Hua Medicine
華領醫藥

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2552

2024
Environmental, Social and Governance Report

CONTENTS

ABOUT THE REPORT

Hua Medicine (the "Company" or "We") hereby presents the sixth Environmental, Social, and Governance Report (the "ESG Report"). This report aims to objectively and truthfully reflect the Company's initiatives and achievements in environmental, social and corporate governance aspects in 2024 to government, shareholders, employees, partners, the public, and other stakeholders.

Compliance Reference

This report is prepared in compliance with the *Environmental, Social and Governance Reporting Code (formerly the Environmental, Social and Governance Reporting Guide) (*the "ESG Reporting Code"*)* set out in Appendix C2 to the *Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "HKEX Listing Rules") applicable for the reporting period.

The information in this report is derived from the Company's internal statistical reports or related documents.

Report Scope

The disclosure scope of this report is consistent with that of the financial statement released by the Company for the same fiscal year, except that it excludes the subsidiary Nanjing Ascend Rare Pharmaceutical Technology Co., Ltd. from the disclosure scope considering its relatively small scale and minimal impact on the Company's ESG performance during the reporting period.

The reporting period of this report is from January 1st, 2024, to December 31st, 2024.

Reporting Principles

This report adheres to the following principles as required by Appendix C2 to the HKEX Listing Rules:

- ✔ Materiality: The Company identifies important ESG issues through a materiality assessment with the involvement of stakeholders and performs disclosure accordingly.
- ✔ Quantitative: The quantitative indicators in this report are accompanied by corresponding measurement caliber and methodology used.
- ✔ Balance: The information and data disclosed in this report are summarized based on the actual situation of the Company, without selective misstatement or omission.
- ✔ Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

Report Availability

The electronic version of this report can be accessed on the official websites of the Company (https://www.huamedicine.com) and HKEX (www.hkexnews.hk).

The report is prepared in both Traditional Chinese and English. In case of any ambiguity arising from language differences, the English version shall prevail.

Stakeholder Communication

Hua Medicine attaches great importance to communication with all stakeholders. Through diversified and regular communication channels, we deeply understand the needs and expectations of all stakeholders and actively respond to them.

Stakeholders	Expectations	Communication Channels
Government/Regulatory Agencies	• Comply with laws and cooperate with government regulatory authorities • Promote industry innovation • Policy response and implementation	• Work Report • Government-Enterprise meetings • Policy consultation
Shareholders/Investors	• Protect shareholders' rights and interests • Conduct operations and management in compliance • Protect the corporate image	• Timely information disclosure • Shareholder meetings • Sound legal risk control system
Employees	• Protect employees' rights and interests • Democratic and empathetic management • Focus on health and safety • Provide training and career development channels	• Policy Issuance • Performance evaluation mechanism • Periodic safety drill • Labor union and employee caring activities • Professional trainings
Medical Community	• Provide safe and high-quality drug • Improve drug accessibility • Protect the privacy of patients • Listen to feedback from patients	• Innovative drug research • Product quality control • Personal data protection • Effective helplines, complaint filling channels
Suppliers/Partners	• Adhere to business ethics • Ensure fair competition • Build a sustainable supply chain	• Long-term strategic partnerships • Fair and impartial procurement guidelines • On-site visits • Supplier communication and training • Supplier evaluation
Community/Public	• Promote community development • Drive employment • Public welfare and charity	• Industry forum • Public welfare speeches • Social media
Environment	• Conserve energy and reduce emission • Control waste • Address climate risks	• Advocacy for resource conservation awareness • Declaration and compliant handling of waste • Environmental impact assessments

Materiality Assessment

Hua Medicine is committed to aligning our business operations with the needs of different stakeholders to achieve responsible operations and sustainable development. During the reporting period, based on the ESG Reporting Code applicable for the reporting period set out in Appendix C2 to the HKEX Listing Rules and communication with stakeholders, Hua Medicine identified sustainability issues in light of the Company's business characteristics as well as ESG development trends and general concerns in the biotechnology and pharmaceutical industries and identified the materiality of potential sustainability issues through both external and internal assessments.

- External assessment: based on SASB and MSCI's industry materiality map and consultation with experts
- Internal assessment: summarized according to the evaluation of the correlation between various issues and Hua Medicine by each department

In brief, we confirm that key disclosures will be made on the following issues:

Category	Issues
Environmental	Greenhouse Gas Emission Management
	Efficient Utilization of Resources
	Waste Disposal
Social and governance	Product Safety and Quality Management
	Drug Accessibility
	Business Ethics
	Supply Chain Management
	Employee Health & Safety
	Employee Development & Training
	Intellectual Property Management

MESSAGE FROM CEO

Dr. Li Chen, Founder,
CEO of Hua Medicine

2024 was a year of further significant progress and milestones for Hua Medicine's business, as we continued to focus on the development of breakthrough, innovative products that bring therapeutic solutions to more patients and their families. As we continued to advance our product development and clinical research, we also focused on fulfilling our corporate social responsibility by leveraging our solid corporate governance and responsible values, insisting on fully integrating ESG concepts into our day-to-day operations and management, and working with our stakeholders to build an inclusive, sustainable and resilient future.

Foster Development through Innovation to Advance Global Collaboration.

While continuing to promote the commercialization of HuaTangNing (华堂宁®) to achieve good results, Hua Medicine focuses on the research and development of new products. We have successfully completed the second-generation GKA (HM-002-1005) Ia clinical study in the U.S. At the same time, the Company is pushing forward the development of fixed-complex formulations. The Dorzagliatin-metformin fixed combination is expected to finish the process validation in 2025. In the future, we will continue to actively cooperate with renowned pharmaceutical companies, research institutes, government departments and other diversified entities to contribute China's strength to building a human health community.

Improve Corporate Governance and Achieve Compliant Development.

Hua Medicine adheres to the business philosophy of compliance and transparency, abides by business ethics, and continuously strengthens the level of compliance management. At the same time, we carry out responsible sourcing to create a transparent and win-win responsible supply chain. In 2024, we established an ESG working group to facilitate the coordination of ESG risk management and have practiced across all functional departments. We effectively implemented the concept of sustainable development through sound internal management processes.

Enhance Product Quality and Safeguard Customer Rights.

Hua Medicine continuously improves its quality management system and is committed to providing reliable products and services to our customers. In 2024, we attached great importance to innovative research and development and fully participated in academic exchanges and discussions at home and abroad to improve the overall quality of our products. Meanwhile, we also optimized our marketing compliance management structure and approach, striving to provide customers with excellent service experience.

Commit to Green Development and Help Environmental Protection.

Hua Medicine always adheres to the development concept of harmonious coexistence of human and nature. We have made efforts to strengthen the capacity of environmental management, actively respond to climate change, optimize the use of resources strategy, helping environmental protection and sustainable development. In 2024, we carried out energy-saving and environmental protection related renovation and effectively promoted the Company's green and low-carbon development.

Gather Diversified Talents and Provide a Sound Career Development Platform.

We believe that a diverse and healthy work environment helps to attract and retain talented people, as well as to stimulate the motivation and creativity of our employees. In 2024, we continued to emphasize employee welfare and protection, occupational health and safety management systems, and were committed to building a culture of diversity, equality and inclusiveness, and to fostering an open and transparent work atmosphere by actively promoting two-way communication between employees and the Company.

Respond to Social Needs and Embrace Corporate Responsibility.

Hua Medicine actively undertakes corporate social responsibility, responds to the health needs of the society at all levels and contributes to the sustainable development of the society by carrying out diversified social activities, such as universal healthcare and social welfare. In 2024, we were committed to our products to benefit a wider range of people and regions. At the same time, we supported the Foundation's public welfare services in the field of medical care and contributed to building a healthy and mutually supportive society.

With unwavering determination, we stride toward greatness; We remain true to our original aspiration in our pursuit of dreams and moving forward. We will always stick to the mission of providing access to affordable medicines around the world and constantly consolidating and enriching our product pipeline. Furthermore, we will work together with upstream and downstream enterprises to actively fulfill our social responsibilities, working relentlessly to enhance human health and promote the development of global public utilities.

ABOUT US

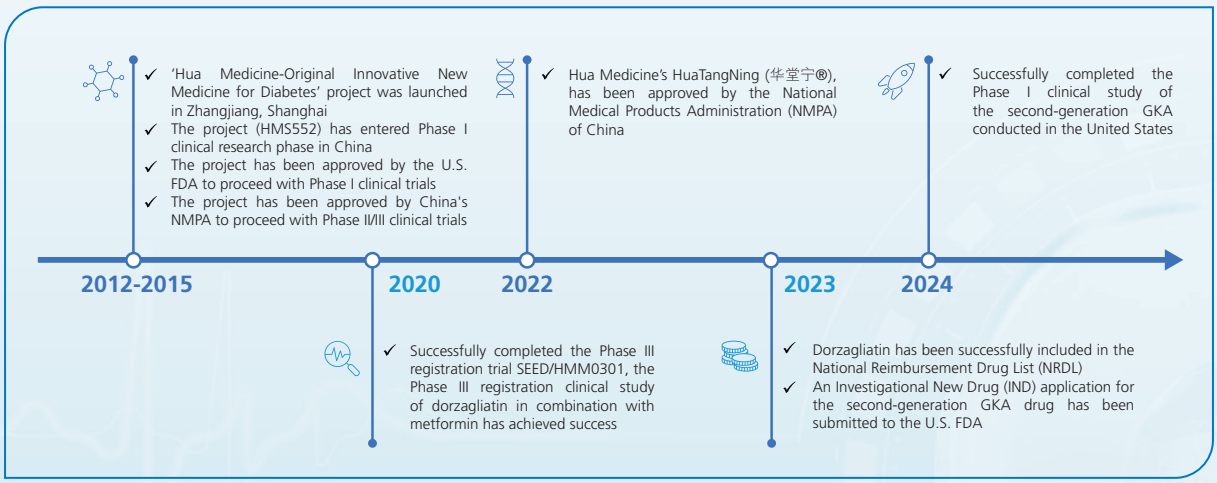
Hua Medicine (2552.HK) is an innovative drug development and commercialization company with headquarters in Shanghai, China, and divisions in the United States and Hong Kong, China. Hua Medicine focused on developing novel therapies for patients worldwide with unmet medical needs. Based on global resources, Hua Medicine teams up with global high-caliber people to develop breakthrough technologies and products, which contribute to a global innovation in diabetes care. The Hua Medicine's cornerstone product, HuaTangNing (华堂宁®), targeting the glucose sensor known as glucokinase. This medication aims to restore glucose sensitivity in individuals with T2D and stabilize the imbalanced blood glucose levels in patients. Notably, the National Medical Products Administration (NMPA) of China granted approval for HuaTangNing (华堂宁®) on September 30th, 2022. It can be used alone or in combination with metformin hydrochloride-tolerated T2D patients.

HuaTangNing (华堂宁®) is an oral hypoglycemic drug that can be used for patients with Type 2 diabetes with varying degrees of renal function impairment (including end-stage renal impairment without dialysis). There is no need for dose adjustment in patients diagnosed with chronic kidney disease (CKD). Clinical trials have demonstrated that HuaTangNing (华堂宁®) can restore blood glucose homeostasis in patients with Type 2 Diabetes (T2D) patients by repairing the impaired glucokinase and restoring the glucose sensing function. After the SEED study, the potential of dorzagliatin in diabetes remission is continued to be explored. During the research period, dorzagliatin treatment leads to drug-free diabetes remission. The remission probability was 65.2% in week 52.

