management and operation personnel. The person-in-charge of the Company is the main responsible person for product quality and is fully responsible for the day-to-day management of the Company. In order to ensure that the quality targets are met and the Good Manufacturing Practice ("**GMP**") is strictly adhered to, the person in charge of the Company is required to provide necessary resources to plan, organize and coordinate in a reasonable manner, and ensure that the quality control department can independently perform its duties.

Product Safety and Quality Control Structure



Position	Key duties and responsibilities
Head of quality control	• Ensure that raw and auxiliary materials, packaging materials, intermediate products, products to be packaged and finished products meet the approved registration requirements and quality standards.
Qualified person	• Participate in the establishment of the Company's quality system, internal self-inspection, external quality audit, product release, verification, adverse drug reaction reporting, product recall and other quality control activities.
Head of production management	• Ensure that products are produced and stored in accordance with approved process regulations to ensure product quality, etc.

The Company strictly complies with the latest requirements of the Norms and Standards for Pharmaceuticals by World Health Organization ("**WHO**"), the Drug Administration Law of the People's Republic of China, the Good Manufacturing Practice for Pharmaceutical Products of the People's Republic of China, as well as the dominant GMPs in the industry, and the International Conference on Harmonization ("**ICH**") of Technical Requirements for Registration of Pharmaceuticals for Human Use and other guidelines, to develop management systems such as Quality Policy and Quality Manual and keep track of industry regulations. In case there are updates to cGMP regulations, the Company shall conduct a gap analysis between the Company's internal procedures and the requirements of cGMP regulations to identify the need for updating or improving existing procedures or methods and implement the corresponding updates or improvements based on the results of the gap analysis.

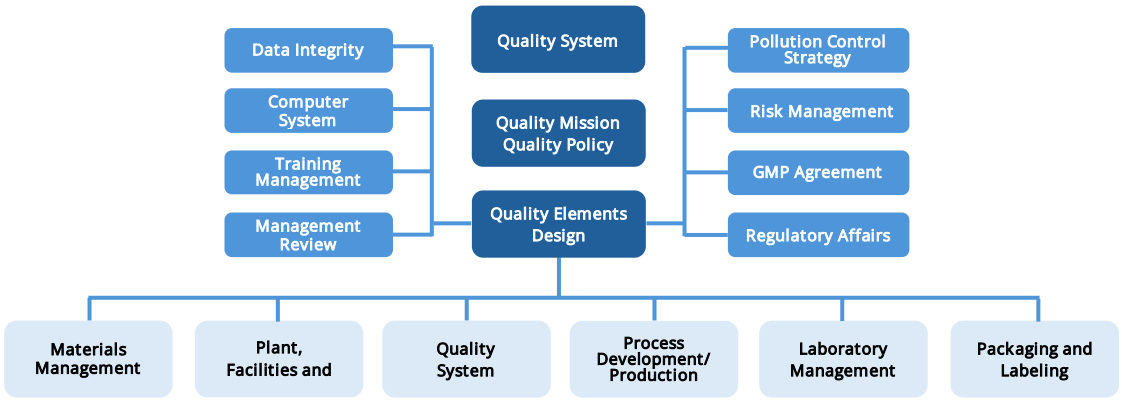
During the Reporting Period, the Company focused on the latest guidelines such as the Quality Control Guidelines and Guidelines for the Development and Production of Oligonucleotides issued by the European Medicines Agency ("**EMA**"), the Control of Nitrosamine Impurities in Human Pharmaceuticals: Guidance for Industry issued by the U.S. Food and Drug Administration ("**FDA**"), as well as the Good Manufacturing Practice for Pharmaceutical Excipients and Good Manufacturing Practice for Pharmaceutical Packaging Materials issued by the China National Medical Products Administration ("**NMPA**"), and conducted special research, formulated corresponding procedure upgrade plans to ensure

that the quality control system always meets the latest requirements of global regulatory agencies.

Strategy

The Company has established a GMP-based quality system management model, which covers key processes such as pollution control strategy, risk management, regulatory affairs, GMP agreement management, data integrity management, computer system management, training management and management reviews, and throughout all aspects such as material management, equipment, facilities and plant management, quality system, process development/production, laboratory management, packaging and labeling management, etc.. This comprehensively guarantees the production of high-quality standard APIs and pharmaceuticals.

Quality System Management Model



Impact, risk and opportunity management

The Company always puts quality, safety and risk management at the core of its business, and establishes cGMP-compliant production workshops in accordance with international quality system management requirements. The Company adheres to the concept of high-standard quality supervision and continues to practice the quality culture to ensure that the products produced always meet the expected requirements and quality standards in all aspects.

Product quality inspection

The Company has set up systems such as the Sampling and Testing of Raw Materials and Products, Sampling and Testing Procedures of Raw Materials and Excipients, Packaging Materials and Products of Preparations, etc., to improve internal inspection capabilities, establish a product inspection mechanism to conduct internal quality inspection on raw materials, intermediates/ intermediate products, and finished products. This ensures that all products shipped from the Company meet the approved quality standards. The Company pays great attention to any issues arising during product inspection and conducts corresponding investigations in a timely manner.

The Company conducts a comprehensive inspection according to the approved quality standards before product release, and only the products approved for release can be shipped out of the Company. If any quality issues arise with the products thereafter, the Company will carry out corresponding investigations according to established procedures.

All products manufactured by the Company do not contain chemical components in the list of substances and substances of very high concern ("**SVHC**") restricted under in the EU REACH regulation. For the introduction of special compounds, the Company has established a strict management and control mechanism to comprehensively assess the potential risks and take effective measures to prevent or mitigate the relevant risks, so as to ensure that the production process and final products fully comply with relevant laws and regulations and quality requirements.

During the implementation, the Company has established various independent risk assessment documents, such as risk assessment of genotoxic cytotoxic impurities (e.g., nitrosamine impurities) based on industry trends and concerns, and has developed corresponding control measures. Prior to the use of equipment chains, the Company performs thorough cleaning and quantitative testing for potential residual compounds, ensuring compliance with scientifically calculated limit standards before deployment in product manufacturing. For all raw and auxiliary materials, packaging materials and finished products,

we have established corresponding product quality standards (including the limits of various potential impurities) and developed and validated corresponding analytical methods. Throughout the production process, raw materials and intermediates are rigorously controlled, and release inspection are carried out on the finished product to maintain stringent oversight of product quality.

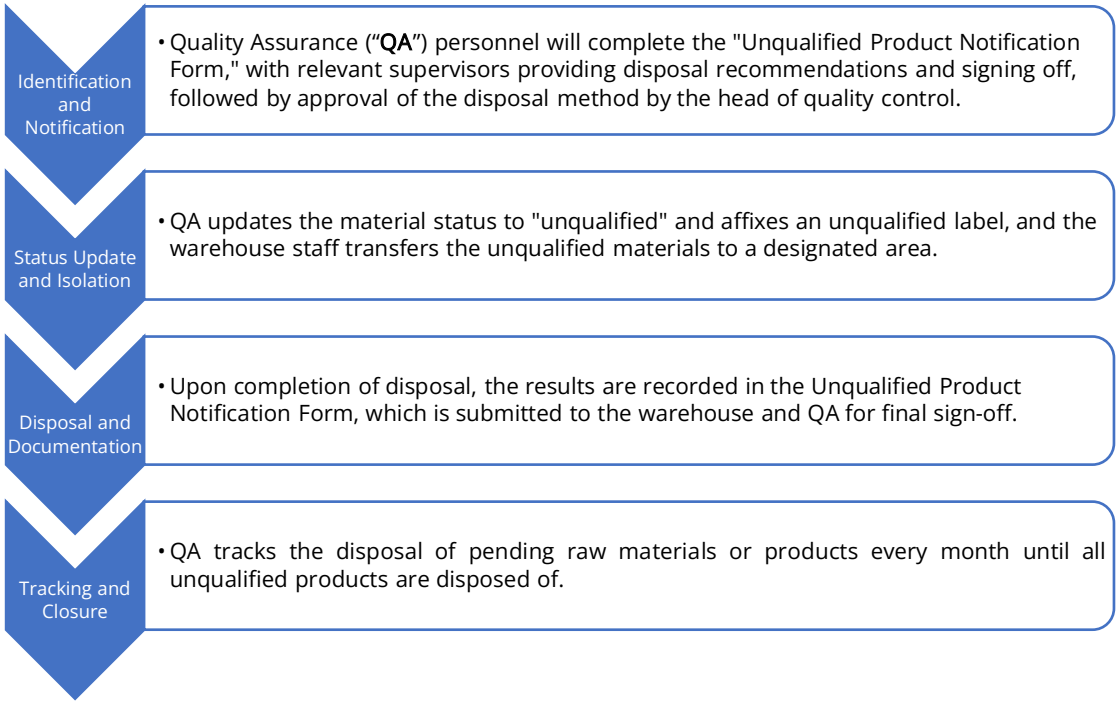
The Company conducts an annual quality review of all commercialized products, by product type. This review encompasses key process controls, key product test results, all products failing to meet quality standards, significant deviations or non-compliances along with related investigations, stability testing results, and review of all quality-related returns, complaints, and recalls. This process enables the timely identification of adverse trends and potential quality issues, followed by the implementation of improvement and preventive measures.

To enhance preventive measures, the Company strengthens themed inspections in the areas of production, analysis, and warehousing; records and rectifies issues in a timely manner to eliminate potential risks; establishes a change control process, requiring the submission of the Change Control Form for newly purchased or modified equipment. Post-installation, equipment is labeled and maintained and calibrated according to a scheduled plan to ensure optimal performance. Additionally, through systematic inspections and early issue detection, potential hazards are resolved before failures occur, enhancing equipment stability and reliability to safeguard quality and safety.

Handling of unqualified products

The Company establishes a process for handling unqualified products, from identification and notification to tracking and closure. This ensures effective management of unqualified products, minimizing their impact on product quality, customer satisfaction, and operational efficiency. By analyzing root causes and implementing corrective actions, similar problems were prevented from recurring.

Process for Handling Unqualified products



The Company establishes a product recall mechanism and formulates systems such as Product Recall/ Withdrawal System, which clearly stipulate the procedures for recall notice, recall methods, recalled product evaluation, disposal of recalled products, and implementation of corrective measures. Upon receipt of information related to product defects, the relevant departments will conduct specific assessments and report the recall incident to competent authorities. Additionally, the Company performs an annual mock recall to ensure that the product recall procedure is reasonable and effective. During the Reporting Period, the Company did not experience any product recalls.

Quality control system audit

The Company regularly conducts internal audits of the quality control system on a factory basis, including internal audits of factories and cross-audit between factories. At least 1 cross-audit between factories is performed annually, and an audit report is issued upon completion of the audit. Rectification measures are implemented within a specified timeframe to avoid or minimize the recurrence of the identified problems. During the Reporting Period, all facilities completed the relevant audit work as required.

Quality risk mitigation system

The Company has established a business continuity management mechanism and formulated a business continuity plan ("**BCP**"). The Company organizes drills based on the plan every year, simulating business interruption scenarios, and testing the effectiveness of business recovery plans, to ensure prompt recovery and continuation of operations in the event of a major business interruption.

Meanwhile, the Company adopts a diversified supplier strategy to avoid over-reliance on a single supplier, mitigating the risk of supply chain disruption and ensuring stable production.

Quality culture development

The Company conducts cGMP awareness and data integrity training for all GMP production-related personnel at least once a year. General courses are offered to all employees, including "cGMP awareness" and other quality-related topics. Furthermore, internal quality communication meetings are held monthly to analyze and discuss industry trends, and to propose and ensure implement optimization measures.

Clinical trial quality control

Clin-nov Medical, the Company's subsidiary, provides clinical research services to partners and has established a comprehensive quality control system with the quality policy of "providing full-process, high-quality new drug R&D services, and meeting the requirements of customers and applicable laws and regulations such as Good Clinical Practice ("**GCP**"). The quality control system covers early development and registration applications for drugs and biological products, as well as management, monitoring and auditing, data management and statistical analysis, and pharmacovigilance services of clinical research projects. During the Reporting Period, all projects delivered by Clin-nov Medical passed client acceptance, and no issues related to delivered services were identified during audits by competent government authorities. This indicates that Clin-nov Medical successfully achieved its quality goals for the year.

To further guarantee the quality of the clinical trials, Clin-nov Medical provides inspection services for clinical trial projects that have already been carried out. As of the end of the Reporting Period, the Company has a limited and growing presence in the CRO business, with extensive experience in various fields and indications, but has not yet been involved in the medical application project under FDA Priority Review or EMA Accelerated Evaluation, or equivalent standards.

- Qualified inspectors: the inspectors are QA personnel who is independent from clinical trials, with NMPA GCP certificates and relevant project experience.
- Inspection process and items: The clinical trial inspections follow a rigorous process that includes planning, implementation, issue tracking, and closure. The inspection teams examine compliance with regulations, protocols, and procedures involved in clinical trials, and the subjects' rights protection and data reliability.
- Corrective action: Any issues identified during the inspection are addressed by the project team through targeted corrective and preventive actions to ensure the quality of clinical trials.

Indicators and targets

The Company sets quality policy and targets and establishes annual quality key performance indicators (KPIs). The Company regularly tracks the achievement of the quality KPIs, conducts in-depth analysis and evaluation, and implements necessary improvement measures. Accordingly, we implement necessary

improvement measures to ensure continuous compliance with the established quality policy and targets.

Quality Policy	• We develop and produce high-quality APIs and pharmaceutical products for human use in accordance with cGMP and ICH guidelines and in compliance with EU, U.S., Japanese and Chinese regulations.
Quality Targets	• The Company is committed to continuously improving by consistently producing products that exceed customer expectations in terms of quality, craftsmanship, service and value through the active participation of employees, customers and suppliers.

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

The Company is subject to ongoing audits by competent government authorities and customers. As of the end of the Reporting Period, the Company has successfully passed over 80 audits by competent government authorities, including FDA, Japan Pharmaceuticals and Medical Devices Agency ("**PMDA**"), Australian Therapeutic Goods Administration ("**TGA**"), Korean Ministry of Food and Drug Safety ("**MFDS**"), Health Canada ("**HC**") and NMPA. During the Reporting Period, the Company received and passed over 30 pre-approval reviews and routine GMP official audits, covering small molecule APIs, large molecule APIs, and drug products. In addition, in 2024, the Company underwent more than 190 customer quality audits, with a 100% pass rate.

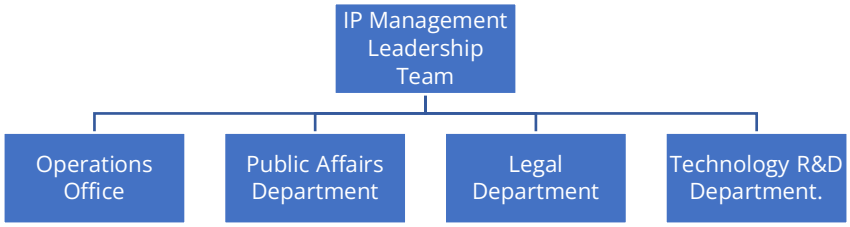
During the Reporting Period, the Company had not received any penalty by competent authorities for violating any laws and regulations on product quality.

❖ Intellectual Property Protection*

Governance

Asymchem has established a comprehensive intellectual property (IP) governance structure and internal system to ensure standardized and effective management. The Company has set up an IP Leadership Team, comprising the Chairman's Office, Operations Office, Public Affairs Department, Legal Department, and Technology R&D Department. It is responsible for coordinating related matters and strengthening the communication and collaboration between the IP management personnel and the Company's technical personnel, management personnel and department heads. IP management is integrated into the R&D, production, service and sales, and has become an important part of the Company's operation and management.

IP Management Structure



Top-level coordinating agency/ department	Core responsibilities
IP Management Leadership Team	• Coordinate the management of intellectual property rights across the Company • Promote cross-departmental business liaison and information exchange • Ensure IP management is integrated into the whole process of the enterprise
Operations Office	• Collect patent application information and issue patent instructions • Calculate patent bonuses and issue bonus notices
Public Affairs Department	• Full life cycle management of patents • Trademark registration and maintenance
Legal Department	• Review of contractual IP terms • Legal protection for external cooperation • IP litigation and dispute resolution
Technology R&D Department	• Identify IP during R&D • Patenting support for technology advancement

In order to regulate the IP management and strengthen the protection of trade secrets, the Company has formulated a series of internal rules and regulations. In terms of IP protection, the Company strictly abides by the Patent Law, the Copyright Law of the People's Republic of China, and the Trademark Law of the People's Republic of China, and has formulated the Patent, Software Copyright and Article Publication Management System, which outlines the standardized management of patent application, software copyright registration, and academic article publication to ensure the legal use and protection of IP.

In terms of trade secret protection, the Company has formulated the Compilation of Customer Management and Communication Management System of the Group, Computer Use Management System and Good File Management Standards to prevent the risk of external infringement and ensure the security and confidentiality of the Company's trade secrets in the aspects of customer information management, security for the use of computer and file data management.

Strategy

The Company has established a sound IP system, starting from IP application, infringement prevention, contract management, awareness raising, and special audits, forming a standardized management system covering IP creation, application, protection, rewards and punishment, assessment, strategy development and implementation.

IP Management Strategy

Impact, risk and opportunity management

Through systematic policy development and full-process controls, the Company ensures the security and competitiveness of its IP while respecting the legitimate rights and interests of others. The Company takes a number of measures in IP applications, infringement prevention, contract management and employee training to improve the management system, reduce potential risks, and strengthen IP protection awareness among all employees.

IP application

The Company continuously improves its patent footprint to protect its IP. The R&D Department identifies the needs for patent filing, which are compiled by the Operations Office and submitted to the Chairman and Chief Technology Officer ("**CTO**") for approval. Upon issuance of patent instructions, the R&D and Public Affairs Departments collaborate to draft and file the patent.

Infringement prevention

The Company has established a comprehensive IP management mechanism to continuously respect and protect the IP of others. The Company conducts anti-infringement searches and patent navigation in connection with our core technological achievements to minimize our infringement risks.

Contract management

During the year, the Company focused on revising the IP clauses in contracts involving core technologies and related technologies to better manage and protect the Company's intangible assets. We strengthened the review of IP clauses in all business contracts, ensuring customers' IP rights and interests were implemented in the contract clauses. Ensured that IP clauses in business contracts comply with the Company's IP protection policy. In particular, the Company specifically stipulates that when a contract contains IP clauses that are not in line with the Company's IP policy, the relevant departments are required to perform strict reporting and review and approval procedures.

Awareness raising

The Company recognizes the importance of protecting its customers' IP and regards it as the core value and code of conduct of the Company. The customers' IPs are protected by both the laws of the country where they are located and the Company's agreements. In addition, the Company has effectively improved the comprehensive quality of employees in intellectual property creation and management by conducting 4 special training sessions, covering various topics including IP application process, application strategies, responses to review opinions, and infringement risk identification and search skills.

Special audit

The Company regularly conducts special audits on subsidiaries to identify IP protection-related management risks and propose targeted improvement suggestions. The Company also refines relevant

processes, standards, rules and regulations. During the Reporting Period, the Company conducted internal IP audits on the IPs of relevant subsidiaries in the emerging business segment, biomacromolecules CDMO and clinical CRO, and no significant risk points were identified.

Indicators and targets

Focusing on patent applications and rapid response support for IP work, the Company has set targets related to IP management and continuously improved the management of IP.

IP Management Targets

Patent application target	• Ensure that the number of annual patent applications accounts for more than 90% of the planned applications according to the patent instructions of the R&D Department and the drafting task of the patent person in charge.
Rapid response support	• Ensure rapid response and processing of IP work, including patent application, review and maintenance, to meet the Company's IP needs in the rapid development of the company.

The Company has made remarkable achievements in IP management and received several external recognitions, including the National Intellectual Property Advantage Enterprise, Tianjin High-value IP Creation Pilot, and Tianjin IP Industry Operation Center. During the Reporting Period, the Company had no IP-related violations of laws and regulations, nor any litigation arising from the above matters.

As of the end of the Reporting Period, the Company has obtained a total of 486 domestic and international authorized patents, including 384 domestic patents and 102 international patents. In terms of specific areas, the Company held 159 patents in the field of synthetic biology, 183 patents in the field of continuous technology reactions, and 144 patents in other fields. In addition, the Company has registered 58 domestic and international trademarks, covering 10 categories such as drug R&D services. The Company has published 47 articles in top industry journals such as Nature and Science, and has registered 38 computer software copyrights.

❖ Customer Service Management*

Governance

The head of the Marketing Department coordinates, supervises and guides the improvement of Asymchem's customer service management. The Company has set up a research team and a management team with experienced sales and management backbones. The research team focuses on improving customer service capabilities, reviewing customer needs and cooperation projects; the management team is responsible for daily operations, including service information collection, discipline management and process execution. Service dynamics are synchronized through weekly, monthly and quarterly reporting mechanisms.

The Company strictly abides by national laws and regulations and industry standards, and actively follows the laws and regulations and industry standards of the countries and regions where customers are located. The Company actively signs with customers on their proposed compliance systems to ensure that all business activities comply with relevant laws and industry requirements to provide high-quality customer services.

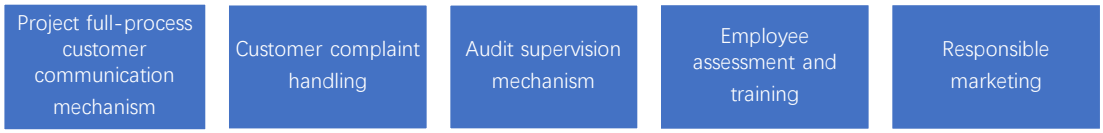
The Company has formulated various systems, including the Compilation of Customer Management and Communication Management System of the Group, Customer Complaints, and Non-quality Complaints Management Requirements. These systems established the management mechanism at each stage of the projects, standardized the Company's customer service behavior and processes, and continuously improved customer service quality and capabilities. In addition, in order to further enhance customer service quality, the Company has established quantitative assessment indicators related to customer service quality and customer satisfaction for management and employees.

Strategy

The Company has also established a "customer-centric" business orientation. These efforts have contributed to the Company's position as a "trustworthy and reliable CDMO partner" in the industry, enabling it to meet the diversified needs of customers, providing efficient and high-quality R&D and production services, and forming deep embedded cooperative relations with international pharmaceutical manufacturing giants and emerging pharmaceutical companies, and becoming a long-term strategic partner of many multinational pharmaceutical companies.

The Company continuously upgrades and optimizes its customer service management strategies, starting from multiple aspects such as the project full-process customer communication mechanism, to comprehensively improve customer experience, ensure timely responses to customer needs and effectively meet customer needs, and further enhance customer trust.

Customer Service Management Strategy

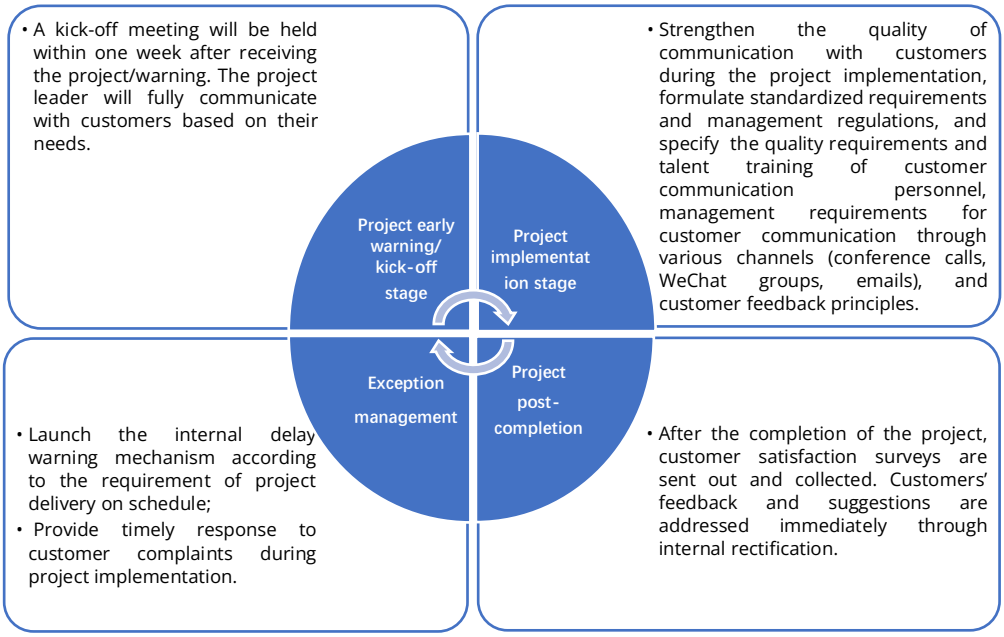


Impact, risk and opportunity management

Project full-process customer communication mechanism

In order to fully and timely understand customer needs, the Company has set up corresponding customer communication management requirements and mechanisms in the three stages of project kick-off, project implementation and project completion, maintaining timely, full and efficient communication and exchanges with customers to ensure that the products and services provided meet customer needs.

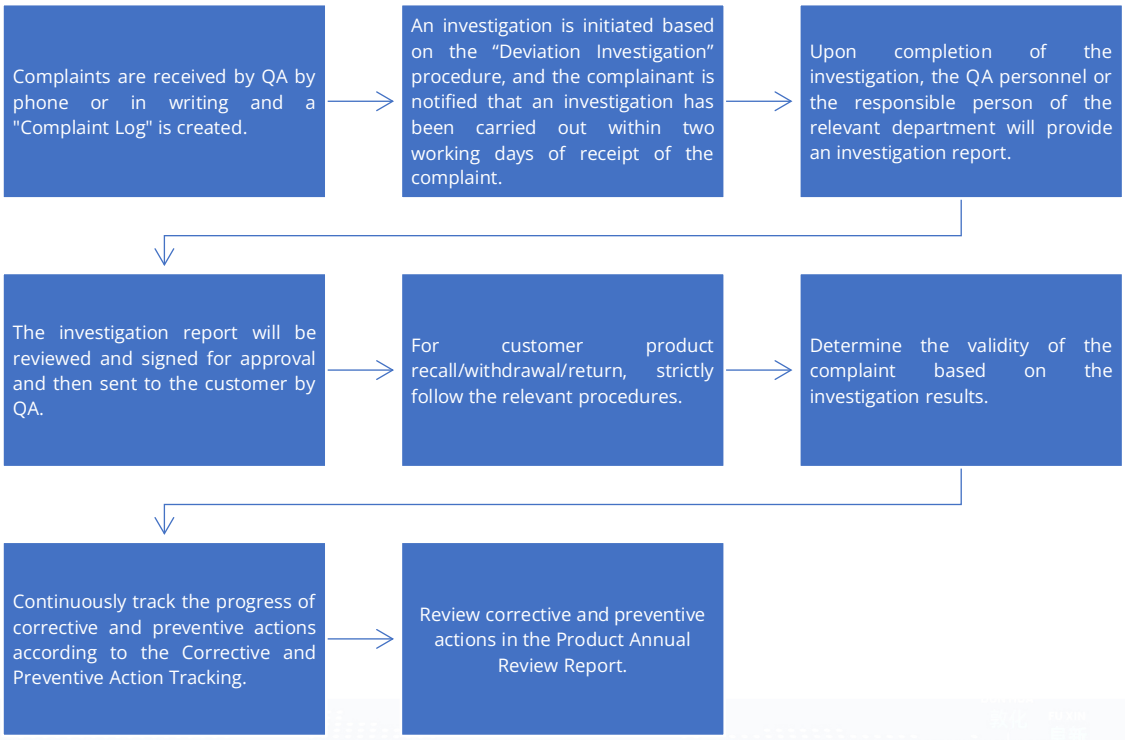
Project Full-process Customer Communication Mechanism



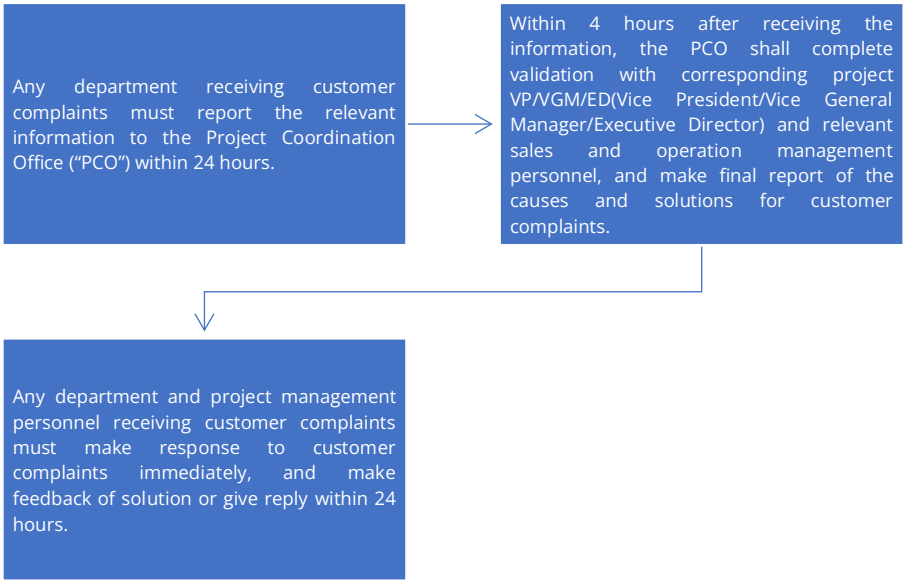
Customer complaint handling

With the established customer complaint handling mechanism, the Company accepts customer complaints, and the QA department is responsible for the registration, classification, coordination, investigation and handling of customer quality-related complaints, as well as the establishment of corresponding corrective and preventive measures for root causes to improve product quality on an ongoing basis. During the Reporting Period, for customer quality and non-quality complaints, the Company followed the corresponding management mechanism and conducted self-inspection and investigation, 100% of the complaints were handled in a timely and effective manner. Communication with customers ensured mutual understanding, and relevant measures were taken to reduce and eliminate the subsequent impact of customer complaints. The Company has not experienced any major complaints.

Process and Measures for Handling Customer Quality Complaints



Process and Measures for Handling Customers Non-Quality Complaints



Audit and supervision mechanism

The Company has established an audit and supervision mechanism for customer visit reception. Based on the customer visit reception process and the specific clauses of customer visit notices approved and issued, random checks are carried out on all aspects of customer visit reception. Any identified issues are promptly addressed to standardize customer visit reception behavior and improve the quality of service.

In respect of system implementation supervision, the audit department conducts regular random checks on the implementation of the Compilation of Customer Management and Communication Management System and other customer communication management requirements, establishes a bi-weekly follow-up mechanism to track customer communication trends, and simultaneously reports on any management loopholes or implementation deviations identified, which are regularly reported to the Group's senior management to supervise closed-loop rectifications.

Employee assessment and training

The Company conducts regular customer communication training and assessments for eligible employees at least once a year. Simulated customer communication meetings are arranged for qualified personnel, and a grading list is determined based on the assessment results. The audit department also supervises the use and effectiveness of the grading results on an irregular basis. In addition, the Company also conducts regular training on customer communication and other aspects for employees who have direct contact with customers to improve customer service capabilities.

Responsible marketing

The Company strictly follows the principle of integrity in the marketing process and adheres to laws and regulations such as the Advertising Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China and establishes a comprehensive external publicity information guarantee mechanism, and regularly updates and reviews all external publicity materials to ensure the authenticity, accuracy and timeliness of the information, and eliminate any false propaganda or misleading information. Publicity content involving technology is subject to multiple reviews by various technical departments to ensure the accuracy and professionalism of technical information. Through a transparent communication mechanism, the Company clearly demonstrates the features and advantages of its services to customers, and ensures that customers can make informed decisions based on sufficient information.

External Publicity Information Guarantee Mechanism

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

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

Responsible Marketing Management Measures and Achievements

Measures	Description
Transparent communication with customers	• Open and transparent dissemination of the Company's values, goals, and commitments in all types of publicity materials provided to customers.
Publicity on sustainable products and services	• Dedicated showcase of the Company's green technologies in all types of publicity materials provided to customers, highlighting the sustainability of products and services to meet customers' concerns and needs for environmental protection and social responsibility.
Responsible marketing training for employees	• Regular thematic training on the Company's marketing-related systems for all marketing-related employees at least once a year. New employees are required to complete training and assessments before becoming regular employees, and refresher training is conducted annually. • Regular information release training for employees on a department-by-department basis at least once a year to supervise the implementation of information release-related systems.

Indicators and targets

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

During the Reporting Period, the Company's self-assessment of key account satisfaction and the customer satisfaction survey feedback both reached 100%, meeting the customer satisfaction goals for the year.

Since its inception, the Company has been awarded "Tier 1 Supplier" and "Excellent Partner" by domestic and international leading pharmaceutical companies. During the Reporting Period, the Company received numerous recognitions from customers, as detailed in the "Annual Honors and Social Recognition" section of this report. During the Reporting Period, the Company did not violate any laws and regulations related to customer service.

❖ Supply Chain Security*

Governance

In order to systematically control supply chain risks, Asymchem has established a Supply Chain Security Committee to coordinate supply chain security management. Having formulated the Supplier Management System, Supplier Control and other systems, the Company specifies the contents of the supplier admission, evaluation, and withdrawal mechanism for the whole life cycle management of suppliers.

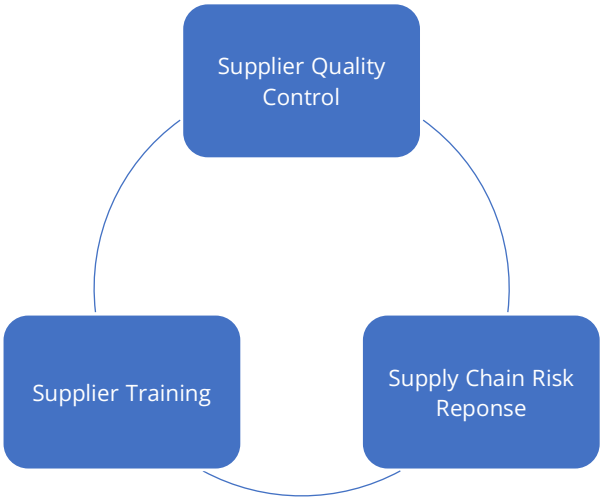
Supply Chain Security Committee

Composition and professional competence	• It is composed of professionals from different departments, covering procurement, quality control, EHS, legal, compliance and other fields to ensure multi-dimensional coverage of professional competence. Members are required to possess skills in supply chain risk assessment, compliance auditing, and crisis response to support accurate identification and management of supplier risks.
Terms of reference	• Responsible for developing and updating supply chain security policies, monitoring supplier compliance and taking corrective actions where necessary. It is also responsible for planning and executing training and education programs related to supply chain security.
Assessment method	• The Company regularly evaluates the work of the Supply Chain Safety Committee to ensure that it performs its duties effectively and incorporates suppliers' ESG performance into the scope of performance evaluation.

Strategy

The Company has established a set of comprehensive supply chain security management strategies, including supplier quality control, supply chain risk response, and supplier training to comprehensively assess, select, monitor and improve suppliers to ensure the stability and compliance of the supply chain.

Supply Chain Security Management Strategy



Impact, risk and opportunity management

The Company's suppliers fall into two types, including product suppliers and service suppliers. The Company's purchased products mainly include chemicals (APIs, raw materials, and auxiliary materials), non-chemicals (laboratory consumables, and production spare parts), large engineering equipment and administrative and office supplies. The Company's procurement services feature testing and calibration services, human resources services and consulting services. For the suppliers under the quality control

system, the Company categorizes them into class 1, 2, 3 and 4 project suppliers based on the types of materials/ commissioned services provided, types of end product and types of projects. For other suppliers, the Company takes relevant management measures as the case may be.

Supplier quality control

The Company stays on track for strengthening supplier quality control, and the Supplier Management System clearly incorporates the Quality Control System ("**QMS**") into its supplier management approach.

Supplier Whole Life Cycle Management Measures and Achievements

Management	Measures
New supplier access	• **Declaration of access:** Potential suppliers shall declare access materials, including certificate qualifications, business information, safety information, credit information, ESG-related information, etc. In addition, suppliers within the scope of quality control are required to fill out questionnaires and declaration files and provide quality certificates for materials within the scope of national control. • **Supplier provision:** Supplier level shall be determined based on the type of projects and raw materials to be purchased, and where necessary, potential suppliers shall provide materials for quality evaluation. • **Audit and evaluation:** The Company shall conduct qualification audits or site visit audits and evaluate potential suppliers from the aspects of market share, peer utilization, business status and supply capability. After the application for access is approved, the suppliers shall be put in supplier pool.
Qualified supplier management	• **Hierarchical and classified management:** Suppliers shall be classified as approved suppliers, annual purchase agreement suppliers, strategic suppliers and blacklisted suppliers by procurement strategy. A supplier management checklist shall be developed for suppliers within the scope of quality control, including a project-specific Qualified Supplier List, an annually updated Qualified Supplier List at the Group level, and a quarterly maintained Quarterly Updated List of Suppliers. Furthermore, the Company manages sub-tier suppliers in accordance with the Supplier Control and other systems. Through classification and hierarchical management, standardization and process flow are improved to ensure procurement efficiency and quality. • **Annual evaluation:** An annual evaluation shall be conducted on suppliers within the scope of quality control, covering the supply of materials, quantity, batch, complaint, timeliness, accuracy, creditworthiness, and services, etc. and an Annual Supplier Evaluation Form shall be formed. Quality evaluation shall be conducted on commercialized project suppliers every 1-2 years, and a review report shall be generated. If a supplier's qualifications fail to meet the requirements upon evaluation, a Deviation Investigation Report shall be submitted to evaluate the impact on product quality, and corrective and preventive measures shall be laid down. For suppliers with excellent performance in quality of supply, the Company grants preferential procurement and other means as incentives.
Supplier downgrading or withdrawal	• **Downgrading or withdrawal:** Suppliers will be downgraded or disqualified under the following circumstances: falling far short of audited requirements, failure of audited critical observations to be rectified within the deadline; quality incidents or quality problems; failure to supply goods as agreed in the contract; serious violation of contract terms or quality agreements by the suppliers; and other reasons, such as bankruptcy, closure, shutdown, etc. • **Reappointment:** If a disqualified supplier is reappointed as required by projects, the supplier shall be managed as a new supplier and the audit shall be performed once again. The audit shall focus on the reasons for the last disqualification and the rectification of non-conformities.

Inspection and audit on supplier

The Company conducts an annual quality evaluation on suppliers within the scope of quality control at least once a year. In addition, on-site audits or remote audits shall be conducted according to the established frequency and depending on the supplier level and audit type. The Procurement Department shall regularly conduct on-site inspections and evaluations with relevant departments on suppliers whose annual purchase amount exceeds a certain amount and suppliers of high-risk materials to ensure that suppliers meet the quality and risk management requirements.

Supplier Audit Requirements

Direct suppliers	• Conduct supplier assessments annually; • Conduct an on-site audit every 3 years, and the on-site audit team consists of at least one EHS personnel at the level of EHS manager or above, or trained and qualified auditors.
Indirect suppliers	• Conduct supplier assessments at least once every two years; • If the materials supplied by the supplier cause safety accidents and potentially significant safety impacts to the production and operation activities of Asymchem's plant, an on-site audit on the corresponding supplier is required.

During the Reporting Period, the total number of suppliers of the Company was 6,991, including 1,855 direct suppliers and 5,136 indirect suppliers. The Company's quality assessment covered 1,855 suppliers.

Supply chain risk response

The Company identifies supply chain security risk categories and potential risk factors such as business continuity disruptions, laying the foundation for the development of targeted risk response strategies.

Types of Supply Chain Security Risks

Compliance risk	• Suppliers may fail to comply with relevant laws and regulations, which may bring legal or reputational risks to the Company.
Reliability risk	• Unstable financial condition, poor management or insufficient production capacity of suppliers may result in delayed delivery or product quality issues.
Geopolitical risk	• Involvement in cross-border supply chains may be affected by international trade policies, sanctions or geopolitical conflicts.
Business continuity risk	• Natural disasters, epidemics or other unforeseen events may cause disruptions in the supply chain and affect the normal operations of the enterprise.

The Company has established a set of comprehensive supply chain risk identification, assessment and management process, and has implemented various risk response measures to ensure that potential supply chain risks can be addressed in a timely and effective manner.

Risk Identification, Assessment and Management Process

Identification	• Comprehensively identify potential risks that may exist in the supply chain through questionnaires, on-site audits, third-party assessments and communication with suppliers.
Assessment	• Perform qualitative analysis on the identified risks, assess their impact on the Company's operations and reputation. Risks are quantitatively ranked based on severity, frequency and tolerance, with clear priorities.
Management	• Develop and implement a systematic risk management plan, including risk mitigation measures and emergency response mechanisms, to reduce the impact of risks. • Establish a continuous monitoring mechanism to track and evaluate the effectiveness of risk management measures on a regular basis to ensure that risks are effectively controlled and strategies are adjusted in a timely manner.

The Company conducts supply chain security risk response measures and formulates emergency plans to ensure the stability and security of the supply chain. Furthermore, we strengthen cooperation and communication with suppliers to enhance the risk-resistant capability of the entire supply chain, thereby ensuring the quality of products and services, delivery time and customer satisfaction.

Risk Response Measures

Emergency plan	• Develop emergency plan to cope with unexpected events in the supply chain, such as natural disasters, supplier bankruptcy, etc.
Risk sharing mechanism	• Share risks with suppliers and logistics partners, and the responsibilities and obligations of each party in the event of risks are clearly defined in contract terms.
Diversified supplier strategy	• Implement a diversified supplier strategy to avoid over-reliance on a single supplier and reduce the risk of supply chain disruption.
Construction of logistics network	• Optimize the corporate logistics network to improve logistics efficiency and response speed and ensure smooth operation of the supply chain.
Inventory management	• Optimize inventory management, including the establishment of inventory buffers and safe inventory levels, to cope with fluctuations in demand and supply uncertainties.
Information security management	• Strengthen information security management to protect sensitive data in the supply chain and prevent data leakage.

Supplier empowerment

Every year, the Company organizes quality-related training for all suppliers within the scope of quality control, convenes technical communication meetings from time to time to address technical issues during the implementation of customized projects, and provides technical support or professional training to suppliers to improve their quality control capabilities, thereby effectively improving the product qualification rate and on-time delivery rate.

During the Reporting Period, the Company completed two online training sessions for suppliers on the topic of "Product and Service Quality Control", covering all key suppliers. In addition, for new suppliers and high-risk suppliers that need improvement in quality assessment, a total of three offline customized training sessions were conducted to further enhance their overall competence and quality standard.

The Company arranges pre-audit counseling for suppliers to help them identify and rectify potential problems in advance. Upon completion of the audit, the Company requires the suppliers to continue to implement a continuous improvement program to address identified issues and take preventive measures to prevent recurrence of similar issues. Through periodic supplier performance evaluations, the Company is able to fully measure the effectiveness of its counseling initiatives. The counseling measures have significantly contributed to the supplier's success in passing the FDA audit, improving the quality and reliability of the supply chain.

Indicators and targets

The Company has established supply chain security management targets to ensure the stability, compliance and sustainability of the supply chain, improve overall operational efficiency, and reduce potential risks. During the Reporting Period, the Company has achieved the relevant targets with a 100% compliance rate.

Supply Chain Security Management Targets

Indicators	Targets
Quality Pass Rate	• Achieve a product and service quality pass rate of 98% or above. Conduct regular quality control system audits to ensure that the quality of products and services in the supply chain meets or exceeds industry standards and customer requirements.
Supplier Training Rate	• Organize safety and quality control training, ensure 100% participation of key suppliers, and enhance suppliers' awareness and capability in safety and quality control.

❖ Supply Chain Environmental and Social Risk Management

In supply chain ESG management, the Board of Directors of Asymchem, as the highest decision-making body, is responsible for overseeing the overall effectiveness of the ESG program. Executive management has specific responsibilities to ensure the effective implementation of the ESG programs of suppliers. The Company has formulated the ESG Management Policy for Suppliers and Supply Chain Code of Conduct[4]. The Company continuously makes its efforts to standardize supplier management. To that end, the Company establishes a collaborative supply chain mechanism, integrates ESG into the supply chain management, and giving full play to the market, encourages more upstream partners to practice the concept of sustainable development. By making these efforts, the Company endeavors to build a stable, green, and sustainable supply chain, realizing the green upgrades and sustainable development of the industry as a whole.

The Company selects its suppliers based on the criteria of the supplier's overall quality, including ESG scopes such as quality, price, delivery time, environmental protection measures, human rights protection measures, and business ethics compliance. The Company recognizes that suppliers who fail to meet the minimum ESG requirements within the set timeframe will not be allowed to enter into contracts or renew contracts with the Company.

Sustainable Supply Chain Management Measures and Achievements

Measures	Description
Suppliers are required to sign ESG-related agreements	• Based on the Pharmaceutical Supply Chain Initiative ("**PSCI**") Principles for Responsible Supply Chain Management, the Company draws up the Supplier Code of Conduct and the Sunshine Cooperation Agreement, which contain requirements for suppliers in environment, health and safety, labour, business ethics, information security and other aspects. All suppliers are required to sign and comply with the agreements. • As of the end of the Reporting Period, the proportion of suppliers that had signed the agreements reached 100%.
Supplier ESG risk assessment	• Comprehensively identify and assess country, industry and commodity-specific risks associated with suppliers to ensure that risks are manageable and minimize their impact on the Company. • Oversee supplier compliance through regular on-site audits, document reviews and third-party assessments, with oversight activities conducted with reference to international standards such as ISO 9001 and ISO 14001 as well as local labour and environmental laws and regulations. • Annually select tier 1 and tier 2 suppliers that may have an impact on the continuity of the Company's business or present ESG risks and conducts on-site or remote audits on them on a quarterly or semi-annual basis. • Develop a Supplier Questionnaire, which includes environmental, labour, and business ethics aspects, shall be completed by tier 1, tier 2, and tier 3 suppliers. As of the end of the Reporting Period, the proportion of tier 1, tier 2 and tier 3 suppliers completing the Supplier Questionnaire reached 100%.
Internal audits	• Conduct audits on suppliers' compliance with the Company's anti-corruption and bribery policy and ESG policy requirements. • Audit department conducts regular audits on relevant business ethics standards across the Group, including random checks on the signing of the Integrity and Self-discipline Agreement by key management positions and senior management, and random checks on the signing of the Sunshine Cooperation Agreement by first-time suppliers and suppliers under annual procurement agreements.
ESG training for suppliers	• Conduct social responsibility training once a year for all suppliers in cooperation with us annually. The training mainly covers employee rights, environmental protection and sustainable development, business ethics and integrity management, risk management, and continuous improvement, etc. As of the end of the Reporting Period, the training covered 100% of all project suppliers.

[4] Relevant documents are available on the Company's official website at https://www.asymchem.com/

Measures	Description
	• For any violations found, the Company takes appropriate corrective measures, including but not limited to warnings, requiring suppliers to take improvement measures, contract termination, etc. • Furthermore, provide suppliers with excellent ESG benchmarking actions in the industry, and supervise and help suppliers to continuously improve their management systems to enhance social responsibility and environmental performance. During the Reporting Period, the number of suppliers participating in the capacity building program reached 1,885.
Strengthen environmental management capability of suppliers	• Formulate the EHS Management Procedures for Suppliers, which stipulate that suppliers whose EHS system complies with standards such as ISO 14001 and ISO 45001 or other regulations shall be selected. The Company evaluates the ability of suppliers to dispose of the three wastes, requires suppliers to improve their management capability, encourages suppliers to use environmentally friendly products and services, and procures suppliers to improve their environmental performance. • Conduct regular assessments of the environmental performance of key suppliers, covering quantitative indicators such as toxic emissions. The environmental performance of key suppliers will be assessed at least once a year; for high-risk suppliers, the frequency of audits will be increased to once every six months to strengthen supervision and management. • In projects, improve the management capability of suppliers and encourages them to reduce the use of hazardous substances by providing guidance to suppliers on measures such as the disposal of the three wastes.

The Company has set long-term supply chain environmental and social risk management targets, aiming to improve performance of suppliers in the areas of environment, health, safety, labour, business ethics, information security, etc. During the reporting period, the Company has achieved the relevant targets with a 100% compliance rate.

Supply Chain Environmental and Social Risk Management Targets

Aspects	Targets	Indicators
Environmental protection	• Reduce environmental impacts in the supply chain, including energy consumption, greenhouse gas emissions, pollutant emissions, etc.	• Set and achieve quantitative control targets for emissions of toxic substances: to require key suppliers to reduce the emission concentrations of volatile organic compound ("**VOCs**") to less than 90% of the local standards; to require key suppliers to reduce the emission concentrations of chemical oxygen demand ("**COD**") to less than 90% of the local standards; • Ensure that 100% of suppliers' emissions meet local regulatory requirements.
Human rights and labour standard	• Ensure that all suppliers comply with international labour standards, prohibit forced labour and child labour, and provide a safe and healthy working environment.	• 100% of suppliers comply with the human rights and labour provisions of the Company's Supply Chain Code of Conduct.
Business ethics	• Promote the concepts of integrity and transparency in the supply chain and oppose corruption and unfair competition practices.	• 100% of suppliers have completed anti-corruption training and have no record of business ethics violations.
Information security and data protection	• Protect information security in supply chain and prevent data leakage.	• 100% of suppliers comply with data protection regulations and conduct regular information security audits.

❖ Equal Treatment for SMEs

Asymchem attaches great importance to supporting and protecting SMEs, and has formed a cross-departmental governance team with members from key areas such as procurement, legal, finance and supply chain management. The team is responsible for formulating and enforcing small and medium enterprise ("**SME**") procurement policies to ensure compliance and fairness.

The Company strictly complies with the Law of the People's Republic of China on the Promotion of SMEs, the Regulations on the Protection of Payments to SMEs, and other laws and regulations to ensure timely payments to SMEs, eliminate delinquency, and ensure that SMEs enjoy equal rights and opportunities in cooperation. The Company regularly reviews and updates its procurement policy to ensure its fairness and adaptability to SMEs.

In order to enhance the professional competence of our team members, the Company regularly organizes relevant training, covering the SME Promotion Law of the People's Republic of China, Contract Law of the People's Republic of China and related policies to ensure that our team members are equipped with appropriate professional knowledge and skills. In addition, the Company has established a transparent information reporting channel to ensure that SMEs are able to understand the Company's procurement policies and processes in a timely manner.

Equal Treatment of SMEs Management Measures

Measures	Description
Timely disclosure of overdue payments	• Ensure that all payables are paid on time and disclose the specific amounts and reasons for overdue payments to the relevant SMEs in a timely manner.
Billing period setting	• Set reasonable billing periods for SMEs to ensure a balance between the interests of both parties while avoiding unnecessary financial pressure on SMEs.
Communication and coordination	• Enhance communication with SMEs to ensure that both parties have a common understanding of the contract terms and payment conditions, to minimize misunderstandings and disputes, and to build a good cooperative relationship. • For overdue payments due to force majeure or other unavoidable reasons, the Company will fully communicate with SMEs and clarify the reasons and expected payment time to mitigate the impact.
Supervision and assessment	• Conduct regular internal audits on procurement processes and payment practices to check for unfair treatment of SMEs to ensure compliance and fairness. • Violations of the principle of equal treatment of SMEs are taken seriously, to ensure that the Company's policies are effectively enforced and a level playing field is maintained.
Continuous improvement	• Based on the results of internal audits and feedback from suppliers, we continuously optimize procurement policies and processes, improve our support and service to SMEs, and enhance the overall quality of cooperation. • Provide training for employees related to procurement, improve their awareness of the protection of rights and interests of SMEs, enhance their awareness of compliance with relevant laws and regulations, and ensure the effective implementation of the Company's policies.

The Company sets the management targets of equal treatment of SMEs, and supports the growth and innovation of SMEs by providing timely payments and reasonable contract terms.

Equal Treatment of SMEs Management Targets

Indicators	Targets
Overdue payment rate	• The overdue payment rate is lower than the industry average, striving to achieve zero overdue payments and 100% on-time payment for SMEs.
Contract terms	• The contract terms dispute rate is lower than the industry standard,

dispute rate	striving for zero disputes and ensuring that all contract terms are fair, transparent and free of unreasonable clauses.

During the Reporting Period, according to the official records of the National Enterprise Credit Information Publicity System, neither Asymchem nor any of its subsidiaries had any overdue payments in the course of their cooperation with SMEs, which fully demonstrated the Company's high degree of compliance in contract fulfillment and payment and its philosophy of operating in good faith.

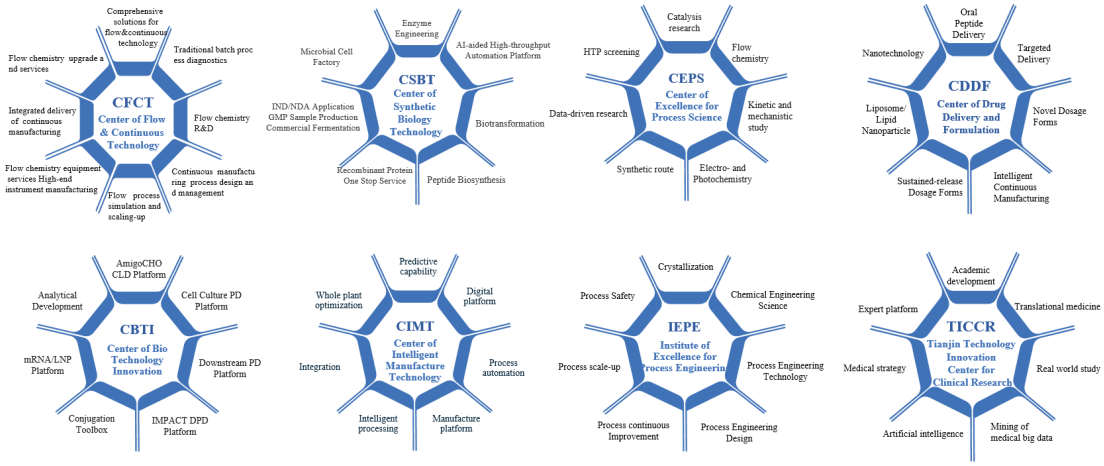
6. Technology-Driven, Innovation-Led

❖ Innovation-Driven*

Governance

Asymchem strictly complies with the Law of the People's Republic of China on the Progress of Science and Technology, the Drug Administration Law of the People's Republic of China on the Management of Clinical Trials of Drugs, and other laws and regulations and related provisions. The Company has constantly improved the construction of the R&D platforms. The Company has established eight technology centers, namely Center of Flow and Continuous Technology ("**CFCT**"), Center of Synthetic Biology Technology ("**CSBT**"), Center of Excellence for Process Science ("**CEPS**"), Center for Intelligent Manufacture Technology ("**CIMT**"), the Institute of Environmental Protection Engineering ("**IEPE**"), Center of Drug Delivery and Formulation ("**CDDF**"), Center of Biological Technology and Innovation ("**CBTI**"), and Technology Innovation Center for Clinical Research ("**TICCR**"). The eight technology centers strive to develop cutting-edge and future-critical technologies in different directions to provide strong technical support for the Company's new footprint and direction, and to create a new engine of GXP one-stop service of "GMP-GLP-GCP" in the Company.

Asymchem's Eight Technology Centers



Strategy

As a technology-driven CDMO service provider, Asymchem leverages its profound technical background, and takes the "D" (Development) capability, which is different from that of traditional CMO companies, as the strategic support and continuously improves its innovation capability. While consolidating the main track of small molecule CDMO, we are actively expanding our CDMO capabilities to new business areas including chemical macromolecules (small nucleic acids, peptides, toxin-linkers, etc.) and biological macromolecule CDMO, to escort global drug R&D. Our subsidiaries focus on the capacity building of Nanobody Drug Conjugates ("**NDCs**"), establishing a diversified conjugation technology platform, through the development of toxin-linker process and cGMP production, monoclonal antibody/polyclonal antibody process development, Antibody Drug Substance (**"DS"**) cGMP production and development, the Company has created and provided one-stop CDMO services from ADCs to NDC. In addition, the Company's clinical CRO focus the business lines on seizing the opportunities of new drugs going overseas, improving service quality and strengthening clinical capacity building. The Company focuses on building the capacity of dual-reporting in China and the U.S. and the capacity of early-stage clinical research services for domestic innovative drugs, so as to facilitate the approval and launch of innovative drugs in the world.

Over the years, the Company has been steadily taking technology as the core driving force. Through technology, Know-how, process equipment, etc., the Company explores the existing market technology and the direction of global drug R&D. After considering and evaluating multiple factors such as market value, commercial feasibility, timeliness, technical feasibility, carbon emission, substitutability, etc., we seek technologies that can accelerate our existing production capacity, and combine them with our eight R&D platforms for continuous innovation and upgrades.

Impact, risk and opportunity management

R&D project management

The Company has established a full-process management mechanism for R&D projects, forming a complete management closed-loop of "Market Information Collection - Project Assessment & Approval - Project Development-Marketing", ensuring each link is closely connected, and improving the overall efficiency and success rate of the project.

Full-process Management of R&D Projects

Market information collection	• The Business Development Department is responsible for collecting and analyzing market information, including market demand, competitor dynamics, and technology development trends. It analyzes the information to predict market trends, identify potential new business opportunities, and provide timely feedback to the internal management of the Company.
Project approval	• The management conducts a comprehensive assessment in terms of market, technology, internal resources and risks, to ensure the feasibility and potential benefits of the project. Based on the evaluation results, we determine the priority of R&D projects and business cooperation, and specify the overall targets and expected results of the R&D project.
Project development	• Each professional team arranges a reasonable work plan and sets clear milestones to ensure that the work of each stage is carried out in an orderly manner. All departments cooperate with each other to successively advance the development targets of the laboratory R&D stage, kilogram-scale stage, pilot scale-up stage and commercialization scale-up stage. • The management regularly monitors the progress of the project, analyzes any deviation from the plan in a timely manner and takes necessary adjustments to reduce the project risk. • Conduct weekly and monthly project reporting meetings to ensure transparency of project progress and timely adjustment of R&D direction and targets according to changes in market demand.
Marketing	• When the R&D results initially meet the pre-determined targets, the technical department will feed back the results to the business development department. Based on the information from the market intelligence system, the business development department will formulate and implement marketing strategies to promote the commercialization of the R&D results and ensure that the project can enter the market smoothly and achieve commercial success.

R&D platform construction

The Company continuously increases its investment in R&D, promotes technological research and innovation activities, and builds industry-leading technology platforms such as the Enterprise Technology Center and the National and Local Joint Engineering Laboratory for Green Pharmaceutical Technology, leading the industry change. In addition, the Company actively explores innovative cooperation modes, establishes cooperative relationships with target customers and their upstream and downstream enterprises. The Company explores project opportunities, realizes full product line layout, and promotes mutual benefits and win-win situation through resource sharing.

R&D platforms	R&D positioning and direction	Achievements during the Reporting Period
Center of Flow and Continuous Technology	• Continuously optimizing equipment upgrades and innovation teams.	• CFCT overcame multiple high-risk and challenging technical obstacles, conducted pilot scale-up verification for several oxidation, nitration, and hydrogenation projects, and implemented full-process continuous process packages for 1,000-ton to 10,000-ton projects. • During the Reporting Period, 34 newly authorized patents were granted to CFCT, realizing a balanced development of chemical process development and

R&D platforms	R&D positioning and direction	Achievements during the Reporting Period
		hardware design. • In terms of new equipment R&D, in 2024, we completed the R&D of fully automatic peptide synthesis and development equipment for laboratories, biological high-throughput enzyme immobilization and screening equipment, continuous bio-fermentation reactors, and high-performance plunger pumps, and other equipment. • In terms of equipment upgrades, in 2024, we conducted in-depth research of the "three transmissions and one reaction" principle of continuous reactions, and upgraded the modular cold-mode test platform; focused on the mixing and retention technology of continuous liquid-liquid homogeneous reactors; completed the research on the principle of high-efficiency solid-liquid mixing and successfully solved the problems of uneven solid distribution in the reactor, realizing the upgrading and optimization of continuous reaction equipment. • In addition, the construction of the Intelligent Continuous Reaction Laboratory (IRL) has been completed to support overseas continuous equipment needs, laying a solid foundation for the promotion and application of continuous reaction technology.
Center of Synthetic Biology Technology	• Establishing a mature one-stop synthetic biology service capability starting from molecular biology (recombinant expression).	• The enzyme engineering module aims to expand the application of biocatalytic synthesis technology in novel therapeutic drugs, including small peptides, oligonucleotides, and non-natural amino acids. • Completed the construction of CFPS enzyme evolution high-throughput automation platform, the construction and screening throughput of enzyme evolution mutants per week was increased to tens of thousands, combined with AI-assisted technology, realizing high-throughput, intelligent and automated enzyme evolution technology. • Cooperated with many multinational companies ("**MNCs**") in the development of early-stage technology routes for enzyme engineering, including biocatalytic synthesis of non-natural amino acid raw materials, microbial fermentation of peptides, and enzymatic linkage of peptide fragments, which reduces emissions of three wastes and offers significant cost and yield advantages over traditional chemical routes. • Immobilized enzyme continuous reaction technology has been successfully applied to the production of many tonnes of products, increasing the production capacity by up to 1,500 times compared with the traditional enzyme catalysis technology, saving more than 70% of the amount of enzymes, and significantly reducing the three wastes. • The microbial cell factory technology platform has developed a series of efficient strain transformation technologies and HTS technologies. Combining the Company's core advantages such as enzyme evolution technology, it has the ability to develop products using a variety of microorganisms such as Escherichia coli,

R&D platforms	R&D positioning and direction	Achievements during the Reporting Period
		Saccharomyces cerevisiae, Yarrowia lipolytica, and actinomycetes. • Using synthetic biology technology, a number of commercial products have been successfully developed, achieving green manufacturing of fine chemicals and sustainable production of high value-added natural products, and contributing to solving the problem of over-exploitation of scarce plants.
Center of Excellence for Process Science	• Exploring advanced technology platforms, developing and applying innovative technologies and strategies for pharmaceutical process development, striving to achieve green chemistry, cost reduction, and efficiency enhancement while reducing process risks and improving safety factors.	• Established a cross-center collaborative development model with CEPS, IEPE, and CFCT. During the Reporting Period, it supported about 400 R&D projects, including over 30 hydrogenation development and application projects, of which 4 were commercialized, and completed more than 20 orders for photovoltaic technology applications, strengthening the application scenarios of green pharmaceutical technology. In addition, the liquid-phase synthesis technology platform for peptides was empowered to achieve better quality and cost control.
Center for Intelligent Manufacture Technology	• Building an intelligent manufacturing technology platform to promote the intelligent upgrade of R&D and production, empowering the Company's digital transformation.	• CMIT, CFCT, IEPE and other technical departments collaborated to overcome the difficulties of process, equipment, and control software involved in the production of peptides, and successfully realized the fully automatic large-scale production of peptides. • Leveraging the intelligent + Process Analytical Technology ("**PAT**") pilot-scale experimental platform, we completed the AI model upgrade for temperature control, pressure control, and dosing operations in several projects, further improving production efficiency and precision of production process control. • Through the self-developed spectral data modeling and analysis tools, the application scope and control accuracy of online spectral equipment were improved, which was successfully applied to a number of production projects such as continuous immobilized enzyme reaction, and the feedback control combining PAT and automation has been realized.
Center of Process Engineering Technology	• Committed to the R&D of process scale-up, engineering optimization and technology transfer of API production projects to ensure the safety and stability of process scale-up and to protect the whole production process.	• Adhered to the R&D concept of "First Principle", deeply integrated the cutting-edge principles and advanced tools such as chemical science, process modeling, fluid dynamics analogy, and statistical science to conduct in-depth research on the thermodynamics, kinetics, and transfer processes, and constructed a set of scientific and complete engineering R&D and evaluation methodology system to assist many commercial process validation and API projects to achieve efficient scale-up production. • In terms of technology R&D and solution development, focusing on sustainable development, we have built up our R&D and engineering design

R&D platforms	R&D positioning and direction	Achievements during the Reporting Period
	The center is divided into three main sections: Process Safety, Crystallization Engineering and Chemical Science.	capabilities, provided engineering scale-up and evaluation services for continuous reaction and biocatalytic projects, accelerated the promotion of new technology applications, and effectively reduced the "three-waste emissions".
Center of Drug Delivery and Formulation	• Developing innovative drug delivery technologies, new formulation technology platforms, and novel dosage forms to help clients overcome formulation bottlenecks and provide them with more formulation options.	• The fluid-controlled development and production system demonstrated the advantages of efficient development and stable scale-up process, which significantly reduced the cost of drug development and production, and was applicable to a variety of high-end and complex preparation forms. • Achieved the delivery of multiple formulation products such as liposomes, nucleic acid lipid nanoparticles ("**LNP**"), nanocrystals (precipitation method), etc., providing customers with more formulation solutions.
Institute of Excellence for Process Engineering	• Undertaking the building of capabilities in scientific development, process R&D, technology platform establishment, and supply chain optimization related to biological macromolecules (antibodies, fusion proteins, etc.) and advanced therapies.	• Self-developed Amigo CHO™ cell line platform, coupled drug Toolbox platform, cell culture process technology platform, toxin-linker molecule design platform, protein purification technology platform, and IMPACT™ formulation product development platform, etc. were constantly upgraded through repeated computations, providing comprehensive and high-quality solutions to global customers. • Provided ADC-related CMC services to numerous pharmaceutical and biotechnology ("**Biotech**") companies in their overseas ADC drug sales projects.
Technology Innovation Center for Clinical Research	• Undertaking the innovative tasks of academic leadership and efficiency improvement in the clinical trial stage, enhancing the quality and efficiency of the clinical trial process.	• Conducted extensive R&D in automation, informatization and intelligence to improve the efficiency and quality of clinical trials, which have been successfully applied to clinical sector. For example, we independently developed a Business Development ("**BD**") applet for the clinical CRO segment, which enabled clinical BD to better manage client information, sales opportunities and order progress. The clinical trial master file ("**TMF**") system (eTMF system) was independently developed to manage TMFs in a compliant and efficient manner and to meet the regulatory requirements in the industry. • Significant progress has been made in external R&D cooperation, especially in improving the process efficiency and quality of large clinical trial package projects, and a series of innovative platforms and systems have been successfully launched and applied. For example, we have collaborated with Oracle, a world-leading clinical system brand, and jointly developed a pharmacovigilance intelligence platform by combining the robotic process automation ("**RPA**")

R&D platforms	R&D positioning and direction	Achievements during the Reporting Period
		and AI technologies of Microsoft and Uipath. The platform has automated 60% of the manual work in the pharmacovigilance process, greatly enhancing the efficiency of the pharmacovigilance team and has been purchased and utilized by a number of well-known pharmaceutical companies in China.

In addition, in order to continuously improve and upgrade and promote the Group's initiatives in building a global supply chain under the consolidation strategy, Asymchem successfully acquired the small molecule API clinical production line and R&D center in Sandwich, UK in June 2024. Based on consistent feedback from our customers, our R&D Center highlights innovation-driven HTS capabilities as a key differentiating advantage in the CDMO field.

R&D personnel training

In terms of R&D personnel training, the Company has built a comprehensive talent training system guided by "market demand and technological innovation". As of the end of the Reporting Period, the Company had 4,653 R&D personnel, accounting for 48.49% of the total number of employees. During the Reporting Period, the Company invested RMB614 million in R&D, accounting for 10.59% of its operating revenue.

R&D Talent Training System

Systematic training	• Carry out systematic talent training for R&D personnel by adopting the four-dimensional empowerment model of "external trial professional training + internal skills training + on-the-job training + mentoring" to enhance the professional standard and comprehensive ability of R&D personnel. • The R&D team regularly collects and organizes training needs, formulates training plans, and organizes external professional trainings and further studies in accordance with the External Training Management System.
External communication	• Encourage employees to participate in industry forums, summits, technical seminars, etc., to increase external communication and exchange and learn cutting-edge new technologies.
Innovation incentive	• Formulate the Management System for Patent, Software Copyright and Article Publication, provide special bonuses to patent developers and applicants to encourage R&D personnel to carry out technological research and invention. • Establish quarterly project awards to provide immediate bonus incentives for independent R&D projects and core technology breakthroughs. • Set up an annual Chairman's Special Contribution Award to recognize technological innovation achievements with significant industry impact.

Indicators and targets

The Company has set innovation-driven management targets to actively respond to market changes. Eight major R&D platforms continue to deepen their respective fields, improve quality and efficiency, ensure healthy and stable profitability, and provide customers with all-round solutions of "service + product".

Innovation-Driven Management Targets

Indicator	Target
Revenue	• Ensure healthy and stable profitability, expand market share, and meet annual order amount and revenue targets.

Full continuous process development and application of 1,000-ton antioxidant additives/drugs

Relying on the continuous reaction technology and independent intellectual property rights accumulated over the years, Asymchem has made a breakthrough in the research and development and improvement of the continuous production process of a certain antioxidant additive/drug. The 7-step fully continuous process development of the antioxidant additive/drug has been successfully

completed, and a number of invention patents have been applied for and obtained, realizing the design and application of a 1,000-ton continuous production process.

In accordance with the requirements of the Safety Control Requirements, Key Monitoring Parameters and Recommended Control Schemes for the First Batch of Hazardous Chemical Processes under Key Supervision and the Implementation Plan for the Innovative Development of Fine Chemical Industry, the Company applies the continuous tubular reaction device with unique structural design to the multi-step key-regulated hazardous chemical processes, which significantly improves the safety of the production of hazardous chemical processes. Through in-depth research on the kinetic and thermodynamic characteristics of the 7-step reaction in the whole process, a continuous reactor is specifically designed and developed by the Company, which greatly improves the reaction efficiency and effectively reduces the volume of liquid held in the equipment by more than 90%.

The Company has carried out detailed disassembly and analysis of more than 40-unit operations in the whole process, and applied a variety of continuous post-processing technologies to replace the lengthy and complicated batch post-processing operations in the original batch process, avoiding the yield loss and product quality decline caused by batch post-processing, greatly improving product yield and operating efficiency. Furthermore, the continuous process also features comprehensive utilization of wastewater, waste gas and thermal energy, which effectively reduces the emission and disposal costs of the three wastes, and achieves the simultaneous production of by-products and the effective improvement of energy utilization rate.

Based on the safety and efficiency characteristics of the continuous production process, compared with the existing mature batch production process, continuous process shows significant advantages: the yield is increased by more than 20%, the single batch production time is reduced by more than 40%, the number of operators is reduced by more than 50%, the material cost is reduced by nearly 40%, and the production cost is reduced by nearly 20%; the application of the continuous process can replace more than 60 sets of batch reactors and more than 10 sets of separation devices, saving more than 4,000 square meters of plant area.

Asymchem continues to improve the "quality-price ratio" and "supply ability" of peptides

As of the end of the Reporting Period, Asymchem has achieved fully automatic large-scale production of peptides, with a solid-phase synthesis capacity of over 20,000 liters, and will further increase its production capacity. Meanwhile, the cGMP pre-filled preparation workshop and the cartridge preparation workshop will be put into operation gradually from the second half of 2025. The equipment in the production line is of first-class international brands, capable of assembling auto-injectors and injection pens, providing comprehensive and reliable pharmaceutical preparation manufacturing services for the Group's peptide drug projects.

Relying on the accumulated technology in the chemical small molecule business over the years, the Company has realized the development of commercial enzyme synthesis technology for more than 200 complex non-natural amino acids in a short period of time. Among them, all commonly used categories have been equipped with continuous immobilized enzyme production capacity. The dedicated amino acid fermentation plan has formed a stable internal supply system to control quality and production costs from the source.

Continuing the consistent technology-driven approach, the Company has broad layout and reserves in the field of peptide synthesis technology, purification and separation technology. Applications ranging from traditional solid-phase synthesis, (continuous) liquid-phase synthesis, bio-fermentation synthesis, chemical enzymatic peptide synthesis, natural chemical ligation ("**NCL**"), cyclic peptide synthesis, to the integration of these technologies into a strategy, the Company has accumulated a wealth of domestic and international project experience in the process of actively promoting practical application.

For example, with the help of AI and years of experience in enzyme engineering technology, the Company has a peptide linker library of more than 500 linkers, 90% of which are proprietary enzymes that can be used to connect various types of natural and non-natural amino acids and fatty acid-containing side-chain substrates. We have the ability to commercialize enzymatic production of peptide fragments and APIs.

❖ Green Chemistry*

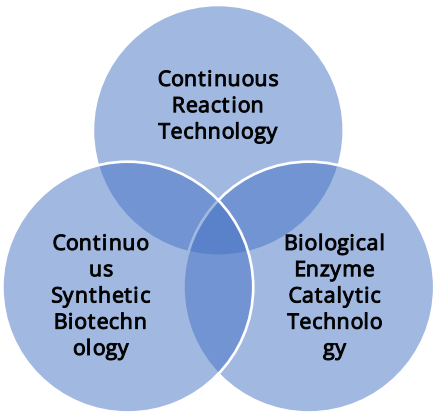
Governance

Asymchem actively responds to the 12 guiding principles of green chemistry, working with customers to find safer and more cost-effective products, designing low-risk chemical synthesis processes, and maximizing atomic economy. While cultivating their respective fields[5], Asymchem's eight technology centers actively research and develop green chemistry technologies, build technology innovation platforms such as the National and Local Joint Engineering Laboratory for Green Pharmaceutical Technology, which are dedicated to reducing the use and emissions of hazardous substances, improving reaction selectivity, reducing waste generation, and contributing to the development of cleaner production and the recycling economy in the process of drug R&D and production.

Strategy

Adhering to the concept of "Green Chemistry", the Company is committed to the development and application of new environmentally friendly and low-carbon technologies to reduce the emissions of three wastes for safer large-scale enlarged production. Through the provision of "environmentally friendly" technology services such as continuous reaction technology, bio-enzyme catalysis technology, and continuous synthetic biotechnology, the Company has formed a green chemistry strategy to provide strong competitiveness to its global innovative pharmaceutical partners.