HuaTangNing (华堂宁®) was included in China's National Medical Insurance Catalog at the end of 2023 and officially took effect on January 1, 2024. Currently, the drug has achieved prescription sales in over 2,000 hospitals and approximately 3,000 pharmacies. The sales of HuaTangNing (华堂宁®) have also gained support from local policies. For instance, in Shanghai, the drug has been included in the Shanghai Biomedicinal Product Catalog of New and High-Quality Drugs and Medical Devices accelerating its coverage across various levels of medical institutions in Shanghai, from tertiary hospitals to community health service centers. Hua Medicine remains committed to advancing the commercialization of HuaTangNing (华堂宁®) in China, bringing benefits to diabetic patients and their families, and aspiring to become a global leader in the biopharmaceutical industry.

The Development History of Hua Medicine

As a leading enterprise in the research and development of innovative diabetes drugs in China, Hua Medicine has established a "patient-centered" R&D philosophy since its inception, focusing on the development of breakthrough therapeutic drugs for diabetes. Driven by policy support, capital investment, and technological innovation, Hua Medicine has successfully carved out a path of innovative development from basic research to clinical transformation, and then to commercialization after more than a decade of meticulous cultivation.

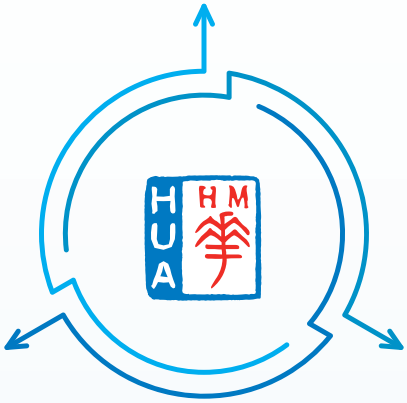


Mission and Vision

Hua Medicine adheres to the mission of "*For Patients, Global Innovation, Effective Medicines*", Through an operation model of "*Integration of Global Pharmaceutical Research and Development Resources, Joint Innovation and Mutual Benefit,*" the Company is committed to providing safer and more effective treatment options for patients worldwide. In future, Hua Medicine aspires to accomplish a development from 1 to 10 in three dimensions, including the launch of new products, the exploration of new markets, and the discovery of new disease fields, and to actualize its vision of "China leading pharmaceutical innovation

Mission

- For Patients-Global Innovation-Effective Medicines



Model

- Integration of global phamaceutical research and development resources
- Joint innovation
- Mutual benefit

Target

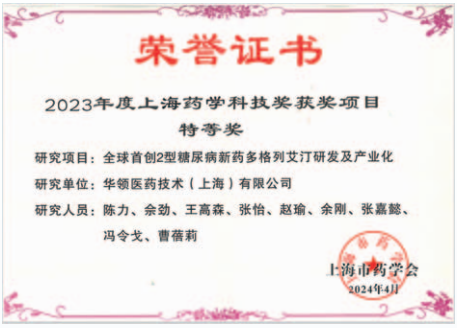
- Accomplish a development from 1 to 10 in three dimensions, including the launch of new products, the exploration of new markets, and the discovery of new disease fields, actualizing its vision of "China leading pharmaceutical innovation"

Honors and Recognition

2024 Honors Awards and Recognition

Hua Medicine

The Special Prize of the 2023 Shanghai Pharmaceutical Science and Technology Award


荣誉证书

2023年度上海药学科技奖获奖项目

特等奖

研究项目：全球首创2型糖尿病新药多格列艾汀研发及产业化

研究单位：华领医药技术（上海）有限公司

研究人员：陈力、余劲、王高森、张怡、赵瑜、余刚、张嘉懿、冯令戈、曹蓓莉

上海市药学会

2024年4月

The First Prize of the 19th China Pharmaceutical Association Science and Technology Award


中国药学会科学技术奖

证 书

项目名称：全球首创2型糖尿病新药多格列艾汀研发及应用

奖励等级：一等奖

获奖单位：华领医药技术（上海）有限公司

主要完成人：陈 力、张 怡、王高森、赵 瑜、余 刚、张嘉懿、冯令戈、曹蓓莉

编 号：002

二〇二四年九月

The ESG Green Practice Award issued by the China Association of Pharmaceutical Commerce


荣誉证书

ESG绿色实践奖

华领医药技术（上海）有限公司

中国医药商业协会

二〇二四年五月

The "Little Giant" Firm certified by the Ministry of Industry and Information Technology P.R.C


专精特新

"小巨人"企业

华领医药技术(上海)有限公司

工业和信息化部

有效期:2024年7月1日至2027年6月30日

Dr. Li Chen

Dr. Li Chen was awarded the 17th "C.C. Tan Life Science Industralization Award" in 2024

Dr. Yi Zhang

Dr. Yi Zhang was awarded the "Shanghai Women's Pacesetter in Achievements" certificate awarded by the Shanghai Women's Federation

Dr. Yi Zhang was awarded the "Shanghai May 1st Labor Medal" by the Shanghai Federation of Trade Unions and Shanghai Municipal Bureau of Human Resources and Social Security

Highlights of 2024

An accelerated progress of Hua Medicine for 2024

January 2024
The Commercialization Progress

- The self-developed first-in-class glucokinase allosteric activator (GKA) for diabetes, HuaTangNing (华堂宁®) (dorzagliatin) was officially included in New China's National Reimbursement Drug List (NRDL) and Shanghai Catalog of New and High-Quality Drugs and Medical Devices in January 2024. As of the first half of 2024, HuaTangNing (华堂宁®)'s cumulative sales reached approximately 1.15 million boxes, generating sales revenue of around 196.9 million yuan. The drug has entered the volume expansion phase within the medical insurance system, achieving a fourfold year-on-year sales increase and has been prescribed in over 2,100 hospitals and more than 2,900 pharmacies.

June 2024
Multiple Advances in Clinical Trials

- At the 84th Annual Scientific Sessions of the American Diabetes Association (ADA), Hua Medicine presented several fundamental research findings. One study showed that Dorzagliatin lowers blood glucose levels by promoting the secretion of insulin and GLP-1. The combination therapy of Dorzagliatin and the SGLT-2 inhibitor Canagliflozin demonstrated superior glycemic control compared to monotherapy, exhibiting a synergistic effect. Another study indicated that Dorzagliatin has potential in diabetes prevention.

July 2024
Academic Research Progress

- The results of a Mendelian randomization analysis conducted by Hua Medicine in collaboration with clinical researchers from Hong Kong, China, were published in the journal *Cardiovascular Diabetology*. The findings indicate that the activation of glucokinase (GK) offers long-term benefits in reducing the risks of cardiovascular diseases and dyslipidemia. These results will help the company further understand the additional benefits of GK activation through Dorzagliatin and explore new indications for the drug. Meanwhile, the latest edition of the *Internal Medicine* textbook has, for the first time, listed GKA drugs, represented by Dorzagliatin, as a new class of oral hypoglycemic drugs and included them in undergraduate clinical medicine textbook, recognizing the significant role of such drugs in the treatment of type 2 diabetes.

October 2024
Credit Assessment Progress

- In the "2024 Shanghai Pharmaceutical Manufacturing Enterprise Comprehensive Credit Risk Level Assessment" conducted by the Shanghai medical product administration. Hua Medicine was awarded the highest credit rating of Grade A. This marks the second consecutive year that Hua Medicine has participated in the assessment and received the Grade A credit rating. This honor is a full affirmation of Hua Medicine's long-standing commitment to high standards and stringent requirements in corporate operations and compliance management. It also reflects Hua Medicine's leading position in the industry and its high sense of responsibility.

November 2024
Multiple Advances in Clinical Trials

- At the 9th China Biomed Innovation and Investment Conference, Hua Medicine announced the successful completion of the Phase Ia clinical study of the second-generation GKA (HM-002-1005) conducted in the United States. The study revealed that HM-002-1005 tablets are almost entirely converted into HMS5552 in the human body, and their pharmacokinetic profile supports a once-daily oral medication method. The development of HM-002-1005 tablets not only enhances patient medication adherence and enables effective blood glucose control within 24 hours but also holds promise for providing new benefits to patients with type 2 diabetes and obesity. Concurrently, Hua Medicine is actively advancing post-marketing studies of Dorzagliatin, collecting clinical data on its use both as a monotherapy and in combination with various hypoglycemic agents to optimize efficacy evidence and explore new indications for diabetes prevention and remission. Additionally, the company is progressing with the development of fixed-dose combination formulations, with the dorzagliatin-metformin combination already entering the process validation stage and expected to launch in 2028. In the future, the company plans to develop more combination formulations for personalized treatment of diabetes and its complications.

November 2024
Academic Research Progress

- At the 9th China Biomed Innovation and Investment Conference, Hua Medicine announced the successful completion of the SENSITIZE 2 study conducted in collaboration with Professor Juliana Chan's team at The Chinese University of Hong Kong. The results demonstrated that a single dose of Dorzagliatin significantly improving the second – phrase insulin secretion and β-cell glucose sensitivity in individuals with impaired glucose tolerance (IGT).

November 2024
Innovative Drug Progress

- Hua Medicine actively participates in and supports the Beijing Century Charity Foundation by funding the project titled "A Little Guide for Participants in Clinical Trials of Metabolic Disease Drugs." This program, through the dissemination of knowledge and the integration of resources, not only fosters a positive interaction between pharmaceutical research and patient benefits but also enhances public awareness of clinical trials. Furthermore, it encourages patient participation in research, improving treatment adherence and outcomes.

SUSTAINABLE GOVERNANCE

As a highly socially responsible company, Hua Medicine is committed to deeply integrating environmental, social and corporate governance (ESG) concepts into our core values and daily operational practices. In the environmental aspect, we adhere to the concept of green and low carbon. We continuously optimize business processes, reduce energy consumption and emissions, and strive to achieve harmonious coexistence with the environment while ensuring product quality and safety. In the social level, we have been deeply engaged in product research and development and technological innovation. We adhere to the purpose of "For Patients, Effective Medicine", and achieve the lofty goal of human health development through the operation model of "combining Chinese and Western elements, joint innovation, sharing and win-win". In the governance aspect, we adhere to the principles of standardized and transparent management, establish a sound corporate governance structure and internal control system, and ensure the scientific and effective decision-making of the Company. We strive to achieve an organic unity of economic, social, and environmental benefits, continuously empower the transformation of achievements with global advanced technologies. We make innovative and high-quality products accessible worldwide and unwaveringly work hard to enhance human health and well-being and promote global public utilities.

Board Statement

Hua Medicine attaches great importance to achieving sustainable development and has established an ESG governance framework to manage related matters. Within this framework, the board of directors (the "Board of Directors") bears the responsibility for decision-making and oversight of ESG governance, paying comprehensive attention to our performance in the ESG areas. This includes conducting in-depth reviews of ESG issues and strategies, assessing ESG risks, overseeing the implementation of ESG strategies, approving the publication of annual ESG reports, and more.

ESG Governance

Under the guidance and oversight of the Board of Directors, all departments actively promote the Company's established ESG management principles, strategies, and priorities. We are committed to ensuring that these ESG policies and measures are closely linked to the Company's business development trends. Through continuous improvement and innovation, we aim to drive sustainable development. This will strengthen our corporate responsibility, enhance our market competitiveness, and create greater value for all stakeholders.

Sustainable Development Goals

In 2024, we actively reviewed and tracked the progress of our established environmental goals. Meanwhile, based on the actual situation of our daily operations, we have promptly adjusted and updated these policies. These efforts aim to ensure continuous supervision and improvement of our ESG management work to adapt to the ever-changing business environment and market requirements.

Emissions

- Eliminate major environmental pollution accident or complaint
- 100% Emission detection compliance rate
- Actively respond to the national dual carbon targets
- Achieve a carbon neutral pace no later than the peer average

Waste

- 100% of the waste is entrusted to qualified institutions
- 100% Hazardous waste detection compliance rate
- Declare the planned amount of hazardous waste to the relevant departments every year and implement it within the planned dosage

Resource Utilization

- Continue to promote the use and deployment of energy-saving equipment and green energy

Note: Due to the significant operational developments and changes that have occurred in recent years (e.g., the relocation of our main office to Zhangjiang, Shanghai at the end of 2020, the new drug launched and officially produced in 2022,and the year 2024 is the first full sales year etc.), we do not yet have comparable historical data to set waste reduction and emission reduction targets based on historical information. As a result, our current sustainability goals are forward-looking.

We continuously monitor and regularly review the progress of implementation of our sustainability goals by assessing ESG-related data and communicating with senior management and other departments of the Company and refine our goals and targets based on the actual situation. At the end of 2024, we conducted a comprehensive review of the sustainable development goals set in 2023.

- In terms of emission goals, there were no environmental pollution accidents or complaints in 2024. We have conducted continuous monitoring of emissions, actively implemented energy conservation and emission reduction measures and posted slogans to promote saving water and electricity.

- In terms of waste goals, we completed the declaration of the Hazardous Waste Management Plan in January 2024, and the amount of hazardous waste generated in 2024 was below the limit. The hazardous waste has been uniformly handed over to qualified vendors specializing in hazardous waste disposal.

- In terms of the resource utilization goals, we have adopted energy-efficient and environmentally friendly air-conditioners, sanitary ware, and LED lighting fixtures, controlled communal lighting fixtures and fittings by means of timed shutdown and sound or light initiators, etc. We also promoted a "paperless office" environment to optimize the utilization of resources.

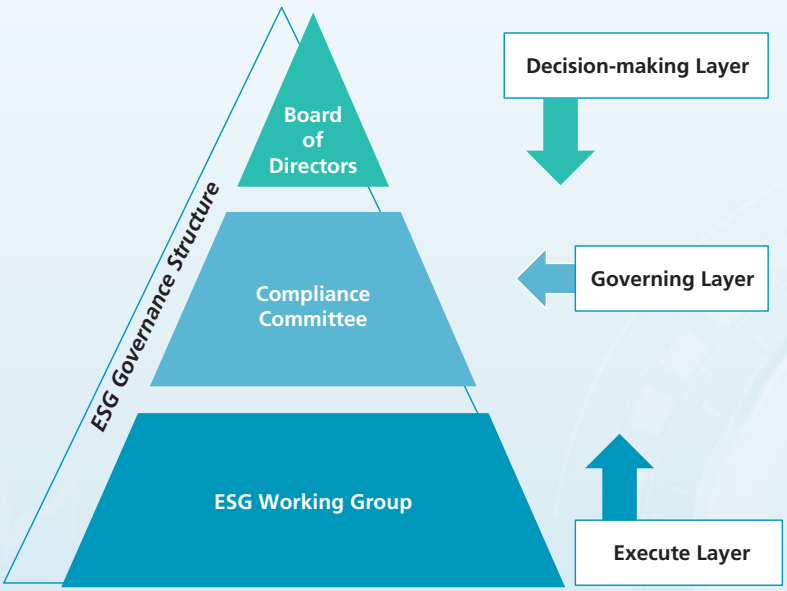
Going forward, we will continue to monitor and optimize our sustainability goals, demonstrating the Company's energy-saving and emission reduction philosophy, environmental awareness and proactive actions.

ESG Governance System

Hua Medicine has always adhered to the concept of sustainable development, regarding ESG governance as one of its core strategies. We are committed to promoting the deep integration of the ESG governance system with the corporate governance system. We continuously improve the ESG governance structure, strengthen the Board of Directors' participation in ESG matters, and continuously enhance our ESG governance capabilities and performance. Meanwhile, we actively maintain communication with various stakeholders, deeply understand their needs, and closely integrate them with the Company's operational and sustainable development goals, striving to achieve a synergistic win-win situation for company development, industry progress, and social prosperity.

In 2024, to clarify governance functions at all levels and ensure institutionalized, standardized, and professional management of the Company's ESG efforts, we have established an ESG governance structure that includes the Board of Directors, compliance committee, and ESG working group. The Board of Directors and compliance committee constitute the governance layer, while the ESG working group leads and coordinates with various departments to form the execution layer, strengthening the Company's overall ESG management. The compliance committee communicates annually with the Board of Directors on ESG-related issues. In the future, we will integrate all functional departments and business segments into the ESG governance system, leveraging the advantages of each level to comprehensively, systematically, and effectively implement the concept of sustainable development.

We attach great importance to the potential impact of ESG risks on our company's operations and systematically manage these risks through a well-established ESG governance structure, significantly enhancing our risk resilience. We strictly adhere to national laws and regulations as well as industry standards and comprehensively identify potential ESG risk points in our operations from the three dimensions of environment, society, and governance, considering our own business characteristics. The Board of Directors is responsible for assessing these risks and formulating corresponding response strategies. The compliance committee oversees the implementation of these strategies. The ESG working group coordinates with various departments to promote the specific implementation and practice of ESG risk management. To effectively prevent and control ESG risks, we have taken multiple measures, including optimizing internal management processes, conducting regular internal audits and compliance checks, and organizing training for employees to enhance their risk awareness and management capabilities, ensuring the efficient operation of the ESG risk management system.



ESG Structure and Specific Functions at each level

Layer	Responsibilities
Board of Directors	• Comprehensively oversee the company's ESG efforts and key matters, review and approve the company's annual ESG report. • Review the company's significant ESG issues and the progress of achieving ESG goals. • Approve and determine ESG risks and opportunities related to the company's development, ensuring that ESG-related risk management and internal control systems operate appropriately and effectively.
Compliance Committee	• Regularly communicate with the ESG working group to follow up on the progress of ESG-related work. • Review the company's annual ESG report. • Monitor and inspect the company's ESG performance and progress towards its goals.
ESG Working Group	• Under the direct leadership of the Compliance Committee, it carries out management and practice activities and regularly reports to the Compliance Committee/management. • Develop work plans for ESG management, goal achievement, and other related aspects. • Review existing ESG policies and refine them for various issues, coordinating with various functional departments to carry out related work.

Corporate Governance

Hua Medicine strictly abides by the relevant laws and regulations of the country and the industry. We constantly improve the corporate governance system, comprehensively strengthen the construction of the governance system, optimize the decision-making mechanism, and improve corporate efficiency. We strictly abide by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *HKEX Listing Rules* and other relevant laws, regulations and regulatory requirements. Considering the actual development of the company, we establish the Board of Directors and elect its members in strict accordance with the prescribed selection procedures, and establish a scientific, efficient, stable and long-term decision-making and supervision mechanism to ensure the standardized operation of the company and safeguard the interests of the Company's shareholders.

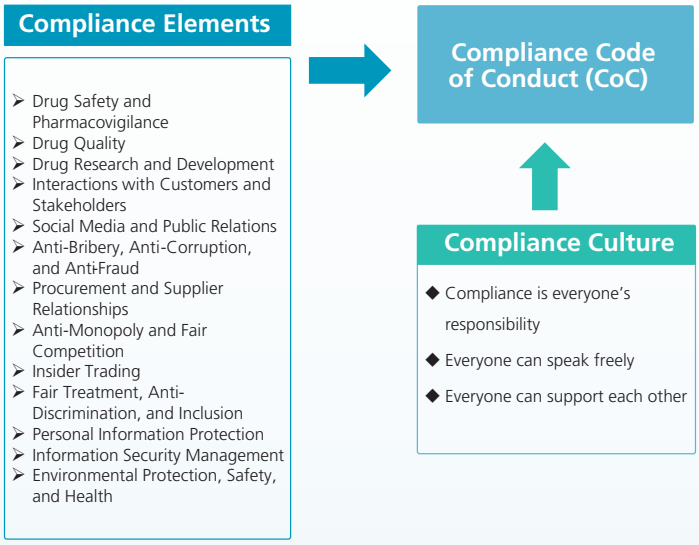
The Board of Directors has established specialized committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee. These specialized committees are responsible for providing decision-making reference opinions and support on major management matters, evaluating and improving various management systems and business operation processes, and supervising the implementation of resolutions to ensure the efficient operation of the Board of Directors.

We attach great importance to the diverse composition of our company's Board of Directors and have adopted the *Board Diversity Policy*. This policy stipulates that all appointments to the Board should be based on merit, with diversity being fully considered when reviewing and evaluating the Board's composition. Diversity encompasses, but is not limited to, skills, professional backgrounds, educational backgrounds, knowledge, expertise, culture, independence, age, and gender. The current Directors of the Company possess rich industry experience and excellent educational backgrounds, with 43% of them holding Ph.D. degrees.

COMPLIANT OPERATIONS, STEADY GROWTH

Compliance Management

Hua Medicine strengthens compliance management and enhances the level of compliant operations, safeguarding the Company's compliance value bottom line and providing robust support for the Company's steady and long-term development. We adhere to relevant laws and regulations, including the Company *Law of the People's Republic of China* and in 2024, We refined and updated the *Hua Medicine Code of Conduct* and the *Compliance Commitment Letter* among other related policies. These documents clarify the Company's compliance commitments and responsibilities, establish a comprehensive compliance management system, and outline compliance management measures and accountability mechanisms, ensuring the Company operates in accordance with the law and compliance standards.



Compliance System Development

Hua Medicine continuously improves its compliance control framework. The Compliance Committee, serving as the highest management and decision-making body for the Company's compliance efforts, is responsible for overseeing compliance risk management and providing comprehensive governance and leadership for internal operations. Building on this foundation, the Company has further refined its compliance system framework and advanced the development of a compliance culture this year, aiming to mitigate risks in key areas. During the reporting period, Hua Medicine consistently adhered to compliance bottom lines and had no violations or incidents.

The Primary Responsibilities of the Hua Medicine's Compliance Committee

- ✓ Approving the Company's Compliance Management Plans and Continuous Improvement Initiatives, Providing Necessary Resource Support
- ✓ Driving and Evaluating the Effectiveness of the Compliance Management System
- ✓ Approving Compliance Policies and Procedures
- ✓ Authorizing Compliance Reviews and Monitoring Activities
- ✓ Approving Compliance Culture and Training Programs
- ✓ Reviewing Significant Compliance Incidents Reported by Business departments, Providing Recommendations, and Submitting to the CEO for Approval with a Focus on Commercial Compliance and Employee's Conduct
- ✓ Convening Emergency Meetings When Necessary and Supervising the implementation of decisions made during meetings
- ✓ Addressing Other Matters Requiring Compliance Committee Approval

- ✓ Promoting Good Compliance Behaviours
- ✓ Strengthening the Compliance System
- ✓ Allocating Compliance Personnel
- ✓ Conducting Compliance Training, Assessments, Awareness Campaigns, and Culture Development
- ✓ Creating a Compliance-Oriented Atmosphere

Compliance Culture

Compliance Culture

Compliance is everyone's responsibility	Everyone can speak freely	Everyone can support each other
• Although laws, policies, and procedures may vary from country to country or region to region, the ethical standards of Hua Medicine remain consistent • Hua Medicine requires all employees to adhere to the *Code of Conduct and Compliance* as well as the policies, procedures, and laws applicable to their respective regions and positions. We must also ensure that third parties acting on behalf of the company (such as consultants, contractors, agents, etc.) are aware of and comply with the aforementioned standards and applicable policies, procedures, and laws	• If an employee of the company identifies any action or behavior that has been or may be perceived as inconsistent with Hua Medicine's commitments, such as unethical conduct, misconduct, suspicious activities, or deviations from this code, Hua Medicine encourages all staff to report such instances through the following channel: Email: whistleblow@huamedicine.com	• If an employee is uncertain about how to handle a particular situation, it is advisable for them to first consult their supervisor. If this is inconvenient or not feasible, the employee may also reach out to Human Resources, the Legal Department, or the company's compliance representative for relevant information, training, and support

Internal Control and Audit

To ensure the effective implementation of compliance management, Hua Medicine has established a comprehensive risk control and audit supervision system. The Company continuously refines its internal control management policies, clarifying principles, processes, requirements, risk points, key control points, and corresponding control measures to ensure the smooth execution of internal controls.