Green Chemistry Strategy



Impact, risk and opportunity management

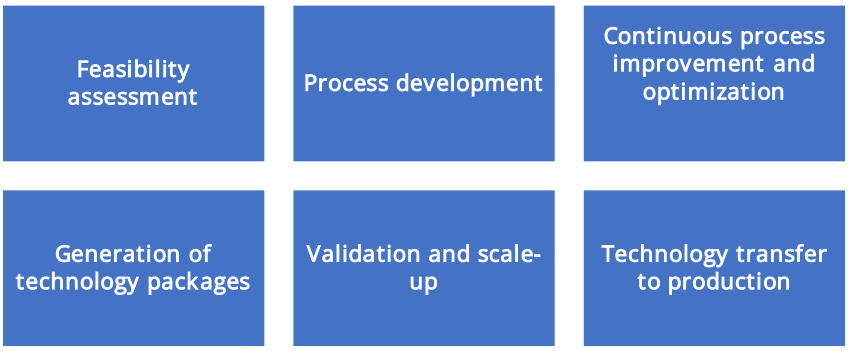
Continuous reaction technology

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

In the field of continuous reaction technology, Asymchem is at the forefront. Upholding the concept of scaling up production, the Company takes the independent and autonomous R&D path to build a continuous reaction modular technology platform. After more than a decade of efforts, the Company has been equipped with capabilities of efficient process screening and equipment development and application. Through module combination and automation control, it truly realizes "end-to-end" fully continuous green production, and becomes one of the few companies in the world that successfully applies continuous production technology to tonnage-scale pharmaceutical manufacturing. As of the end of the Reporting Period, the Company has applied this continuous production model to a number of key intermediates for innovative drugs and API industrialization projects.

[5] For details on the R&D positioning and directions of the eight technology centers, please refer to the "Innovation-Driven" chapter.

Technology Service for Continuous Reaction Process Development



Advantages of Continuous Reaction Technology

The continuous reaction technology outstrips the traditional batch production in large-scale production and application as follows[6]:

- Staff costs: reduced by 30-50%
- Energy consumption: reduced by 30-50%
- Floor space: reduced by 50% on average
- Emissions of three wastes: reduced by 10-30%

Asymchem completes production runs of several commercial continuous catalytic hydrogenation projects

Continuous catalytic hydrogenation combines continuous flow technology and hydrogenation reaction technology. At a certain temperature and pressure, materials and hydrogen continuously pass through a fixed-bed reactor to immobilize the catalyst, which has now become a "greener, safer and more efficient" revolutionary process widely used in heterogeneous catalytic hydrogenation production.

Continuous hydrogenation has many advantages over batch reaction: The volume of continuous hydrogenation reactor is reduced by more than 90%, and the amount of liquid holding and hydrogen retention is reduced by more than 90%, effectively improving the safety of the reaction. Meanwhile, the production capacity per unit volume is increased by more than 10 times, and the amount of three wastes, labour and operation steps are greatly reduced. With the increasing demands for safety and environmental protection, continuous hydrogenation process has great potential for application in the pharmaceutical field in the future.

As one of the first CDMO companies to carry out continuous hydrogenation business in China, Asymchem has proactively identified continuous hydrogenation business as one of the Company's important process technology R&D strategic goals, and has completed the first continuous hydrogenation NDA verification production of hundreds of kilograms in early 2024.

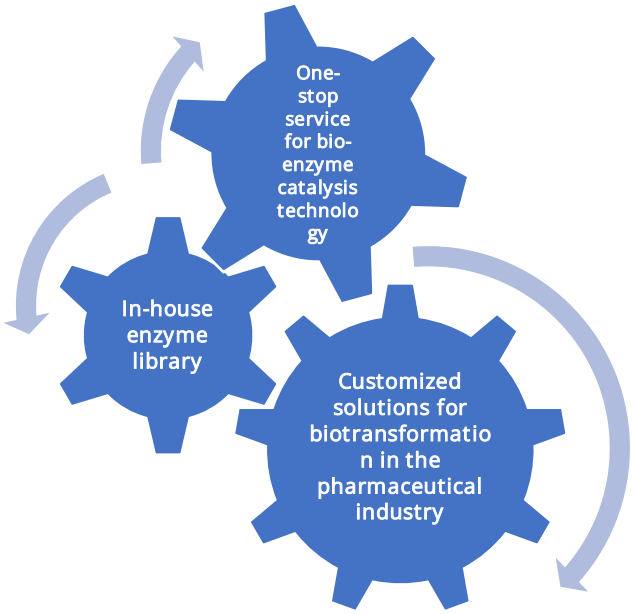
Bio-enzyme catalysis technology

Enzymes have many advantages, such as high efficiency, high selectivity, mild reaction conditions, and being degradable, fermentable, and evolvable. Bio-enzyme catalysis technology is one of the best solutions to achieve green chemistry.

In the field of bio-enzyme catalysis technology, the Company has established an integrated biocatalytic technology platform for enzyme screening, development, evolution, immobilization, enzyme fermentation production and pilot scale-up, bio-enzymatic catalysis and green synthesis to efficiently synthesis small

[6] The information is within an average measurement range and is not an exact value.

molecule drugs. Underpinned by the four core pillars of AI technology, cell-free bacteriophage synthesis ("**CFBS**") technology, HTS technology and flow continuity technology, as of the end of the Reporting Period, the enzyme technology platform has matured and industry-leading technological capabilities, which reduce the impact on the environment while providing a greener process and reducing the cost and supply risk for customers. The Company has successfully applied a variety of highly active and selective engineered enzymes to the commercial production of blockbuster drugs such as statins, glitazones, and penems.



One-stop service for bio-enzyme catalysis technology	**Enzyme engineering:** • Enzyme discovery/ development/ evolution/ immobilization • Enzyme screening kits
	Bioorganic chemistry: • HTS of enzyme libraries. • Development and production of immobilized enzymes. • Development of scalable biotransformation processes.
	Enzyme Production: • CSBT currently has more than 300 scientific researchers, of which more than 60% have PhD and Master's degrees in biology. Relying on the existing biotransformation, protein synthesis and production capabilities, the Company is in a leading position in the research and development of biosynthetic technologies.
In-house enzyme library	• We, by using enzyme engineering techniques such as DNA recombination, rational design and directed evolution, have enriched our enzyme library with new enzymes of higher activity, higher selectivity, greater stability and longer life cycle. Customizable enzyme evolution methodologies have been developed and appropriate post-modification techniques such as affinity purification, lyophilization and immobilization have been applied to improve enzyme performance. • We have developed a variety of engineered enzymes including ketoreductase, transaminase, amino acid dehydrogenase, hydrolase, olefin reductase, monooxygenase, imine reductase and amine lyase, etc., among which the number of commonly used enzymes exceeds 3,800 and is constantly being updated. • We have the right of "freedom to operate" ("**FTO**") for all enzymes in the enzyme library and maintain regular inventories of the enzymes.
Combining the enzyme	• The combination of immobilized enzyme and continuous

technology with the continuous reaction technology to provide customized solutions for biotransformation in the pharmaceutical industry	reaction technology considerably increases reactor throughput while maintaining long enzyme reuse. • With multi-enzyme co-immobilized continuous reaction system, superior mixing efficiency translates into improved mass transfer, accelerating the process and allowing for easy integrated processing and analytical control.

Advantages of Enzyme Catalysis Technology

- Reaction yield: Compared with the original process, the yield of the original process is greatly improved
- Precious metal catalyst: not used
- API production cost: Compared with the original process, the cost of the original process is greatly reduced
- Emission of three wastes the reaction is carried out in the aqueous phase, reducing the emission of organic solvents

Asymchem has made significant research progress in the field of imine reductase-catalyzed synthesis of ruxolitinib intermediates

Asymchem has screened and designed imine reductase ("**IRED**") to obtain highly active mutants, which enables direct reaction of ketones with hydrazine hydrate to generate monochiral hydrazine compounds.

The early method of preparing chiral hydrazine was to split the racemic hydrazine, but the maximum yield was only 50%, and the splitting process might reduce the yield and increase the three wastes due to the similarity of the enantiomers. In recent years, new methods for asymmetric synthesis via hydrogenation of hydrazine ketones have been developed, but these methods usually require precious metal catalysts, harsh conditions, and complicated protection and deprotection steps, which increase the process complexity and time cost.

The CSBT research team of Asymchem took (R)-3-cyclopentyl-3-hydrazinopropionitrile, a key intermediate of ruxolitinib, as the target product, and screened and obtained imine reductase ScIRED with weak activity. By constructing a transition-like state and predicting beneficial mutations by AI, protein engineering of ScIRED was carried out, and mutants with excellent catalytic activity and chemoselectivity were finally obtained, achieved efficient synthesis of ruxolitinib intermediates with conversion rate of <0.1% and ee value of 66% up to conversion rate of 98% and ee value of 99%.

The study not only provides a method for the direct reaction of ketones and hydrazines to produce hydrazine compounds using IRED catalysis, but also offers new ideas for improving the catalytic activity of enzymes with almost no activity through protein engineering, providing a solution for the synthesis of such drugs to ensure that the entire process from product design to sales is more in line with environmental and health standards.

Continuous synthetic biotechnology

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

In the field of continuous synthetic biotechnology, the Company is keenly aware of the huge potential of synthetic biology in pharmaceutical production, and has swiftly integrated its long-standing biotransformation technology capabilities and pioneered the organic combination of its "technological business card" - continuous reaction and synthetic biology. The Company realizes that only by establishing a technology platform that combines continuous reaction and synthetic biology can we rapidly promote

low-carbon and environmentally friendly innovations in the chemical industry on a large scale. Continuous immobilization of enzyme is the best entry point and starting point.

With mature enzyme immobilization technology and advanced continuous reaction technology, the Company has successfully empowered the magnificent upgrading of several enzyme catalysis projects.

Asymchem's synthetic biology breaks new ground: De novo synthesis of salidroside from E. coli to ensure a stable and sustainable supply

Asymchem has made a breakthrough in the field of synthetic biology. By transforming Escherichia coli, it has successfully solved the problem of microbial synthesis of salidroside. The results have been applied for several national patents, and some of the patents have been authorized (e.g. Patent No. CN118389391B, "Genetically engineered bacteria, its preparation method and its application in the de novo synthesis of salidroside").

The Company's microbial cell factory team has successfully increased the production of de novo synthesis of salidroside from E. coli to 47.67 g/l, setting a record for the highest yield of salidroside synthesized by microorganisms. This technology utilizes E. coli as the substrate strain without the addition of any precursors. Compared with the yeast substrate widely used in the industry, this technology has a shorter fermentation cycle, higher production intensity and lower production cost, making it more suitable for industrial applications.

In 2021, the domestic production of Rhodiola rosea extract was approximately 1,100 tonnes, of which the demand for salidroside was nearly 250 tonnes. However, due to over-exploitation and ecological protection considerations, Rhodiola rosea has been included in China's Class II "List of National Key Protected Wild Plants" in 2021. With mature enzyme immobilization technology and advanced continuous reaction technology, the Company has successfully empowered the magnificent upgrade of several enzyme catalytic projects. High-purity salidroside SAL-98 produced by synthetic biology can ensure its stable and sustainable supply and is an effective alternative to plant-derived Rhodiola rosea.

In addition to salidroside, the Company has also made use of the synthetic biology platform to develop multiple product pipelines, including aromatic products, terpenes, antibiotics and other products, and has successfully developed high-yield strains for synthesizing products of resveratrol, hydroxytyrosol and sclareol, etc. As of the end of the Reporting Period, the Company has developed a series of independent and innovated strain modification technologies and HTS technologies. Combining the Company's core strengths such as enzyme evolution and AI technologies, we have the capability of product development using various microorganisms such as E. coli, brewer's yeast, defatted yeast and actinomycetes, etc.

Indicators and targets

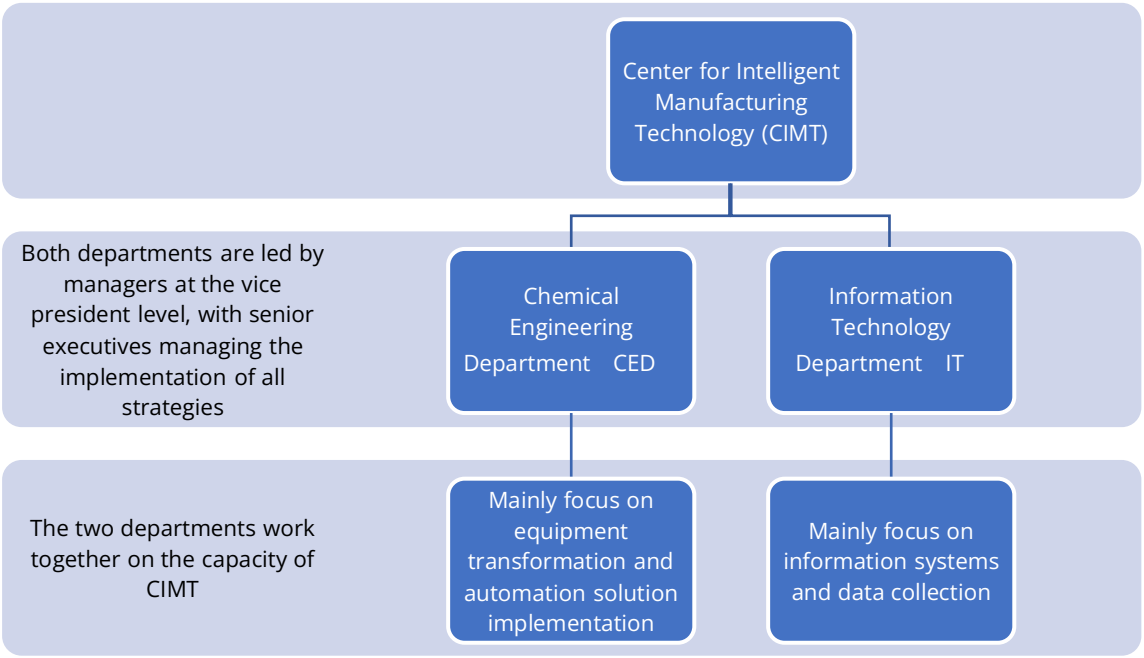
The Company has always been committed to the R&D of green production processes, and through candid communication with all sectors of society, we actively promote sustainable development and achieve the goal of contributing to the society.

In the future, the Company will integrate continuous reaction and synthetic biology with commercial production, which is the Company's greatest strength, to achieve continuous production of various bioactive substances, forming an iron triangle to lay the foundation for the green future of the industry. With the spirit of "craftsmanship", we will continue with iterative technology computing upgrades by giving full play to our experience and strengths in the field of advanced green pharmaceutical technology to boost the sustainable development of the industry.

❖ Digitalization and Intelligence

As a benchmark enterprise of digital workshops and smart factories, Asymchem has set up CIMT using its more than two decades of accumulation of innovative technology and service experience, which empowers intelligent management and manufacturing through the strategy of digitization, AI, and data science. Based on the IEPE and IT teams, the Company's CIMT effectively collaborates with the R&D, production, analysis teams, as well as CEPS, CSBT, CFCT, QA, BD, procurement and supply chain, etc., to continuously expand the scale of automation and intelligence in R&D and production.

Organizational Structure of CIMT



The CIMT of the Company applies advanced methods such as AI, machine learning, and multi-variable online control to R&D, production, and operation, promoting the digitalization, automation, and intelligence of these areas, and directly transforming various advanced control methods into productivity.

In terms of R&D and production, CIMT has been testing various advanced methods through the Center Pilot Laboratory, which serves as a demonstration for factory production and comprehensively improves the factory's automation level. In addition, CIMT continues to provide big data support for R&D and production. The application of these advanced methods and technologies not only caters to the Company's own development for better production efficiency, but also enables the provision of favorable R&D and technical services to its clients. This strategic approach positions the Company to lead the CDMO industry in the future.

In terms of operations, the Company has achieved the integration and optimization of business processes by implementing systems such as SAP, Laboratory Information Management System ("**LIMS**"), QMS, etc.. The successful application of these systems not only improves operational efficiency, but also enhances the Company's performance in terms of GMP compliance and customer satisfaction. Through automated process management and the integration of digital systems, the Company has significantly reduced resource waste and carbon emissions, laying a solid foundation for the sustainable development of the Company.

Practice and exploration of digital and intelligent construction of Asymchem Lab

Asymchem, together with LabVantage, the world's leading laboratory solutions provider, has undertaken an in-depth digital intelligence expansion based on its mature LabVantage LIMS platform. This innovative initiative integrates cutting-edge technologies such as RPA, Internet of Things ("**IoT**"), AI, and large-scale modeling, aiming to overcome complex laboratory business scenarios that are difficult to be covered by traditional LIMS systems, thereby significantly improving the data capture and analysis

capabilities of LIMS systems

- **Integrated application of RPA and LIMS system:** The integrated application of RPA and LIMS system greatly reduces the daily repetitive labour burden of master data and system administrators. These tasks include, but are not limited to, massive input of master data, data query and export across multiple systems, real-time monitoring of system stability, and periodic and time-consuming repetitive tasks such as annual quality review reports. Through the automation of RPA, these tasks can be completed efficiently and accurately, significantly improving work efficiency and accuracy of data processing.
- **Mobile IoT Solution:** By integrating advanced IoT technology with the portability of mobile devices, LabVantage's mobile IoT Solution enables laboratory personnel to access, monitor and manage laboratory equipment and experimental procedures anytime, anywhere, greatly improving productivity and real-time data collection. The solution allows laboratory personnel to input data, view experimental results, receive alarm notifications, and execute necessary control commands directly from their mobile devices in the field, without being confined to a fixed computer terminal. This flexibility and immediacy not only speeds up the experimental process, but also reduces the risk of human error and data delays.
- **In-depth data collection and intelligent processing:** After successfully obtaining richer and more detailed data through RPA or IoT solutions, LabVantage Analytics, as a powerful data statistics, analysis and processing platform, fully leverages the advantages of its integrated machine learning, large models, etc. to conduct in-depth data collection and intelligent processing of massive data. This platform not only improves the speed and efficiency of data processing, but also helps users build accurate data models, conduct in-depth business analysis, and even guide the development of key business decisions.

Asymchem's laboratory digitalization and intelligence solution provides efficient and intelligent management methods for pharmaceutical laboratories, helping them to gain a foothold in the fierce competition in the pharmaceutical market and achieve sustainable development.

❖ Technology Ethics

Clin-nov Medical, a subsidiary of Asymchem, provides clinical research services to its partners covering pre-clinical research and Phase I to Phase III clinical research. Technology ethics plays a crucial role in clinical trials, including protection of subjects' rights and interests, fairness and non-discrimination, scientific research design, etc., to ensure that the research process and results comply with ethical standards and social responsibility.

Asymchem responds positively to The Declaration of Helsinki, strictly adheres to China's Regulations on the Administration of Human Genetic Resources, Measures for the Ethical Review of Life Science and Medical Research Involving Human Beings, Code of Quality Control for Clinical Trials of Drugs, Code of Pharmacovigilance Quality Control, and relevant laws and regulations of overseas operating locations as well as the latest requirements of the ICH E6 guidelines , and has set up an ethics committee in the research center to review all clinical trials undertaken.

Clinical research undertaken by Asymchem strictly complies with the technology ethics, and does not involve any services and external sharing of data that violate the technology ethics. In practice, the Company always attaches great importance to the issue of clinical trial ethics, and fulfills its responsibility of scientific and technological ethics governance in strict accordance with the project management requirements and customer regulations.

Ethics Management Measures for Clinical Trials

Key aspects	Management measures
Informed consent and privacy protection	• Establish Standard Operating Procedures ("**SOP**") for Informed Consent Form writing, specifying a series of process requirements from the writer's ICF writing, line manager/ medical staff/ project manager review, to sponsor review and finalization. Subjects must read and sign the Informed Consent Form before participating in trials. All study reports or process documents shall use initials or codes to indicate the subjects. • Ensure that participants in clinical trials fully understand the purpose, methodology, possible risks and benefits of the research and participate voluntarily. • Ensure that participants' personal information and health data are properly protected during clinical research.
Fairness and non-discrimination	• Ensure that participants in the research are representative, meet the requirements of the clinical trial protocol, and avoid any forms of discrimination, including following the principle of fairness in the selection of participants, and avoiding bias and discrimination during the research process and in the release of results.
Protection of subjects' rights and interests	• Ensure that the rights and interests of the subjects are adequately protected, including purchasing insurance for the subjects, providing appropriate medical care and compensation during the research process, and providing necessary follow-up support after the research is completed.
Scientific and ethical aspects of research design	• Ensure the research design is scientifically sound, including selecting appropriate research methodology for the sponsor's reference, ensuring the validity and reliability of the research, and avoiding unnecessary risks or burdens on participants. • Adhering to relevant ethical principles to ensure the legality, ethics and social responsibility of the research.

During the Reporting Period, Asymchem had a total of 471 clinical research and registration related projects under development and completed, including 6 IND registration application in the PRC, 5 IND registration application projects in the U.S. and 12 "first-of-its-kind" clinical research projects with "new mechanism of action", involving pipeline medical products or drugs. During the Reporting Period, the Company did not encounter any incidents of violation of laws and regulations related to clinical trials.

7. Illuminate with Green, Embrace the Future

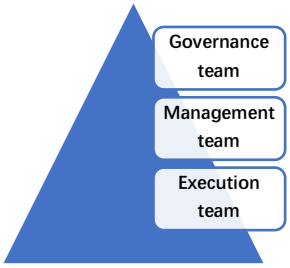
❖ Climate Change Response

Governance

In active response to climate change, Asymchem is committed to achieving "carbon peak" by 2030 and "carbon neutrality" by 2060, while maintaining a reasonable rate of growth in its business development. The Company strictly complies with the “Provisional Regulations on the Administration of Carbon Emission Trading” and other laws, regulations and policies, establishes a climate governance mechanism and a three-tier governance structure comprising the "governance team, management team and execution team", to carry out comprehensive risk management and climate change response actions.

The Board of the Company assumes the highest management responsibility for addressing climate change, the Strategy Committee is responsible for overseeing and managing the work related to addressing climate change, and the Senior Vice President of EHS and the Environmental Protection Management Group under the EHS team of the Company are responsible for the implementation of specific tasks. Each level reports the progress of the relevant work to the higher level on a quarterly basis. In 2025, the Company plans to start training the Board and the Strategic Committee on climate change related competencies to further enhance their ability to oversee and manage climate change issues.

Climate Governance Framework

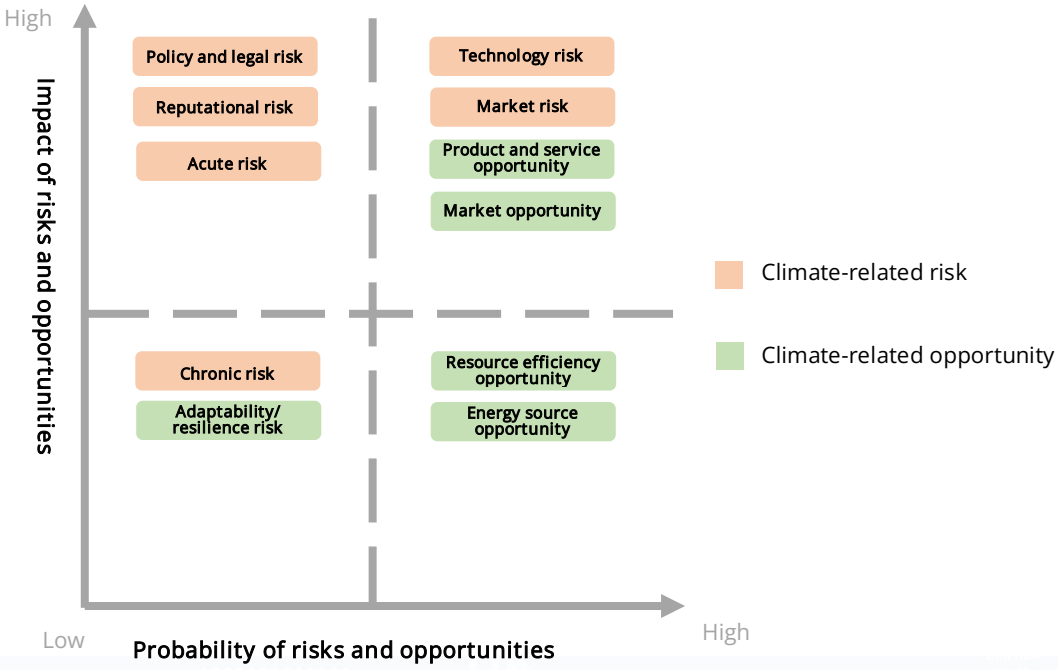
Climate governance framework	Responsibilities
	**Governance team: The Board is responsible for the following work:** • Identify climate-related risks and opportunities for the Company; • Make decisions on the setting of strategies and targets for the Company to address climate change, and approve relevant systems for the Company to address climate change; • Regularly review the Company's key performance in climate change management; • Regularly receive reports on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets; • Review and approve the disclosure of information on the Company's response to climate change.
	Management team: The Strategy Committee is responsible for the following work: • Develop and monitor the management process of climate-related risks and opportunities, ensure that the process is scientific, reasonable and effective, and review the Company's climate-related risks and opportunities; • Study and put forward the Company's strategies, target setting and system proposal for addressing climate change; • Study and put forward proposals on the Company's work plan for addressing climate change; • Regularly review the Company's management performance and target progress in response to climate change, and propose optimization and improvement directions for the next stage; • Regularly report to the Board on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets; • Review the disclosure of information on the Company's response to climate change.
	Execution team: Led by the Senior Vice President of EHS, the team is responsible for the following work: • Identify, assess, prioritize, and monitor climate-related risks and opportunities; • Formulate and implement the Company's strategy and system for addressing climate change;

Climate governance framework	Responsibilities
	• Implement the Company's work plan for addressing climate change, and coordinating with various departments of the Company to organize the implementation of specific measures; • Regularly monitor, compile statistics of and analyze the Company's management performance on climate change, and summarize the progress of the targets; • Regularly report to the Strategy Committee on the implementation of the Company's climate change strategy, performance, and progress on the achievement of the Company's targets; • Organize the collation of the disclosure of information on the Company's response to climate change.

The Company has formulated an incentive and penalty mechanism to address climate change. The Company links its environmental control objectives (please refer to the section headed "Environmental Compliance Management System" in this report for details) to the performance appraisal and remuneration of the relevant departments and employees, and encourages its employees to actively implement practices related to improving environmental sustainability, including greenhouse gas emissions reduction). At the same time, the Company carries out accounting and monitoring of greenhouse gas emissions from sources such as employee commuting, encourages employees to reduce their personal carbon footprints through training, publicity and system guidance. For example, the Company encourages employees to prioritize public transportation for short trips, and encourages employees of the same gender to share accommodation when traveling on business, in order to further promote low-carbon operations and the achievement of sustainable development goals.

Strategy

The Company has established a climate-related risk and opportunity assessment process to conduct a comprehensive analysis of the climate risks and opportunities faced by its operations and the upstream and downstream of the value chain in the short, medium and long-term timeframes. Based on the assessment results, the Company formulates and implements corresponding response strategies and action plans to effectively reduce potential risks, seize sustainable development opportunities, and enhance overall climate resilience. During the Reporting Period, the Company identified a matrix of climate-related risks and opportunities as shown in the chart below, and the financial impact of climate-related risks and opportunities is analyzed in the table below.



Matrix of Climate-related Risks and Opportunities

Financial Impact Analysis of Climate-related Risks

Types of risks		Impact description	Potential financial impact	
Physical risk	Acute risk	Against the backdrop of climate change, there are frequent occurrences of extreme weather such as cold waves, typhoons, droughts, heavy rains, floods and high temperatures.	Acute risk will affect the Company's business including pharmaceutical R&D and production activities, leading to losses of the Company's fixed assets, and disruptions in employees' commuting and transportation of raw materials, packaging and products, thereby reducing the Company's production capacity and increasing indirect costs.	Revenue from reduced production capacity▼ Indirect cost▲
	Chronic risk	Climate change may lead to changes in long-term natural patterns, such as sea level rise, water scarcity and changes in average temperature.	Chronic risk will have a negative impact on the Company's business including pharmaceutical R&D and production activities, for example, coastal factories may face consequences such as seawater flooding. The Company will need to invest additional resources in infrastructure adjustments, disaster prevention capability enhancement and operational optimization, which may lead to increased indirect costs.	Indirect cost▲
Transition risk	Policy and legal Risk	As the climate transition process progresses in countries and regions around the world, the Company may face more stringent regulatory requirements in the field of climate change, such as more stringent disclosure of climate-related information and greenhouse gas emissions reduction requirements, etc.	If the Company fails to optimize its climate-related governance and management mechanisms and implement energy-saving and emission reduction measures in a timely manner in accordance with the latest policies and legal regulatory requirements, it may face consequences such as increased capital expenditures and changes in business credit.	Capital expenditure ▲ Credit change ▲
	Technology risk	As countries and regions around the world pay more attention to the issue of climate change, green and low-carbon technologies are becoming a key driving force for the sustainable development of the pharmaceutical industry.	If the Company fails to keep up with the trend of technological innovation and actively invest resources in the R&D and application of cutting-edge green and low-carbon technologies, it may face the risk of declining competitiveness in the industry.	Capital expenditure ▲
	Market risk	As investor and customer interest in corporate action on climate change continues to grow, its importance has become a key factor in corporate sustainability.	Failure to take proactive climate action may result in a decline in investor and customer confidence, which in turn could affect access to capital and competitiveness in the marketplace, ultimately adversely affecting financing pipelines and operating income.	Financing channel▼ Possible impact on the demand for products and services▼
	Reputational risk	Stakeholders or related parties of the Company are paying more attention to the Company's action in addressing climate change.	The Company needs to respond positively to their expectations and demands, otherwise it will suffer consequences such as reputational damage, which will in turn affect its operating income.	Revenue from changes in the demand for products and services▼

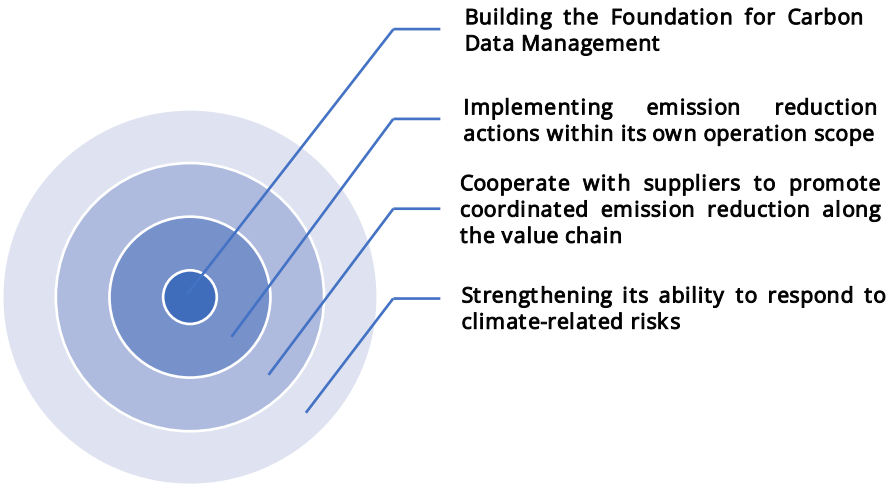
Analysis of Financial Impacts of Climate Change

Types of opportunity	Opportunity description	Potential financial impact	
Resource efficiency opportunity	Proactive responses to climate change aimed at reducing greenhouse gas emissions will likely lead to the efficient utilization of resources such as energy, water resources, raw materials and packaging materials in all aspects of R&D, production, product transport and administration offices.	The Company's increased utilization of resources will result in lower direct and indirect costs.	Direct Costs▼ Indirect Costs▼

Types of opportunity	Opportunity description	Potential financial impact	
Energy source opportunity	Against the backdrop of strong support for renewable energy and the development of carbon trading markets in the place where the Company operates, the Company's opportunities to obtain and use renewable energy are expected to increase further.	The Company's energy costs may decrease as a result. Meanwhile, if the Company actively participates in carbon trading, additional profits may be generated.	Indirect costs▼ Diversity of financial assets▲
Products and services opportunity	If the Company actively responds to climate change, it will be able to provide more green and low-carbon products and services through R&D innovation, green procurement and logistics, and operational optimization.	This opportunity may increase the Company's attractiveness to investors and customers, thereby increasing financing opportunities and operating income.	Financing channels▲ Revenue resulting from higher demand for products and services▲
Market opportunity	The mainstream market increasingly demands for green and low-carbon products and services both in number and quality. The provision of green and low-carbon products and services by the Company may enhance the Company's access to the relevant markets, which in turn may increase its attractiveness to investors and customers.	This opportunity may further enhance the Company's financing opportunities and operating income.	Financing channels▲ Revenue resulting from higher demand for products and services▲
Adaptability/ resilience opportunity	If the Company actively responds to climate change through resource substitution, emergency management and diversified procurement, it will increase the Company's operational resilience and adaptability to climate change.	This opportunity may reduce or avoid the Company's related operating losses.	Indirect cost▼

In the face of the above climate-related risks and opportunities, the Company has formulated GHG emission reduction targets, optimized business strategies, built a foundation for carbon data management, implemented emission reduction actions within its own operation scope, and cooperated with suppliers to promote coordinated emission reduction along the value chain, helping society become greener and reduce emissions. carbon development. Meanwhile, the Company continued to strengthen its ability to respond to climate-related risks and improve its operational resilience.

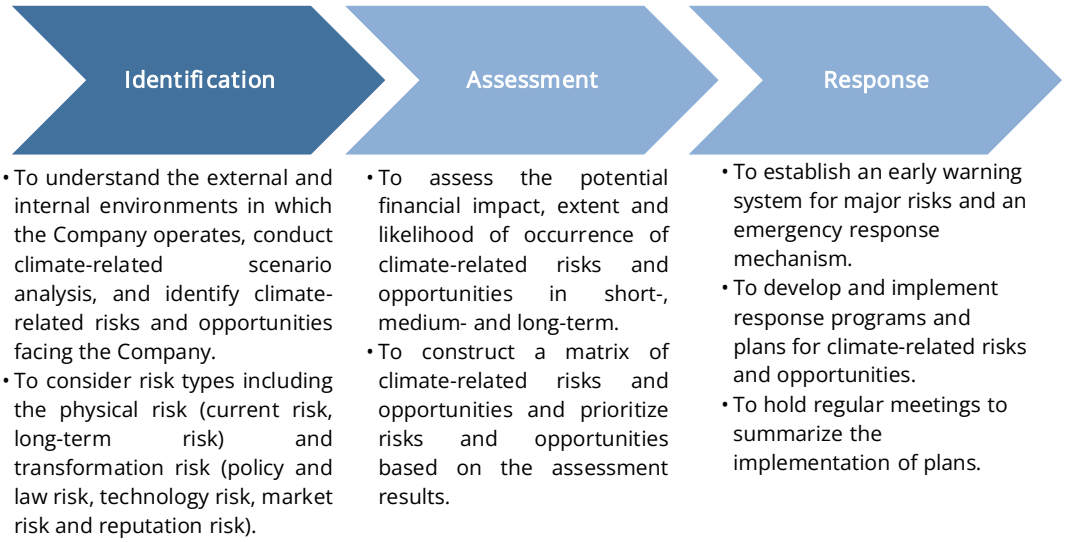
Climate Change Strategies



Impact, risk and opportunity management

The Company has established an assessment process for climate-related risks and opportunities and integrated it into the Company-wide risk management process to develop and implement response plans and other plans. With climate change strategy as the core and GHG reduction target as the starting point, the Company implements carbon reduction actions in its own operation scope and value chain, continuously monitors climate-related risks and opportunities, evaluates and makes corresponding adjustment plans in a timely manner.

Assessment Process for Climate-related Risks and Opportunities



Building the foundation for carbon data management

GHG emitted by the Company in its operations mainly comes from fuel combustion, use of fire extinguishers, refrigerant filling, and purchase of electricity, heat and steam. The types of GHG emissions involved mainly include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and hydrofluorocarbons (HFCs). The Company has established a carbon data management foundation. During the Reporting Period, 8 of the Company's manufacturing subsidiaries conducted inspections of Scope 1 and Scope 2 GHG emission, and engaged qualified third-party organization in accordance with the ISO 14064-3:2019 Greenhouse Gas Statement Validation and Verification Guidelines to perform external verification, achieve a reasonable assurance level and obtain a certificate.

Implementing emission reduction actions within its own operation scope

While pursuing operational excellence, the Company implements emission reduction actions within its own operation scope. On the one hand, the Company actively invests in transformation of green and low-carbon energy, adopts clean supply solutions of renewable energy, obtains and uses renewable electricity through internal and purchased resources, and continues to promote the use of clean energy such as natural gas and renewable electricity. On the other hand, the Company adopts new and advanced manufacturing technologies and invests in energy-saving equipment to reduce energy consumption, thereby reducing GHG emissions within its own operations. Please refer to the section headed "Energy Utilization" in this report for details.

In addition, the Company advocates the concept of green operation throughout the Company, calling on employees to work, travel and live in a green and low-carbon manner. During the Reporting Period, employees of the Company that took green flights during business travel accounted for 49.8% of all flights, the GHG emissions of business travel by air were 1,264.77 tonnes of carbon dioxide equivalent, successfully avoided GHG emissions of 146.67 tonnes of carbon dioxide equivalent[7].

[7] Relevant data is provided by third-party service providers for employees' business travel. Among them,

During the Reporting Period, the Company's subsidiary, Asymchem Life Science, was included in the list of key greenhouse gas emission units subject to carbon emission trading. In accordance with the Interim Regulations on the Administration of Carbon Emissions Trading, Asymchem Life Science conducted GHG emission accounting, prepared GHG emission reports, and reported to the competent ecological and environmental authorities where it operates. During the Reporting Period, Asymchem Life Science fulfilled its corporate social responsibility of reducing carbon emissions through the verification of carbon emissions in the previous year which was submitted to the local ecological and environmental authorities and the settlement of carbon emission allowances.