In 2024, the internal audit team conducted special audits in areas such as accounts receivable and payable, production, procurement and payments, supply chain and inventory, fund management and external investments, promotional service fees, and expense reimbursements. Before initiating audit projects, the internal audit team thoroughly assessed business risks, identified audit priorities and steps, and executed the audits according to plan. The audits evaluated the implementation of existing policies, identified potential business risks, and produced audit reports upon completion. These reports included remediation recommendations, and the team continuously tracked the progress of corrective actions. During the reporting period, all key remediations have been successfully completed.

Compliance Training

Strengthening employees' compliance awareness is a critical component of establishing a robust internal control system and enhancing risk management capabilities. To improve the management of compliance training, Hua Medicine actively organizes and conducts targeted training programs.

In 2024, the Company launched a series of highly specialized and practical training sessions focused on high-risk business areas. The trainings included the following interpretations: *Code of Conduct for Academic Promotion Activities, Financial Management Processes and Standards for Academic Promotion Activities, Measures for the Record-filing Management of Medical Representatives, Drug Administration Law, Code of Practice for the Quality Management of Pharmaceutical Operations, and Code of Practice for the Quality Management of Pharmacovigilance.* Additionally, the Compliance Committee and the Internal Audit Department conducted job-specific risk and compliance training in collaboration with various departments to thoroughly analyze and identify potential risks, making management measures more effective and actionable. For new employees, the Company mandates internal control and risk training as a compulsory course. New hires are required to complete training on topics such as personal information protection and compliance reporting and investigation procedures.

Business Ethics

Hualing Pharmaceuticals strictly adheres to the *Anti-Monopoly Law of the People's Republic of China (PRC)*, the *Anti-Unfair Competition Law of the People's Republic of China (PRC)*, the *Anti-Money Laundering Law of the People's Republic of China (PRC)*, and other relevant laws and regulations. The Company sustains high standards of business ethics, firmly opposing all forms of corruption, bribery, and unfair competition.

To further regulate its business conduct and ethical standards, Hua Medicine has developed and refined its *Anti-Fraud Policy*, which clearly defines fraudulent activities, outlines responsibilities for fraud investigations, and specifies investigation procedures and handling measures. This initiative strengthens internal controls and risk management within the Company.

Anti-Corruption Management

We have issued the "*Anti-Bribery and Anti-Corruption Procedures*" clearly stating Hua Medicine's zero-tolerance stance towards bribery and corrupt practices. These procedures strictly prohibit the payment or acceptance of any form of kickbacks and provide detailed guidelines on compliant behaviour and prohibitions in areas such as personnel reception, expense reimbursement, recruitment, business communication, and third-party management. Any special circumstances must be consulted with the Compliance Committee in advance. By continuously improving our anti-bribery and anti-corruption regulatory system, we are committed to effectively reducing the compliance risks that employees may face when interacting with government officials, healthcare professionals (HCPs), healthcare organizations (HCOs), and other business partners.

Whistleblowing and Investigation System

Hua Medicine encourages the reporting and complaints of corruption and violations of business ethics and has established multiple public complaint channels. The Company places great importance on whistleblower protection and has implemented a strict whistleblower protection system under its compliance reporting and accountability mechanisms, including the *Whistleblowing Policy*. The Company strictly ensures the confidentiality of the real names whistleblowers, preventing information leaks and fully safeguarding their legal rights. The internal audit department is responsible for the daily maintenance of the whistleblower email and oversees investigations into reported incidents. Investigation results are reported to the Compliance Committee or, through the Audit Committee, to the Board of Directors. During the reporting period, no complaints have been received.

Compliance and Business Ethics Culture Development

Hua Medicine consistently prioritizes compliance and business ethics culture development as one of its core priorities. The Company continuously tracks the updates of relevant laws and regulations. The Company also conducts daily communication and regular targeted training to ensure the Board of Directors and employees have thorough understanding of compliance and anti-corruption knowledge, policies, and risk prevention requirements.

The internal audit department conducts annual assessments of commercial bribery risks and carries out internal investigations in high-risk areas to provide a solid foundation for the Company's integrity initiatives. Additionally, the internal audit department rigorously tests and evaluates the anti-bribery and anti-corruption control measures of suppliers and distributors.

It is particularly noteworthy that during the reporting period, neither the Company nor its employees were involved in any corruption-related incidents or litigation cases.

Supply Chain Integrity and Compliance Management

For external suppliers and partners, the Company actively promotes integrity-based cooperation, reinforcing mutual awareness of ethical self-discipline. We adhere to the highest compliance standards when selecting partners, conducting thorough background checks to comprehensively assess their reputation and historical compliance performance, ensuring that we do not engage with entities that have ethical deficiencies. When establishing cooperative relationships, we sign agreements that include integrity and compliance clauses with partners involved in key business areas. It requires them to disclose any potential conflicts of interest and strictly adhere to ethical obligations. Additionally, in service and distributor contracts, we explicitly mandate all partners to fully comply with laws and regulations related to anti-bribery, anti-corruption, and internal controls.

Fair Competition

Hua Medicine is committed to fair competition based on genuine value, ensuring that this principle is upheld in all interactions with competitors, third parties, and partners. We advocate for an open and fair market environment, supporting free competition and trade.

In the "*Hua Medicine Compliance Code of Conduct*", we explicitly require that every employee must obtain competitive advantages through legal means and strictly prohibit any improper interference with distributors' normal operations. Meanwhile, we closely monitor monopolistic practices and firmly prohibit any entity from abusing market dominance through actions such as refusal to deal, tying arrangements, discriminatory transactions, monopolistic pricing, and predatory pricing.

Privacy Protection

Privacy protection is a crucial component of the Company's business ethics, and safeguarding personal privacy data is a fundamental prerequisite for Hua Medicine to build trust with all stakeholders. We strictly comply with the "*Data Security Law of the People's Republic of China* (PRC)," the "*Cybersecurity Law of the People's Republic of China (PRC),"* and the "*Personal Information Protection Law of the People's Republic of China* (PRC)," as well as the legal and regulatory requirements of the jurisdictions where our partners are located. We diligently fulfil our responsibilities and obligations regarding data security and privacy protection for both us and our clients. We collect and use personal information based on the principles of legality, legitimacy, and necessity.

We fully recognize the complexities faced by our industry in terms of privacy protection. These complexities arise not only from diverse laws, regulations, and industry standards but also from the stringent requirements and expectations of clients and other third parties. Therefore, our privacy protection system is designed to be both comprehensive and highly tailored. It implements refined control measures to address the specific needs of different stakeholders and business scenarios.

To ensure the lawful acquisition of personal information, the Company requires individuals to sign an informed consent form before collecting their data. We respect individuals' rights to be informed, access, correct, and delete their personal data and implement various measures to minimize its usage. The Company strictly evaluates the necessity of data collection. We have not received or stored information unrelated to our business. Additionally, we enforce compliance management for collected personal data by strictly controlling retention periods and promptly deleting unnecessary data.

To strengthen employees' awareness of privacy protection, Hua Medicine implements strict access controls for personnel handling sensitive data, ensuring they only perform operations such as access, editing, and uploading within their authorized scope. When employees leave or transition to different roles, they must properly transfer relevant private data. They should ensure that all necessary data is handed over and all redundant data is deleted. Furthermore, the Company requires all suppliers involved in processing personal data to sign compliance agreements to ensure that operational management consistently meets regulatory requirements.

Responsible Marketing

Hua Medicine conducts marketing activities in a legal and compliant manner, making this the foundation of its commercialization strategy. The Company strictly adheres to applicable laws, regulations, and industry standards in its operational regions to ensure that its marketing practices remain regulated and robust. Hua Medicine complies with the "*Drug Administration Law of the People's Republic of China (PRC)*," the "*Advertising Law of the People's Republic of China (PRC),*" and other relevant laws and regulations. We have established, refined, and regularly updated a series of internal marketing compliance guidelines. At the same time, we require external partners, including pharmaceutical distributors, to engage in lawful, honest, and scientific fact-based information dissemination.

- In 2024, Hua Medicine did not encounter any legal litigation related to false marketing claims.

1
- Establish Comprehensive Marketing Compliance Standards and Systems
- Conduct Marketing Compliance Risk Assessments
- Provide Marketing Compliance Training

2
- Implement Marketing Compliance Management
- Promote Close Collaboration Across Departments to Form a Joint Marketing Management Mechanism

3
- Conduct Internal Compliance Checks for Commercial Marketing
- Monitor the Compliance of Marketing Activities and the Effectiveness of Risk Controls

Additionally, to ensure the standardization and compliance of marketing materials, our "*Code of Conduct for Academic Promotion Activities*" outlines the essential content that must be included in marketing materials. We have also established a review and monitoring mechanism to oversee these materials, ensuring that every aspect adheres to company standards and regulatory requirements.

Information Security

With the advancement of digital transformation, Hua Medicine recognizes the critical importance of safeguarding information security and data integrity. The Company strictly adheres to the national information security regulatory framework and comprehensively implements relevant laws and regulations, including the Cybersecurity Law of the PRC, the Data Security Art, and the Personal Information Protection Law of the PRC. During the reporting period, no incidents involving customer privacy breaches or data leaks occurred.

Defense System

Hua Medicine continuously strengthens its defense system in alignment with its business characteristics by formulating and implementing key policies such as the IT Asset Management Standards, Secure Software Coding Management Guidelines, Network Security Incident Response Procedures, and the IT Information System Disaster Recovery Plan. Standardized controls have been applied across multiple dimensions, including network architecture, operations and maintenance, endpoint device management, and emergency incident response.

During the reporting period, the Company established a comprehensive Disaster Recovery Plan (DRP) system based on the IT Information System Disaster Recovery Plan framework, encompassing the entire process, from risk identification and assessment to recovery strategy formulation and emergency execution. At the same time, the Company conducted simulated IT tests to validate the feasibility and effectiveness of the plan in real-world scenarios. To further enhance data protection and security governance, Hua Medicine deployed a new data protection system in 2024. Leveraging intelligent technologies, this system enables precise classification and monitoring of data, allowing for more accurate risk identification and the efficient prevention of data loss or leakage incidents. Meanwhile, by integrating a dual-layer defense mechanism that combines the data protection system with a network firewall, the Company has significantly strengthened its resistance to external cyber threats, providing a robust safeguard for business operations.

From an internal control perspective, vulnerability scanning and information security audits are essential components of cybersecurity management. During the reporting period, the Company conducted vulnerability scans and achieved a 100% remediation rate for all identified vulnerabilities. Additionally, a standardized monthly security review mechanism was implemented to perform thorough security assessments of network access and client endpoints, accompanied by the preparation of detailed cybersecurity and data protection reports. To further enhance security measures, the Company engaged an independent third-party professional firm to conduct an external information security audit. By integrating continuous internal monitoring with specialized external evaluations, Hua Medicine has continuously enhanced its overall security protection capabilities, ensuring robust defense against potential threats.

Internal Control

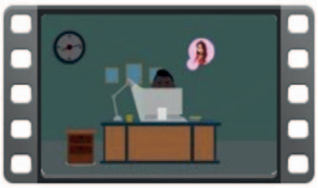
Hua Medicine places a high priority on the protection of confidential information and has established a comprehensive employee information confidentiality management system. During the onboarding process, all new employees are required to sign a legally binding Confidential Information, Invention Assignment, and Non-Solicitation Agreement, which specifies their obligations to safeguard trade secrets, technical data, and other sensitive information during the term of employment and after resignation. In daily operations, the Company implements stringent access control mechanisms. Based on business requirements and data sensitivity levels, a privileged account management system is utilized to enforce control over user permissions. Regular permission audits are conducted to ensure that access to sensitive information is strictly limited to the minimum necessary scope. For employee resignation management, the Company has established a standardized information asset retrieval process. Resigning employees must return all physical media containing confidential information, including paper documents and electronic storage devices. The information security team performs professional data sanitization on the retrieved media to ensure the integrity and security of information assets. Simultaneously, system access privileges for departing employees are immediately revoked, and a permission audit would be conducted to effectively mitigate potential risks of information leakage.

Additionally, we have established an official communication channel dedicated to addressing information security concerns. All employees and external partners can report issues to the information security team via email. The team promptly investigates security incidents and escalates them through the appropriate channels, ensuring that all cybersecurity events are resolved in a timely and effective manner.

Security Awareness Training and Promotion

To strengthen employees' awareness of information security, Hua Medicine has integrated training initiatives across multiple stages. During the daily operation, all new employees are required to participate in information security training sessions. In daily operations, the Company adopts a diverse training approach, offering both online and offline security education programs. Additionally, regular cybersecurity awareness emails are distributed, and simulated phishing email tests are conducted periodically. Employees who fail to meet the required standards in these tests receive targeted remedial training to reinforce their security awareness. During the reporting period, the Company launched an "Information Security Month" campaign, providing in-depth explanations of key cybersecurity regulations such as the Cybersecurity Law of the PRC and the Data Security Act. The campaign also analyzed typical phishing cases, prevention strategies, and best practices for personal information protection. To amplify the impact of these initiatives, Hua Medicine leveraged multimedia resources in the workplace, displaying information security-themed videos on digital screens across different floors. Additionally, thematic security posters and display boards were set up in public areas, fostering a strong security-conscious culture throughout the Company.

2024 Hua Medicine Cybersecurity Training



Cybersecurity Legal Awareness

Cybersecurity Awareness Animation – Protecting Business and Personal Data

How to Guard Against Various Scamming Tactics

Cybersecurity Awareness Animation – Phishing

Cybersecurity Awareness Animation – Data Breach

Cybersecurity Awareness Animation – Beware of Personal Information Security

2024 Hua Medicine Cybersecurity Awareness Month Campaign

Supply Chain Management

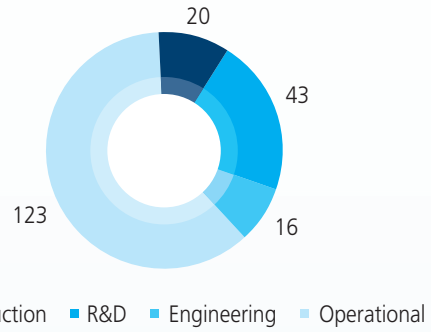
Building strong collaborative relationship with suppliers is of paramount importance to Hua Medicine's development. We continuously optimize our procurement and supplier management system, strengthening oversight to establish a more stable and sustainable supply chain.

As of December 31, 2024, Hua Medicine had a total of 202 suppliers. Geographically, the majority of our key suppliers are concentrated in East China, while the remaining nine suppliers are in South China, Hong Kong, Macau, Taiwan and other regions. In terms of supplier type, those related to operations and R&D make up a significant proportion, accounting for approximately 82% of all suppliers. The specific distribution is as follows:

Note: The number of suppliers mentioned above refers to those who had transactions with Hua Medicine during the year 2024.

Suppliers of Hua Medicine in Total
202

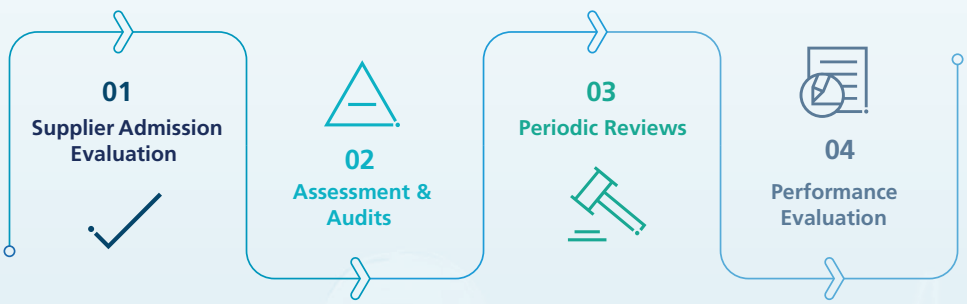
VENDOR STATISTICS BY TYPE



Supplier Management System

Hua Medicine strictly adheres to national laws and regulations and continuously enhances and improves its supplier management processes. Through a multi-tiered management approach, the Company oversees suppliers across various stages, including supplier admission evaluation, assessment and review, periodic audits, and performance evaluations. This comprehensive oversight minimizes potential risks and ensures the stability and security of the supply chain.

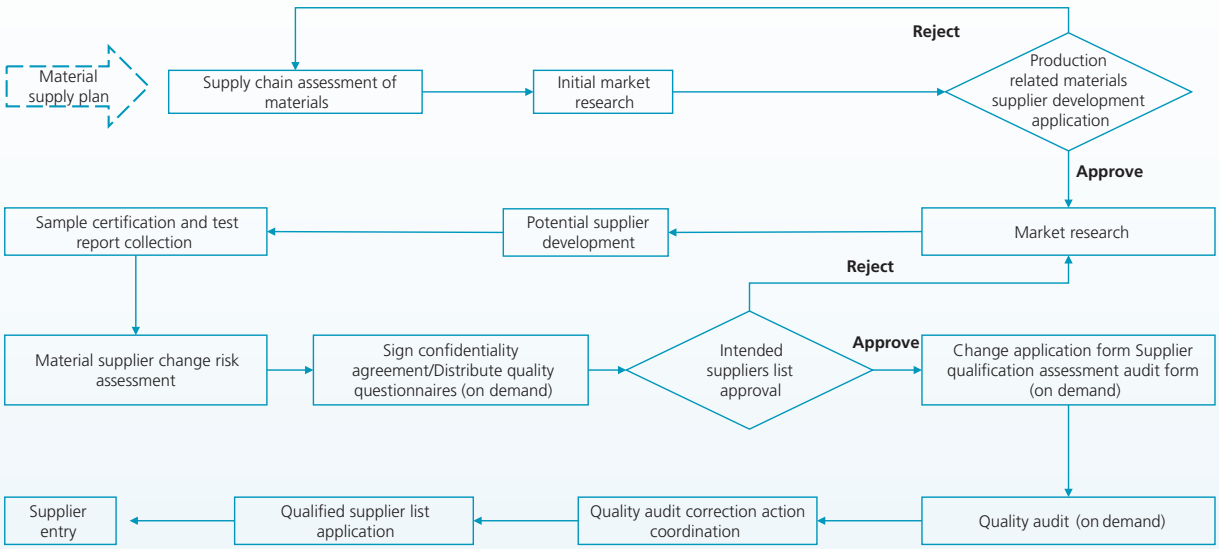
SUPPLIER MANAGEMENT PROCESS



Supplier Admission

Hua Medicine adheres to a difficult supplier admission review mechanism to ensure high-quality and reliable partnerships. The Company issues a *Supplier Information Questionnaire* to gather comprehensive insights into potential suppliers' financial status, production capabilities, service experience, corporate governance, and quality management systems. Simultaneously, Hua Medicine conducts a multi-dimensional qualification review, which includes verifying essential certifications such as business licenses, production permits, registration documents, and compliance-related manufacturing certificates. Particularly in terms of ESG compliance, the Company requires suppliers to provide environmental impact assessment reports, environmental protection certifications, and other relevant documents to demonstrate their compliance and effectiveness in sustainability practices. Based on these documents and relevant qualifications, Hua Medicine further standardizes supplier qualification management. During the reporting period, Hua Medicine issued the questionnaires to three new key suppliers to conduct a comprehensive assessment of their capabilities, identify potential supply chain risks, including ESG-related risks, and promote the green and sustainable development of the supply chain.

Production-related Materials Supplier Admission Process:



When selecting animal testing suppliers, Hua Medicine enforces strict qualification requirements to ensure compliance with industry standards and ethical guidelines. Suppliers must possess relevant licenses for conducting animal experiments and professional certifications in laboratory animal science to meet regulatory requirements. Additionally, the Company prioritizes suppliers with robust ethical review mechanisms to ensure that animal testing adheres to ethical principles. Preference is given to suppliers certified by AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care International). Furthermore, Hua Medicine emphasizes the need for suppliers to establish a clear and well-defined management framework and implement strict internal policies, standards, and procedures to ensure that all work is carried out in a regulated and ethical manner.

After the collaboration is confirmed, both parties sign a contract that stipulates the supplier must operate legally and in compliance with regulations. The acceptance criteria for received goods must be clear, ensuring that material quality meets established standards. Transportation and storage must adhere to relevant specifications to guarantee material quality. A well-defined mechanism for returns and replacements must be in place to efficiently address quality issues. There should be a rapid response process for quality complaints. In terms of health, safety, and environmental responsibilities, suppliers are required to comply with regulations and implement protective and environmental measures. Additionally, suppliers are obligated to disclose any adverse records. These provisions ensure that the entire collaboration meets Hua Medicine's expectations. During the reporting period, Hua Medicine signed eight new quality agreements to impose quality-related constraints on suppliers of critical materials.

Evaluation and Audit

To ensure that key material suppliers operate in compliance with company standards and industry regulations, Hua Medicine classifies suppliers based on risk levels and determines corresponding audit frequencies and methods accordingly. For suppliers that hold critical positions in the supply chain and pose higher risks, such as contract manufacturing organizations and major material producers, the Company adopts a dual supervision model that combines on-site inspections and audits. The evaluation process focuses on key aspects such as equipment safety, technical expertise, production process feasibility, operational standardization, and the effectiveness of quality control systems. If any deficiencies are identified, improvement plans are proposed and closely monitored to enhance overall management and operational efficiency. If a supplier is deemed non-compliant based on audit results, Hua Medicine takes decisive action, including imposing a rectification deadline or terminating supply qualifications, depending on the severity and scope of the issue, to safeguard the stability and high-quality operation of the supply chain.

In 2024, Hua Medicine conducted nine on-site audits, with all suppliers successfully passing the evaluation, along with 265 site visits. Also, the Company organized training sessions and technical exchange meetings to help suppliers improve operational efficiency and quality control levels, fostering experience sharing and technological innovation. These initiatives helped suppliers enhance operational efficiency and quality control, facilitated knowledge sharing and innovation, and strengthened long-term partnerships. These efforts not only strengthened the overall performance of Hua Medicine's supply chain, effectively reducing supply risks and improving delivery timeliness and product quality stability, but also enhanced long-term collaborative relationships with suppliers, creating greater value for both parties. During the reporting period, Hua Medicine has conducted a total of 110 supplier training sessions and technical exchange meetings.