Cooperate with suppliers to promote coordinated emission reduction along the value chain

In addition to implementing emission reduction actions within its own operation scope, the Company has gradually extended its emission reduction actions to the value chain, cooperating with suppliers to promote coordinated emission reduction along the value chain. The Company has formulated the Code of Conduct for Supply Chain, which clearly states that "the Company prioritizes suppliers who are committed to environmental protection, supporting their emission reduction and energy-saving measures, and encouraging the implementation of environmental management systems". The Company has formulated the ESG Management Policy for Supply Chain, which requires suppliers to "take measures to reduce energy and water consumption and carbon emissions in the production process, and improve resource utilization efficiency", and incorporates these factors into important considerations when selecting suppliers to cooperate. The Company conducts audits on suppliers every year and issues questionnaires to them to investigate their actions and willingness for emission reduction. During the Reporting Period, the Company sent questionnaires to suppliers and completed the audit for a total of 21 suppliers. Please refer to the section headed "Supply Chain Environmental and Social Risk Management" in this report for details.

Strengthening its ability to respond to climate-related risks

In response to both current and long-term climate-related risks, the Company has adopted a number of responses. In response to possible production interruptions caused by extreme weather, the Company has formulated the Emergency and Business Continuity Management, which specifies preparation, drills, and corresponding resources and guarantee for the emergency organization, business continuity organization, emergency response plan and business continuity plan. The Company has also formulated the Business Continuity Emergency Plan, which sets 5 specific business recovery plans based on the causes of business interruption, including personnel factors, equipment factors, utility factors, raw material supply factors, and IT interruption factors, and organizes corresponding exercises to test the effectiveness and suitability of the plan. During the Reporting Period, the Company conducted more than 230 emergency drills and business continuity drills. In addition, the Company has set up production bases in different countries domestically and abroad to prevent the business impact that may be caused by long-term risks.

Indicators and targets

Based on the accounting results of GHG emissions in consecutive years and the results of climate-related scenario analysis, the Company has formulated climate change targets. Regarding the Company's actions and progress in addressing climate change, the Company communicates with stakeholders through channels such as ESG reports and CDP questionnaires.

GHG Reduction Target

- Plants related to the small molecule CDMO business of Asymchem Group: reduce the absolute GHG emissions of Scope 1 and Scope 2 by 10% by 2030, using the 2022 scenario as the base year and baseline.
- Jilin Asymchem Laboratories: Reduce absolute Scope 1 and Scope 2 GHG emissions by 42% by 2030,

green flights refer to flights which carbon emissions are lower than the median carbon emissions of other flights that depart and arrive at the same city.

using 2022 as the base year, and reduce absolute GHG emissions from Scope 3 by 25%[8].

- Asymchem Pharmaceuticals: Reduce absolute Scope 1 and Scope 2 GHG emissions by 42% by 2030, using 2022 as the base year, and reduce absolute GHG emissions from Scope 3 by 25%[9] .

During the Reporting Period, the Company obtained a B rating on the CDP Climate Change Questionnaire, which exceeded the average level in Asia and other service industries. In addition, the Company won the award of "Excellent Carbon Disclosure Partner" for its excellent carbon disclosure practices.

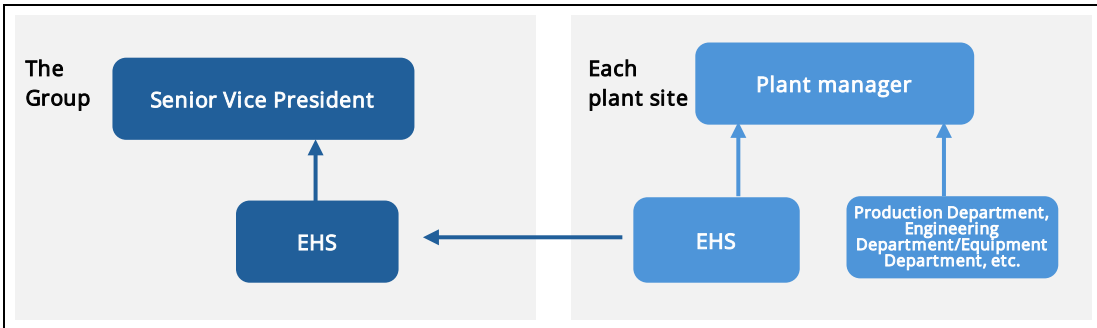
[8] This target may be subject to final adjustments based on the SBTi review results.
[9] This target may be subject to final adjustments based on the SBTi review results.

❖ Environmental Compliance Management

Adhering to the development strategy of "international standards, China's advantages and being technology-driven, and green-oriented", Asymchem thoroughly implements the concept of green manufacturing and strictly abides by the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》) and other laws and regulations, with reference to the requirements of standards such as the ISO 14001, establishes an environmental management system which covers Asymchem Laboratories and all its subsidiaries. During the Reporting Period, the Company's subsidiaries, Asymchem Pharmaceutical, Asymchem Life Science, and Tianjin Asymchem Pharmaceutical Technology got certified with the ISO 14001 and obtained the corresponding certificates.

The Board of the Company supervises, manages and makes decisions on sustainable development matters, including environmental management. The Company has established an environmental management organizational structure. The senior vice president is responsible for coordinating the Company's environmental management work. The EHS Department has been set up at the Group and each plant site. The EHS Department have set up the Compliance Team, the Environmental Protection Team, the Process Safety Team, and the Occupational Health Team, respectively responsible for the establishment and protection of EHS systems, the inspection and technical support of environmental management within the Group, toxicological assessment and chemical management, as well as the identification of toxic and hazardous substances, toxicology assessment and employee exposure risk management and other related work together with the Occupational Health Team. Meanwhile, the production departments, engineering departments and general offices at each plant site are responsible for the operation and maintenance of environmental protection facilities, and separate collection of waste. The relevant personnel of the Company's environmental management all have an academic background in environmental protection or similar majors in China or at abroad, and have professional capabilities and experience in environmental management.

Environmental Management Organizational Structure and Responsibilities



The Group:	Each plant site:
• The senior vice president is responsible for coordinating the Company's environmental management. • The Group's EHS department is responsible for supervising and managing the Company's environmental management and providing technical support. The Group's EHS department reports directly to the Senior Vice President.	• EHS department at each plant site is responsible for supervision, management and random inspection. • The production department, engineering department/equipment department at each plant site are responsible for the operation and maintenance of environmental protection facilities, as well as the classification, collection, storage and disposal of waste. EHS direcor at each plant site reports directly to each plant manager and also to the senior vice president.

The Company has formulated the Environmental Protection, Occupational Health, Safety and Environmental Management System and other system documents, and established management procedures such as the Three Simultaneous Management Procedures for New, Renovation and Expansion

Projects, Emergency and Business Continuity Management Procedures, Stakeholders Management Procedures, and Use and Management for Environmental Protection Monitoring Equipment, covering key elements such as wastewater, waste gas, solid waste management, operation of environmental protection facilities, environmental monitoring and internal audit management to ensure environmental protection remain systematic and compliant.

The Company regularly improves and updates the system documents and management procedures. For example, during the Reporting Period, the Company formulated the Environmental Management Policy to further clarify the Company's statements and commitments in key areas such as water resources, energy and carbon emissions, wastewater and gas emissions, solid waste emissions and biodiversity. Meanwhile, through the "Plan-Do-Check-Act" (**"PDCA"**) cycle, the Company continuously improves and optimizes the environmental management system, so that the environmental management concept runs through the Company's main management line. It strives to maintain external competitiveness while consolidating and optimizing internal capabilities.

The Company implements a number of environmental management measures, including implementing the latest laws and regulations in the places where it operates, identifying environmental risks and formulating emergency response plans, conducting daily pollutant monitoring and maintenance of environmental protection equipment, strengthening the management of key environmental supervision units, conducting environmental protection publicity, education and training, conducting internal and external audits of the environmental management system, setting environmental management goals, and implementing reward and punishment mechanisms to ensure compliance with the Company's environmental management.

During the Reporting Period, the Company was not punished by the competent authorities for violating relevant laws and regulations on environmental management, nor had any environmental emergencies occurred. In addition, in recent years, Asymchem Pharmaceuticals, a subsidiary of the Company, has been rated as an A-level enterprise in the heavy pollution weather performance rating, making it the only A-level enterprise in the pharmaceutical industry in Tianjin. During the emergency activated by heavy pollution, Asymchem Pharmaceuticals adopted voluntary emission reduction measures, and related production activities were not affected by production restrictions and suspensions, which also played a positive role in the smooth operation of production and the guaranteed delivery of products.

Track the latest laws and regulations and continuously improve management

The Company has mapped out procedures such as the Recognition Management of EHS Laws and Regulations, in accordance with which, it regularly identifies and sorts the latest laws and regulations to formulate a gap identification list, and conducts publicity and training on the interpretation of laws and regulations to all employees in environmental protection-related positions in a timely manner. Meanwhile, based on the results of the gap analysis, the Company has formulated and implemented rectification plans, tracked the implementation of rectification, and organized reviews to ensure that the Company's operations comply with the latest laws and regulations.

During the Reporting Period, the Company identified latest laws and regulations such as the Interim Regulations on the Administration of Carbon Emission Trading, the Measures for the Administration of Pollution Discharge Permits, and the National Catalogue of Hazardous Wastes (2025 Edition), and carried out item-by-item identification and gap analysis. It formulated rectification plans and tracked rectification progress regularly. Please refer to the section headed "Coping with Climate Change" and "Waste Disposal" in this report for details.

Manage environmental risks[10]

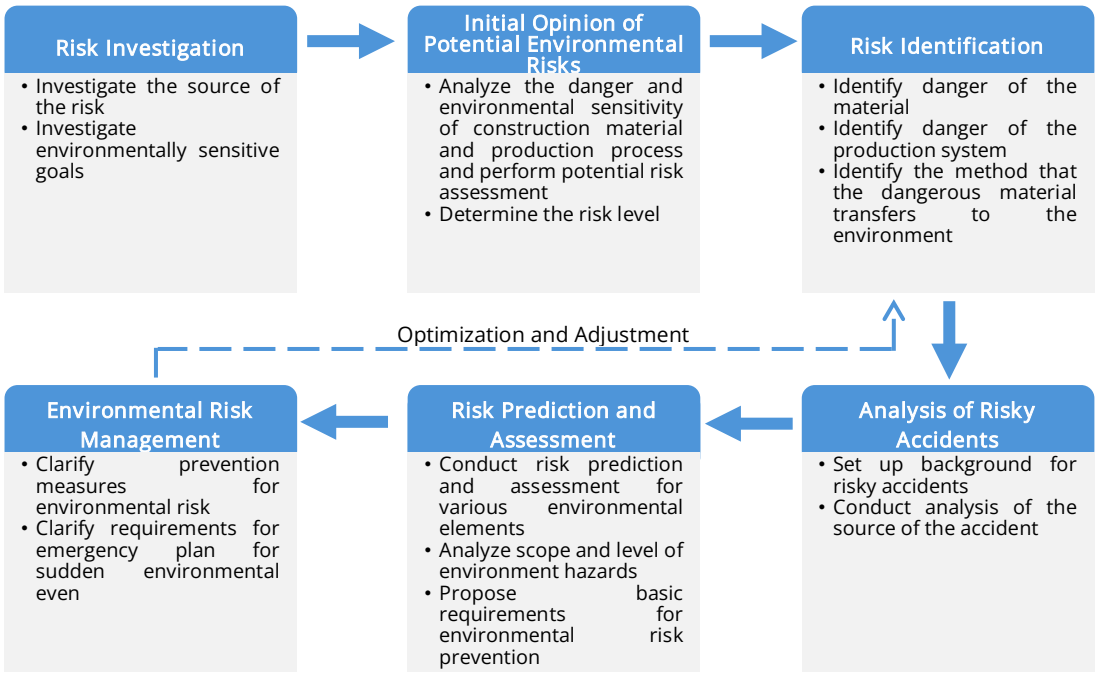
For emergencies and their potential environmental risks, the Company regularly conduct environmental risk assessments to identify environmental impact factors. Meanwhile, the Company also manages item changes by creating a list of EHS Assessment on Item Changes to identify, assess and analyze risk of

[10] "Environmental risk" refers to the degree and possibility of harm to the environment caused by sudden accidents (as defined in the "HJ 169-2018 Technical Guidelines for Environmental Risk Assessment of Construction Projects").

changes in gas, wastewater, noise and solid waste.

Based on the results of the environmental risk assessment, the Company prepares and updates contingency plans for environmental emergencies in a timely manner, and conducts environmental contingency drills and management training for employees of all relevant departments at least once a year. During the Reporting Period, the Company conducted drills and trainings on topics such as hazardous waste leakage and emergency disposal of excessive discharge of waste water and gas to improve employees' emergency management capabilities.

Environmental Risk Assessment Process



In addition, the production of the Company's products involves the use of chemical substances and biologically active substances, which may present potential environmental risks. The Company has established a strict management and control mechanism to conduct a comprehensive assessment of environmental risks related to products and take corresponding measures to prevent or mitigate relevant risks to ensure that its production activities and products meet environmental protection requirements. For example, in order to comprehensively evaluate the potential hazards of API and antibiotics in the Company's products to environmental water bodies, the Company has formulated the Assessment of the Impact API has on Water Bodies, which aims to control environmental risks from the source and ensure that production activities meet environmental protection requirements. In the early stages of projects involving the production of API or antibiotics, the Company collects relevant data from the R&D stage, estimates the concentration of API or antibiotics entering water bodies, and compares them with the Predicted No-Effect Concentration (**"PNEC"**). If the ratio of predicted concentration to PNEC is ≥ 1, it is considered to be likely to cause damage to the environment or ecosystem. In this case, the wastewater generated during the production process of the project is strictly prohibited from being directly discharged into the sewage treatment station, and more stringent treatment measures, such as inactivation technology, are required to completely eliminate the environmental risks of wastewater containing API.

Strengthen daily environmental management

In the course of daily operations, the Company regularly inspects and upgrades environmental protection facilities in a timely manner to improve the efficiency of pollutant treatment and reduce pollutant emissions. The Company has established a pollutant monitoring mechanism, formulated an annual monitoring plan, and conducted daily inspections and monitoring. Meanwhile, the Company entrusts a qualified third-party institution to monitor the Company's pollutant discharge on a regular basis, and hires external experts to inspect, guide and train the Company's online monitoring equipment operation management and hazardous waste management to ensure the accuracy and trustworthiness of monitoring data and to ensure the normal operation of environmental protection facilities and the discharge of pollutants in compliance with the standards. Please refer to the section headed "Pollutant

Emissions" in this report for more details.

The Company attaches great importance to the popularization of environmental protection knowledge, and enhances the environmental protection awareness of all employees, the professional ability of environmental protection employees, and the management ability of environmental managers through publicity and education and internal and external special training. During the Reporting Period, the Company conducted more than 30 training sessions on environmental protection for all employees.

Environmental Protection Publicity Education and Theme Training (Partial)

Types	Description
Publicity and education	• During the Reporting Period, the Company carried out the June 5th Environment Day activity with the theme of "Building a Beautiful China and Creating a Green Future with Asymchem". A series of activities such as eco arts and crafts workshop and eco trivia quiz were organized for the employees to participate in. Through these activities, the Company wishes to disseminate knowledge on environmental protection among employees, and advocate a new, green and low-carbon lifestyle of energy saving and emission reduction.
Theme training	• New employees: Conduct training on environmental protection before and after employment. • Current employees: Conduct EHS training at least once a quarter, with topics such as the Company's EHS policy publicity and system document introduction. • Environmental managers: Organize training sessions on "Environmental Managers Management Capability", covering topics such as online monitoring and hazardous waste management. During the Reporting Period, a total of 19 environmental managers in all factories received 14 online training sessions on monitoring topics.

Strengthen the management of key environmental supervision units

The Company's pharmaceutical R&D and production processes involve the use of resources such as energy, water resources, raw materials, and packaging materials, as well as the discharge of water pollutants, air pollutants, GHG, and waste generation. During the Reporting Period, Asymchem Laboratories and 7 subsidiaries were included in the local environmental supervision key units as determined by the ecological and environmental management department of their operation location. The Company strictly abides by the Administrative Measures for the List of Key Environmental Supervision Units and other relevant laws and regulations, fulfills its ecological and environmental legal obligations such as self-monitoring and information disclosure, and takes measures to prevent environmental pollution and risks.

Status of Key Environmental Supervision Units

Key environmental supervision units	Category[11]			
	Water	Atmosphere	Soil	Environmental Risk
Asymchem Laboratories (Tianjin) Co., Ltd.				√
Asymchem Life Science (Tianjin) Co., Ltd.[12]	√	√		√
Tianjin Asymchem Pharmaceuticals Co., Ltd.	√	√		√
Tianjin Asymchem Biotechnology Co., Ltd.				√
Liaoning Asymchem Laboratories Co., Ltd.	√	√	√	√
Jilin Asymchem Laboratories Co., Ltd.	√	√	√	

[11] In the table, "water", "atmosphere", "soil" and "environmental risk" refer to key pollutant discharge units in water environment, key pollutant discharge units in atmospheric environment, key supervision unit for soil pollution, and key management and control unit for environmental risk.

[12] The Company has two plants, which are managed by the ecological and environmental management departments in their operation location. The summary results of the status of the two plants conducted by their managing environmental supervision units are shown here.

Key environmental supervision units	Category[11]			
	Water	Atmosphere	Soil	Environmental Risk
Jilin Asymchem Pharmaceutical Co., Ltd.	√	√	√	
Asymchemy Laboratories (Jilin) Co., Ltd.				√

Internal and external audits of the environmental management system

The Company conducts regular internal audits on the environmental management system. It formulates the "EHS Audit Management" to conduct internal audits of the environmental management system for Asymchem Laboratories and all production subsidiaries twice a year, focusing on system operation, management system, facility management, monitoring management and environmental tax. The result of the audits is linked to the key performance indicators ("**KPI**") of the Company's management. For the problems identified in the audit, the Company formulates and implements timely solutions and plans to further improve its environmental management capabilities, and reports to the Company's management. During the Reporting Period, the Company conducted a total of 2 internal audits on the environmental management system, covering Asymchem Laboratories and all production subsidiaries, and no major deficiencies were found.

The Company undergoes external environmental management audits at the request of its customers (or "stakeholders"). During the Reporting Period, Asymchem Laboratories and all of its subsidiaries were subject to a total of 31 environmental management audits from their customers. The Company's subsidiaries Asymchem Pharmaceuticals and Asymchem Life Science passed the ISO 14001 environmental management system certification and annual inspection.

Setting environmental management targets and reward and punishment mechanisms

The Company has set environmental management targets covering Asymchem Laboratories and all its production subsidiaries, including "zero material environmental complaints throughout the year", "ensure full compliance with all pollutant discharge targets", and "no soil pollution incidents". The Company has established a "one-vote veto" system for major events and linked it to the performance appraisal of the Company's middle and senior executives. If an event that meets the definition of "one-vote veto" occurs, the Company would be deemed as failing its overall environmental management goals, and the corresponding employees such as the main person in charge and other subsidiary management will be deducted from their performance bonuses. During the Reporting Period, the Company's environmental management targets have all been achieved.

In addition, the Company has refined its environmental management and control targets, and established a company-wide environmental management and control target performance appraisal and incentive mechanism, covering areas such as energy, water resource, quality and strength of production process and three kinds of waste discharge. A series of appraisal targets were set up for the Company and all individuals with a clear reward and punishment system. During the Reporting Period, the mechanism served the Company well by effectively motivating its employees to improve environmental management and improving the Company's environmental performance.

❖ Energy Utilization

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

The Company has established an energy-saving working group led by the Group's senior vice president, with a "company - department - workshop" three-level management system. The person in charge of each department acts as the secondary energy administrator to coordinate the energy management of the department. The department related to engineering or production equipment management, as the focal point of the Company's energy management, is responsible for energy management and statistics. The person in charge of each workshop acts as the third-level energy manager to implement energy-saving measures in the workshop.

The Company strictly observes laws and regulations including the Law on Energy Conservation of the People's Republic of China. It formulates the Handbook of Energy Management System, Energy Management Policy, Energy Management Measures and Assessment Rules and other systems to analyze the impact of energy demand and utilization on operations and the environment and regulate the behavior of energy procurement and use. It also assigns full-time personnel to regularly monitor energy data, and regularly deploys energy-saving and emission reduction measures.

The Company has set energy conservation and emission reduction targets to promote the improvement of energy utilization efficiency. In 2024, the energy consumption in small molecules production output has been reduced by 12.8% compared with that in 2023. During the Reporting Period, the Company set plant-wide energy-saving targets, namely "reduce 10-15% energy consumption in small molecule products production by 2030" and "achieve 30-40% utilization of green electricity in Tianjin and Dunhua plants by 2025". The Company breaks down the targets and incorporates them into various energy sources, departments and workshops, and sets energy-related performance appraisal requirements linked to bonuses to strengthen the implementation of energy management responsibilities and target achievement.

During the Reporting Period, the Company entrusted a third-party agency to conduct energy audits on its plants. Moreover, the Company carried out a series of energy-saving and emission-reduction measures, and regularly organized regular energy-saving meetings to review the implementation of energy-saving measures. By analyzing relevant issues, studying new technologies and measures, and exchanging energy-saving experiences, the Company continued to optimize its energy management.

Promote the transformation into green and low-carbon energy

The Company actively engages in transformation of green and low-carbon energy, obtains and uses renewable electricity through internal and purchased power, and continues to promote the use of clean energy such as natural gas and renewable electricity. During the Reporting Period, the Company carried out the construction of rooftop photovoltaic power generation system for construction projects and replaced traditional diesel forklifts with electric forklifts. In terms of total comprehensive energy consumption, the proportion of clean energy reached 19.59%; as for total electricity consumption, the proportion of renewable energy electricity reached 22.02%.

Asymchem carried out the construction of rooftop photovoltaic power generation system to promote green and low-carbon energy transition

In the first phase of its construction, Shanghai Asymchem, a subsidiary of the Company, made full use of rooftop resources to install photovoltaic panels covering an area of approximately 18,000 square meters with a total power capacity of approximately 1.1MW. Three grid connection points were set up, and each grid connection point was equipped with a power distribution room on the roof and a set of power station monitoring system to ensure the efficient operation and safety management of the photovoltaic power station.

In addition, as of the end of the Reporting Period, the Company purchased deposit products of a green project amounting to RMB200 million to support the construction and operation of solar power generation projects and wind power generation projects to further support the development of clean energy.

Application of energy-saving equipment and technologies

The Company reduces energy consumption and improves energy efficiency through the procurement of energy-saving equipment and updating technologies of energy conservation.

Energy Saving and Consumption Reduction Measures and Achievements (Partial)

Measures	Description
Procurement of energy-saving equipment	• Procurement of air-conditioning chillers and air compressors with primary energy consumption. • Energy-saving lamps are used for all lighting, and high-energy-consuming equipment is upgraded.
Carry out energy-saving technological transformation	• Renovated the temperature control of the air conditioning system in the laboratory to reduce the energy consumption of air conditioning. 10 plant laboratories of Asymchem Life Science and 7 plant laboratories of Asymchem Pharmaceuticals underwent the aforesaid renovation. • Recovered and reused the waste heat of condensed water from the steam in the factory area for air-conditioning heating and heat exchange. • Renovated the air compressors and circulating pumps of the power station in the plant to save energy. • Energy-saving retrofit of the recycling and cooling capacity of the vaporizer of the liquid nitrogen system. Jilin Asymchem Laboratories carried out nitrogen recovery from tank trucks and liquid nitrogen vaporization, and the gasification recovery of the liquid nitrogen storage tank itself by leading the gasified nitrogen to the nitrogen buffer tank. Nitrogen generators were procured to reduce liquid nitrogen consumption, and low-pressure nitrogen delivery was implemented by controlling liquid nitrogen vaporization pressure to operate at 0.3-35MPa, thereby conserving nitrogen usage. The project is expected to save 2,880 tonnes of liquid nitrogen annually. • Equipped high-power motors in the factory area with frequency converters to reduce power consumption. • Incinerators in the plant are equipped with waste heat boilers to recover steam for reuse and reduce natural gas consumption in gas-fired boilers. In 2024, Jilin Asymchem Laboratories' waste heat boilers recovered waste heat from incinerators to generate 4,000 tonnes of steam, saving 136,000 kWh of electricity. • Taking advantage of the long winter in Northeast China, the Company explored the use of natural cooling capacity in the production of cooling equipment.

Conduct publicity and training on energy conservation awareness

The Company promotes energy-saving awareness among all employees by putting up energy-saving publicity posters and participating in internal and external energy-saving training. Meanwhile, the Company actively implements the concept of green operation in daily operations, and asks all employees to "turn off lights, computers, water dispensers and other equipment when leaving" and "maintain air-conditioning at a reasonable temperature in factories, warehouses, and office areas", and arranges management personnel to inspect the implementation.

During the Reporting Period, the Company proactively communicated with the superiors of the energy, metering and management departments, and actively participated in external training activities such as the construction of the energy management system and the management of key energy consuming units. Moreover, the Company also organized personnel to participate in external training activities on online energy consumption monitoring platform, green power trading, energy conservation and carbon reduction and other topics to further enhance their energy management capabilities.

❖ Use of Water Resources

The types of water resource used by Asymchem and its subsidiaries in the course of operation are municipal water supply, which are mainly used in the operation of production and ancillary equipment, equipment and floor cleaning, waste gas treatment, and daily life of employees. There is no problem in accessing water resources.

The Company attaches great importance to the protection of water resources and adheres to the management concept of "high-standard treatment, pollution reduction and carbon reduction, and ecological order". The main responsibility of water resources management falls on the ESG working group. It shall supervise the establishment and operation of water resources system, resource guarantee, risk management and operation to ensure that the Company's actions strictly abide by laws, regulations and institutional requirements related to water resources management, and comply with industry standards related to water resources. The production equipment department of the Company is responsible for the implementation of various specific tasks in the utilization and management of water resources.

The Company strictly abides by the Water Law of the People's Republic of China, the Provisions on the Demonstration and Management of Water Used in Construction Projects, the Regulations on Urban Water Supply and other laws and regulations in the places where it operates, and has formulated the Energy Management Measures and Assessment Rules and other systems to conduct water resource risk assessment and regulate behaviors in water resource use, etc. The Company also arranges dedicated staff to regularly monitor its water consumption data, continuously optimize its water resources management strategies, and implements water-saving measures.

The Company sets annual water consumption targets to promote the efficiency of water use. During the Reporting Period, the Company set the target of "reducing the water resources used in small molecules production output by 5.3% in 2024 as compared with 2023" as its goal. The Company breaks down the target and incorporates it into departments and workshops, and sets performance evaluation requirements related to water resources linked to bonuses to strengthen the implementation of water resources management and the realization of goals.

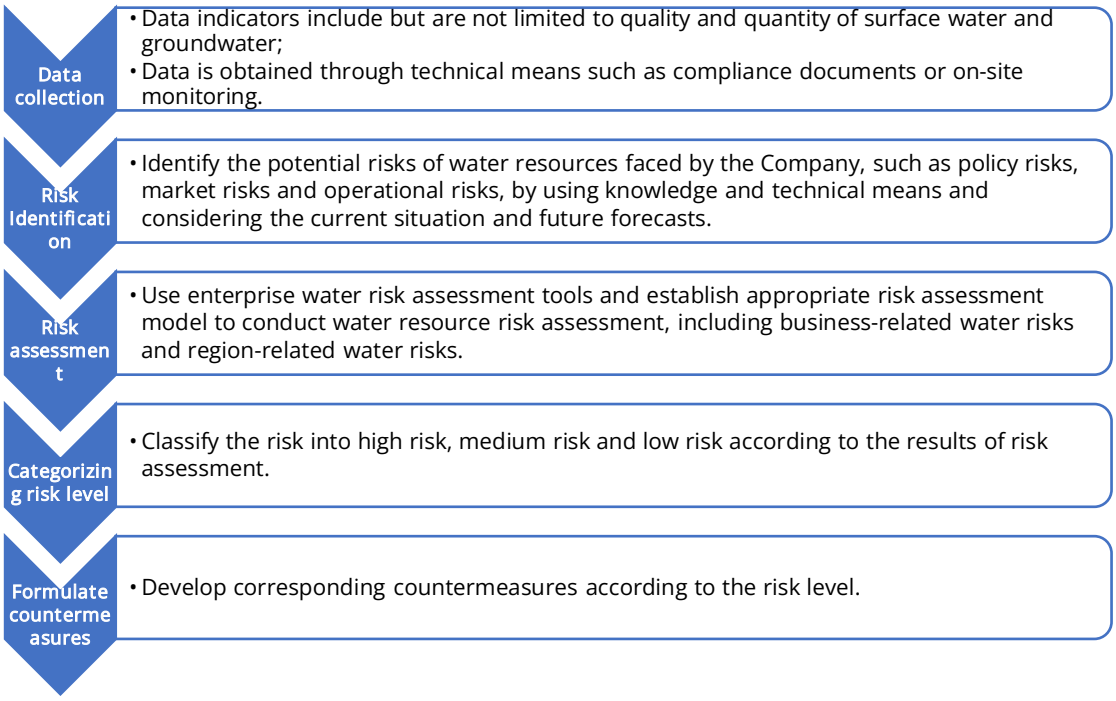
During the Reporting Period, the Company conducted water resource risk assessment, strengthened daily management, and eliminated water waste. The Company also enhanced employees' awareness of water conservation through publicity and training on water conservation awareness, and actively practiced the concept of green water use in daily operations. Meanwhile, the Company improved water utilization efficiency and reduces fresh water consumption through recycling and reusing various water resources.

Through the assessment, planning and implementation of various enhancement measures, the Company has achieved outstanding results in water management. For example, in 2023, the plant of Asymchem Laboratories (Jilin) was awarded the title of "Water-saving Enterprise in Dunhua". During the Reporting Period, the water consumption of Asymchem Life Science's plant decreased by 13.79% compared with the previous year.

Conducting Water Risk Assessment

During the Reporting Period, the Company conducted a company-wide water risk assessment in accordance with relevant laws and regulations. After the assessment, the Company's water resource risk level was "low", which is within the acceptable range. The Company will continue to maintain the status quo and implement measures to enhance water resources management.

Water Risk Assessment Process



Strengthen daily management of water resources

The Company has introduced a water consumption monitoring system to monitor the water consumption status of each operation stage, and publishes statistics on the daily water consumption of each plant, compares the historical water consumption data, analyzes the consumption situation, and conducts an investigation immediately if the consumption increases. The Company also conducts regular inspections and repairs on water pipes to prevent running, overflowing, dripping, and leaking, and reduce water waste. In addition, the Company posts water-saving publicity signs in production workshops, offices, canteens, restrooms and other areas, and conducts water-saving training for its employees every year to enhance the water-saving awareness of all employees.

Recovering and recycling water

The Company conserves the use of fresh water resources and improves the efficiency of water consumption through recycling and reusing them.

Water Recycling Measures and Achievements (Partial)

Measures	Description
Recycled water	• Asymchem Life Science's plant uses reclaimed water provided by the municipality for greenery watering and toilet flushing. It also built a water recycling project for steam condensate, saving RMB683,000 per year. • In winter, the steam condensate of the air-conditioning unit in the production workshops of the plants of Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals and Asymchem Laboratories (Jilin) was recycled to use as boiler water, saving a total of 24,500 tonnes of water per year. • The condensed water in the main steam pipeline of the plants of Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals and Asymchem Laboratories (Jilin) is recycled and supplied to coal-fueled boilers. • An independent heat exchange system was established in the production workshops of the plants of Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals and Asymchem Laboratories (Jilin) to reuse steam condensate. The tap water used in the reaction kettle, heat exchange station or independent heat exchange and cooling unit was replaced with recycled water. Those companies introduced a circulating scale system for overflown water, inject chemicals in the circulating water regularly to reduce limescale and seaweed, thus ensuring the

Measures	Description
	normal operation of the water recycling system and the efficiency of water consumption. As of the end of the Reporting Period, a total of 19,989 cubic meters of water was conserved. • Recycled cold water from the refrigerant pump shaft to make up water in cooling towers. As of the end of the Reporting Period, saving approximately 3,000 cubic meters of water. • The production of formulation and bio-immobilized enzyme of Asymchem Life Science's plant uses circulating water for cooling with a circulation rate of 50 cubic meters per hour. During the Reporting Period, the cooling water of some laboratories in Asymchem Life Science's plant was replaced with circulating water instead of running water, saving RMB292,000 per year.

❖ Circular Economy*

Governance

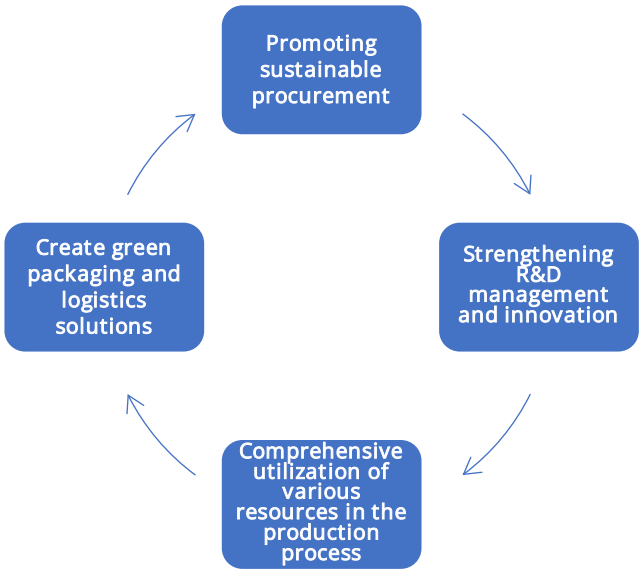
Asymchem actively implements the development concept of circular economy and establishes a circular economy governance structure, which is coordinated by the ESG working group and specifically implemented by the Procurement Department, R&D Department, Production Department, Engineering Equipment Department, EHS Department, and Import and Export Department in all operations. The Company regularly monitors and evaluates the practical effectiveness of circular economy, and incorporates relevant indicators into the departmental performance appraisal system to ensure the Company continues towards achieving a circular economy.

The Company strictly abides by the Circular Economy Promotion Law of the People's Republic of China, the Warehousing Law of the People's Republic of China, the Road Transport Regulations of the People's Republic of China and other relevant laws and regulations, and has formulated the Supplier ESG Management Policy, Product Storage and Distribution, Product Transportation Process and Monitoring of Material Storage Areas and Equipment Storage Environment to ensure the compliance of procurement, research and development, production, transportation and other operational links, promote the implementation of circular economy, and strive to achieve a win-win situation in economic efficiency and environmental protection in operations.

Strategy

The Company has implemented a number of strategies to promote the efficient use and recycling of resources in key operational links such as procurement, research and development, production and transportation, and promote the development of a circular economy.

Circular Economy Strategy



Impact, risk and opportunity management

The Company has built a comprehensive identification, assessment, monitoring and management process of impacts, risks and opportunities around the "circular economy". Through policy and regulation tracking, communication with customers and other stakeholders, and industry practice research, the Company identifies external influencing factors, evaluates relevant impacts, risks and opportunities from the dimensions of environment, compliance and cost, and carries out various measures to promote the efficient use and recycling of resources. The Company also regularly monitors and evaluates resource saving results through data collection and other methods to ensure the effective implementation of management measures.

Promoting sustainable procurement

The Company promotes sustainable procurement by continuously optimizing its supply chain management, comprehensively assessing the environmental impact of its suppliers, and requiring its suppliers to "take measures to reduce energy and water consumption and carbon emissions in their production process and improve resource utilization efficiency". Meanwhile, the Company prioritizes degradable, renewable and recyclable materials to reduce its impact on the environment. Please refer to the section headed "Supply Chain

Environmental and Social Risk Management" of this report for details.

Strengthening R&D management and technological innovation

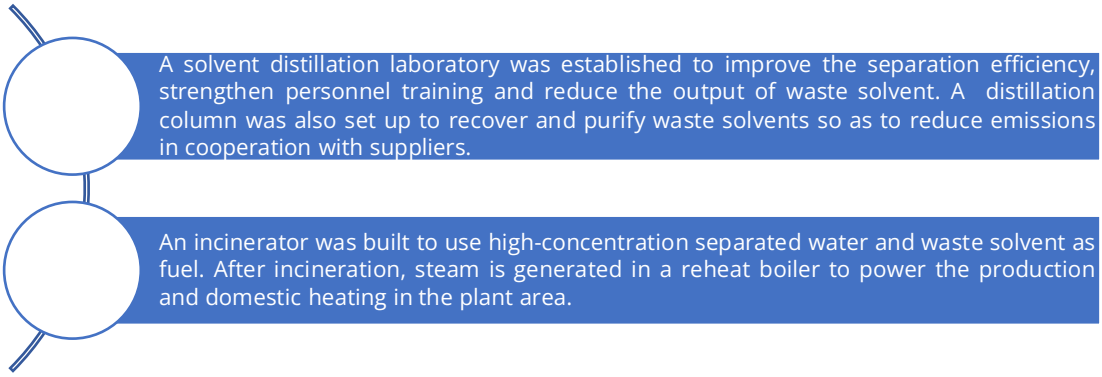
The Company strengthens its R&D management by promoting the digitalization of R&D links, promoting the deployment of ELN system and LIMS, and integrating R&D analysis and sample delivery system to improve R&D efficiency and reduce resource consumption involved in R&D activities. In addition, the Company actively researches and develops green chemistry technologies, and is committed to reducing the use and discharge of hazardous substances, improving reaction selectivity, reducing waste generation, and assisting the development of cleaner production and circular economy in the drug development process. For details, please refer to the sections headed "Digitalization and Intelligence" and "Green Chemistry" in this report.