2024 Hua Medicine Supplier Site Visit

Hua Medicine visited the supplier's production plant to understand the production process, manufacturing site management process, plant location and scale, production equipment testing, etc., and formed an on-site investigation report.

In terms of animal welfare, Hua Medicine mandates that all relevant suppliers strictly adhere to international animal welfare standards, ensuring that laboratory animals are treated humanely throughout the entire experimental process. The Company regularly supervises, inspects, and provides guidance on the ethical practices regarding laboratory animals by its suppliers, ensuring that the animals' living environments are clean and hygienic, their food is nutritious, and they have ample space for activity, thereby safeguarding their well-being. Additionally, staff who need to interact with animals are required to implement disinfection protocols and wear laboratory-compliant protective clothing that meets the required standards, promoting the standardization and regulation of animal experiments.

Periodic Review

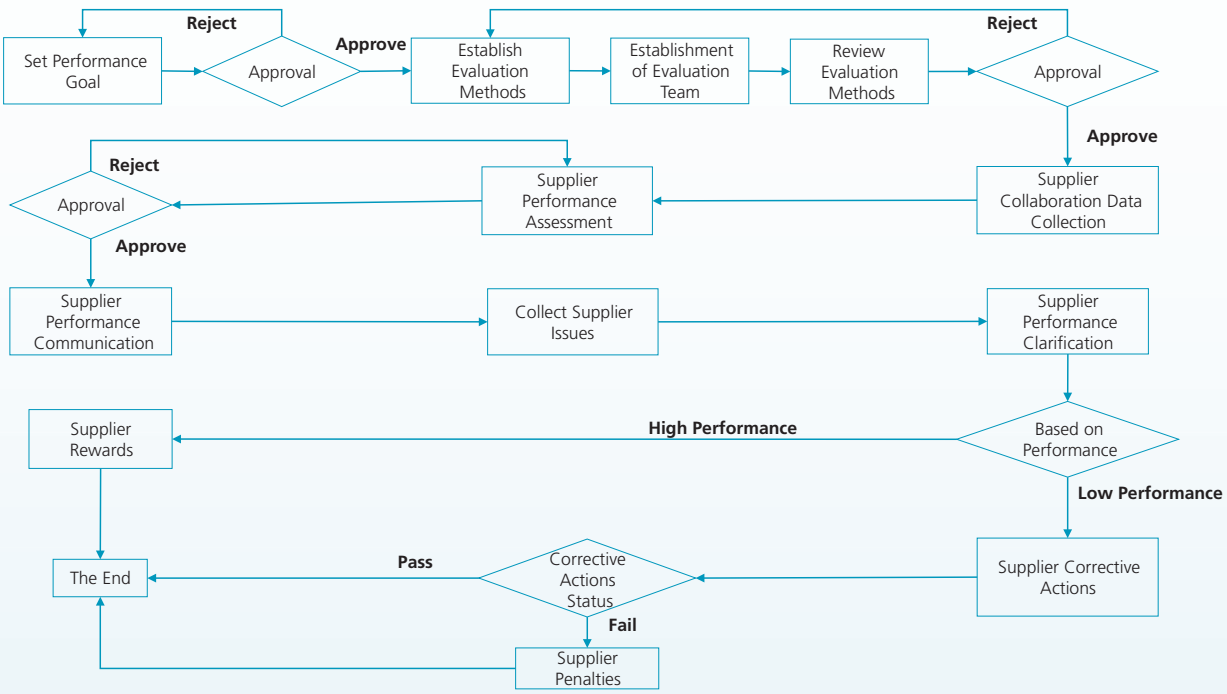
In addition to on-site inspections and regular audits, Hua Medicine has established a routine online communication mechanism with key suppliers. Regular online meetings are held to address critical aspects such as project requirements verification, preparation progress, and equipment operational status. During these meetings, both parties discuss the issues arising during project development, analyze their root causes, and jointly explore feasible solutions to ensure the smooth progress of the project. Furthermore, Hua Medicine consistently incorporates full lifecycle management of pharmaceuticals into its supply chain management. Quarterly review meetings are organized to systematically analyze and summarize actual production situations, identify deviations, and evaluate various audit results based on a framework of ten key systems, starting from the source of material procurement. Through systematic reviews of various audit results, Hua Medicine continuously optimizes the supply chain management process, enhances material quality and production efficiency, and strengthens collaboration and coordination with suppliers to ensure that the entire supply chain operates efficiently and stably.

Supplier Performance Management

Hua Medicine places great importance on the stable operation of production lines and the optimization of supply chain management. Based on different cooperation models, supplier characteristics, and risk levels, the Company has developed a differentiated performance evaluation process to ensure that every supplier undergoes a fair and appropriate assessment. In 2024, for production-related suppliers involved in its core business, Hua Medicine established the" *Pharmaceutical Production-Related Supplier Performance Management Process"*. The process sets management objectives and assessment methods are set based on key factors such as the Company's business objectives, the importance of the supplier in the business, and the supplier's market position. The evaluation process systematically collects and analyses data on supplier performance, including timeliness of deliveries, warehouse management, material quality stability, and after-sales service responsiveness. Combined with professional assessments from the pharmaceutical production and quality and risk control departments, Hua Medicine generates the final performance evaluation.

Supplier management personnel are responsible for promptly communicating the evaluation results to suppliers, engaging in detailed discussions about specific aspects of the assessment, and collecting feedback and questions from suppliers. They also conduct on-site visits as necessary to verify the accuracy and fairness of the evaluation results. For suppliers who perform exceptionally well in the performance evaluation, Hua Medicine awards them accordingly to encourage continued outstanding performance. Conversely, suppliers with poor evaluation results are given a remediation deadline. If a supplier refuses to make improvements, Hua Medicine will impose appropriate penalties based on the severity of the situation. During the reporting period, Hua Medicine conducted comprehensive performance evaluations of key production suppliers. The results indicated that the majority of suppliers met or exceeded the Company's requirements, with only two suppliers falling below the scoring criteria. For these two suppliers, Hua Medicine promptly requested corrective actions. Up to now, both of these suppliers have completed the required improvements. The above measures effectively ensure the overall quality and stability of the supply chain.

Supplier Performance Management Process



Supply Chain Risk Management

To effectively manage supply chain risks, Hua Medicine actively collaborates with international key material producers. Hua Medicine has established strategic partnerships to secure the supply foundation from the source and ensure the stability and timeliness of material supply. Additionally, Hua Medicine has made significant strides in domestic substitution of key production materials. After market research and technical testing, two materials that were previously reliant on foreign suppliers have made notable progress in the localization process. For other materials, Hua Medicine is progressing in an orderly manner according to its established plan, gradually reducing reliance on single foreign suppliers. Besides, Hua Medicine has innovatively developed a collaborative inventory management model with multiple suppliers. By leveraging information sharing and joint inventory planning, the Company can track inventory dynamics in real time, ensuring accurate restocking and inventory optimization. This strategy effectively reduces the risk of supply shortages and ensures that product and service supplies remain stable and efficient.

Supply Chain Sustainability

Hua Medicine focuses on the environmental and social performance of its suppliers. To ensure suppliers meet relevant standards and requirements, the Company incorporates key elements such as environmental management, legal employment practices, occupational health and safety, and business ethics risks into its partnership considerations. This approach helps to mitigate potential legal risks that suppliers may face in the environmental and social aspects, ensuring the establishment of healthier, more stable, and sustainable collaborative relationships.

Hua Medicine strengthens its collaboration with suppliers by signing a series of agreements that clearly and strictly set out relevant terms to encourage and bind suppliers to continuously improve their management in areas such as environmental, social responsibility, and corporate governance. This approach drives the entire supply chain towards long-term, sustainable optimization and development. In the supplier agreements, Hua Medicine defines employment clauses that respect basic human rights, strictly prohibit child labour and any illegal employment practices, and strives to protect the legal rights of outsourced service personnel. The *Quality Assurance Agreement* specifies that suppliers can only use animal-derived materials with prior approval from Hua Medicine. The *EHS Management Agreement* sets systematic and standardized management requirements for suppliers across various dimensions, including occupational health management, environmental management system development, and operation, ensuring the health and safety of supplier employees. Regarding integrity management, Hua Medicine put great emphasis on maintaining a zero-tolerance stance towards bribery. The Company formally commits in the *Code of Conduct* to resolutely prevent the offering or acceptance of bribes in business activities. The cooperation agreements with suppliers also explicitly define both parties' compliance responsibilities, strictly prohibiting any form of bribery, kickbacks, or corruption. Additionally, the Company has set up a supplier behaviour reporting hotline and email for internal and external partners to report violations, unethical behaviour, or non-compliance, ensuring transparency and fairness in supply chain management.

In addition to signing agreements, Hua Medicine also promotes the sustainable development of the supply chain through regular communication and supervision. The Company maintains close communication with suppliers to stay updated on their operational status and their execution of ESG, quality, and integrity standards. Hua Medicine provides suggestions such as optimizing production processes to reduce energy consumption and properly handling production waste to minimize environmental pollution, thus encouraging the practice of green principles. The Company also conducts periodic inspections of suppliers. If any misconduct is detected, Hua Medicine immediately engages with the supplier, requesting corrective actions to meet the Company's requirements, thereby promoting the optimization and improvement of the entire supply chain.

MOVE FORWARD WITH INNOVATION AND ACHIEVE JOINT PROGRESS IN THE INDUSTRY

Product and technological innovation are the driving force behind the progress of pharmaceutical companies, and Hua Medicine has always been committed to bringing more high-quality and innovative biopharmaceuticals to the market through its own rich R&D experience. Relying on our strong R&D capabilities, advanced technology platforms, and industry-leading industrialization bases, we will work with our partners to lead the development and commercialization of diabetes medicines for the benefit of patients and improve their quality of life.

R&D Innovation

Product and Pipeline	Indication	Discovery (Pre-clinical-Phase II)	Development (Phase III)	Commercialization
Dorzagliatin	T2D-Drug Naïve	→	→	→
	T2D-Metformin Tolerated	→	→	→
	REW study for Diabetes Remission	→	→	→
	MODY 2	→		
Dorzagliatin	Diabetes Prevention	→		
Dorzagliatin	Neurodegeneration	→		
Dorzagliatin and Metformin FDC	T2D	→	→	
2nd Generation GKA	Metabolic Disease	→		
Dorzagliatin and on to GLP-1 RAs	T2D and Obesity	→		
Dorzagliatin + Empagliflozin	DKD	→		
Dorzagliatin + Sitagliptin	T2D	→		
Dorzagliatin add on to Insulin	T2D	→		
mGLUR5 NAM	PD-LID	→		
	Drug Addiction	→		
GK NAM	Metabolic Disease	→		

Business Overview

HuaTangNing (华堂宁®) was reimbursed under the NRDL in mainland China for the first full-year in 2024. Our sales revenue increased by 234% to RMB255.9 million for fiscal year 2024 compared with the same period in 2023. During the fiscal year 2024, we worked with our former partner Bayer to commercialize HuaTangNing (华堂宁®) in approximately 2,700 hospitals across mainland China. During the year, we made a mutual strategic agreement to terminate the exclusive promotion agreement between us and Bayer, and effective January 1, 2025, Hua Medicine assumed full commercialization responsibility for HuaTangNing (华堂宁®) in mainland China.

In 2025, we recruited Mr. Lu Yu, a pharmaceutical sales executive with over 20 years of diabetes commercialization experience in China, to lead our sales and marketing efforts. For the first two months ended February 28, 2025, Hua Medicine sold approximately 592,000 packs of HuaTangNing (华堂宁®), representing approximately RMB73.2 million in net sales, as compared to the same period in 2024 when approximately 202,000 packs of HuaTangNing (华堂宁®) were sold, representing approximately RMB24.5 million in net sales. This 199% year-over-year increase in sales occurred during a period when the price per pack remained the same, demonstrating that the transition of commercialization responsibility for HuaTangNing (华堂宁®) in China from Bayer to Hua Medicine has been smooth and been reinvigorated.

As of December 31, 2024, Hua Medicine maintained a strong balance sheet with a cash balance of RMB1,139.8 million to support its full-scale commercialization, business development and R&D functions.

In 2024, Hua Medicine also made significant headway in preparing the future expansion of our glucokinase-targeted, glucose homeostasis-centered therapy into the international markets, specifically the United States. We successfully completed and announced the results of our SAD study in the United States of our second generation GKA (HM-002-1005) in which we validated the feasibility of our once daily oral therapy for T2D patients with obesity. We are currently developing the clinical dosage form for advancement of HM-002-1005 in a clinical proof-of-mechanism study. We also advanced our dorzagliatin-metformin fixed-dose combination product candidate into commercial dosage development. We expect to complete the process validation in 2025.

Based on human genetic data collected from studies of patients administered with dorzagliatin, the Mendelian Randomization methodology has been applied to predict the beneficial effects of dorzagliatin on related and significant diabetes complications, such as reduction in heart failure, coronary artery disease, memory loss and dyslipidemia. In addition, a separate Mendelian Randomization study provided genetic evidence supporting the causal effects of glucokinase activation on lowering the risk of frailty. These findings suggest that glucokinase activators may aid in the management of frailty and sarcopenia in people with diabetes. We will continue our research and development efforts to explore new indications.

Since the launch of HuaTangNing (华堂宁®) in the fourth quarter of 2022, our pharmacovigilance team has been diligently monitoring the safety of dorzagliatin in the mainland China market, and was recently recognized by the National Adverse Drug Reaction Monitoring Center as a national example for the pharmaceutical industry. As of December 31, 2024, Hua Medicine had monitored approximately 150,000 patients who have been prescribed HuaTangNing (华堂宁®), and dorzagliatin has been observed to be safe and well tolerated by patients.

Through our SENSITIZE 3 clinical study in Hong Kong, we are advancing studies of dorzagliatin in prediabetes, early treatment and prevention of Type 2 diabetes. We are testing new dosage forms of 25mg and 50mg dorzagliatin (as contrasted with the 75mg dosage form approved as HuaTangNing (华堂宁®)) for these new potential indications. We are also supporting an investigator-sponsored trial in testing dorzagliatin to treat MODY-2 patients who suffered from genetic mutations that de-activated glucokinase. Early studies in humans by both Dr. Juliana Chan and Dr. Linong Ji have indicated the benefit of dorzagliatin in MODY-2 patients by improving their β-cell functions and glycemic control.

We are also finalizing and preparing to submit the registration applications for dorzagliatin to launch commercialization in the Macau and Hong Kong markets. We plan to submit both registration applications in 2025.

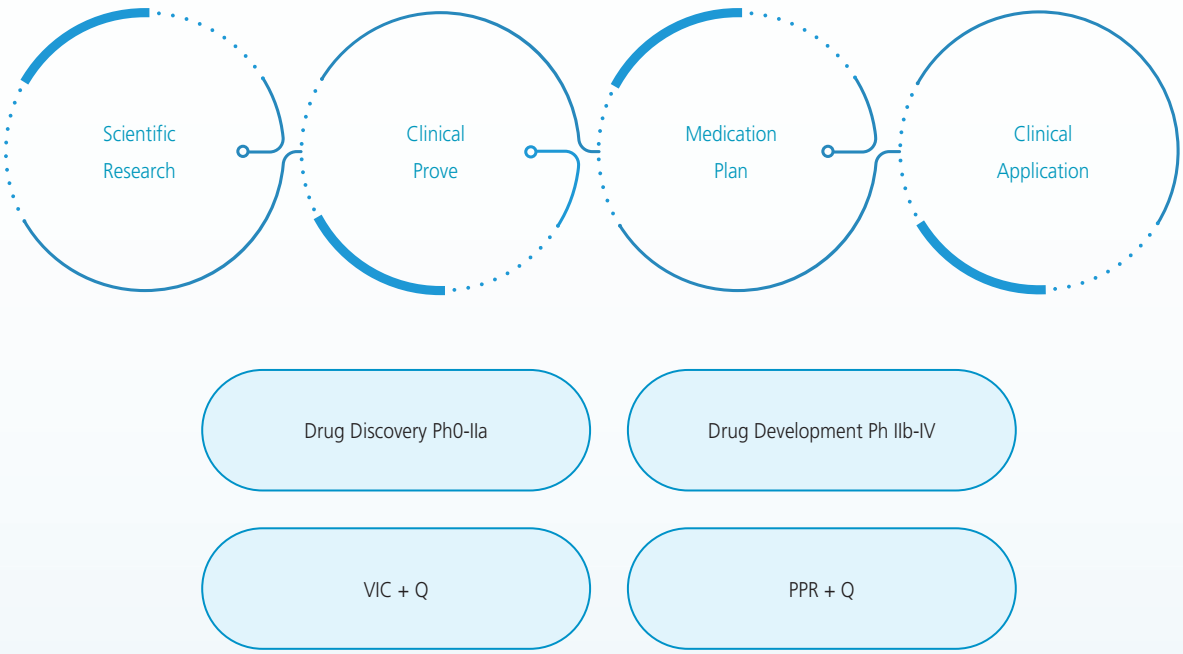
We continue to invest in expanding our manufacturing capacity to meet expected market needs in 2026 and 2027.

Further, we continue to strengthen our intellectual property rights globally. As of December 31, 2024, we owned more than 200 granted patents covering our proprietary technology worldwide.

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules: *We may not be able to ultimately develop and market our product candidates successfully.*

Innovative R&D Model

In the medication discovery phase, we adopt the innovative "VIC" model of VC (Venture Capital) + IP (Intellectual Patent) + CRO (Clinical Research Organization). In the medication development phase, we adopt the "PPR" model of Policy + Practice + Regulation. Throughout the medication's full life cycle, our team has always placed an emphasis on the management of "Q" (Quality). Hua Medicine has established the Quality Committee, which focuses on medication safety and quality issues throughout our clinical trials, manufacturing, and sales, to ensure that the trial design, research execution and operations performed by our partners can all be in accordance with international standards. Our R&D model not only enables us to improve efficiency and reduce costs of medication innovation but also ensures the medication quality and data rigorousness.



- VIC: VC (Venture Capital) + IP (Intellectual Patent) + CRO (Clinical Research Organization)
- PPR: Policy + Practice + Regulation
- Q: Quality

R&D Management

Hua Medicine promotes the implementation of high standards of R&D and innovation through the synergy of internal control and external regulation. We strictly comply with domestic and international laws, regulations and industry norms, such as the *Drug Administration Law of the People's Republic of China*, the *Annex to Good Manufacturing Practices for Drugs: Investigational Products Used in Clinical Trials (Trial)*, and the *Risk Management Guidelines for CO-Line Production of Pharmaceuticals*. We have formulated a number of management systems to further safeguard the safety and compliance of the R&D process and products. The Company continuously improves the quality management process in the R&D stage, follows scientific principles and technical specifications, and proactively accepts the on-site guidance and supervision of the Drug Administration.

Hua Medicine provides protection for innovative R&D through a well-established project management process and technical talent pool. We improve the management efficiency of R&D projects by building standardized and process-oriented methods. We require the R&D project team to organize project meetings on a regular basis to report on technical topics, discuss problems, etc. to ensure the smooth progress of R&D work.

In terms of team building, the Company actively informs the R&D talents with innovation ability, relying on the master and doctoral talents with rich experience in the field of biomedicine to provide the necessary technical support for the expansion of R&D and innovation pipeline.

- As of December 31, 2024, the Company's research and development personnel represent approximately **33%** of its total workforce
- **98%** of R&D personnel with Bachelor's degree or above

Academic Exchange and Cooperation

The Company attaches great importance to scientific research cooperation, actively integrates advantageous resources, comprehensively strengthens cooperation and exchanges with colleges and universities, scientific research institutions, to promote scientific and technological innovation and industrial development.

Successful Completion of the SENSITIZE Study

The SENSITIZE study was initiated by Professor Juliana Chan, an international endocrinology specialist at The Chinese University of Hong Kong, as the lead researcher. It is the first clinical study in Asian populations to evaluate the impact of GKA on β-cell glucose sensitivity in the populations with varying degrees of impaired glucose tolerance using the technology of hyperglycemic clamp. The study aims to explore the impairment of glucokinase (GK) function and clinical characteristics in different types of glucose dysregulation, providing new scientific evidence on the pathophysiology of Asian Type 2 diabetes and the central role of GK in blood glucose regulation.

The SENSITIZE 2 study results announced at CBIIC demonstrate that a single dose of dorzagliatin restores GK enzyme activity, significantly improving the second-phase insulin secretion and β-cell glucose sensitivity in individuals with impaired glucose tolerance (IGT) in hyperglycemic clamp study. In addition, the SENSITIZE 1 study previously reported at the 2022 ADA annual meeting showed that dorzagliatin directly restores the activity of GK mutants, leading to significant improvements in the second-phase insulin secretion and β-cell glucose sensitivity in patients with glucokinase monogenic diabetes (GCK-MODY or MODY-2), and significantly enhance basal insulin secretion in newly diagnosed type 2 diabetes patients.

Ethical Safeguards

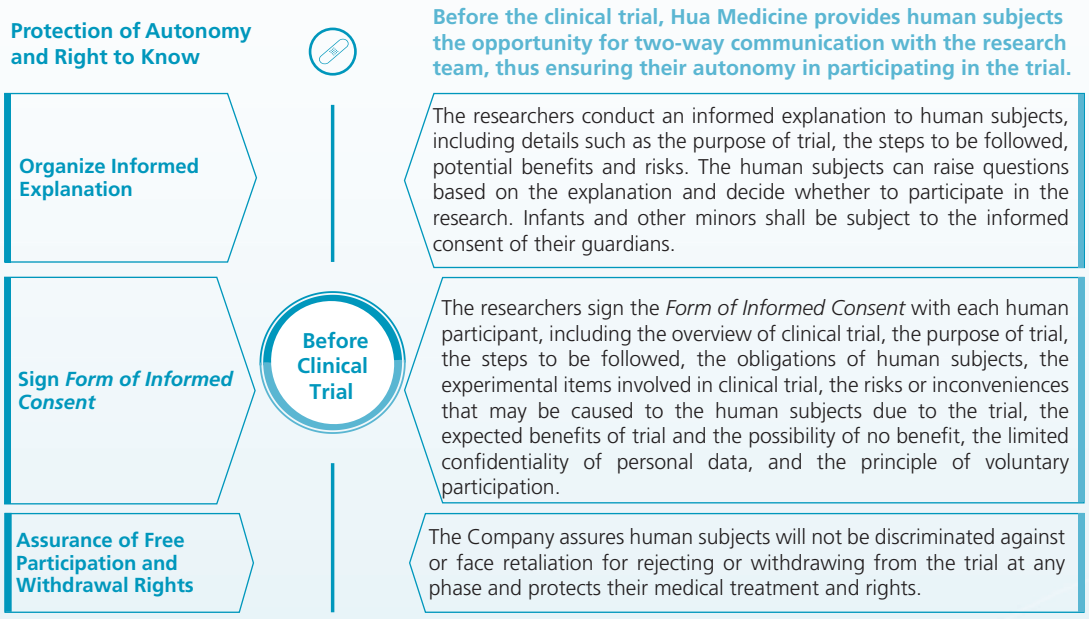
Hua Medicine takes ethical and moral considerations into account in clinical research, assists investigators in their efforts to protect the rights and safety of clinical subjects, and maintains respect for human health while advancing scientific research.