Comprehensive utilization of various resources in the production process

The Company actively implements various measures in the process of drug production to improve the efficiency of energy and water use. For details, please refer to the sections headed "Energy Utilization" and "Water Utilization" in this report.

The raw materials used by the Company mainly include main raw material chemicals, solvents, inorganic salts, catalysts and ligands, and the packaging materials used mainly include glass, paper, rubber, plastic and metal. The Company has formulated policies such as the Management of Product Packaging Materials and Transportation Materials to regulate the use of raw materials and packaging materials. Through measures such as optimizing production processes and preventing excessive packaging, the Company has improved the use efficiency and reduced the wastage of raw materials and packaging materials. While reducing the consumption of various resources at the source, the Company has established a comprehensive waste utilization project and implemented a number of waste recycling measures to turn waste into resource, further improving the efficiency of resource use and reducing waste generation.

Waste Recycling Measures and Achievements (Partial)



Asymchem builds a comprehensive waste utilization project to reduce and recycle waste

The Company adheres to the development concept of "green chemistry creates the future", promotes green technologies, strengthens environmental governance, technological innovation and talent training. Asymchem Laboratories (Jilin) began building itself into a "waste-free group" by setting up a management team to formulate construction plans for becoming a "waste-free group", establishing an indicator system, strengthening publicity and guidance, and refining management and control requirements. During the Reporting Period, Asymchem Laboratories (Jilin)'s "waste-free group" was selected as a demonstrative and popular construction case in the list of "waste-free cell" in Jilin Province, demonstrating the Company's positive contribution to the construction of a "waste-free city".

In the future, the Company will continue to explore and innovate, vigorously promote the application of continuous reaction technology, focus on cleaner production and control of three wastes, fulfill its social responsibility, achieve the goal of circular economy and showcase the general pattern of a "waste-free group" with core technologies and advanced management level.

Working with partners to create green packaging and logistics solutions

In terms of transportation, the Company gives priority to cooperating with transportation agents who have formulated green and emission reduction solutions. At the same time, the Company works with partners to jointly create green packaging and logistics solutions to improve the efficiency of resource use and reduction of waste generation during transportation process by reducing the use of consumables, disposable products and plastic

products, using green packaging materials, optimizing packaging solutions, using green energy and optimizing transportation structure.

Green Packaging and Logistics Initiatives and Achievements (Partial)

Measures	Description
Reduce consumption of consumables/disposables/plastics	• Reduce the use of consumables/disposables and use recyclable thermometers, transfer buckets and trays instead. During the Reporting Period, the Company reduced the use of disposable thermometers by approximately 50% compared to the previous year. • Reduce the use of plastic materials. • Improve the digital operation level of ourselves and our transportation agents, and use electronic statements and invoices to reduce the consumption of paper products.
Use green packaging materials to optimize packaging solutions	• For temperature-controlled box packaging, transportation agents are required to use environmentally friendly and recyclable packaging materials. • Replace plastic pallets with biodegradable and recyclable pallets, such as wooden pallets and composite pallets (mixed with recycled plastic and other renewable materials, such as rice husks, and cornstarch) to increase the recycling rate of pallets.
Use green energy to optimize transportation structure	• Require transport agents to use green energy vehicles such as electric trucks for short-haul trips and biofuel-powered trucks for long-haul journeys, and select trucks equipped with solar panels. • Work with transportation agents to optimize the transportation structure, including optimizing transportation methods (such as road-to-rail), optimizing route planning, and consolidating outgoing goods, to reduce the number of transportation vehicles and the empty driving rate, and improve transportation efficiency. During the Reporting Period, the Company's three major transport agents reduced the number of vehicle trips by approximately 1,000 and avoided GHG emissions by approximately 92 tonnes of CO_2 equivalent[13].

Indicators and targets

The Company is committed to promoting the practice of circular economy. It does so by setting a series of targets and indicators, and implementing effective measures to continuously improve the efficiency of resource utilization and reduce environmental impact. For details, please refer to the corresponding sections of this report for the Company's targets related to circular economy in procurement and R&D. Targets in production and transportation are as follows. During the Reporting Period, the proportion of recyclable packaging used in the transportation and packaging process of the Company increased by approximately 35% compared with 2023.

Circular Economy (Transport Links) Goals and Indicators

Transportation:

- By 2025, the proportion of clean energy transport vehicles used in transportation will increase by 10% compared with 2024.
- In 2025, the waste recycling rate in warehousing and logistics will reach 90%, and the comprehensive utilization rate will reach 80%.
- By 2025, the proportion of recyclable packaging used in transportation and packaging will be increased by 30% compared with 2024.
- By 2025, the paper usage rate in our own transportation management link will be reduced by 30% compared with 2024.

[13] The amount of avoided GHG emissions is estimated based on the reduction of transportation mileage × GHG emissions per kilometer (0.0002 tonne of CO_2e/km).

❖ Pollutant Emissions

Wastewater management

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

The Company has established a complete wastewater management system. The EHS department is responsible for the daily supervision of the sewage station, and the production department is responsible for the classification and collection of wastewaters and the normal operation of the sewage station. The Company strictly abides by standards and specifications such as the Law on the Prevention and Control of Water Pollution of the People's Republic of China and other laws and regulations, as well as the DB31/373-2010 Pollutant Discharge Standard for Bio-pharmaceutical Industry, DB12/356-2018 Comprehensive Wastewater Discharge Standard, and DB21/1627-2008 Comprehensive Wastewater Discharge Standard. Management procedure such as Operation Management of Sewage Station and Operation Management of Online Monitoring System for Water Pollution Sources have been formulated to clarify the treatment, discharge and monitoring of wastewater, the responsibilities of management personnel and the requirements for equipment inspection and maintenance, ensuring that wastewater discharge meets standards.

The Company identifies and evaluates the types of wastewater pollutants that may be discharged during its operation, the generation process, the amount produced and their environmental impact. In addition, the Company builds wastewater treatment facilities, entrusts the design unit to formulate appropriate treatment processes and operating procedures, and requests professional departments to conduct regular maintenance. Among them, the wastewater treatment process of the Company's plants adopts mature, reliable and stable treatment technologies at China and overseas. During the Reporting Period, the Company added 2 sets of online wastewater monitoring equipment to monitor the total nitrogen value in real time, and the monitoring data was uploaded to the local ecological environment management department.

The Company conducts daily internal monitoring of water quality in sewage stations, and entrusts qualified third-party institutions to monitor wastewater discharge indicators on a quarterly basis. Once abnormal sewage disposal is found, relevant employees will report to the management as soon as possible to ensure timely response and disposal of problems. Furthermore, as required by pertinent national rules and regulations, the Company submits on a daily basis monitoring data of water environment for key pollutant discharge units to local ecological environment management department. During the Reporting Period, no incident of excessive discharge of wastewater occurred to Asymchem Laboratories and all of its subsidiaries.

Wastewater Management Measures

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

Types of wastewater	Main monitoring indicators	Treatment methods	Means of discharge
			treatment plants in industrial parks.

Exhaust gas management

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

The Company has established a complete waste gas management system, which is jointly supervised by the EHS Department, Production Department, Production Equipment Department, and Engineering Department to ensure the normal operation of the equipment. The Company strictly abides by the Law on the Prevention and Control of Air Pollution of the People's Republic of China and other laws and regulations, as well as the GB 37823-2019 Emission Standard of Air Pollutants for Pharmaceutical Industry, the GB 13271-2014 Emission Standard of Air Pollutants for Boilers, the GB 18484-2020 Standard for Pollutant Control on Hazardous Waste Incineration, DB12/524-2020 Emission Control Standard for Industrial Enterprises Volatile Organic Compounds and DB31/373-2010 Discharge Standard of Pollutants for Biopharmaceutical Industry among other standards, and has drawn up administrative procedures such as the Administrative Rules for Tail Gas Equipment (Environmental Protection) Operation Management and the Operation Management of Online Monitoring System for Air Pollution Sources, clarifying the treatment, discharge and monitoring of waste gas and responsibilities of management personnel and the process of daily inspection, to ensure that waste gas emitted by the Company is up to standard.

The Company identifies and evaluates the types, production stages, and amounts of waste gas pollutants that may be emitted during its operation, as well as their environmental impacts. It constructs and continues to invest in introducing new exhaust gas treatment equipment, and transform and upgrade relevant exhaust gas treatment processes and facilities. During the Reporting Period, the Company added 1 set of regenerative thermal oxidizer ("**RTO**") and 5 sets of online monitoring equipment for waste gas to further strengthen its waste gas treatment capability. At the same time, the Company optimized the waste gas treatment facilities that operate by activated carbon analysis, and significantly improved the waste gas treatment efficiency by improving the drying capacity of the equipment, optimizing the condensate water discharge and process logic.

The Company has established self-monitoring and management procedures for pollutant discharge permits and installed online monitoring equipment for waste gas. They are operated and maintained by third-party organizations to ensure the stable operation of the waste gas treatment facilities. The Company regularly inspects waste gas treatment facilities to monitor the discharge of waste gas pollutants in real time, and entrusts qualified third-party institutions to conduct regular monitoring of waste gas pollutants. Once abnormal waste gas treatment is found, relevant employees will report to the management as soon as possible to ensure that the problem can be responded to and resolved in a timely manner. At the same time, in accordance with relevant national requirements, the Company reports the monitoring data of key pollutant-discharging units in the atmospheric environment to local ecological environment management department through the system on a daily basis. During the Reporting Period, no incident of excessive emission of waste gas occurred to Asymchem Laboratories and all of its subsidiaries.

Waste Gas Management Measures

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

Soil pollution Management

During the operation of Asymchem and its subsidiaries, no pollutants are discharged into the soil under normal circumstances. However, under abnormal circumstances, soil pollution may occur resulting from the storage and disposal of production materials, solid wastes and hazardous wastes, and sudden environmental accidents.

The Company has established a comprehensive soil pollution management system. The EHS Department is responsible for conducting regular inspections of hidden dangers, and the departments where the hidden dangers are located are responsible for rectifying hidden dangers. The Company strictly abides by the Law on the Prevention and Control of Soil Pollution of the People's Republic of China, the Standard for Pollution Control of Hazardous Waste Storage, the Technical Guidelines for Self-Monitoring of Soil and Groundwater for Industrial Enterprises (for Trial Implementation), the Guidelines for Dividing Work for the Prevention and Control of Groundwater Pollution and other laws and regulations and relevant regulations. The Company also formulated the Management Regulations for Soil and Groundwater, conducts regular inspections of hidden dangers and establish emergency solutions for soil pollution to ensure that pollution can be taken care of quickly in case of any of its occurrence. At the same time, the Company has established an investigation and reward system for hidden danger to reward employees who discover hidden dangers for soil pollution to promote timely identification and rectification of any problems.

The Company identifies and evaluates the types of soil pollutants that may be emitted during its operation, the production process, the amount produced and their environmental impacts, and formulates corresponding pollution control measures in accordance with the principle of "control at source, zoned prevention and control, pollution monitoring, and emergency response" to control pollutants at all stages from treatment, infiltration, diffusion and emergency response.

For subsidiaries included in key soil pollution supervision units, the Company conducts soil hazard investigations on a monthly basis, establishes a hidden hazard control ledger, regularly entrusts a third-party agency to monitor soil and groundwater, and entrusts a third-party agency to conduct comprehensive hazard investigation every three years. During the comprehensive investigation, three consecutive years of monitoring data are analyzed to evaluate the effectiveness of the soil pollution prevention and control in the plant area. Once potential soil pollution hazards are identified, relevant employees will report the matter to their management as soon as possible to ensure timely response and handling of problems. At the same time, for facilities with water catchments or cesspools, the Company conducts annual leak inspections to assess soil pollution risks and ensure the effective implementation of pollution prevention and control measures.

In addition, in compliance with relevant national requirements, the Company submits annual monitoring data of key soil pollution regulatory units to local ecological environment authorities. In particular, the relevant public information for the subsidiary, Liaoning Asymchem, can be found on the "Liaoning Province Key Pollutant Discharge Units Self-Monitoring Information Platform", while those for Jilin Asymchem Laboratories and Jilin Asymchem Pharmaceuticals are available on the "Jilin Province Dunhua Municipal Government Information Disclosure Platform"[14]. During the Reporting Period, the Company did not have any soil pollution incidents, and all monitored soil pollutant levels complied with relevant standard requirements.

Soil Pollution Prevention Measures (Partial)

• Take corresponding anti-seepage and anti-leakage measures for liquid storage locations, strictly examine anti-seepage measures for the ground, etc., repair or replace facilities or cofferdams with quality problems in a timely manner, and eliminate hidden pollution hazards in a timely manner to prevent pollution caused by leakage of chemicals.
• Prohibit setting any sewage outlets in the construction site area. Completely close all sewage

[14] During the Reporting Period, the relevant public information for the Company's subsidiaries designated as key soil pollution regulatory units are as follows: Liaoning Asymchem (https://zxjc.lnsthj.cn/web/?#/detail/2A94639A761B1910E065F8163E903CFE), Jilin Asymchem Laboratories (http://www.dunhua.gov.cn/dhszfxxgkw/xzjdkfq_1247/cyjjkfq_1/xxgkml/202503/t20250320_512993.html), Jilin Asymchem Pharmaceuticals (http://www.dunhua.gov.cn/dhszfxxgkw/xzjdkfq_1247/cyjjkfq_1/xxgkml/202503/t20250321_513070.html).

pipes to prevent pollutants from flowing into the soil.
• Set up emergency devices to collect leakage in areas with soil and groundwater contamination risks.

Noise management

During the operation of Asymchem and its subsidiaries, noise mainly comes from production equipment and facilities, fans of public and auxiliary facilities, cooling towers, air compressors and air-conditioning fans.

The Company has established a noise pollution management system, strictly abides by the Law on the Prevention and Control of Noise Pollution of the People's Republic of China, the Environmental Noise Emission Standard for Industrial Enterprises and other relevant regulations, and has formulated an environmental management system including noise control management to ensure noise control work remains systemized and standardized.

The Company identifies and evaluates noise sources and their impact on employees' health during the construction and operation stages of its projects, and implements corresponding vibration reduction and noise reduction measures based on assessment results. The EHS department of the Company regularly conducts noise monitoring at the plants, establishes a noise equipment ledger, and entrusts a qualified third-party agency to conduct professional monitoring. Once hidden danger of excessive noise is found, the relevant employees will report the matter to the management as soon as possible. During the Reporting Period, all the Company's noise emissions met the standard.

Noise Pollution Prevention and Control Measures (Partial)

• During the construction phase of the factory building, sound insulation cotton was adopted and noise-generating equipment was reasonably arranged inside the factory building as far apart as possible to reduce noise impact.
• Priority is given to low-noise equipment, and vibration reduction measures are adopted, such as adjusting the connection parts of the equipment to a balanced position to reduce eccentricity, thus reducing noise generation at the source.
• For high-noise equipment such as fans, measures such as basic vibration reduction and additional sound insulation and noise reduction are adopted.
• In daily operations, strengthen the maintenance of noise equipment to prevent mechanical wear and tear which could increase their noise, and ensure continuous and effective noise control in the plant area.

❖ Waste Disposal*

Governance

The wastes in the operation of Asymchem and its subsidiaries mainly come from laboratories, production workshops, incinerators, office areas and canteens, etc. The wastes mainly include hazardous waste, general industrial solid waste, domestic waste and construction waste, etc.

The Company has established a comprehensive waste management system. The EHS department is responsible for the overall planning, supervision and compliance declaration of waste disposal, while the production department and the general office are responsible for various specific tasks of waste disposal. The Company strictly observes laws and regulations including the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Measures for the Administration of Transfer of Hazardous Waste, the National Inventory of Hazardous Waste, the Classification and Code Catalog of Solid Waste, and abides by the Regulations on Pollution Control of Hazardous Waste Storage, Control Standard for Incineration Pollution of Hazardous Waste among other standards. During the Reporting Period, the Company identified the latest laws and regulations such as the National Inventory of Hazardous Waste (2025 Edition) and other relevant laws and regulations, and carried out item-by-item identification and gap analysis to ensure that the operation and management of hazardous waste meets the requirements of the newly effective standards and specifications.

The Company has formulated management procedures such as the Administrative Measures for Hazardous Waste and the Solid Waste Management Procedures to clarify the operational procedures for waste generation, collection, storage, transportation and disposal to ensure standardized and compliant waste management. Once abnormal waste disposal is found, relevant employees will report to the management as soon as possible to ensure that the problem can be responded to and dealt with in a timely manner. At the same time, the Company has established an intelligent hazardous waste management system in the plant area to reduce manual input work and effectively improve the capability and efficiency of hazardous waste information management.

The Company conducts statistics, matching and reconciliation on the data balance of waste generation, storage and disposal on a quarterly basis. In addition, the Company tracks waste management from time to time. In addition to daily on-site inspections, supervision, and management, the Company reviews the waste management level every quarter, identifies risks and deviations, and analyzes the types of waste managed and the breakthrough direction for resource utilization in the next quarter.

Strategy

The Company adopts a strategy of combining "whole-process compliance management + recycling and reduction" of waste. On the one hand, the Company identifies and rectifies waste-related laws, regulations and standards in a timely manner, establishes and improves the waste management mechanism, continuously improves waste management capabilities, and ensures compliance management of the whole process of waste. For details, please refer to this section of this report. On the other hand, the Company has formulated a long-term work plan for waste recycling and reduction, focusing on improving the utilization rate of recycled waste and reducing waste generation. For details, please refer to the section headed "Circular Economy" of this report.

Waste Management Strategy

Compliance measures throughout waste management	• Carrying out compliance measures throughout waste management, including identification and classification, collection and storage, transportation inside and outside the plant, and disposal.
Recycling and reducing waste	• Through innovation and optimization of production process and renewal of equipment and facilities, the Company continues to improve the utilization rate of waste resources to reduce waste.

Impact, risk and opportunity management

The Company identifies and evaluates the types, stages, and amounts of wastes that may be generated during operations and their environmental impacts, and formulates corresponding management plans

based on assessment results to manage the whole process of waste. At the same time, the Company continues to strengthen its waste management capabilities, audits third-party disposal units, and analyzes possible environmental accidents through risk assessment. Based on the assessment results, risk and emergency management organization was established, emergency protection resources were adapted, and drills were carried out for all employees.

Compliance measures throughout waste management

The Company adheres to the "cradle-to-grave" concept throughout waste management and conducts whole-process management of waste, especially hazardous waste, which mainly includes identification and classification, collection and storage, transportation inside and outside the plant, and disposal of waste.

Whole-Process Waste Management Measures

Identification and classification	Collection and storage	Transportation	Disposal
• Identify waste generated during operations. • Establish and update waste inventory and management ledger in a timely manner to manage waste inventory. • Take different management measures for different types of waste.	• Construction of storage warehouses must meet legal and regulatory requirements. The waste generated is received and stored by designated departments.	• In-plant transportation: Take anti-scattering, anti-loss, and anti-leakage measures during the transfer process. • Off-site transportation: Verify the qualifications and technical capabilities of the carriers or recipients of hazardous wastes, enter into written contracts in accordance with the law, and stipulate the pollution prevention requirements and related responsibilities for the transportation, storage, utilization, and disposal of hazardous wastes. Fill in necessary forms before the waste leave the factory, and ensure that the shipping materials are consistent with the forms.	• Self-disposal: Self-disposal facilities for solid waste have been built in certain plants to incinerate waste liquids and waste solvents generated during operation. • Outsourced disposal: Entrust a qualified third party to dispose of or utilize waste.

The Company classifies the waste generated during operation in accordance with the National Inventory of Hazardous Waste, Classification and Code Catalog of Solid Waste and other laws and regulations and internal management systems, and takes different management measures on different types of waste according to their nature and properties.

Waste Classification and Management Measures

Waste type	Main wastes	Treatment methods
Hazardous waste	• Process exhausted liquids, waste residues, activated sludge, contaminated waste,	• Collected and transported by specially-assigned persons to

Waste type	Main wastes	Treatment methods
	activated carbon, waste halogen solvents, waste solvents, waste solvent containers, high-concentration waste liquids, used engine oil, inorganic salt, exhausted liquids in labs, activated carbon, stillage residues, incineration residues, used filtering membranes, used cultivation bottles and bags, used consumables, tail production materials, defective products, used chromatographic column fillings, used activated carbon for waste gas treatment systems, etc.	a temporary storage site for hazardous wastes, and disposed of by themselves or by an eligible unit in compliance with laws and regulations.
General industrial solid waste	• Waste packaging Boards and cartons, waste glass, waste foam materials, scrap metal, etc.	• Stored in a designated place of the plant area, and disposed of by an eligible unit in the place where the Company operates.
Domestic waste	• Waste paper, waste plastic packaging materials, waste metal ware (zip-top cans, etc.) and so on.	• Collected and regularly cleaned by the city management committee.
Construction waste	• Crushed stones, slags, concrete blocks, etc.	• Stored in a designated place of the plant area, and disposed of by an eligible unit in the place where the Company operates.

Enhance waste management capabilities

The Company continues to strengthen the audit and supervision of third-party disposal units to ensure the safe disposal of hazardous waste. During the Reporting Period, the Company conducted a total of 14 on-site audits and 3 online audits to confirm the disposal capacity of the disposal units. At the same time, the Company requires disposal units to submit waste disposal reports on a quarterly basis to track the progress of waste disposal in real time to ensure transparency, compliance and safety in the whole process.

The Company conducts emergency drills and trainings related to waste management to enhance the waste management awareness and capability of all employees. The Company adheres to the policy of "safety first and prevention as major measure" and focuses on the prediction and prevention of emergencies. It also provides training on topics such as Emergency Plan and On-site Solution for Plant Contingencies, Emergency Plan for Environmental Contingencies, Solid Waste Management Procedures and Standardized Management of Hazardous Waste. During the Reporting Period, the Company conducted a total of 16 training sessions on waste management topics, covering all employees, to further improve the emergency rescue capability for hazardous waste leakage in case of emergency, as well as employees' emergency response awareness and ability.

Indicators and targets

The Company has set waste management indicators and targets, including "ensuring 100% compliant disposal of solid waste" and "100% of employees receiving solid waste management training". During the Reporting Period, no pollution accident on solid waste occurred to Asymchem Laboratories and all of its subsidiaries, and all employees received relevant training, achieving the aforementioned management targets. Among them, three subsidiaries, namely Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals and Asymchem Laboratories (Jilin) actively explored new approaches for hazardous waste disposal. During the Reporting Period, the volume of hazardous waste disposed of via landfill decreased by 32.6% as compared with 2023. Moving forward, the Company will continue to promote and implement the goal of “Zero Landfill” for hazardous waste.

In addition, during the Reporting Period, the supervisory authority where Asymchem Laboratories and all of its subsidiaries operate conducted a standardized assessment of hazardous waste in each of the Company's plants. 7 of the Company's plants received full marks, with 2 of them receiving extra points, reflecting the Company's outstanding performance in waste management.

❖ Ecosystem and Biodiversity Conservation

Asymchem strictly abides by the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, the Notice on Strengthening the Management of Ecological Protection Red Lines (for Trial Implementation) and other laws, regulations, policies and regulations, as well as international conventions such as the Convention on Biological Diversity and the Wetland Convention.

All of the Company's operation sites are located in industrial parks, do not occupy ecological protection red line land, thus do not involve important ecological functions or ecologically sensitive and fragile areas, nor do they involve wildlife protection, natural habitat protection and restoration, etc. There is no direct impact on biodiversity from the Company's operations.

Biodiversity is one of the foundational elements for corporate sustainable development, and its conservation is essential to achieve sustainable business development. The Company attaches great importance to biodiversity conservation and has formulated the Environmental Management Policy, with a commitment not to damage the natural ecology or deforestation during its operations, so as to ensure that its business development will not have a negative impact on biodiversity. The Company conducts biodiversity risk assessment to identify biodiversity risks related to its operations and formulate corresponding risk prevention measures. During the Reporting Period, the Company systematically identified biodiversity-related risks and assessed their likelihood and severity with reference to the "Location-Evaluation-Assessment-Preparation" ("**LEAP**") analysis method, and the overall assessment result was "low risk".

Biodiversity Risk Assessment Process

Location	Evaluation	Assessment	Preparation
• Clarify the geographic scope of the assessment. • Identify ecosystems and species relevant to the Company's operations.	• Assess the key impacts and dependencies on nature in the Company's operations and in the areas surrounding its operations.	• Set assessment indicators to comprehensively assess potential risks and opportunities related to biodiversity.	• Based on the risk assessment results, formulate and implement a biodiversity management plan, which is incorporated into the Company's overall risk management system.

Through scientific planning and effective maintenance and management measures, the Company's plants have maintained a lawn area of approximately 137,799 square meters, 1,230 pots of indoor green plants and 170 outdoor trees, of which approximately 10,913 square meters were newly added in 2024. The Company reduces the use of pesticides and herbicides in a reasonable and standardized manner, providing a wider habitat for birds and other creatures, thereby enhancing the biodiversity of the plant area. At the same time, each plant of the Company has established various maintenance mechanisms to regularly evaluate and assess the effect of greenery maintenance to ensure the growth of the greenery, laying a solid foundation for the health of the ecosystem and the sustainable development of the enterprise. Looking forward, the plants will continue to strengthen biodiversity protection and promote the harmonious coexistence of nature.

The Company continuously strengthens publicity and education, disseminates the concept and knowledge of biodiversity conservation through banners, posters, videos, etc., and has set targets for 2025, including "having a coverage rate of ≥ 80% for biodiversity-themed training provided to new employee" and "participating in at least one external biodiversity conservation theme activity each year" to further raise employees' awareness of biodiversity conservation.

During the Reporting Period, as a council member of the Environmental Protection Association of Tianjin Economic and Technological Development Zone ("**Environmental Protection Association**"), the Company actively organized employees to participate in biodiversity conservation themed activities organized by the Environmental Protection Association. Employees are encouraged to participate in

various interactive experience such as volunteer services, knowledge sharing and field trip, in order to engage in the practical work of biodiversity conservation, gain understanding of the importance of harmonious coexistence between humans and nature, and contribute to the harmony of the ecosystem.

Participation in Biodiversity Conservation Activities (Partial)

- In March 2024, the Company participated in the "Planting A Tree for the Environment" volunteer activity organized by the Environmental Protection Association and planted nearly 100 saplings in the Blue Whale Ecological Island in Tianjin Binhai New Area to assist the construction of the Blue Whale Ecological Island.
- In March 2024, the Company participated in a volunteer service activity organized by the Environmental Protection Association to clean up garbage along shoreline. The Company cleaned up garbage along the 1.8-kilometre-long shoreline in Tianjin Binhai New Area to restore the original appearance of the beach, so as to create a beautiful environment with clear water and clean beaches, providing a harmonious area for both sea creatures and people.
- In April 2024, the Company participated in the Safeguarding a Green Home Together by Learning about Wetland Biodiversity activity organized by the Environmental Protection Association. The activity popularized knowledge on bird rescue and habitat protection for migratory birds.
- In May 2024, the Company participated in the "Biodiversity: All Hand in". During the activity, participants gained interactive experiences by visiting the National Oceanographic Museum, and were encouraged to participate in biodiversity conservation and promote the harmonious coexistence of humans and nature.
- From March to October 2024, the Company participated in the "Guarding the Blue Coast Together" activity organized by the Environmental Protection Association. Together with other enterprises and social organizations, a team of more than 200 volunteers was formed to clean up garbage along the 1.8-kilometer coastline, restoring the original appearance of the beach, and jointly building a clean beach and a harmonious and beautiful environment. More than 300 kilograms of beach garbage were collected that day.
- In November 2024, the Company participated in the "Exploring the Beauty of Ecology and Building a Beautiful Home", a bird watching and wetland conservation activity organized by the Environmental Protection Association, to observe bird activities during the migratory bird season and learn about the types and formation of wetlands and their roles in coping with climate change and the conservation of biodiversity.





8. People-Oriented, Progressing Toward the Light

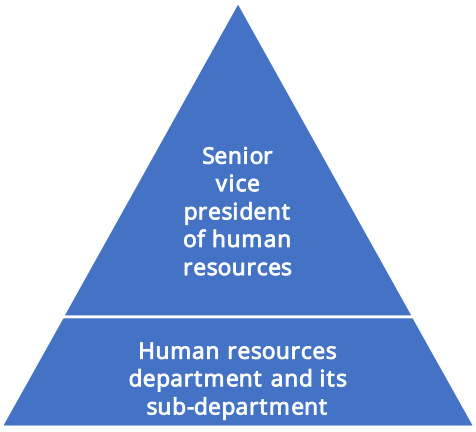
❖ Employment and Employee Rights

Adhering to the "people-oriented" corporate culture and the talent development concept of "leveraging talents to their fullest potential", Asymchem is committed to attracting, retaining and motivating outstanding talents. The Company pays attention to the growth and development of each employee, and assists employees to achieve their career aspirations and grow together with the Company through a multi-dimensional support system.

Types of employees employed by the Company include full-time contract employees, interns and retired and rehired employees. The Company strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and other relevant laws and regulations, and educates itself about the latest policy requirements such as the Notice of Tianjin Municipal Human Resources and Social Security Bureau on Issuing the 2024 City-wide Wage Guidelines for Enterprises and the Notice on Strengthening Employment Services to Promote the Employment of Disabled Persons of Disabled Persons' Federation of Tianjin Municipal Human Resources and Social Security Bureau. The Company have established an internal self-inspection mechanism for prompt issue rectification, strengthened internal self-inspection regulations, and ensured permanent compliant human resources management.

The Company has established a sound and efficient human resources governance structure under the overall leadership of the senior vice president of human resources. There are a number of sub-departments established under the human resources department, each with their own clear division of responsibility and clear terms of reference for each level of position. All employees involved in human resources management have corresponding qualification certificates or strictly screened educational backgrounds, as well as professional capabilities and experience in human resources management. At the same time, the Company regularly provides learning opportunities for employees in human resources management positions, such as external seminars, online courses, etc., to keep their professional knowledge updated.

Human Resource Management Framework



Senior vice president of human resources:

- Responsible for reviewing and approving important decisions on employment practices, compensation and benefits policies, etc., to ensure that all human resources management activities are in line with the Company's strategic goals.

Human resources department:

- Sub-departments include recruitment, training and development, performance management, labor relations, etc., each department consists of a professional team responsible for specific areas of work.

The Company has formulated human resources policies and management systems such as the Employee Handbook and the Value and Code of Conduct, which are embedded in its daily operations and corporate culture. During the Reporting Period, the Company updated the Value and Code of Conduct and other policies and systems to further strengthen the protection requirements for the rights and interests of employees within the Company and value chain partners. The Company has established an internal review mechanism to regularly examine the implementation of human resources policies and management systems once a year to ensure the compliance and fairness of human resources management. In addition, the Company is subject to external audits on human resources management. During the Reporting Period, the Company conducted 4 internal audits of human resources management system, covering Asymchem Laboratories and all its subsidiaries; and accepted 225 external audits. There were no significant deficiencies found in the Company's internal and external audits.

The Company evaluates the human resources department and its sub-departments every year based on key dimensions such as work efficiency and employee satisfaction, and optimizes its work plan based on the assessment results to continuously improve deficiencies. The Company enhances the efficiency and effect of human resources management system while enhancing employees' sense of experience and ability to achieve a win-win situation for the Company and its employees.

Staff recruitment and hiring

Employee recruitment strategy

Based on its development needs, Asymchem has formulated a systematic talent recruitment plan, establishes and strictly abides by a standardized and transparent recruitment process, including job demand analysis, recruitment plan formulation, resume screening, interview evaluation, etc. Recruitment process complies with all standards, and information is open and transparent.

The Company continues to optimize the recruitment mechanism to ensure fairness and inclusiveness in its recruitment. During recruitment and employment, the Company follows the principles of fairness, impartiality and openness, hires candidate based on their qualifications and ability for the position, and will not be affected by their age, ethnicity, race, family background, minority background, skin color, sex, sexual orientation, religion, social origin, nationality, disability, pregnancy, etc. The Company optimized job descriptions to avoid any discriminatory tendencies. At the same time, the Company strengthens the training of recruiters, improves the awareness of fair recruitment and professional judgment, and ensures fairness and efficiency in talent selection.

Talent Acquisition Strategy and Results

Recruitment target group	Recruitment strategy	Achievement
Fresh graduate talent	• The Company actively participates in various campus job fairs, displays corporate culture, recruitment positions and other information to graduates, holds theme lectures, shares industry trends and employment trends, establishes close cooperative relationships with colleges and universities, and provides internship and employment opportunities for students to attract high-quality young talents.	• During the Reporting Period, the Company participated in more than 100 university career fairs and publicity seminars at China and abroad to achieve one-on-one communication with university graduates. In addition, the Company held summer camps and academic exchange forums, inviting outstanding students from all over the country to visit the Company's main plants and experience the Company's corporate culture and scientific research strength.
Experienced professionals	• The Company conducts recruitment projects for various key businesses at China and abroad, and actively introduces outstanding talents to meet the Company's development needs. • The Company uses a variety of social recruitment channels, including employee referral, online recruitment websites, social media, and headhunting companies, to continuously improve recruitment efficiency.	• During the Reporting Period, the Company recruited a total of 1,755 new employees through social recruitment channels, covering professional backgrounds such as biology, chemical engineering, and materials, further strengthening the Company's talent team building.
Diversified talent	• The Company is committed to building a global and diverse team, actively recruiting talents of different nationalities, races, genders, social experiences and professional backgrounds to promote the diversified	• The Company has set up offices in many countries, laboratories and subsidiaries around the world have employed employees from 6 countries including the United States, the United Kingdom, Germany, and India, and the employees in China include 23 ethnic minorities,

Recruitment target group	Recruitment strategy	Achievement
	development of the talent team. • The Company is committed to building an inclusive working environment, eliminating all forms of employment discrimination, treating persons with disabilities equally, providing them with a barrier-free recruitment process and working environment, supporting each employee to realize their potential, and jointly promoting the inclusive development of the Company.	promoting cross-cultural integration and enhancing the Company's global vision. • The Company actively optimizes working conditions and office facilities and promotes the construction of a barrier-free environment to help employees with disabilities to better integrate into the workplace and give full play to their abilities. During the Reporting Period, the Company cooperated with external dispatch companies to provide job opportunities for a total of 95 employees with disabilities, achieving the management target for the year.

Compliance employment

The Company strictly abides by the laws, regulations and relevant regulations of the places where it operates, and clearly stipulates compliance requirements in the Employee Handbook and Value and Code of Conduct. The Company resolutely prohibits child labour and eliminates it through a strict recruitment process and identification procedures. At the same time, the Company is committed to respecting the basic human rights of employees, strictly prohibiting any forms of forced labor, human trafficking and other human rights violations, and is committed to creating a fair and just working environment that respects personal rights and interests to ensure that all employees enjoy a safe, free and dignified career development space. The Company encourages relevant personnel to report violations of regulations to their directors or the human resources department in a timely manner for investigation and handling.

During the Reporting Period, no instances of child labour or forced labour, strikes, radical downsizing, controversial incidents, or violations of labour laws and regulations occured.

Diversity, equity and inclusion

Multicultural construction

Adhering to the core concepts of diversity, equality and inclusiveness, Asymchem is committed to creating an open, fair and respectful corporate culture, creating a safe and inclusive working environment, and ensuring that all employees are recruited, trained, remunerated, and promoted fairly without discrimination or unfair treatment on any grounds. During the Reporting Period, the Company formulated the Diversity, Equality and Inclusion Policy to further clarify its commitments, goals and actions in this area.

The Company is committed to the development of multiculturalism, and has carried out a series of measures such as fair employment practices, multicultural training, and inclusive leadership development. The Company conducts annual training on the theme of “business ethics, compliance control, and employee rights protection” for all employees. In addition, the Company provides training on corporate culture and company policies for new employees, covering 18 standards of conduct such as "respecting others, avoiding discrimination, and eliminating harassment". During the Reporting Period, the coverage rate of thematic training for new employees reached 100%.

The Company pays attention to the diverse needs of employees and provides rich cultural and caring activities for different ethnic groups to create a more belonging working environment for employees. For example, for foreign employees, the Company respects their cultural diversity, provides special catering in line with their eating habits, and organizes activities related to their cultural background to enhance employees' sense of belonging and satisfaction.

Equal pay for equal work

The Company adheres to the principle of equal pay for equal work and formulates remuneration standards based on factors such as position, performance and ability to ensure the fairness, transparency and market competitiveness of the remuneration system. The Company regularly monitors and analyzes salary data to ensure that employees with the same position, experience and work performance receive fair and reasonable remuneration to protect the rights and interests of employees and effectively motivate and retain outstanding talents.

In order to enhance the transparency of remuneration management, the Company discloses the remuneration policy and structure on its internal office platform. Employees can inquire about the relevant regulations at any time to ensure the clarity and accessibility of the remuneration system. At the same time, the Company regularly evaluates the reasonableness of salary through internal fairness and external competitiveness analysis, and conducts horizontal comparison of pay gap among different genders to optimize its salary structure and ensure that the salary level remains competitive in the industry. In addition, the Company has established a remuneration grievance mechanism to provide a reasonable feedback channel to ensure that employees can fully understand their remuneration status and resolve remuneration-related questions in a timely manner, further enhancing the fairness and transparency of its remuneration management.

During the Reporting Period, the Company's average gender pay gap was 0.7% and the median gender pay gap was 1.05%, mainly due to differences in job vacancies, job nature and professional requirements for different genders. The Company will continue to pay attention to gender pay equity, optimize its salary structure, and fully consider gender factors when setting positions.

Anti-discrimination and anti-harassment

The Company has formulated the Value and Code of Conduct, which clearly prohibits any discrimination and harassment, and has established clear discrimination and harassment complaint handling procedures to ensure that employees can give feedback through various channels such as oral reports, written reports, complaint letters, whistle-blowing phone calls or emails. The Company undertakes to conduct confidential investigations into all complaints and carefully examine the course and impact of incidents. If discrimination or harassment is confirmed, the Company will take appropriate measures such as persuasion, warning, transfer, suspension, dismissal, etc., and at the same time provide support and comfort to the victimized employees to protect their rights and interests. During the Reporting Period, there was no incident of workplace discrimination or harassment in the Company.

Employee rights and benefits

Employee rights and interests

Asymchem attaches great importance to the protection of employees' rights and interests, and has established a comprehensive labor and human rights management system. The Company has formulated Management Procedures on Labour, Human Rights and Business Ethics and conducts quarterly internal audits. These audits cover key areas including freedom of employment, child and youth worker management, remuneration and benefits, working hours, etc. The Company prepares HR Internal Audit Reports to categorize and rectify issues identified during audits, ensuring compliance with employment regulations and fulfillment of social responsibilities.

During the Reporting Period, the Company entered into a collective contract with all employees, covering key matters such as working hours, welfare benefits, and payment of overtime pay. The legitimate rights and interests of employees are protected through a negotiation mechanism to ensure the compliance and transparency of labor relations.

Employee benefits

The Company has formulated the Employee Welfare Policy to provide employees with benefits in all respects, including statutory benefits such as social insurance and housing fund, as well as non-statutory benefits such as working meals for all employees. While promoting the healthy development of the Company, these benefits will also further enhance the employees' sense of belonging and well-being.

Employee Welfare System

Statutory benefits	• Social insurance and housing fund, middle/night shift allowance, heatstroke and cold protection allowance, statutory holidays.
Non-statutory benefits (the Company's supplementary benefits)	• Commercial insurance, working meal, housing benefits, communication/transportation benefits, family visits, team building, condolences/birthday/marriage/holiday benefits, tourism development benefits, alumni association/club, delivery subsidy benefits, child support benefits (such as maternity leave), health benefits (such as supplementary medical insurance, body check, mental health support, etc.), interest-free loan benefits for house purchasing, and further

	education and training.

Care for employee

The Company always pays attention to the physical and mental health of its employees and is committed to creating a healthy and harmonious working environment. The Company regularly organizes a variety of cultural and sports activities and provides employees with health protection services to actively create a "home" culture to enhance employees' sense of belonging and team cohesion.

Care Measures for Employees' Physical and Mental Health

Measures	Description
"Look to the Future with a Light in the Heart" (a series of themed activities)	• **Events:** The Company holds various sport events every month, such as martial arts, e-sports, football, basketball, badminton, table tennis, light volleyball, swimming, etc., to enhance the cohesion within the Company, promote better communication among employees, improve physical and mental health of employees and showcase employees' talents and strengths. • **Club activities:** The Company has held 10 clubs covering various fields, such as photography, swimming, basketball, football, etc., to enrich employees' spare time and improve employees' health and happiness. • **Team building activities:** The Company actively conducts various departmental team building, matrix team building, cross-departmental team building and other activities to effectively alleviate the work pressure of employees and create a positive atmosphere. • **Networking activities:** During the Reporting Period, the Company held 4 networking activities for single employees to help young employees date and build up friendships and maintain harmony and stability of the workforce.
"Home" culture activity	• During the Reporting Period, the Company organized various family day activities such as Little Artists and Parent-Child Musical Theatre, which were attended by more than 100 employees. Employees can relax in their spare time and further enhance communication and relationship with their families.
Health service	• The Company arranges regular physical examinations for employees. • Relying on the mental health consultation platform of the Tianjin Economic and Technological Development Zone Federation of Trade Unions, the Company provides psychological consultation services to effectively relieve employees' psychological problems.

Employee Activities Hosted by the Company (Partial)

The Company pays attention to the career development and physical and mental health of female employees, and provides diversified support and special benefits for all female employees. The Company regularly holds exclusive events. During the Reporting Period, the Company carefully prepared triple

privileges for female employees on the International Women's Day, including a beauty seminar themed "Following the Light and Embracing Your Beauty", half-day holiday and exquisite gifts, etc., to enhance the personal development and happiness of female employees. In addition, the Company cares for female employees undergoing the "three periods" of pregnancy, childbirth and breastfeeding, providing convenient conditions for them to help them achieve work-life balance. For employees who are breastfeeding, the Company has established a "female workers' health and safety island", equipped with refrigerators, lockers, sofas and other facilities and daily necessities to help female employees overcome practical difficulties during breastfeeding. At the same time, the Company provides cash gifts to female employees who have ended their maternity leave to support their career and family balance with practical actions.

The Company continuously strengthens the support for employees in need, focuses on the needs of employees, and takes measures such as hospitalization condolences and normalized condolences, fundraising assistance, and relief funds for serious illnesses to help employees relieve stressful life with practical actions. For employees who are sick, the Company proactively coordinates medical resources to ensure that employees can seek medical treatment in a timely manner, and provides hospitalization condolences to reduce the medical burden of employees. In addition, the Company provides regular holiday condolences to employees in need to provide care and support to help them overcome difficulties. In terms of relief funds, the Company respects the wishes of employees and organizes fundraising activities to provide financial support to employees in need. All employees facing economic hardship can apply for the corresponding assistance. At the same time, the Company actively assists employees to apply for relief funds for critical illness from relevant institutions to ensure their bare necessities is guaranteed, demonstrating humanistic care and social responsibility. During the Reporting Period, the Company initiated one fundraising event, raising a total of approximately RMB140,000, achieving a 100% help coverage rate.

Employee communication and engagement

Asymchem attaches great importance to employee communication, actively builds a formal, open and efficient communication platform, and establishes a labor union covering all employees to continuously follow up employees' demands and suggestions to ensure effective feedback and implementation of employees' demands. During the Reporting Period, the Company organized and convened 1 employee representative meeting, at which the 2024 Welfare System of Asymchem Group was considered and approved, with a total of 175 employee representatives participating.

To achieve democratic management within the Company and fully leverage the permeating, shaping, and leading role of the Company's culture, Asymchem has preliminarily explored and implemented the "Three Ones" methodology: listening to one demand, conducting one communication, and realizing one improvement. This approach focuses on three key areas: health services for talents, talent dormitory environment enhancement, and comprehensive services for talents. The Company collects employee feedback and listens to employee voices through both online and offline channels. Based on the demands raised by employees, it actively coordinates internal resources to drive problem resolution.

Employee Communication Channels

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

The Company keeps confidential the information of feedback providers from various channels, and

arranges specially assigned personnel to sort and classify the opinions, suggestions and complaints received on a regular basis. Focused attention shall be paid to concentrated or significant problems, and it is stipulated that feedback shall be given within one week after receipt of comments, suggestions and appeals. At the same time, the Company encourages employees to put forward suggestions for improvement, report problems and unfair treatment. A reward and punishment mechanism has been set up to punish the departments or employees who do not cooperate with problem rectification and reward employees whose suggestions are accepted by the Company.

The Company conducts employee satisfaction surveys on a semi-annual basis. During the Reporting Period, the Company conducted a satisfaction survey with a focus on assessing the working environment, teamwork, and company culture, with a survey coverage rate of 95%. According to the survey results, employees are generally satisfied with management communication and career development opportunities, but identified room for improvement in work-life balance. In response to those feedback, the Company has adopted a series of optimization measures, including introducing flexible working arrangements, providing mental health support, strengthening cross-departmental social activities, and expanding training and career development programmes to further improve employee satisfaction.

Furthermore, the Company, as an enterprise in the CDMO industry, recognizes that employees' engagement in R&D processes and their sense of responsibility in implementing GMP standards directly impact product quality and customer satisfaction. In the first quarter of 2025, the Company conducted an engagement survey to assess employees' commitment to organizational goals and their long-term retention intentions. The survey adopted a sampling approach, with engagement questionnaires distributed to all employees, achieving a response rate of approximately 30% (with 100% coverage of overseas core R&D personnel and production teams). The Company's engagement survey employs quantitative metrics such as "training participation rate" combined with qualitative methods (e.g., in-depth interviews with key personnel). In addition to evaluating dimensions such as employee health and safety, diversity and inclusion, career development and training, work-life balance, and employee engagement and communication, this survey introduced industry-specific indicators such as "cross-departmental collaboration satisfaction" and "adaptability to technological upgrades", reflecting the project-based collaboration characteristics of the industry. Based on the engagement survey results, the Company will implement relevant measures to further enhance employee engagement.

❖ Employee Training and Development*

Governance

Asymchem has established a comprehensive organizational structure for employee training, development and performance management, which is under the overall leadership of the senior vice president of human resources. The human resources department has two sub-departments, namely training and development and performance management, which are responsible for employee training management and employee performance management, respectively. For details, please refer to the section headed "Employee Recruitment and Employment" in this report.

The Company has formulated and updated the Compilation of Asymchem Training Management Policy and other systems to continuously optimize the talent cultivation system, further strengthen the standardization of core skills training for all employees. The Company is committed to cultivating industry-leading technical team employees and outstanding management personnel. Employees are provided with a wide range of career development opportunities to facilitate their personal growth and professional development.

The Company has formulated the Management Measures for Career Development Channel and other systems to stipulate a comprehensive talent promotion and development system and process. It selects and promotes talents to provide guidance and development, adheres to developing talents through hands-on experience, and offers employees with broad career development paths through multiple channels to provide them with room to grow. At the same time, the Company ensures the transparency and standardization of the selection and training process, promotes the sustainable development of talents and provides solid support for the Company's long-term competitiveness.

Strategy

The Company strongly believes that talents are the core competitiveness and important assets of an enterprise, and regards employee growth as one of its important responsibilities. The Company adheres to its talent introduction strategy, continuously optimizes the selection, training, incentive and retention mechanism and builds an efficient talent management system.

The Company insists on establishing a comprehensive and proprietary training management system and knowledge system, dividing into four key sections of "system", "curriculum", "assessment" and "lecturer" to ensure that employees receive systematic, effective and meaningful and targeted training. The Company has formulated rigorous training systems and procedures, including training needs research, plan design, curriculum development, lecturer management, resource management, and implementation procedures. These policies and procedures regulate the training process and ensure that training activities are carried out in an orderly manner.

The Company tailored talent strategies for key business areas and established in-house training programmes to equip employees with the latest advanced technologies, industry knowledge and regulatory developments. In addition, the Company provides opportunities for outstanding talents to participate in industry benchmarking projects, and matches competitive remuneration and career development paths to motivate and retain talents. The Company continuously strengthens the construction of a talented team, identifies high-potential talents, and establishes a talent pool to support the long-term and stable development of the business through measures such as building a competency model for key positions, formulating training and development plans and promoting successor development plans and talent inventory.

Impact, risk and opportunity management

Continuously improve the talent training system

The Company adheres to the principles of "combining thinking with action, pragmatism with innovation, and responsibility with honor", and has created a comprehensive and diversified training system utilizing the Asymchem Learning Centre platform. The platform adheres to the "721" learning principle, combines offline and online training modes, makes full use of internal and external training resources, and provides customized empowerment solutions on demand, which significantly improves the professional skills and comprehensive quality of employees. The Company has carefully designed a variety of training courses, covering a comprehensive range from basic knowledge to professional skills.

Talent Cultivation System

Training	Description
New employee training	• Through centralized lecture and training, decentralized learning, practical exercises, and other training methods, the Company implements targeted and classified training for new employees at different development stages of the Company, so that new employees can learn about the Company's culture and relevant basic requirements as soon as possible and be part of the corporate family. During the Reporting Period, the Company covered 100% of its new employees in its trainings. ✓ **Recruitment of new employees:** Adopting a progressive "three-stage training" model, covering induction training, basic skills training during the probation period, and job continuation skills training to help new employees quickly adapt to the corporate culture and rules and regulations, strengthen their safety and quality awareness, and gradually improve their job competencies and achieve efficient integration and sustainable growth. ✓ **Cultivation of fresh graduates:** A two-year training plan is adopted to help college recruits quickly adapt to the workplace and improve their overall ability through a combination of online and offline trainings, focusing on cultural integration, role conversion, skill improvement, and career planning. ✓ **Training of management trainees:** Focusing on the construction of future talent echelon, adopting a two-year, eight-stage rotation model to cultivate core talents with comprehensive business capabilities and management potential through theoretical learning, practical training, and stage assessment, providing a solid talent foundation for the Company.
Cadre training	• Includes management, promotion and training for incumbent cadres at different levels, as well as the training of successor and reserve cadres.
Professional skills training	• According to different departments and personnel levels, each base or department provides technical training at the professional level, including key customer communication, English training, and job skills training.
General training	• The Company launches general-purpose open courses and distance classrooms on a quarterly basis to meet the diverse learning needs of its employees and enhance their general skills and workplace literacy. The 3-hour live-streamed courses covered topics such as Business Etiquette and Creating Personal IP in the Workplace, which were well recognized by the employees. During the Reporting Period, the course satisfaction rate was over 95%, with 100% employee coverage.

In particular, the Company has established a "three-level of classes and three-level of positions" management improvement training model for the management level to comprehensively improve the leadership and management effectiveness of incumbent managers and help the team operate efficiently. As of the end of the Reporting Period, the training system has covered nearly 5,000 employees, promoting the continuous development and optimization of management talents.

"Three-level of Classes and Three-level of Positions" Management Enhancement Training Mode

Three-level of classes	Basic	• The compulsory introductory courses for new managers, focusing on the basic concepts of leadership, teamwork skills, and basic management knowledge, to lay a solid theoretical foundation for managers and help them adapt to management vacancies quickly.
	Advanced	• The required courses for incumbent managers have been deepened and expanded in content, covering advanced skills such as management strategies, conflict resolution, and efficient communication, aiming to further improve the practical ability and management depth of managers.
	Intensive	• As elective courses, they provide more professional and

		diversified learning methods, such as project management and problem-solving workshops. Employees can choose to participate according to their personal career planning, interests and ability improvement projects.
Three-level of positions	Senior management	• The curriculum design covers corporate strategic planning, leadership development and other courses. • Committed to enhancing its strategic decision-making capabilities and leadership influence.
	Middle management	• The courses focus on strategic planning, cross-departmental collaboration, and more. • Dedicated to assisting middle-level managers to enhance their strategic vision and cross-departmental coordination capabilities.
	First-line managers	• Courses that focus on basic management skills, employee motivation, and more. • It aims to cultivate operational skills and team cohesion.

At the same time, the Company carried out the "Voyage" plan to cultivate hierarchical and diversified reserve cadres focusing on production, R&D, continuous science, functions and other modules. Through talent inventory, organizational analysis, and customized courses, the Company has developed training programs such as "functional management start-up", "R&D management renewal", and "production management leadership". During the Reporting Period, the Company cultivated over 150 outstanding talents in total, laying a solid talent foundation for the Company's long-term development.

During the Reporting Period, the Company further constructed a talent cultivation system of "four-level training ladder" and "eight training processes" to establish an internal talent pool and implement a comprehensive and multi-level training and development plan. Through those connected processes, the Company has formed a complete closed-loop of talent development to ensure the systematic and effective construction of talent echelon.

Talent Cultivation System

Four-level training ladder	• Through the identification of high-potential talents, the Company provides targeted training for reserve talents, successor talents and incumbent management personnel with different abilities.
Eight training processes	• Including talent inventory, high-potential talent identification, reserve talent selection, talent training and tracking, establishment of reserve talent pool, cadre appointment, cadre transfer, and on-the-job promotion and training.

Other than strengthening the internal training system, the Company also actively cooperates with external educational institutions every year covering multiple business areas. During the Reporting Period, the Company organized employees to participate in external training such as the "2024 seminar for key points in drug R&D, registration, application, communication, and R&D on-site inspection and analysis", "2024 seminar for difficulties in implementing pharmaceutical factory self-inspection and improving internal auditors' capability", "six comparative analysis of key points of large-scale systems for China-U.S.-Europe GMP and experience sharing from using official websites of pharmaceutical government department", further improving the professional skills and overall quality of the Company's employees.

In addition, the Company has established a "dual-tutor" tutoring mechanism, with guiding tutors and teaching tutors set up respectively. In particular, guiding tutors focus on providing coaching and assistance for students' growth and development to help them quickly integrate into the Company's culture; while teaching tutors focus on coaching and imparting professional knowledge, assisting and guiding them to complete task indicators.

Set up employee training files

The Company pays attention to the training situation of each employee, establishes a training file for each employee, and strengthens the monitoring and management of the training execution process and results from multiple dimensions, such as training content and individual employees. While ensuring business compliance and record integrity, the Company ensures an overall understanding of each employee's participation in the training, thereby providing accurate data for employee development planning.

The Company has established a skills training management system and used a digital learning platform to improve employees' learning efficiency, share knowledge resources, and improve the utilization rate of training resources. During the reporting period, the Company formulated and conducted more than 20,000 training sessions, achieving 100% training coverage for employees.

Supporting employees' skills certification and academic qualifications

Asymchem attaches great importance to the improvement of employees' professional quality and competitiveness, and supports all types of employees to participate in vocational skills certification training and academic qualifications. The Company regularly organizes employees to participate in skills certification training, such as certification for measurement officer, audit training for pressure vessel design, etc., offered by experts in the industry to help employees obtain professional qualifications at home and abroad. At the same time, the Company actively promotes continuing education, provides advanced management courses such as master of business administration ("**MBA**") and executive master of business administration ("**EMBA**") for core backbones, and provides education funding to strengthen the leadership and strategic decision-making capabilities of the management team to help the Company's long-term development.

During the Reporting Period, the Company vigorously promoted the ability improvement of front-line employees, and provided junior college and undergraduate learning and improvement projects to front-line employees, covering chemical engineering, process technology, analysis and inspection, safety technology management and other professional fields, closely matching employees' actual work in order to improve the professional skills and comprehensive quality of front-line employees in an all-round way. Employees can self-register for academic qualification improvement projects. Through face-to-face and online courses, employees can master more exquisite operation skills, demonstrate higher professional standards in safety management, quality control, etc., and obtain nationally recognized graduation certificates. By doing so, the Company has laid a solid foundation for safe production and efficient operation. In addition, the Company also provides strong support and subsidy to the core backbone personnel who have applied for MBA and EMBA training.

School-enterprise cooperation

The Company actively promotes the integration of industry, academia and research, and has in-depth cooperation with universities such as Tianjin Medical University and Nankai University to build a multi-level talent cultivation system.

The Company and Tianjin Medical University jointly set up the Aspiration Class, an industry-university collaborative education project, to cultivate applied talents who meet the needs of the industry through curriculum teaching, practical practice, and corporate mentor guidance. The Company selects 15 internal lecturers every year to give lectures of 16 hours per phase, and invites students to conduct internships in the Company on a regular basis. As of the end of the Reporting Period, the programme had been in operation for 2 years with 3 phases and a total of 70 students trained. The Company also co-established the “Internship Base for Students with Master of Pharmacy Degree” with Tianjin Medical University to share resources and promote the integration of industry and education.

In addition, the Company and Nankai University jointly established a post-doctoral research workstation to promote the transformation of academic research results, enhance scientific and technological innovation capabilities, and at the same time promote industrial development and reserve high-end scientific research talents. As of the end of the Reporting Period, two batches of doctors had conducted scientific research at the station.

Strengthen employees' performance management

The Company focuses on building a scientific, fair and transparent performance management system, and has established and improved the Performance Incentive Management System for Senior Management, the Performance Incentive Management System for Middle-level Management, and the Remuneration & Performance Bonus Management System for Middle-level and Below to establish a multi-dimensional assessment system, while clarifying the principles for formulating performance indicators, continuously optimizing the assessment methods for performance indicators, and improving assessment feedback and performance improvement measures. Through flexible use of diversified performance appraisal tools, regular employee performance appraisals and focus on the process and guidance of performance management, the Company strives to improve the comprehensiveness and rationality of appraisals while

ensuring that employees' efforts are highly aligned with organizational goals and provide employees with solid support for career development and long-term growth.

Employees' Performance Management Mechanism

Goal setting	• **Strategy alignment:** The Company links employee performance goals with the Company's overall strategic goals, and breaks down those goals into departmental goals and personal goals step by step to form a unified direction, so that employees can more clearly align the Company's vision in their work and ensure top-down goal alignment. • **Team collaboration:** The Company scientifically sets targeted team performance goals based on the actual situation of each department to promote more effective collaboration among departments, thereby comprehensively promoting the realization of overall business goals. • **Employee growth:** Combining job duties and employees' personal development plans, the Company sets performance evaluation goals for each employee in each cycle, so that employees' personal growth goals are combined with organizational development goals. • **ESG value orientation:** The Company gradually incorporates ESG-related indicators into performance appraisal to strengthen the concept of sustainable development. For example, in human resources management, performance evaluation indicators such as "talent pool establishment" and "turnover rate control" are included; in operation management, key elements such as environmental protection, energy saving and consumption reduction, and safe production are integrated.
Assessment method	• **Regular appraisals:** Performance appraisals are conducted on a quarterly, semi-annual and annual basis. • **Third-party assessment mechanism:** On the basis of existing intra-department assessments, we introduce cross-departmental third-party assessments to improve the objectivity, fairness and impartiality of assessments. • **360-degree assessment:** Certain business units have also adopted the 360-degree assessment method.
Assessment dimension	• **KPI evaluation:** Evaluate employees' core business indicators, covering performance, core responsibilities, management, etc. • **Multi-dimensional evaluation:** In addition to KPIs, the Company also comprehensively evaluates employees from multiple aspects, such as execution ability, innovation ability, team building, talent cultivation, and learning and development. • **Differentiated assessment:** For employees at different levels, the Company has formulated differentiated assessment indicators and methods. For example, for senior managers, it focuses on evaluating their strategy execution, risk management and control capabilities, and achievement of business goals; for general employees, it pays more attention to their performance in terms of work efficiency, work quality, and initiative.
Assessment feedback and support	• **Timely feedback and guidance:** After the assessment, the manager will feedback the performance evaluation results to the employees themselves, review the achievement of their goals, analyze their shortcomings and room for growth, and negotiate their next development plan. At the same time, managers also provide employees with immediate suggestions and improvement directions through informal feedback in daily work communication. • **Improve performance grievance mechanism:** The Company has established a comprehensive grievance channel to ensure the fairness of performance evaluation. If employees disagree with the assessment results, they can appeal to their directors or the Human Resources Department after receiving the feedback. Relevant departments are required to complete the review and give feedback within the specified time frame. • **Establish a promotion and incentive mechanism:** The Company provides employees with promotion opportunities and short- and medium-term incentives based on their assessment results, such as production project bonus, R&D project bonus, sales bonus, functional bonus, project performance-based bonus, and

	year-end bonus.

The Company is committed to attracting and retaining talent. Since the Company's listing on the capital market in 2016 to the date of disclosure, the Company has implemented 7 equity incentive schemes, including the A share restricted share incentive scheme, the A-share employee shareholding scheme, and the H share restricted share incentive scheme. The Company's previous share incentive schemes mainly covered certain of the Company's Directors, senior executives, managers and core technical (business) personnel or employees. During the Reporting Period, in order to further establish and improve the Company's long-term incentive mechanism, fully mobilize the work enthusiasm of the Company's management personnel at all levels and core backbones, and to attract and retain outstanding talents, the Company, on the basis of implementing the existing equity incentive plan, repurchased its shares through a dedicated securities account by centralized bidding. A total of RMB999,644,601.56 (excluding transaction costs) was paid for the subsequent implementation of the employee shareholding plan or equity incentive and write-off to reduce the registered capital. In January 2025, the Company disclosed the 2025 A Share Restricted Share Incentive Scheme (Draft) and the H Share Restricted Share Scheme (Draft).

Provide smooth promotion and development channels

In terms of employee promotion and development, the Company provides management development channels and technology development channels for employees, forming a multi-channel development path of R&D sequence, production sequence, analysis sequence, and functional sequence to help employees accurately position their career direction and assist employees in career development and self-realization. The management level enjoys the same welfare policy as the technical equivalent. During the Reporting Period, the Company tapped potential talents and cultivated successors for key positions, provided promotion opportunities and challenging tasks for outstanding employees, facilitated personal growth, and consolidated the Company's reserve talent echelon.

Double Promotion Channel

Promotion channel for administrative jobs	Promotion channel for technical jobs
Based on departmental needs and recommendations, a comprehensive evaluation mechanism is established to comprehensively assess the candidates from the aspects including work performance and actual contributions, work experience, the number of service years in their current posts, posts held in history, participation of training sessions, non-violation of regulations and discipline, span of control, organizational structure and performance of their duties.	Employees are evaluated by reviewing factors such as work performance, professional ability, academic qualifications, seniority, work experience, training participation contribution, no violation of laws and regulations, technical assessment, and professional and technical knowledge assessment results.

Indicators and targets

Asymchem attaches great importance to the construction and improvement of the employee training system, is committed to improving employees' professional skills and professionalism, promotes the construction of public skills courses, strengthens training in key business areas, and accumulates a systematic knowledge system that is in line with the Company's business development.

In addition, the Company has established a skills training management system to improve employees' learning efficiency through a digital learning platform, realize knowledge sharing, optimize the allocation of training resources, and effectively control training costs. During the Reporting Period, the Company formulated more than 12,000 training plans, achieving a training coverage rate of 100% for employees.

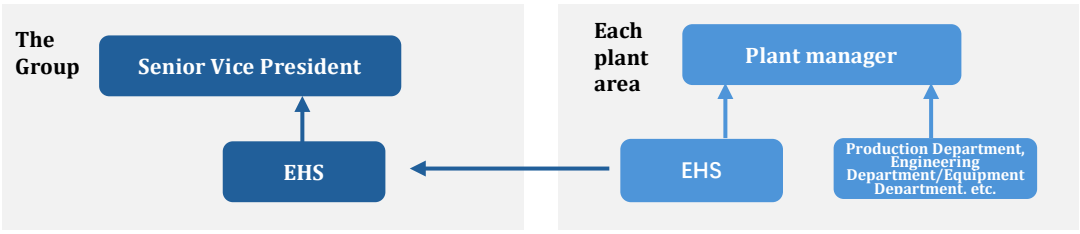
❖ Occupational Health and Safety*

Governance

Asymchem attaches great importance to occupational health and safety management, adheres to the work safety policy of "safety first, prevention as main measure, and comprehensive management", and strictly abides by the Work Safety Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Regulations on the Administration of Controlled Chemicals of the People's Republic of China and other laws and regulations and relevant rules. In accordance with the ISO 45001 Occupational Health and Safety Management System Framework, the Company has established and improved its occupational health and safety management system. During the Reporting Period, the subsidiaries of the Company, Asymchem Life Science and Asymchem Pharmaceuticals, passed the ISO 45001 Occupational Health and Safety Management System Certification and obtained the corresponding certifications. Liaoning Asymchem, Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals and Asymchem Laboratories (Jilin) all obtained the grade 3 corporate certificate of standardization for safety production.

The Company has established an organizational structure for occupational health and safety management, in which the senior vice president is responsible for overall planning of occupational health and safety management. EHS departments have been set up at the Group and subsidiary levels, which consist of the compliance team, process safety team and the occupational health and safety team. They are responsible for the establishment of compliance system, process safety management and occupational health management in terms of occupational health and safety management, respectively. The Company's occupational health and safety management personnel all possess academic backgrounds in chemistry, pharmacy, safety engineering, medical science or similar majors at home and abroad, and have professional capabilities and experience in occupational health and safety management. As of the end of the Reporting Period, the Company had more than 50 personnel with certificate for registered safety engineer and 8 personnel with fire engineer certificate.

Occupational Health and Safety Management Organizational Structure and Responsibilities



The Group: • The senior vice president is responsible for coordinating the Company's occupational health and safety management. • The Group's EHS Department is responsible for supervising, guiding the Company's occupational health and safety management, and providing technical support. The Group's EHS Department reports directly to the senior vice president.	**Each plant area:** • EHS department of each plant is responsible for managing and supervising occupational health and safety compliance, organizing emergency drills and training, and providing technical support to other relevant departments. • The Production Department, Engineering Department/Equipment Department and other departments of each plant are responsible for implementing occupational health and safety management in relevant operations. EHS director of each plant reports directly to each plant manager and also to the senior vice president.

The Company has established a series of occupational health and safety management systems, and updated the management systems in a timely manner according to the adjustment of relevant laws and regulations and the optimization of management process requirements. During the Reporting Period, the Company established the Management Procedures for Safe Handling of Abnormal Working Conditions, the EHS URS Management Regulations and the Operation and Maintenance Regulations for Automated

External Defibrillator (**"AED"**), and revised the Management Procedures for Equipment and Facility, the EHS Management System, Risk Identification and Assessment for Environmental, Occupational Health and Safety and Management for Emergency and Business Continuity.

The Company conducts regular internal audits on the occupational health and safety management system. The Company has formulated the EHS Audit Management for Asymchem Laboratories and all subsidiaries to conduct internal audits on the occupational health and safety management system twice a year, focusing on relevant national, local and industry laws, regulations and standards and EHS management system documents. The audit results are linked to the KPIs of the Company's management. For problems identified in the audit, the Company has formulated and implemented timely solutions and plans to further improve its occupational health and safety management capabilities, and reported to the Company's management. During the Reporting Period, the Company conducted a total of 2 internal audits on the occupational health and safety management system, covering Asymchem Laboratories and all subsidiaries, and no significant deficiencies were found.

The Company undergoes external occupational health and safety management audits at the request of its customers (or "stakeholders"). During the Reporting Period, Asymchem Laboratories and all of its subsidiaries received a total of 31 occupational health and safety management audits from customers and 163 inspections by external supervisory authorities. The Company's subsidiaries Asymchem Life Science and Asymchem Pharmaceuticals received and passed annual external audits on occupational health and safety management during the ISO 45001 occupational health and safety management system certification process. In addition, the Company also entrusts other third-party institutions to conduct audit work on the Company. For example, during the Reporting Period, the Company's subsidiary Asymchem Life Science entrusted a third-party agency to conduct a total of 12 occupational health and safety management system assessments to further improve the standard of occupational health and safety management.

Strategy

With occupational health and safety management goals as the core, the Company has established a sound occupational health and safety management system. By implementing strategies such as compliance requirements, management of occupational health and safety risks, emergency drills and trainings, and promotion of intelligent management, as well as the implementation of the safety production responsibility system for all employees, the objectives of occupational health and safety management are realized.

Occupational Health and Safety Strategy

Impact, risk and opportunity management

Track the latest laws and regulations and continuously improve management

The Company has established the Recognition Management of EHS Laws and Regulations procedure to regularly identify and sort out the latest laws and regulations, formulate a gap identification list, and formulate and implement rectification proposals and plans based on the results of the gap analysis, track the implementation of rectification, and organize reviews to ensure the Company's operations comply with the latest laws and regulations. At the same time, the Company conducts publicity, implementation and

training on the interpretation of laws and regulations to all employees in a timely manner, and publishes the EHS Regulations Quarterly on a quarterly basis to summarize the latest information on occupational health and safety-related regulations to enhance compliance awareness of all employees.

During the Reporting Period, the Company identified latest laws and regulations such as the Requirements for the Provision of Emergency Rescue Materials for Hazardous Chemical Units, the Notice of the State Council Work Safety Committee on Printing and Distributing the Three-Year Action Plan for Tackling the Roots of Work Safety (2024-2026), and Guidelines for Safe Handling of Abnormal Working Conditions in the Production Process of Chemical Enterprises (for Trial Implementation) and Regulations of Tianjin Municipality on Work Safety. The Company held 7 seminars and exchange meetings on the information of the newly launched EHS regulations, conducted compliance assessment on 10 regulations, and tracked the implementation status of Corrective Actions and Preventive Actions ("**CAPA**") on a monthly basis until the rectification was completed.

Manage occupational health and safety risks

The Company's research and development, production and related operational activities involve potential occupational health and safety risks. The Company has established a dual prevention mechanism for hierarchical management and control of safety risks and identification of hidden dangers, which is reviewed and updated every year. The Company has formulated the Identification and Assessment for Environmental and Occupational Health and Safety Risk and Prevention and Rectification Management for Safety Risk and Hazard Inspection to comprehensively identify occupational health and safety risks and hidden dangers, and has conducted targeted risk management through engineering measures, management measures, and emergency measures.

The Company conducts whole-process risk management before and after the construction project is put into operation. For new construction, reconstruction and expansion projects, the Company has formulated the Three Simultaneous Management Procedures for New, Renovated and Expansion Projects and Contractor Management procedures. Before the project is put into production, the "Three Simultaneities" of occupational health and safety shall be carried out in accordance with the relevant standards, specifications and procedures to ensure that protection facilities for occupational disease are in place, and safety facilities and the main project of the construction project are designed, constructed, and put into production and use at the same time. At the same time, in accordance with the requirements of the Contractor Management procedure, before the construction of the project, the Company shall select a qualified construction unit to carry out the construction, conducts pre-construction work hazard analysis and safety disclosure, and implements risk control measures such as obtaining work permits to ensure safe construction. After the project is put into operation, the Company shall regularly identify, evaluate, and monitor occupational health and safety risks at least once a year.

Occupational Health and Safety Risk Management

Before the construction project is put into operation	
Risk identification	• **Hazard source identification:** Before construction, according to the work steps that may be involved in the construction, carry out risk identification for risks such as object strikes, falls from heights, and electric shocks. Identify hazards and form a risk identification list for each site, equipment facility, and operation activities as basic identification units. • **Identification of hazardous factors for occupational disease:** Comprehensively, objectively and accurately identify the types, sources, and distribution of occupational disease hazard factors that may exist in the production process, production environment, labor process, and special environment, as well as the personnel affected.
Risk assessment	• Risk assessment is carried out using the risk matrix method, and the risk level is determined and categorized into 4 levels, namely major, high, general, and low risk.
Risk management	• **Risk management and control for process safety:** For major and high risks, effective engineering control measures are formulated to reduce the risk to an acceptable level, and the implementation of the control measures is tracked to ensure that the measures adopted can effectively manage the identified risks. For low risks, basic safety measures are implemented, including strengthening personnel training and management, establishing

	monitoring and emergency mechanisms, and ensuring compliance to effective risk management and control is achieved. The measures are continuously strengthened and improved to ensure the safety and stability of the process. • **Occupational health risk control:** Equip with effective personal protective equipment and replace it regularly, including respiratory protection, hearing protection, etc., avoid operating in high temperature period at noon during summer and work at alternate time period instead; set warning signs for occupational hazard on site and carry out occupational hygiene management and education training during construction.
After the construction project is put into operation	
Risk identification	• Divide assessment objects and assessment units, and use work hazard analysis method, equipment checklist and other methods to identify occupational health and safety risks related to operation activities, equipment and facilities. Through process hazard analysis, process hazards existing in the production process, equipment and facilities, operating environment, personnel behavior and management are identified.
Risk assessment	• **Regional risk assessment:** Using the risk matrix method, the risk assessment of the plant area is carried out, and the risk level is determined and categorized into 4 levels, namely major, high, general, and low risks. • **Process safety risk assessment:** Using assessment tools such as Hazard Analysis for Operational Process ("**HAZOP**") and Level of Protection Analysis ("**LOPA**") to assess the likelihood and severity of risks through qualitative or quantitative assessment, and risks are categorized into different priorities based on the assessment results. • **Occupational health risk assessment**: For the potential negative impact of various special compounds involved in the Company's production on the health of employees in relevant positions, firstly, collect the toxicity or safety data information of all raw materials, intermediates and products involved in the project from customers. If direct data is not available, data retrieval is carried out through multiple reliable channels, including but not limited to open-source toxicological information, pharmacology database, occupational health database, relevant scientific literatures and other comprehensive information resources. Quantitative structure-activity relationship ("**QSAR**") model will then be used to predict the toxicity of the compounds. Based on this, the Company will comprehensively assess the occupational exposure limit (**"OEL"**) or occupational exposure branch mark (**"OEB"**) of raw materials, intermediates and products, and employs both qualitative and quantitative exposure risk assessment methodologies to assess exposure risk. Finally, based on the results of the assessment, risks are prioritized according to their level of risk, so as to formulate targeted control measures.
Risk management	• Risk management and control are carried out in different levels. Major risks are managed and controlled by the person in charge of the plant area and above, while high risks are managed and controlled by department heads; general risks are managed and controlled by team-level managers; low-level risks are managed and controlled by employees.

During the Reporting Period, Asymchem Laboratories completed the review and update of the dual prevention mechanism covering the Company and all subsidiaries. The Company reviews the identification of new risk according to the investigation of potential safety hazards and accidents in the industry during risk management, and formulates corresponding control measures to ensure that risks are effectively prevented and controlled.

Risk and Control Measures During the Reporting Period (Partial)

- Asymchem Life Science: During the Reporting Period, we identified electrical safety risks in R&D laboratories, and formulated special control measures in engineering control and administrative management for the identified risks to keep the risks at an acceptable level and further improve the level of laboratory safety management.

- Tianjin Asymchem Biotechnology: During the Reporting Period, we carried out risk identification and evaluation of sewage treatment stations, and controlled the safety risks in the area at an acceptable level through engineering and management measures such as physical fences, toxic gas detectors, and on-site drills for sewage disposal.

Strengthening chemical safety management

The use of chemical substances is one of the main sources of occupational health and safety risks for the Company. The Company's R&D and production processes involve the use of a variety of chemical substances, including flammable chemicals, toxic chemicals, corrosive chemicals, alkyl metal chemicals, and oxidants. To further ensure production safety, the Company resolutely avoids the use of particularly dangerous chemical substances, such as perchloric acid with a concentration of over 72%.

The Company identifies risks from chemical in different links such as hazard identification, purchase and transportation, reduces the risks of chemical-related activities to an acceptable range, and comprehensively protects the safety of personnel, property and the environment. The Company continues to standardize the use of chemicals, requiring each territorial unit to establish separate operating procedures for chemicals of special concern, and put forward specific management requirements for each territorial unit before, during and after the use of chemicals.

Chemical Management Requirements of Territorial Units

Stage	Administrative requirements
Before use	• Compliance-related requirements should be considered when conducting internal assessments of suppliers. • All chemicals should be purchased from internally qualified suppliers. • Select designated transport vehicles to transport hazardous chemicals or dangerous goods in accordance with regulatory requirements. • Anyone who comes into contact with or uses any chemical substance (including hazardous waste) or its packaging should understand its properties beforehand. If different chemicals are to be mixed, the risk of mixing should be identified and communicated with the process safety laboratory for testing and evaluation if necessary.
In use	• The packaging or container of all chemicals should be provided with clear and easily identifiable labels indicating the name, composition and precautions of the chemical. When labels fall off, they should be reapplied in a timely manner. • Select a suitable storage location according to the storage conditions of the chemical to ensure that the storage environment meets the safety requirements. • Before reusing chemical containers or packaging, users should conduct relevant inspections to ensure their safety and suitability.
After use	• Chemicals and their packaging should be properly disposed of in accordance with their physical and chemical properties and the requirements of relevant laws and regulations to avoid adverse impacts on safety, health and the environment. • Review and evaluate the current status of chemical management in the plant on a regular basis to ensure the effectiveness and compliance of management measures.

Progress in Chemical Management

Chemical substance registion	• The Company actively carries out registration of chemical substances, follows the relevant laws and regulations on new chemical substances, sorts out, registers, and regularly tracks and maintains the new chemical substances involved. • As of the end of the Reporting Period, the Company has registered nearly 1,000 new chemical substances, covering ecological and health toxicological properties, physicochemical properties, and exposure characteristics of chemical substances.
Hazard identification and assessment	• The Company conducts chemical hazard identification and assessment on a regular basis to identify and respond to relevant risks in a timely manner.

	• During the Reporting Period, the Company organized the second phase of the Hazard Identification and Risk Assessment for Project Process to ensure that the risks of chemical activities during its life cycle are reduced to an acceptable range.
Standard setting and industry communication	• The Company actively participates in the formulation of standards to regulate the management of chemicals in the Company and the industry. • During the Reporting Period, the Company participated in 3 expert seminars in reviewing national standards including GB 17914 Technical Conditions for Storage and Maintenance of Flammable and Explosive Commodities, conducted in-depth communication with the government and other enterprises, and shared its experience for chemical management in the industry.
Chemical substitution and reduction	• The Company insists on controlling the use of hazardous chemicals from the source, and seeks safer and more cost-effective alternative materials to replace high-risk process materials. • In addition to the elimination or substitution of substances of concern in products, the Company strictly controls harmful chemicals that may be used in the production process. Specific measures include adopting new processes, new technologies, and developing greener synthesis routes. For example, the Company developed a continuous gas-liquid two-phase photochemical cycloaddition reaction between maleic anhydride and ethylene. By optimizing the process design and manufacturing new equipment, the Company successfully reduced five synthesis steps and eliminated the use of hazardous reagents, reducing waste by 72% as compared to the original process.

Asymchem launches intrinsic safety substitution for materials work

The Company has established a comprehensive strategy for material substitution with intrinsic safety and has carried out chemical material substitution from the perspectives of flammability, stability, toxicity, and corrosiveness. For example, in terms of flammability, the Company has chosen high flash point and high flash point heat transfer oil instead of low flash point and low flash point heat transfer oil, methyl tert-butyl ether instead of diethyl ether, n-heptane instead of n-hexane, ammonia water instead of liquid ammonia, etc., to reduce the risk of flash explosion; in terms of stability, the Company chooses HoBt monohydrate instead of anhydrous HoBt, low-concentration hydrogen peroxide instead of high-concentration hydrogen peroxide, and meta-chloroperoxybenzoic acid containing stabilizers instead of pure meta-chloroperoxybenzoic acid, etc., to improve the stability of chemicals or reactions.

Strengthen occupational health management

The Company identifies and controls hazardous factors for occupational diseases on a regular basis to verify and address all sorts of latent issues or perils of occupational health in workplaces. The hazardous factors for occupational diseases, which have been verified in the Reporting Period, mainly include chemical factors, dust and physical factors, involving production line workers, laboratory technicians, warehouse keepers, maintenance workers and other employees.

In order to effectively prevent and control occupational disease risks, the Company has established a comprehensive occupational health management system, formulated systems and procedures such as Occupational Health Monitoring and Archives Management System, Personal Protective Equipment Management to carry out occupational health monitoring and management from the Company level and provide employees in relevant positions with standard personal protective equipment from the individual level to ensure that employees perform their duties in a safe and healthy working environment.

Occupational Health Management Measures (Partial)

Occupational health monitoring	• Conduct pre-job, on-the-job, post-job and emergency physical examinations for employees exposed to occupational disease hazards, provide annual welfare physical examinations for other employees, and establish occupational health files to continuously pay attention to employees' health.

	• Set up warning signs at occupational hazard sites to remind employees to pay attention to occupational hazards and implement protective measures. • Install emergency eyewash spray devices in production workshops, R&D and analytical laboratories, warehouses and other areas at risk of acid, alkali or chemical burns, and conduct regular inspections to ensure they are available.
Personal protection management	• Provide employees exposed to occupational hazards with personal protective equipment ("**PPE**") such as gas masks, chemical protective clothing, anti-smashing shoes, earplugs, and conduct relevant training and guidance. • Regularly confirm the effectiveness of the use of protective equipment. For example, conduct annual respiratory fit tests to ensure the effectiveness of protective equipment and minimize occupational health risks for employees who wear close-fitting masks.

Conduct emergency drills and training

The Company has established and improved the occupational health and safety emergency management and training system, and regularly conducts emergency drills and occupational health and safety-themed training to comprehensively improve employees' safety awareness, emergency response capabilities, and protection capabilities to further reduce the risk of safety accidents and safeguard the safety and health of its personnel while ensuring the safety and stability of production operations.

The Company has formulated the procedures of Emergency and Business Continuity Management, Accident Reporting and Investigation Management, and formulated comprehensive emergency response plans, special emergency response plans, on-site disposal plans, business continuity plans and emergency environmental incident response plans. Regular emergency drills, covering topics such as fire and explosion, emergency evacuation, and chemical leakage, continue to enhance employees' safety awareness and ability to respond to incidents. With reference to the AQ3034-2022 Guidelines for Chemical Process Safety Management and other industry standards, the Company has established an accident investigation and notification process, ramped up efforts to report on and investigate near-miss incidents to analyze causes, in an effort to devise preventive measures to forestall incidents.

During the Reporting Period, the Company organized and carried out more than 220 emergency drills, including comprehensive, special and on-site disposal plans. In addition, the Company carried out a series of activities in the safety production month in each factory area, including inviting external experts to conduct safety awareness training for all employees, watching accident warning education videos in the cafeteria, and conducting fire emergency practical training for volunteer firefighters, etc., to further enhance employees' safety awareness and emergency response capacity.

The Company has established the procedures for Employee Training and Contractor Management Procedures, formulated and implemented an occupational health and safety training plan every year, and carried out occupational health and safety training and assessment for all regular employees and all contractor employees to continuously improve the occupational health and safety capabilities of all employees. In addition, the Company carried out occupational health and safety-themed cultural enhancement activities in each factory area. During the Reporting Period, the Company carried out 5 themed cultural enhancement activities, covering key areas such as ergonomics, qualitative and quantitative risk assessment, employee behaviour and habits, industrial ventilation and isolation protection to enhance the effectiveness of the occupational health management system while promoting protective measures to further ensure the health and safety of employees. In addition, the Company participated in the advanced training activities for EHS managers of pharmaceutical enterprises jointly organized by the EHS Specialized Committee of the China Pharmaceutical Enterprise Management Association and Zhejiang Shilitaihe Technology Co., Ltd., (浙江時立態合科技有限公司) and shared advanced practical experiences in environmental protection, production safety, etc., and continuously improved the professional quality of EHS managers.

Occupational Health and Safety Training Management

Measures	Description
Development of training plans	• At the beginning of each year, we formulate an annual occupational health and safety production training plan based on training needs, conduct internal training for all regular employees and all contractor employees, and invite experts to conduct external training.

Measures	Description
	• Training targets and topics such as: ✓ For all employees: Conduct training on topics such as the Job Safety Production Responsibility System, safety risk classification control and hidden danger investigation and treatment dual prevention mechanism, occupational health management, etc. ✓ For new employees: According to the Basic Job Skills Training and Evaluation Plan, conduct three levels of pre-employment training, including factory-level, workshop-level and team-level training. ✓ For personnel with special operational supervision responsibilities: Conduct training on guardians' safety responsibility training. ✓ For volunteer firefighters in the factory area: Conduct practical training on fire emergency facilities. ✓ For special operation personnel such as electricians and welders: Conduct trainings such as Special Operations, Special Operation Management, and Personal Labor Protection Equipment Management.
Conduct training assessments	• After the training of operators, assistant engineers, engineers, managers, deputy directors, and directors of each department, the assessment is carried out according to the assessment requirements of the training plan. • On-site practical exam, written exam. • New employees are qualified to commence their duties after passing the training and assessment at the Company's three levels (factory level, workshop level, and team level). • Special operators such as electricians, welders, and hazardous chemicals work with certificates. • The first aid personnel in the factory area are trained by the Red Cross Society and obtained the Red Cross Society's ambulance personnel certificate. • Contractors are qualified to enter the factory after training and passing the assessment.

Promote intelligent management

The Company actively manages occupational health and safety, and continuously improves the capability and efficiency of occupational health and safety management by upgrading equipment and facilities and introducing intelligent information platforms, etc.

Intelligent Management Measures and Achievements (Partial)

Measures	Description
Renovation and upgrade of equipment and facilities	• Asymchem Pharmaceuticals Co., Ltd.: During the Reporting Period, RMB2.45 million was invested to promote the upgrading of safety process technology and equipment, upgrade the traditional batch reaction device of the hydrogenation process, and introduce continuous equipment micro-channel reactor to improve the level of automation and intelligence to reduce safety risks. • Jilin Asymchem Laboratories: During the Reporting Period, the tank area and warehouse were upgraded and renovated, and the corresponding fire protection system and automatic control system were upgraded to reduce safety risks and improve fire emergency response capabilities. • Liaoning Asymchem: During the Reporting Period, RMB81,000 was invested to upgrade the personnel positioning system and enhance the risk monitoring and early warning function of personnel gathering.
Introduction of intelligent information platforms	• During the Reporting Period, the Company's subsidiaries, Jilin Asymchem Laboratories, Jilin Asymchem Pharmaceuticals Co., Ltd., and Asymchem Laboratories (Jilin) fully implemented the construction of an intelligent information platform, covering management links such as enterprise safety production management, equipment management, special operation management, and dual prevention mechanism management. This platform integrates data from various links and departments to achieve systematic information management of holistic safety production, further improving the Company's management efficiency, and assisting operators in relevant vacancies to complete their tasks more efficiently

	and safely.

Indicators and targets

The Company has formulated the Administrative Measures for EHS Targets and Appraisal, and set the occupational health and safety management targets every year, organized the management to sign the Annual EHS Management Target and Commitment Responsibility Letter and decomposed it step by step to all front-line and grassroots employees in each department, and implemented the full-staff safety production responsibility system. At the same time, the Company has established a relevant performance evaluation mechanism, set a percentage-based quantitative scoring standard and a one-vote veto mechanism, and conducts occupational health and safety performance assessments for management and front-line and grass-roots employees every six months, and the assessment results are used as the assessment component of year-end performance bonus.

The Company formulated and organized the signing of the 2024 EHS Management Target and Commitment Responsibility Letter. The Company had no serious injuries or above, no work-related fatalities, a lost time injury frequency rate ("**LTIFR**") of 0.64 persons/million working hours, and a total recordable incident rate ("**TRIR**") of 3.59 incidents/million working hours. The Company has achieved the following short-term goals for occupational health and safety management. In addition, during the Reporting Period, the Company received a number of honors in occupational health and safety. For example, its subsidiary, Asymchem Life Science, won second place in the "Confined Space Rescue" project in the 2024 Emergency Rescue Team Emergency Response Skill Competition in TEDA.

Occupational Health and Safety Management Targets and Indicators

Short-term targets:

- Conduct occupational health and safety risk identification and assessment at least once a year
- Conduct an emergency drills on the on-site disposal plan semi-annually
- Conduct business interruption drills at least once a year
- Conduct occupational health examinations at least once a year
- Conduct monitoring of occupational disease hazards in workplaces annually
- Conduct internal audits of the occupational health and safety management system twice a year
- No failed customer audits or failed government audits
- No occupational cases
- No administrative penalties due to occupational health and safety

Medium and long-term targets:

- Based on the 2024 indicators, reduce TRIR and LTIFR by 50% each within 5 years

9. Collaborative Development for a Brighter Future

❖ Industry Cooperation and Development

Asymchem is committed to promoting industry cooperation and development. By attending industry conferences and engaging in the formulation of industry standards, it maintains extensive and close interactions with industrial enterprises, industry associations, universities and other partners, and takes the initiative to pass and share its own business experience and core advantages with the industry, and steps forward hand in hand with its upstream and downstream enterprises to contribute its share to building a healthy and sustainable industry.

During the Reporting Period, the Company participated in a total of 68 conferences and activities, including CPHI Milan 2024 ("**CPHI Milan 2024**") and CPHI China 2024 ("**CPHI China 2024**"). Among them, there were 30 domestic market events and 38 international market events. Through these events, the Company has successfully enhanced its brand exposure and industry influence, significantly enhanced its business and brand value, and expanded its potential customer base while consolidating good partnerships with existing customers.

In addition, the Company actively organizes various livestreaming events for technical exchanges and sharing, continuously bringing new thoughts and insights to the industry. During the Reporting Period, the Company held a total of 93 online live broadcast events, with a total of 326,505 viewers, including experts, scholars, industry colleagues, etc.

Participation in Industry Conferences in 2024 (Partial)

Name of meeting	Attendance
2024 API Continuous Manufacturing Technology Exchange Conference	• As a member of the Specialized Committee for Advanced Manufacturing of APIs of the China Pharmaceutical Association of Plant Engineering ("**CPAPE**"), the Company hosted the 2024 API Continuous Manufacturing Technology Exchange Conference. The conference brought together the wisdom and strength of the industry to jointly discuss the latest development trends, technical hotspots and future prospects of continuous manufacturing technology, discuss cooperation, and seek common development. • The Company published the theme report Advanced Manufacturing and Continuous Reaction Technology Development of APIs Aided by Chemical Science, sharing the Company's chemical engineering service capabilities, technical advantages, continuous production project implementation experience, and development progress of new processes in the field of special continuous chemistry, etc.; • The Company published the theme report Discussion on the Application of Continuous Reaction Technology in the Commercial Production of Chemical Small Molecule APIs, sharing the advantages of continuous reaction technology, as well as the Company's intellectual property technology system construction, service capabilities, continuous process development project experience, etc., in the field of continuous reaction technology.
2024 China Pharmaceutical Industry Green Development Conference	• The Company serves as the chairman unit of the Green Pharmaceutical Professional Committee of the China Pharmaceutical Industry Association and hosted the 2024 China Pharmaceutical Industry Green Development Conference. With the theme of Process Prevention, Control, Emission Reduction and Efficiency, the conference discussed starting from the treatment of new pollutants and making full use of advanced environmental protection process technologies such as continuous manufacturing and enzyme catalysis to reduce the generation of pollutants in the life cycle of drugs and other contents to promote the sustainable development of industrial environmental protection.
The 17th Parenteral Drug Industry Congress	• The Company participated in the 17th Parenteral Drug Industry Congress ("**PDI'2024**") and delivered a keynote report on Digital

Name of meeting	Attendance
(PDI'2024)	Laboratory Construction Practice, sharing the Company's practical experience in digital laboratory construction and introducing integrated application advantages of RPA system and LIMS system, etc.
Meeting for soliciting opinions on the Notice on Establishing an Initial Price and Formation of Mechanism for Newly Launched Chemical Drugs to Encourage High-quality Innovation	• The Company participated in the meeting for soliciting opinions on the Notice on Establishing an Initial Price Formation Mechanism for Newly Launched Chemical Drugs to Encourage High-quality Innovation and proposed issues on production scale, production time, cleanliness level, discharge treatment, etc.
Meeting for soliciting opinions on the Implementation Regulations of the Drug Administration Law	• The Company participated in the meeting for soliciting opinions on the Implementation Regulations of the Drug Administration Law and participated in seminars.

The Company actively joins industry associations to access the latest information and status of industrial development and share its operating experience and outstanding practices to facilitate information sharing across the industry. Moreover, we can make our voice heard through industry associations to leave our positive effects for policy formulation and industrial development. As of the end of the Reporting Period, the Company obtained memberships of a total of 14 industry associations. In the Reporting Period, membership fees amounted to RMB210,000.

List of Industry Associations Participated and Role (Partial)

Name of Industry Association	Role
China Pharmaceutical Industry Association	Managing Director
China Pharmaceutical Innovation and Research Development Association	Member
All-China Federation of Industry & Commerce, Medical & Pharmaceutical Chamber	Member
China Chamber of Commerce for Import & Export of Medicines & Health Products	Member
China Pharmaceutical Enterprise Management Association	Member
China Pharmaceutical Association of Plant Engineering	Vice president unit
China Chemical Safety Association	Director unit
China Medicinal Biotechnology Association	Member
China Association for Pharmaceutical Equipment	Member
TEDA Industrial Internet Alliance	Vice chair unit
Tianjin Industrial and Economic Federation	Member
Tianjin Binhai New Area Overseas Chinese Chamber of Commerce	Member
TEDA International Chamber of Commerce	Member
Tianjin Biopharmaceutical Industry Alliance	Vice chair unit

❖ Social Contribution and Rural Revitalization

Social contribution

Strictly abiding by the Law of the People's Republic of China on Donations for Public Welfare and other relevant laws and regulations, Asymchem has continued to work in the field of social welfare, paying extensive attention to medical and health care, community development, education assistance and other public welfare areas, and has established an organizational structure for public welfare undertakings, under the overall management and supervision of the Group's public business department; based on the enterprises in Tianjin, Jilin, Liaoning, Shanghai, Jiangsu and other places as the actual promoters and organizers, the Company implements and promotes the Company's public welfare process in accordance with the law.

In the process of promoting the implementation of public welfare, the Company has connected with the Red Cross at all levels, governments at all levels, and universities, etc., to understand the needs of public welfare and carry out public welfare and charity activities, and successively establishes scholarships and teaching awards in many universities to help improve the national and regional medical level and promote the development of national education. During the Reporting Period, the Company was awarded the Outstanding Social Contribution Award by the TEDA Committee of the Communist Party of China and the TEDA Management Committee. The progress of the Company's public welfare projects is as follows.

Progress of Public Welfare and Charity Projects

Area	Specific Projects and Progress
Healthcare	• Donated RMB200,000 to the TEDA Charity Association, which was donated to the "Hope for Heart" (心希望) special fund for poverty-stricken children care and medical care to help children with congenital heart disease from poor families to complete rehabilitation surgery.
Community Development	• Donated RMB20,000 to the Red Cross Society of Tianjin Binhai New Area to promote collaboration and support cooperation between the east and the west (corresponding to the TEDA Group Work Department). • Donated RMB20,000 to the Red Cross Society of Tianjin Binhai New Area to promote collaboration and support cooperation between the east and the west (corresponding to the Committee of Non-public Economic Organizations and Social Organizations of the TEDA of the Communist Party of China).
Education Assistance	• Donated RMB20,000 to the Education Foundation of Shanghai Jinshan District Education Bureau. • Donated RMB20,000 to establish a scholarship at Hebei University of Technology to support the development of education and teaching.

Rural revitalization

Asymchem strictly abides by the Law of the People's Republic of China on the Promotion of Rural Revitalization, the Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People's Republic of China, the 14th Five-Year Plan on the Promotion of Agricultural and Rural Modernization, the Implementation Measures for the Responsibility System for Rural Revitalization, and other relevant laws and regulations and carries out work related to rural revitalization in accordance with the law.

The Company has established an organizational structure for rural revitalization, which is under the overall management and supervision of the Group's Public Business Department; with the subsidiaries/branches distributed in Tianjin, Jilin, Liaoning, Shanghai, Jiangsu, and other places as the actual promoters and organizers, the Company implements and promotes the rural revitalization process in accordance with the law.

In the process of promoting the implementation of rural revitalization, the Company actively organizes and participates in relevant forums, connects with governments at all levels, maintains good interaction with villagers, and understands the development of local rural revitalization and the actual needs of villagers, so as to take targeted action to promote rural revitalization. During the Reporting Period, the Company invested RMB477,000 in rural revitalization; as of the end of the Reporting Period, the Company's accumulated investment in rural revitalization exceeded RMB770,000. The progress of the Company's

rural revitalization plan is as follows.

Rural Revitalization Project Progress

Measures	Specific Projects and Progress
Support infrastructure construction	• During the Reporting Period, the Company continued to promote the "Replacement of Roofs of Village Residents' Houses with New Tiles in Winter" project in Heshan Village, Hanzhang Town, Dunhua City, Jilin Province. The project was launched in 2023 and the Company has donated RMB120,000 to the Villagers' Committee of Heshan Village, Hanzhang Town, Dunhua City.
Carry out consumption assistance	• In cooperation with Antu County, Yanbian Korean Autonomous Prefecture, Jilin Province to provide targeted support for agricultural product procurement, etc. During the Reporting Period, we purchased fungus from Liming Forest Farm, Antu County, Yanbian Korean Autonomous Prefecture, Jilin Province for employee welfare, etc., with a total purchase amount exceeding RMB250,000.
Carry out employment assistance	• Visited the surrounding towns and villages of Dunhua City, Jilin Province, organized multiple online and offline recruitment activities, and visited and exchanged activities with major universities in Jilin Province with compatible majors. While enriching and improving the Company's various professional pharmaceutical R&D and production personnel, it also drives the employment of 385 people in 38 counties in Jilin Province.

10. ESG Data Tables and Notes

❖ Governance and Economic Performance

Economic Performance[1]

Indicator	Unit	2022	2023	2024
Revenue	RMB10,000	1,023,018.6	778,143.6	580,465.7
Revenue from main business[2]	RMB10,000	1,024,905.24	781,891.25	579,710.20
Total assets	RMB10,000	1,823,927.3	1,976,715.9	1,928,855.6
Net profit attributable to owners of the parent	RMB10,000	330,163.5	226,881.1	94,895.0
Total of cash dividends (tax inclusive)[3]	RMB10,000	66,441.13	64,193.91	39,036.73
Cash dividends per 10 shares (tax inclusive)	RMB	18.00	18.00	11.00

1 Information note: Unless otherwise state, all financial data in this ESG Report is prepared in accordance with International Financial Reporting Standards ("**IFRS**"), differing from the financial information disclosed in the SZSE report, which follows the China Accounting Standards for Business Enterprise.
2 Information note: The revenue from main business is based on the financials prepared in accordance with the China Accounting Standards for Business Enterprise.
3 Information note: Total of cash dividends (tax inclusive) for 2022 and 2023 represent the actual distribution amounts, while the total cash dividends (tax inclusive) for 2024 reflect the proposed distribution amount approved at the General Meeting.

Corporate Governance

Indicator	Unit	2022	2023	2024
Number of members of the Board of Directors	Person	9	9	9
Number of independent Directors	Person	3	3	3
Number of executive Directors	Person	4	4	4
Number of non-executive Directors	Person	2	2	2
Number of independent nonexecutive Directors	Person	3	3	3
Number of female Directors	Person	4	4	4
Percentage of independent Directors on the Board	%	33.33	33.33	33.33
Percentage of independent nonexecutive Directors on the Board	%	33.33	33.33	33.33
Percentage of female Directors on the Board	%	44.44	44.44	44.44
Number of members of the Board of Supervisors	Person	3	3	3
Number of employee Supervisors	Person	1	1	1
Percentage of employee Supervisors on the Board of Supervisors	%	33.33	33.33	33.33
Number of Shareholders Meetings	Times	6	2	4

Indicator	Unit	2022	2023	2024
Number of proposals considered at General Meetings	Proposal	36	19	27
Number of Board Meetings	Times	15	10	15
Number of proposals considered at Board Meetings	Proposal	69	49	45
Number of meetings of the Strategy Committee under the Board of Directors	Times	1	1	1
Number of meetings of the Audit Committee under the Board of Directors	Times	6	5	4
Number of meetings of the Nominating Committee under the Board of Directors	Times	2	2	3
Number of meetings of the Compensation and Appraisal Committee under the Board of Directors	Times	2	2	4
Number of meetings of the Board of Supervisors	Times	9	10	11
Number of proposals considered at meetings of the Board of Supervisors	Proposal	38	34	27

Anti-bribery and Anti-corruption

Indicator	Unit	2022	2023	2024
Number of Directors receiving anti-bribery and anti-corruption training	Person	9	9	9
Coverage of Directors receiving anti-bribery and anti-corruption training [1]	%	100	100	100
Average hours of anti-corruption and anti-bribery training per Director [2]	Hours	2.00	2.00	2.00
Number of management staff receiving anti-bribery and anti-corruption training [3]	Person	/	2,500	3,367
Coverage of management receiving anti-bribery and anti-corruption training [1,3]	%	/	100	100
Average hours of anti-corruption and anti-bribery training per management staff [2,3]	Hours	/	1.00	1.00
Number of staff receiving anti-bribery and anti-corruption training [4]	Person	9,719	9,788	9,595
Coverage of employees receiving anti-bribery and anti-corruption training [1,4]	%	100	100	100

Indicator	Unit	2022	2023	2024
Average hours of anti-bribery and anti-corruption training per employee[2,4]	Hours	2.00	2.00	1.50
Number of concluded corruption cases regarding corruption practices against the issuer or its employees during the Reporting Period	Case	0	0	0

1 Calculation formula: Coverage of Directors (or management or employees) receiving anti-bribery and anti-corruption training = Number of Directors (or management or employees) receiving anti-corruption and anti-bribery training / Total number of Directors (or management or employees)* 100%.
2 Calculation formula: Average hours of anti-bribery and anti-corruption training per Director (or management staff or employees) = Total hours of anti-bribery and anti-corruption training for Directors (or management or employees) / Total number of Directors (or management staff or employees).
3 Information note: The indictors related to the management's anti-bribery and anti-corruption training in 2022 are not included in the statistics. Therefore, relevant data have not been disclosed.
4 Information note: In 2022 and 2023, the data source of anti-bribery and anti-corruption training for staff includes full-time employees engaged under labour contracts and employees engaged in other types of employment (interns, disabled and rehired employees). In 2024, the data source of anti-bribery and anti-corruption training for staff includes full-time employees engaged under labour contracts.

Data Security and Privacy Protection

Indicator	Unit	2022	2023	2024
Percentage of information security facilities/operation sites with ISO 27001 certification	%	100	100	100
Number of confirmed incidents of leakage, theft, or loss of customer data	Incident	0	0	0
Amount involved in the customer privacy breach incident	RMB10,000	0	0	0
Amount involved in the data security incident	RMB10,000	0	0	0
Total number of customers, clients and employees affected by information security related breaches	Persons	0	0	0

❖ Product and Service Performance

Product and Service Management Performance

Indicator	Unit	2022	2023	2024
Number of inspections by regulatory authorities [1]	Times	7	13	33
Number of FDA warning letters received[2]	Times	0	0	0
Percentage of total products sold or shipped subject to recalls for safety and health reasons (by sales)	%	0	0	0
Total number of material products and service-related complaints received	Incident	0	0	0
Rate of complaints handled regarding products and services	%	100	100	100
Number of incidents of violating laws and regulations on products and services	Incident	0	0	0
Total amount of fines for violating laws and regulations on products and services	RMB10,000	0	0	0
Amount involved in damages from major safety and quality liability incidents related to products and services	RMB10,000	0	0	0

1 Information note: Regulatory authorities represent official regulatory authorities where the Company operates and the manufactured products are ultimately sold, such as FDA, PMDA, TGA, MFDS, HC and NMPA.
2 Information note: From 2022 to 2024, the revenue of the Company has not been affected by FDA warning letters.

Intellectual Property Protection

Indicator	Unit	2022	2023	2024
Number of patents application during the Reporting Period	Application	93	100	134
Number of patents licensed during the Reporting Period	Patent	48	67	127
Number of software copyright registrations during the Reporting Period	Registration	1	22	8
Number of trademarks granted during the Reporting Period	Trademark	7	17	0
Number of invention patents applied in main business	Patent	194	245	374
Number of incidents of violating laws regarding the protection of trade secrets (including intellectual property rights)	Incident	0	0	0

❖ Supply Chain Performance

Supply Chain Performance

Indicator		Unit	2022	2023	2024
Total number of suppliers[1]		Supplier	5,084	5,594	6,991
Categorized by geography	Number of suppliers in Mainland China[1]	Supplier	4,834	5,396	6,650
	Number of suppliers in Hong Kong, Macao, Taiwan and overseas regions[1]	Supplier	250	198	341
Categorized by supply relationship	Number of direct suppliers[2]	Supplier	/	1,617	1,855
	Number of indirect suppliers[2]	Supplier	/	3,977	5,136
Categorized by importance	Number of key suppliers[2]	Supplier	/	1,444	1,691
	Number of non-key suppliers[2]	Supplier	/	4,510	5,300
Number of direct key suppliers[2]		Supplier	/	558	588
Percentage of direct key suppliers' procurement expenditure in all direct suppliers 'procurement expenditure [2]		%	/	30.98	38.09
Number of indirect key suppliers[2]		Supplier	/	886	1,103
Percentage of suppliers signing the Sunshine Cooperation Agreement		%	100	100	100
Percentage of suppliers signing the agreement containing provisions on requirements for environment and labour		%	100	100	100
Number of suppliers conducting social impact assessments[3]		Supplier	1,251	1,617	1,855
Number of suppliers conducting environmental impact assessments[3]		Supplier	1,251	1,617	1,855
Number of suppliers participating in training on safety and environmental protection		Supplier	1,251	1,617	1,855
Total number of new suppliers		Supplier	1,110	1,089	782
Categorized by selection standards	Percentage of suppliers selected by social standards[4]	%	91	97	98
	Percentage of new suppliers selected by environmental standards[4]	%	26	35	37

1 Information note: In 2024, the number of suppliers increased compared to last year, mainly due to the increase in the demand for the Company's projects.

2 Information note: Relevant data has not been disclosed as the indicators above were not included in the statistics in 2022.

3 Information note: The Company conducts social and environmental impact assessments on suppliers on-site or remotely, covering all direct suppliers.

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

❖ R&D Innovation Performance

R&D Innovation

Indicator	Unit	2022	2023	2024
Number of R&D personnel	Person	4,656	4,752	4,653
Percentage of R&D personnel	%	47.91	48.55	48.49
Investment in R&D costs	RMB10,000	70,889.1	70,786.3	61,449.0
Investment in R&D costs[1]	RMB10,000	70,889.1	70,786.4	61,449.0
Percentage of investment in R&D costs in revenue[2]	%	6.93	9.10	10.59
Percentage of investment in R&D costs in revenue from main business[1]	%	6.92	9.05	10.60

1 Information note: Investment in R&D costs and the data of revenue from main business used in calculation the percentage are financial data based on the China Accounting Standards for Business Enterprise.

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

❖ Environmental Performance

Environmental Compliance Management

Indicator	Unit	2022	2023	2024
Number of penalty incidents for violating environmental protection laws and regulations	Incident	0	0	0
Total amount of fines for violating environmental protection laws and regulations	RMB10,000	0	0	0

Energy Utilization

Indicator		Unit	2022	2023	2024
Comprehensive energy consumption[1]		MWh	563,488	576,147	542,709
Comprehensive energy consumption intensity (RMB per unit of revenue)[1]		MWh/RMB10,000	0.55	0.74	0.93
Direct energy consumption[1]		MWh	252,174	171,441	117,337
Indirect energy consumption[1]		MWh	311,314	404,706	425,372
Comprehensive energy consumption[1,2]		Tonnes of standard coal	69,302	70,859	66,747
Comprehensive energy consumption intensity (RMB per unit of revenue)[1]		Tonnes of standard coal/RMB10,000	0.07	0.09	0.11
Direct energy consumption[1]		Tonnes of standard coal	31,014	21,085	14,431
Indirect energy consumption[1]		Tonnes of standard coal	38,288	49,774	52,315
Consumption of purchased electricity		MWh	232,038	242,624	259,142
Categorized by the nature of electricity	Consumption of purchased electricity from renewable energy[3,4]	MWh	/	21,350	57,028
	Consumption of purchased electricity from non-renewable energy	MWh	232,038	221,274	202,114
Consumption of purchased steam		GJ	285,393	482,991	547,916
Raw coal consumption		Ton	34,829	15,933	10,299
Natural gas consumption		m^3	4,592,471	6,565,448	4,553,646
Consumption of purchased hot water[3]		GJ	/	100,504	50,512
Consumption of diesel with stationary pollution source[3]		Tonnes	/	380	528

Indicator		Unit	2022	2023	2024
Gasoline consumption in official vehicles[3]		Litres	/	224,166	152,681
Diesel consumption in official vehicles		Litres	23,000	137,530	63,232
Consumption of self-produced renewable energy[5]		MWh	/	35	36
Consumption of clean energy		MWh	49,663	92,384	106,306
Categorized by types of energy	Natural gas	m^3	4,592,471	6,565,448	4,553,646
	Wind power	MWh	/	21,350	57,028
	Solar power	MWh	/	35	36
Categorized by the type of energy	Percentage of consumption of natural gas	%	100	76.85	46.32
	Percentage of consumption of wind power	%	/	23.11	53.64
	Percentage of consumption of solar power	%	/	0.04	0.03

1 Information note: Comprehensive energy consumption, direct energy consumption and indirect energy consumption were calculated in accordance with the GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption. Among them, the average lower heating values (raw coal 20,908 kJ/kg, natural gas 38,931 kJ/normal cubic meter, diesel 42,652 kJ/kg, and gasoline 43,070 kJ/kg) were from the China Energy Statistics Yearbook (2023). Typical density at 20°C was selected for density (diesel 0.85 kg/liter, gasoline 0.74 kg/liter) with reference to the US DOE/EIA and GB 17930-2016 Gasoline for Motor Vehicles). In addition, in 2022, direct energy consumption included the consumption of raw coal, natural gas, diesel with stationary pollution source, gasoline for official vehicles and diesel for official vehicles. Indirect energy consumption included the consumption of purchased electricity and purchased steam. In 2023 and 2024, direct energy consumption includes the consumption of raw coal, natural gas, diesel with stationary pollution source and self-produced renewable energy of the Company. Indirect energy consumption includes the consumption of purchased electricity, purchased steam and purchased hot water. This report retrospectively updated the comprehensive energy consumption disclosed for 2023 in the ESG Report for 2023.

2 Information note: Due to the accuracy of the disclosed data, the data is slightly different from the direct calculation results of direct energy consumption and indirect energy consumption disclosed in this Report. The final data disclosed in this table shall prevail.

3 Information note: Purchased renewable electricity, purchased hot water, diesel with stationary pollution source and gasoline for official vehicles are used in the Company's operation. The indicators above were not included in the statistics in 2022. Therefore, the relevant data have not been disclosed.

4 Information note: This report retrospectively updates the consumption of purchased electricity from renewable energy for 2023 disclosed in the ESG Report for 2023 of the Company based on the green electricity certificate received in 2024.

5 Information note: In 2022, the consumption of self-produced renewable energy was small and not included in the statistics. Therefore, the relevant data have not been disclosed.

Climate Change Tackling

Indicator	Unit	2022	2023	2024
Scope 1 greenhouse gas emissions[1]	Tonnes of carbon dioxide equivalent	76,747.78	46,854.49	31,786.56
Scope 2 greenhouse gas emissions (based on location)[2]	Tonnes of carbon dioxide equivalent	163,724.50	202,552.92	204,882.44
Scope 2 greenhouse gas emissions (based on market) [2,3]	Tonnes of carbon dioxide equivalent	163,724.50	190,377.01	184,185.04
Total greenhouse gas emissions (Scope 1 plus Scope 2) (based on location)	Tonnes of carbon dioxide equivalent	240,472.28	249,407.41	236,669.00
Total greenhouse gas emissions (Scope 1 plus Scope 2) [3](based on market)	Tonnes of carbon dioxide equivalent	240,472.28	237,231.51	215,971.60
Intensity of greenhouse gas emissions (Scope 1 plus Scope 2)(based on location) (per unit of revenue)	Tonnes of carbon dioxide equivalent/RMB10,000	0.24	0.32	0.41
Intensity of greenhouse gas emissions (Scope 1 plus Scope 2)(based on market) (per unit of revenue)[3]	Tonnes of carbon dioxide equivalent/RMB10,000	0.24	0.30	0.37

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

2 Information note: the Scope 2 greenhouse gas emissions include the indirect greenhouse gas emissions from consumption of purchased electricity, steam and hot water and the calculation is based on the emission factor method in accordance with Appendix 2 of the SEHK's Environmental, Social and Governance Reporting Guide, Guidelines for the Compilation of Environmental Key Performance Indicators (March 2022). Based on location, the greenhouse gas emission factor of purchased electricity was selected from China's national grid average, with reference to the Guidelines on Accounting and Reporting of Greenhouse Gas Emissions for Enterprises: *Power Generation Facilities (Revised 2022)*, *the Circular on Efficiently Managing the Reporting of Greenhouse Gas Emissions from Enterprises in the Power Generation Sector in 2023-2025* and *the Announcement on the Release of CO_2 Emission Factors for Electricity in 2022* issued by the Ministry of Ecology and Environment of the People's Republic of China, which was 0.5703 tonnes of carbon dioxide/MWh in 2022 and 2023 and 0.5366 tonnes of carbon dioxide/MWh in 2024. Based on market, the greenhouse gas emission factor of purchased non-renewable electricity was 0.5703 tonnes of carbon dioxide/MWh in 2022 and 2023. The greenhouse gas emission factor of purchased non-renewable electricity was 0.5856 tonnes of carbon dioxide/MWh in 2024. The greenhouse gas emission factor of purchased renewable electricity was 0 tonnes of carbon dioxide/MWh. Such factors of purchased steam and hot water were both derived from the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises of Other Industries in Industrial Sectors (for Trial Implementation) (2015) issued by the National Development and Reform Commission, which was 0.11

tonnes of carbon dioxide equivalent/GJ.
3 Information note: Scope 2 greenhouse gas emissions, total greenhouse gas emissions (Scope 1 plus Scope 2) and intensity of greenhouse gas emissions (Scope 1 plus Scope 2) (per unit of revenue) disclosed in the ESG Report for 2023 of the Company were calculated based on market. As this report has retrospectively updated the consumption of purchased renewable electricity in 2023, the data in 2023 for the above indicators have also been retrospectively updated accordingly.

Water Resources Utilization

Indicator	Unit	2022	2023	2024
Total water consumption[1]	m^3	1,749,056	1,763,925	1,735,049
Water consumption intensity (RMB per unit of revenue)	m^3/RMB10,000	1.71	2.27	2.99

1 Information note: The water consumption sources outlined herein exclusively pertain to municipal water supply.

Raw Material and Packaging Management

Indicator	Unit	2022	2023	2024
Total packaging materials used for finished products[1]	Tonnes	106.22	157.68	196.21
Intensity of packaging materials used for finished products (RMB per unit of revenue)[2]	Kg/RMB10,000	0.104	0.200	1.544

1 Information note: In 2024, the total packaging materials used for finished products grew compared to the previous year, which primarily attributed to the drug product business line of the Company expanded into projects such as parenteral formulations (suspensions), oral peptide drugs, aseptic and high-potency formulations in 2024. Reserve of commercial orders are for the newly opened commercial production lines of pre-filled syringes and pen syringes, which involved the use of larger packing materials such as granules, aluminum foil, hard films, injection bottles, composite bags and rubber stoppers.
2 Information note: In 2024, as the total packing materials used for finished products of the Company grew, the intensity of packing materials used for finished products (RMB per unit of revenue) increased.

Wastewater Emission

Indicator	Unit	2022	2023	2024
Total wastewater emissions[1]	m^3	882,389	855,079	1,146,519
Wastewater discharge intensity (RMB per unit of revenue)	m^3/RMB10,000	0.86	1.10	1.98
Chemical oxygen demand (COD) emissions[1]	Kg	101,836	92,764	168,132
Intensity of chemical oxygen demand (COD) emissions (RMB per unit of revenue)	Kg/RMB10,000	0.100	0.119	0.290
Ammonia nitrogen (NH_3-N) emissions[1]	Kg	8,452	8,771	9,322
Intensity of NH_3-N emissions (RMB per unit of revenue)	Kg/RMB10,000	0.008	0.011	0.016

1 Information note: In 2024, the total wastewater emissions and the emission of COD and NH_3-N increased, mainly due to the opening of new plants of the Company and the increase in operating areas.

Waste Gas Emission

Indicator	Unit	2022	2023	2024
Nitrogen oxides (NO_x) emissions	Kg	97,357	64,915	75,782

Indicator	Unit	2022	2023	2024
Intensity of NO_x emissions (RMB per unit of revenue)	Kg/RMB10,000	0.095	0.083	0.131
Sulfur oxides (SO_x) emissions	Kg	50,763	25,947	31,679
Intensity of SO_x emissions (RMB per unit of revenue)	Kg/RMB10,000	0.050	0.033	0.055
Particulate matter (PM) emissions	Kg	11,245	7,574	10,900
Intensity of PM emissions (RMB per unit of revenue)	Kg/RMB10,000	0.011	0.010	0.019
Volatile organic compounds (VOCs) emissions	Kg	38,519	50,138	30,788
Intensity of VOCs emissions (RMB per unit of revenue)	Kg/RMB10,000	0.038	0.064	0.053

Waste Management

Indicator		Unit	2022	2023	2024
Total amount of non-hazardous wastes [1]		Ton	12,678	7,239	6,564
By disposal method	Incineration with energy recovery[2]	Ton	/	/	169
	Recycling/reuse	Ton	844	6,735	6,389
	Landfills[2]	Ton	/	/	6
Intensity of non-hazardous wastes (RMB per unit of revenue)		Ton/RMB10,000	0.012	0.009	0.011
Total amount of hazardous wastes [3]		Ton	87,423	35,179	64,827
By disposal method	Incineration with energy recovery [2]	Ton	/	/	39,278
	Recycling/reuse	Ton	1,839	4,271	13,365
	Landfills[2]	Ton	/	/	4,108
	Unknown methods[2]	Ton	/	/	4,311
	Others[2]	Ton	/	/	3,765
Intensity of hazardous waste (RMB per unit of revenue)		Ton/RMB10,000	0.085	0.045	0.112

1 Information note: Data source of non-hazardous waste includes industrial solid waste defined in the Catalogue for the Classification and Codes of Solid Waste.

2 Information note: The indicators of amount of non-hazardous waste and amount of hazardous waste by disposal method (except recycling/reuse) were not included in the statistics in 2022 and 2023. Therefore, the relevant data has not been disclosed.

3 Information note: Data source of hazardous waste includes hazardous waste defined in the National Hazardous Waste List. In 2024, the total amount of hazardous waste increased compared to the previous year, mainly attributable to the Company's investment in new capacity and changes in projects.

❖ General Employment and Labour Performance

Employment Compliance

Performance Indicator		Unit	2022	2023	2024
Total number of penalty incidents for violating the laws and regulations relating to employment and labour		Incident	0	0	0
By cause of incident	Number of penalty incidents for violating the laws and regulations relating to recruitment and dismissal of employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on working hours and holidays for employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on promotion and equal opportunities for employees	Incident	0	0	0
	Number of penalty incidents for violating the laws and regulations on antidiscrimination and diversity for employees	Incident	0	0	0

Employee Employment

Indicator		Unit	2022	2023	2024
Number of full-time employees engaged under labour contracts[1]		Person	9,650	9,669	9,595
Number of employees engaged in other types of employment[1]		Person	69	119	201
By gender	Number of male employees	Person	6,740	6,539	6,500
	Number of female employees	Person	2,979	3,249	3,095
By age group	Number of employees aged 51 and above[2]	Person	120	145	194
	Number of employees aged 41-50	Person	528	693	787
	Number of employees aged 31-40	Person	2,965	3,207	3,470
	Number of employees aged 30 and below	Person	6,106	5,743	5,144
By geographic region	Number of employees working in Mainland China	Person	9,652	9,705	9,426
	Number of employees working in Hong Kong, Macao and Taiwan	Person	0	2	2
	Number of employees working overseas	Person	67	81	167
By education	Number of employees with the Doctor degree as the highest education	Person	272	308	326

Indicator		Unit	2022	2023	2024
	Number of employees with the Master degree as the highest education	Person	1,682	1,940	1,974
	Number of employees with the Bachelor degree and below	Person	7,765	7,540	7,295
By employee category	Number of grass-roots employees[3]	Person	9,180	7,288	6,228
	Number of junior managers[3]	Person	/	1,863	2,613
	Number of middle managers	Person	436	517	612
	Number of senior managers	Person	103	120	142
By position	Number of employees in charge of production	Person	3,314	3,380	3,362
	Number of employees in charge of sales	Person	92	73	84
	Number of employees in charge of R&D and analysis	Person	4,656	4,752	4,653
	Number of employees in charge of supply and purchase	Person	282	266	198
	Number of employees in charge of infrastructure and equipment	Person	566	572	594
	Number of employees in charge of finance and administration	Person	809	745	704
Number of minority employees		Person	718	704	694
Percentage of female employees[4]		%	30.65	33.19	32.26
Percentage of female employees in management [3,4]		%	28.94	30.28	30.71
By employee category	Percentage of female junior employees [3,4]	%	/	30.01	31.73
	Percentage of female middle managers[4]	%	31.19	34.24	29.58
	Percentage of female senior managers [4]	%	19.42	17.50	16.90
Number of female employees in C-suite		Person	1	1	3
Percentage of female managers in revenue-generating departments[4,5]		%	/	27.68	27.82
Percentage of female employees in Science, technology, engineering and mathematics ("**STEM**") related positions [4,5]		%	/	40.61	43.16
Total number of new employees		Person	5,000	2,769	2,363
By gender	Number of new male employees	Person	3,326	1,964	1,806
	Number of new female employees	Person	1,674	805	557
Percentage of employees filling vacant positions by internal competition [6]		%	25.17	32.55	26.55

Indicator		Unit	2022	2023	2024
By gender	Percentage of male employees filling vacant positions by internal competition[6]	%	19.30	30.16	20.84
	Percentage of female employees filling vacant positions by internal competition [6]	%	9.80	15.32	8.94
By employee category	Percentage of grass-roots employees filling vacant positions by internal competition [6]	%	12.63	19.72	2.48
	Percentage of junior managers filling vacant positions by internal competition [6]	%	14.30	15.40	19.71
	Percentage of middle managers filling vacant positions by internal competition [6]	%	3.21	4.62	6.97
	Percentage of senior managers filling vacant positions by internal competition [6]	%	0.3s2	0.65	1.54
Average service year of male employees		Year	6.38	7.34	8.10
Average service year of female employees		Year	5.54	5.87	6.70
Return on human capital investment[7]		/	/	/	1.53

1 Information note: For 2022 and 2023, the data source of employee employment included full-time employees engaged under labour contract and employees engaged in other types of employment (interns, disabled employees and rehired employees). For 2024, except for "Number of employees engaged in other types of employment", the data source of employee employment included full-time employees engaged under labour contract.
2 Information note: For 2024, the number of employees aged 51 and above increased, mainly due to the natural increase in the age of employees and the number of employees in this age group joining the Company.
3 Information note: For 2022, the Company did not disaggregate statistics on the number of grass-roots employees and junior managers. The data of employees of these two categories were combined in disclosure under the indicator "grass-roots employees".
4 Calculation formula: Percentage of female employees in a particular category= Number of female employees in a particular category/Total number of employees in a particular category*100%.
5 Information note: Percentage of female managers in revenue-generating departments and percentage of female employees in STEM-related positions were not included in the statistics in 2022. Therefore, the relevant data has not been disclosed.
6 Calculation formula: Percentage of employees in a particular category filling vacant positions by internal competition= Number of employees in a particular category filling vacant positions by internal competition/ (Number of employees in a particular category filling vacant positions by internal competition + Number of new employees in a particular category filling vacant positions)*100%.
7 Calculation formula: = (Revenue – (Operating expenses – Total amount of salary and benefits of staff paid by the Company))/ Total amount of salary and benefits of staff paid by the Company. Information note: For 2022 and 2023, the return on human capital investment was not included in the statistics. Therefore, the relevant data has not been disclosed.

Employee Turnover Rate[1,2]

Indicator		Unit	2022	2023	2024
Employee turnover rate		%	13.23	13.75	13.77
	Turnover rate of male employees	%	13.77	14.50	15.17

Indicator		Unit	2022	2023	2024
By gender	Turnover rate of female employees	%	11.99	12.19	10.68
By age group	Employee turnover rate aged 51 and above	%	0.37	0.47	0.47
	Employee turnover rate aged 41-50	%	2.09	3.37	3.37
	Employee turnover rate aged 31-40	%	8.05	6.25	6.25
	Employee turnover rate aged 30 and below	%	14.18	16.13	16.13
By geographical region	Employee turnover rate working in Mainland China	%	13.29	13.69	13.87
	Employee turnover rate working in Hong Kong, Macao and Taiwan	%	0.00	0.00	0.00
	Employee turnover rate working overseas	%	4.29	19.80	7.73
By employee category	Turnover rate of grass-roots employees[3]	%	13.67	16.28	18.03
	Turnover rate of junior managers[3]	%		5.81	5.02
	Turnover rate of middle managers	%	4.60	4.44	3.32
	Turnover rate of senior managers	%	6.36	3.23	2.07

1 Calculation formula: Employee turnover rate in a particular category = Number of employees in a particular category leaving office / (Number of employees in a particular category in-service + Number of employees leaving the Company in a particular category)* 100%.
2 Information note: For 2022 and 2023, the data source of employee turnover included full-time employees engaged under labour contract and employees engaged in other types of employment (interns, disabled employees and rehired employees). For 2024, the data source of employee turnover included full-time employees engaged under labour contract.
3 Information note: For 2022, the Company did not disaggregate statistics on the number of grass-roots employees and junior managers. The data of employees of these two categories were combined in disclosure.

Employee Rights and Benefits

Indicator	Unit	2022	2023	2024
Labour contract signing rate[1]	%	100	100	100
Coverage of social insurance[1]	%	100	100	100
Coverage of employees' physical examination[2]	%	100	100	100

1 Information note: The data source of labour contract signing rate and coverage of employees' physical examination is full-time employees engaged under labour contract.
2 Information note: For 2022 and 2023, the data source of coverage of employees' physical examination included full-time employees engaged under labour contract and employees engaged in other types of employment (interns, disabled employees and rehired employees). For 2024, the data source of coverage of employees' physical examination included full-time employees engaged under labour contract.

Employee Training[1]

Indicator		Unit	2022	2023	2024
Number of employee training		Sessions	18,200	19,847	20,600
Total expenditure on employee training		RMB10,000	435.65	524.75	439.28
Percentage of employee trained[2]		%	100	100	100
By gender	Percentage of male employees trained	%	100	100	100
	Percentage of female employees trained	%	100	100	100
By age group	Percentage of trained employees aged 51 and above	%	100	100	100
	Percentage of trained employees aged 41 to 50	%	100	100	100
	Percentage of trained employees aged 31 to 40	%	100	100	100
	Percentage of trained employees aged 30 and below	%	100	100	100
By employee category	Percentage of grass-roots employees trained[3]	%	100	100	100
	Percentage of junior managers trained[3]	%		100	100
	Percentage of middle managers trained	%	100	100	100
	Percentage of senior managers trained	%	100	100	100
Average training hours of employees[4]		Hours	90.00	110.19	125.42
By gender[5]	Average training hours of male employees	Hours	90.00	110.39	123.88
	Average training hours of female employees	Hours	90.00	109.81	128.65
By age group[5]	Average training hours of employees aged 51 and above	Hours	90.00	110.19	125.42
	Average training hours of employees aged 41 to 50	Hours	90.00	110.19	125.42
	Average training hours of employees aged 31 to 40	Hours	90.00	110.19	125.42
	Average training hours of employees aged 30 and below	Hours	90.00	110.19	125.42
By employee category[5]	Average training hours of grassroots employees[3]	Hours	90.00	110.26	125.90
	Average training hours of junior managers[3]	Hours		110.19	125.42

Indicator		Unit	2022	2023	2024
	Average training hours of middle managers	Hours	90.00	110.15	122.16
	Average training hours of senior managers	Hours	90.00	105.03	118.35

1 Information note: For 2022 and 2023, the data source of employee training performance included full-time employees engaged under labour contract and employees engaged in other types of employment (interns, disabled employees and rehired employees). For 2024, the data source of employee training performance included full-time employees engaged under labour contract.
2 Calculation formula: Coverage of training of employees in a particular category = Number of employees trained in a particular category / Number of employees in a particular category* 100%.
3 Information note: For 2022, the Company did not disaggregate statistics on the number of grass-roots employees and junior managers. The data of employees of these two categories were combined in disclosure.
4 Calculation formula: Average training hours of employees in a particular category = Total training hours of employees in a particular category / Number of employees in a particular category.
5 Information note: For 2022, the Company was unable to furnish information regarding the average number of training hours received by employees categorized by gender, age group and rank. Consequently, the data remained consistent across different genders, age groups and ranks. However, with enhancements made to the training system, the Company successfully complied statistics of training hours by gender and rank since 2023.

Occupational Health and Safety[1]

Indicator	Unit	2022	2023	2024
Employee coverage of work-related injury insurance	%	100	100	100
Amount of work-related injury insurance for employees	RMB10,000	203.73	482.03	554.85
Employee coverage of work safety liability insurance	%	100	100	100
Amount of work safety liability insurance for employees	RMB10,000	54.37	54.35	52.69
Number of employees having taken the physical examination of occupational hazards	Person	3,440	6,856	5,448
Number of employees having occupational hazards	Person	0	0	0
Number of lost days due to work injury[2]	Day	879	380	748.5
Percentage of employees who died as a result of work-related fatalities[3]	%	0	0	0
Lost Time Injury Frequency Rate ("**LTIFR**") [4]	Injuries/million working hours	1.08	0.45	0.64
Coverage of employee training on occupational health and safety[5]	%	/	100	100
Number of penalty incidents for violating laws and regulations regarding occupational health and safety[6]	Incident	0	0	2

1 Information note: In 2022 to 2024, the data source of occupational health and safety included full-time employees engaged under labour contracts.

2 Information note: In 2024, the number of lost days due to work injury increased compared to the previous year, primarily due to 2 injuries that arose when staff were walking, which caused injuries to the meniscus and posterior cruciate ligament of staff and hence more lost days. After the incidents, the Company organized safety awareness trainings for staff, reminding staff to hold the handrail when going up and down the stairs, and added warning signs in corresponding areas. In addition, the Company launched a company-wide special campaign on walking safety. It developed the "Slip, Trip and Fall Hazards Checklist" to assess the gaps in on-site hardware and software and formulated an improvement plan. It formulated the document titled "Review and Reflection on Fall, Trip and Fall Hazards" and held training for staff, continuously improving the conditions of on-site operation and safety awareness of staff.

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

4 Calculation formula: Lost Time Injury Frequency Rate = Number of lost time injuries/Total working hours*1,000,000.

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

6 Information note: In 2024, Asymchem Life Science was subject to penalty of RMB40,000 from the relevant regulatory authorities for "ineffective coordination and management of the contractor's work safety efforts" and "failure to regularly maintain safety equipment and failure to set up safety warning signs at premises for production and operation with greater risks, which did not constitute major incidents. After the imposition of penalty, the Company promptly completed rectification and improved and continuously strengthened its occupational health and safety management. The Company engaged a third-party safety management expert for assistance and guidance in the improvement and strict implementation of relevant requirements of contractor's management. At the same time, the Company improved the preventive maintenance plan for safety equipment and implemented the plan accordingly, conducting comprehensive identification of premises with greater risks and setting up safety warning signs.

❖ Social Contribution and Rural Revitalization Performance

Social Contribution and Rural Revitalization

Indicator		Unit	2022	2023	2024
Total amount of investment in social welfare		RMB10,000	384.0	83.0	76.7
Percentage of total amount of investment in social welfare in revenue		%	0.04	0.01	0.01
By areas of contribution[1]	Healthcare	RMB10,000	/	25.0	20.0
	Community development	RMB10,000	/	6.0	4.0
	Rural revitalization[2]	RMB10,000	/	22.0	47.7
	Education aid	RMB10,000	25.6	20.0	5.0
	Others	RMB10,000	/	10.0	-
Number of scholarship projects established		Item	8	6	5
Number of people benefited from rural revitalization[3]		Person	/	/	470
Number of employees participating in voluntary activities		Person	476	482	455
Total number of hours of employees' voluntary service [4]		Hours	/	/	5,460

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

2 Information note: In this report, "investment in rural revitalization" in the "total amount of investment in social welfare" for 2024 included items such as purchase of agricultural products directly from farmers (consumption assistance), which were accounted for through the funds of labour union and had a data source different from that of "expenses on charity donation" charged in the non-operating expenses in the annual financial statements of the Company. Therefore, the total amount may be different from "expenses on charity donation" charged in the non-operating expenses in the annual financial statements of the Company.

3 Information note: For 2022 and 2023, the number of people benefited from rural revitalization was not included in the statistics. Therefore, the relevant data has not been disclosed. In 2024, the number of people benefited from rural revitalization included the number of people benefited from the consumption assistance and employment assistance measures under the rural revitalization project of the Company.

4 Information note: For 2022 and 2023, the total number of hours of employees' voluntary service was not included in the statistics. Therefore, the relevant data has not been disclosed. In 2024, the total number of hours of employees' voluntary service was the total number of hours of online streaming events held by the Company.

Appendix 1: Companies' Abbreviations and Full Names

Abbreviations[15]	Full Name
Asymchem Laboratories	Asymchem Laboratories (Tianjin) Co., Ltd.
Jilin Asymchem Laboratories	Jilin Asymchem Laboratories Co., Ltd.
Jilin Asymchem Pharmaceuticals	Jilin Asymchem Pharmaceuticals Co., Ltd.
Asymchem Life Science	Asymchem Life Science (Tianjin) Co., Ltd.
Jilin Asymchem Medical Technology	Asymchem Laboratories (Jilin) Co., Ltd.
Liaoning Asymchem	Liaoning Asymchem Laboratories Co., Ltd.
Shanghai Asymchem Biopharmaceuticals	Shanghai Asymchem Biopharmaceuticals Co., Ltd.
Tianjin Asymchem Biotechnology	Tianjin Asymchem Biotechnology Co., Ltd.
Tianjin Asymchem Medical Technology	Tianjin Asymchem Medical Technology Development Co., Ltd.
Asymchem Pharmaceuticals	Tianjin Asymchem Pharmaceuticals Co., Ltd.
Clin-nov Medical	Tianjin Clin-nov Medical Technology Co., Ltd.

[15] The table above only lists company names mentioned in the report and does not represent the complete list of companies within the consolidated financial statements scope.

Appendix 2: Term List

Acronyms	Interpretation
ADC	Antibody Drug Conjugates
AED	Automatic External Defibrillator
AI	Artificial Intelligence
API	Active Pharmaceutical Ingredient
BCP	Business Continuity Plan
BD	Business Development
Biotech	Biotechnology
BLA	Biologics License Application
CAPA	Corrective Action and Preventive Action
CARO	Contract Academic Research Organization
CBTI	Center of Biological Technology and Innovation
CDDF	Center of Drug Delivery and Formulation
CDMO	Contract Development and Manufacturing Organization
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CEPS	Center of Excellence for Process Science
CFBS	Cell-free Bacteriophage Synthesis
CFCT	Center of Flow & Continuous Technology
CFPS	Cell-Free Protein Synthesis
cGMP	Current Good Manufacture Practices
CIA	Certified Internal Auditor
CIMT	Centre for Intelligent Manufacture Technology
CMC	Chemistry, Manufacturing and Control
COD	Chemical Oxygen Demand
CPA	Certified Public Accountant
CPAPE	China Pharmaceutical Association of Plant Engineering
CPHI	Convention on Pharmaceutical Ingredients
CRO	Contract Research Organization
CSBT	Center of Synthetic Biology Technology
CTO	Chief Technology Officer
DMS	Document Management System
DNA	Deoxyribonucleic Acid

Acronyms	Interpretation
DS	Drug Substance
EHS	Environment, Health and Safety
ELN	Electronic Lab Notebook
EMA	European Medicines Agency
EMBA	Executive Master of Business Administration
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
FDA	Food and Drug Administration
FTO	Freedom to Operate
GCP	Good Clinical Practice
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practices
GSSB	Global Sustainability Standards Board
HAZOP	Hazard and Operability Study
HC	Health Canada
HTS	High-throughput Screening
ICH	International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
IEPE	Institute of Excellence for Process Engineering
IFRS	International Financial Reporting Standards
II Research	Institutional Investor Research
IND	Investigational New Drug
IoT	Internet of Things
IT	Information Technology
KPI	Key Performance Indicator
LEAP	Locate Evaluate Access and Prepare
LIMS	Laboratory Information Management System
LNP	Lipid nanoparticle
LOPA	Layer of Protection Analysis
LTIFR	Lost Time Injury Frequency Rate
MBA	Master of Business Administration
MDM	Mobile Device Management
MFDS	Ministry of Food and Drug Safety (Korea)
MNC	Multinational Corporation

Acronyms	Interpretation
MSCI	Morgan Stanley Capital International
NCL	Natural Chemical Ligation
NDA	New Drug Application
NDCs	Nb Drug Conjugates
NMHC	Non-methane Hydrocarbon
NMPA	National Medical Products Administration
OA	Office Automation
OEB	Occupational Exposure Band
OEL	Occupational Exposure Limit
PAT	Process Analytical Technology
PDCA	Plan-Do-Check-Act
PDI	Parenteral Drug Industry Congress
PMDA	Pharmaceuticals and Medical Devices Agency
PNEC	Predicted No Effect Concentration
PPE	Personal Protective Equipment
PRC	People's Republic of China
PSCI	Pharmaceutical Supply Chain Initiative
QA	Quality Assurance
QMS	Quality Management System
QSAR	Quantitative Structure-Activity Relationships
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RPA	Robotic Process Automation
RTO	Regenerative Thermal Oxidizer
S&P CSA	S&P Global Corporate Sustainability Assessment
SBTi	Science-Based Targets Initiative
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprise
SOP	Standard Operating Procedure
STEM	Science Technology Engineering and Mathematics
STY	Space-time Yield
SVHC	Substances of Very High Concern
TEDA	Tianjin Economic-Technological Development Area
TGA	Therapeutic Goods Administration

Acronyms	Interpretation
TICCR	Technology Innovation Center for Clinical Research
TMF	Trial Master File
TN	Total Nitrogen
TP	Total Phosphorus
TRIR	Total Recordable Injury Rate
VOCs	Volatile Organic Compounds

Appendix 3: Benchmarking Index Table

❖ Benchmarking Index Table for Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (for Trial Implementation)

Chapter No. of Sustainability Report Guidelines	Corresponding chapters
Chapter 1 General Provisions	Explanation of Report Formulation Identification and Management of Material Issues ESG Data Tables and Notes
Chapter 2 Disclosure Framework for Sustainability Information	Governance for Sustainability Development Identification and Management of Material Issues Chapters 4 To 9 of this Report ESG Data Tables and Notes
Chapter 3 Environmental Disclosure	
Section 1 Climate Response	
Article 20	Green Chemistry Climate Change Response Energy Utilization Circular Economy
Article 21	Climate Change Response
Article 22	Climate Change Response
Article 23	Climate Change Response
Article 24	Climate Change Response ESG Data Tables and Notes
Article 25	ESG Data Tables and Notes
Article 26	ESG Data Tables and Notes
Article 27	Climate Change Response
Article 28	Green Chemistry
Section 2 Pollution Control and Ecosystem Protection	
Article 29	Pollutant Emissions Waste Disposal Ecosystem and Biodiversity Conservation Environmental Compliance Management
Article 30	Pollutant Emissions
Article 31	Waste Disposal
Article 32	Ecosystem and Biodiversity Conservation
Article 33	Environmental Compliance Management

Chapter No. of Sustainability Report Guidelines	Corresponding chapters
Section 3 Resource Utilization and Circular Economy	
Article 34	Energy Utilization Water Utilization Circular Economy
Article 35	Energy Utilization
Article 36	Water Utilization
Article 37	Circular Economy
Chapter 4 Social Disclosure	
Section 1 Rural Revitalization and Social Contributions	
Article 38	Social Contribution and Rural Revitalization
Article 39	Social Contribution and Rural Revitalization
Article 40	Social Contribution and Rural Revitalization
Section 2 Innovation-Driven Development and Ethics of Science and Technology	
Article 41	Intellectual Property Protection Innovation-Driven Technology Ethics
Article 42	Intellectual Property Protection Innovation-Driven
Article 43	Technology Ethics
Section 3 Suppliers and Customers	
Article 44	Corporate Governance Product Safety and Quality Customer Service Management Supply Chain Security Supply Chain Environmental and Social Risk Management Equal Treatment of SMEs Data Security and Privacy Protection
Article 45	Supply Chain Security Supply Chain Environmental and Social Risk Management
Article 46	Equal Treatment of SMEs
Article 47	Product Safety and Quality Customer Service Management
Article 48	Data Security and Privacy Protection
Section 4 Employees	

Chapter No. of Sustainability Report Guidelines	Corresponding chapters
Article 49	Employment and Employee Rights Employee Training and Development Occupational Health and Safety
Article 50	Employment and Employee Rights Employee Training and Development Occupational Health and Safety
Chapter 5 Disclosure of Sustainability-Related Governance Information	
Section 1 Sustainability-Related Governance Mechanisms	
Article 51	Identification and Management of Material Issues Corporate Governance Risk Management
Article 52	Identification and Management of Material Issues Risk Management Supply Chain Environmental and Social Risk Management
Article 53	Identification and Management of Material Issues
Section 2 Business Practices	
Article 54	Anti-Commercial Bribery and Anti-Corruption Anti-Unfair Competition Intellectual Property Protection
Article 55	Anti-Commercial Bribery and Anti-Corruption
Article 56	Anti-Unfair Competition Intellectual Property Protection
Chapter 6 Supplementary Provisions and Interpretation	Appendix 3: Benchmarking Index Table
Voluntary Identification Agenda	
Corporate governance	Corporate Governance
Risk management	Risk Management
Intellectual property protection	Intellectual Property Protection
Digitalization and intelligence	Digitalization and Intelligence
Green chemistry	Green Chemistry
Industry cooperation and development	Industry Cooperation and Development

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

Disclosure requirements	Report chapter
8.1 Summary	Corporate Governance Customer Service Management Supply Chain Security Equal Treatment of SMEs Environmental Compliance Management Employment and Employee Rights Social Contribution and Rural Revitalization
8.2 Operating Principles	Anti-Commercial Bribery and Anti-Corruption Intellectual Property Protection Customer Service Management
8.3 Strategic Planning and Working Mechanisms of Social Responsibility	Governance for Sustainability Development
8.4 Disclosure of Social Responsibility Reports	Explanation of Report Formulation
8.5 Employee Rights Protection	Corporate Governance Employment and Employee Rights
8.6 (i) Compliance with Environmental Protection Laws and Regulations and Industry Standards	Environmental Compliance Management
8.6 (ii) Environmental Protection Program	Environmental Compliance Management
8.6 (iii) Use of Natural Resources	Energy Utilization Water Utilization Circular Economy
8.6 (iv) Disposal of Pollutants	Pollutant Emissions Waste Disposal
8.6 (v) Pollution Prevention and Control Facilities	Pollutant Emissions Waste Disposal
8.6 (vi) Payment of Taxes and Fees Related to Environmental Protection	Environmental Compliance Management
8.6 (vii) Environmental Safety of Supply Chain	Supply Chain Security
8.6 (viii) Other Environmental Protection Responsibilities	Green Chemistry Climate Change Response
8.7 (i) Environmental Protection Principle, Targets and Achievements	Environmental Compliance Management
8.7 (ii) Annual Total Resource Consumption	ESG Data Tables and Notes
8.7 (iii) Environmental Investment and	Environmental Compliance Management

Disclosure requirements	Report chapter
Development of Environmental Technology	Green Chemistry ESG Data Tables and Notes
8.7 (iv) Pollutant Emission Management	ESG Data Tables and Notes
8.7 (v) Construction and Operation of Environmental Facilities	Environmental Compliance Management

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

Part B: Mandatory Disclosure Requirements		
Mandatory Disclosure Items		**Report chapter**
Governance structure	A statement from the Board containing the following contents: (i) a disclosure of the Board's oversight of ESG issues. (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritize, and manage material ESG-related issues (including risks to the issuer's business); and (iii) how the Board reviews progress against ESG-related goals and targets with an explanation of how they relate to the issuer's business.	Governance for Sustainability Development Identification and Management of Material Issues
Reporting Principles	A description of, or an explanation of, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/ or calculation tools used, and source of conversion factors used, for the reporting of emissions/ energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Explanation of Report Formulation Identification and Management of Material Issues ESG Data Tables and Notes
Reporting Scope	A narrative explaining the reporting scope of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Explanation of Report Formulation ESG Data Tables and Notes
Part C: "Comply or Explain" Provisions		
Aspects, General Disclosures and Key Performance Indicators		**Disclosure Chapter**
Key Area A. Environment		
Aspect A1. Emissions		
General Disclosure A1	Information relating to air and greenhouse gas, discharging into water and land, and generation of hazardous and non-hazardous waste on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Environmental Compliance Management Climate Change Response Pollutant Emissions Waste Disposal
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emissions Waste Disposal

		ESG Data Tables and Notes
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Tables and Notes
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Data Tables and Notes
KPI A1.4	Total non-hazardous waste generated (in tonnes) and, if applicable, intensity (e.g. per unit of production and per facility).	ESG Data Tables and Notes
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Climate Change Response Environmental Compliance Management Pollutant Emissions Waste Disposal
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and the steps taken to achieve them.	Waste Disposal
Aspect A2. Resource Use		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Utilization Water Utilization Circular Economy
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Data Tables and Notes
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Data Tables and Notes
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Compliance Management Energy Utilization
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Compliance Management Water Utilization
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Data Tables and Notes
Aspect A3. Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Compliance Management Energy Utilization Water Utilization

		Ecosystem and Biodiversity Conservation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Compliance Management Energy Utilization Water Utilization Ecosystem and Biodiversity Conservation
Aspect A4. Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Response
Key Area B. Society		
General Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure B1	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity, anti-discrimination and other benefits and welfare on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Employee Rights Employee Training and Development
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Data Tables and Notes
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	ESG Data Tables and Notes
Aspect B2. Health and Safety		
General Disclosure B2	Information relating to providing a safe working environment and protecting employees from occupational hazards on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	ESG Data Tables and Notes
KPI B2.2	Lost days due to work injury.	ESG Data Tables and Notes
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development

KPI B3.1	The percentage of employees trained by gender and employee type (e.g., senior management, middle management).	ESG Data Tables and Notes
KPI B3.2	The average training hours completed per employee, by gender and employee category.	ESG Data Tables and Notes
Aspect B4. Labour Standards		
General Disclosure B4	Information relating to preventing child and forced labour on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment and Employee Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Employee Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Employee Rights
Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Anti-Unfair Competition Supply Chain Security Supply Chain Environmental and Social Risk Management
KPI B5.1	Number of suppliers by geographical region.	ESG Data Tables and Notes
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Security Supply Chain Environmental and Social Risk Management ESG Data Tables and Notes
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Anti-Unfair Competition Supply Chain Security Supply Chain Environmental and Social Risk Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Security Supply Chain Environmental and Social Risk Management
Aspect B6. Product Responsibility		

General Disclosure B6	Information relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-Unfair Competition Product Safety and Quality Customer Service Management Data Security and Privacy Protection
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Data Tables and Notes
KPI B6.2	Number of complaints received and how they are dealt with.	Customer Service Management ESG Data Tables and Notes
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall process.	Product Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Data Security and Privacy Protection
Aspect B7. Anti-Corruption		
General Disclosure B7	Information relating to bribery, extortion, fraud and money laundering on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-Commercial Bribery and Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the result of the outcomes of the case.	ESG Data Tables and Notes
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Commercial Bribery and Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to Directors and staff.	Anti-Commercial Bribery and Anti-Corruption
Aspect B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration communities' interests.	Social Contribution and Rural Revitalization
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contribution and Rural Revitalization
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Social Contribution and Rural Revitalization ESG Data Tables and Notes

我們的使命:合作開拓創新

Our mission: Collaboration for Innovation

ASYMCHEM 凯莱英医药集团 Asymchem Labs.