Clinical Trial Ethics

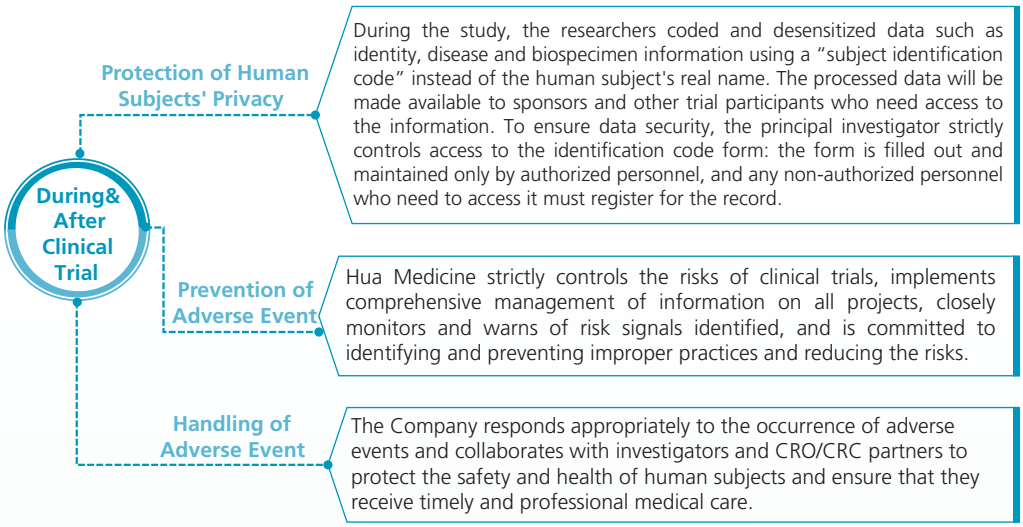
During clinical trials, Hua Medicine has strictly abided by the internationally recognized principles represented by the *Declaration of Helsinki of the World Medical Association* and other relevant ethical requirements. We comply with the *Good Clinical Practice* and other laws and regulations to carry out our work to ensure that the clinical trials are conducted in a compliant manner.

Hua Medicine takes the protection of human subjects' rights and safety as the primary responsibility, fully respects human subjects' rights to information, autonomy and privacy, and actively handles serious adverse events occurring in clinical trials to fulfill the responsibilities as the sponsor. The sponsors, investigators and human subjects establish a transparent and trusting research relationship to protect the rights and interests of human subjects throughout the entire process of clinical trials in the early, middle and late stages.

Before Clinical Trial



During and After Clinical Trial



Intellectual Property Management

Hua Medicine consistently upholds its core mission of "Patient-First, Global Innovation, Effective Medicines". The Company is committed to expanding and enhancing its intellectual property (IP) protection efforts, actively developing a more systematic and standardized IP management framework. The Company adheres to domestic laws and regulations, including the *Patent Law of the People's Republic of China (PRC)* and *the Implementing Rules of the Patent Law of the PRC*, while also closely monitoring and aligning with dynamic changes in international intellectual property standards, such as *the Regulations under the Patent Cooperation Treaty*. Consequently, Hua Medicine has established an IP management system that complies with national standards.

Given the distinctive nature of patent protection within the pharmaceutical industry and its strategic importance to the Company's core competitiveness, Hua Medicine has established an intellectual property management department within the Chairman's Executive Office. This department is fully responsible for the acquisition, maintenance, and utilization of intellectual property. It diligently tracks updates to national intellectual property laws and regulations, ensuring the prompt revision and enhancement of the Company's internal IP-related document and management systems. This ensures full compliance with legal requirements in IP operations and the effective implementation of measures to protect the Company's intellectual property.

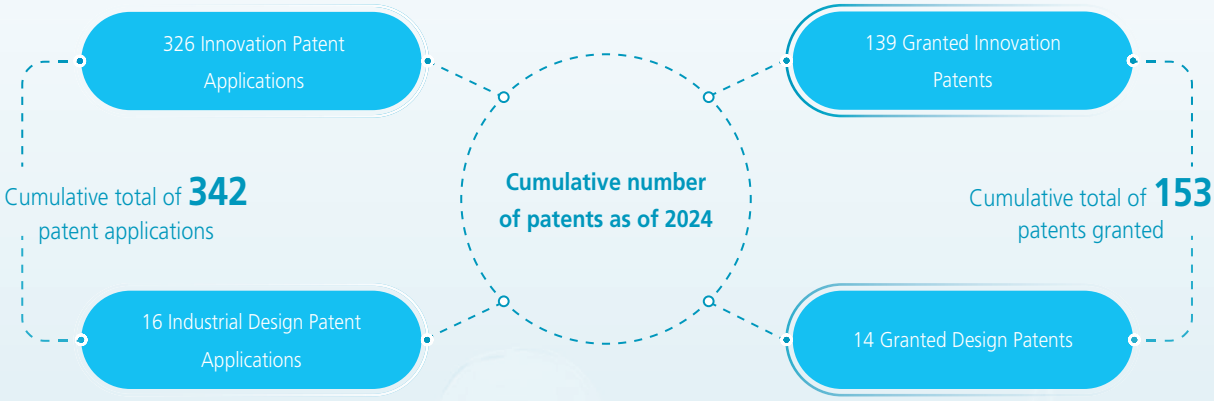
In terms of internal management, Hua Medicine places great emphasis on cultivating employees' awareness of intellectual property (IP) protection during the onboarding process. Employees are mandated to sign agreements related to IP protection upon joining, thereby strengthening the Company's internal control over intellectual property. In external collaborations, Hua Medicine clearly defines the respective responsibilities and obligations of both parties regarding intellectual property in contracts, effectively mitigating potential infringement risks and actively fostering a collaborative environment for mutual development with partners. Regarding media releases, the Intellectual Property Department, as the core body for internal review and supervision, assumes the responsibility of conducting preliminary reviews of proposed content to ensure compliance with relevant laws, regulations, and compliance requirements, thus avoiding IP infringement risks during public dissemination and citation processes. Furthermore, in accordance with Hua Medicine's respecting the intellectual property rights of external entities policy, reward and compensation provisions have been established for various aspects such as patent applications and grants. This comprehensive system fully safeguards the legal rights and interests of R&D personnel and effectively motivates the R&D team to engage in technological innovation.

Within the reporting period, Hua Medicine had not encountered any intellectual property-related litigation or administration penalties. We continued to carry out patent applications worldwide and filed a total of 48 invention patent applications in 2024 and received a total of 40 granted invention patents. Details of the patents granted are as follows:

No.	Patent Type	Patent Coverage	Authorization Status
1	Invention patent	Pharmaceutical combinations, compositions and compound preparations containing glucokinase activators and biguanide hypoglycemic agents and methods of preparation and use thereof	Authorized in 5 countries: Europe, India, Japan, South Korea, and South Africa.
2	Invention patent	Pharmaceutical compositions containing glucokinase activators and K-ATP channel blockers and methods of preparation and use thereof	Authorized in 4 countries: India, South Korea, Israel and South Africa.
3	Invention patent	Pharmaceutical compositions containing glucokinase activators and SGLT-2 inhibitors and methods of preparation and use thereof	Authorized in 6 countries: USA, Europe, India, South Korea, Mexico and South Africa.
4	Invention patent	Pharmaceutical compositions containing glucokinase activators and DPP-IV inhibitors and methods of preparation and use thereof	Authorized in 7 countries: Europe, USA, Japan, India, South Korea, Mexico and South Africa.
5	Invention patent	Pharmaceutical compositions containing glucokinase activators and alpha-glucosidase inhibitors and methods of preparation and use thereof	Authorized in South Africa.
6	Invention patent	Pharmaceutical compositions containing glucokinase activator and PPAR receptor activators and methods of preparation and use thereof	Authorized in 5 countries: USA, South Korea, Canada, Israel and South Africa.
7	Invention patent	Pyrrolidine derivatives	Authorized in Canada.
8	Invention patent	Preparation of substituted acrylate compounds	Authorized in 5 countries and areas: China Hong Kong, India, Japan, Russia and South Africa.
9	Invention patent	Pharmaceutical compositions of Dorzagliatin and glucagon-like peptide-1 analogs	Authorized in China Hong Kong.
10	Invention patent	Treating treatment-resistant diabetes with glucokinase activator	Authorized in USA.
11	Invention patent	Glucokinase activator for treating diabetes with renal impairment	Authorized in USA.
12	Industrial design patent	prodrug of pyrrolidone derivatives as glucokinase activator.	Authorized in 3 countries: USA, Nigeria and South Africa.

Photos of Some Patent Grant Certificates in 2024

As of 2024, the Company has submitted a total of 342 patent applications, with 153 patents granted. Among these, there have been 326 invention patent applications, 16 design patent applications, 139 invention patents granted, and 14 design patents granted.



Quality as the Priority

Hua Medicine takes pharmaceutical quality as its core value, adhering to the mission of "Good Medicine for the People." The Company implements full lifecycle management to ensure drug quality and safety, firmly upholding the bottom line of quality and safety while committing to safeguard patient medication safety.

Quality Risk Management System

Since its inception, Hua Medicine has regarded pharmaceutical quality as the lifeline of its development. The Company implements *the Medicinal Product Administration Law of the People Republic of China (PRC)*, *the Regulations for the Implementation of the Drug Administration Law*, *the Product Quality Law of the People's Republic of China (PRC)*, and other relevant regulations and supervisory requirements. Hua Medicine is committed to building a world-class quality supervision and assurance system. In accordance with the requirements of *the Good Laboratory Practice (GLP) for Non-Clinical Studies, the Good Clinical Practice (GCP), the Good Manufacturing Practice (GMP), the Good Supply Practice (GSP) and the Good Vigilance Practice (GVP),* Hua Medicine has established a comprehensive lifecycle quality management system. The Company ensures strict compliance with legal and regulatory standards by monitoring and managing pharmaceutical quality throughout research, production, distribution, and usage, safeguarding the safety and efficacy of its products.

Additionally, the Company has established specialized Pharmaceutical Quality Committees and Pharmaceutical Safety Committees responsible for conducting quality management reviews of the quality system status and operational performance, ensuring compliance and effectiveness. A Quality and Risk Management Department has also been set up to oversee the implementation and execution of the quality management system. By clearly defining the responsibilities of all levels within quality management, the Company ensures effective communication and reporting. Hua Medicine continuously optimizes its quality management system, integrating high standards of quality requirements throughout the entire pharmaceutical development, production, and sales chain. From exploring pharmaceutical safety and efficacy during the research phase, to strict control over the manufacturing processes, and ongoing monitoring of post-market product quality, Hua Med ensures the quality and safety of medicine throughout the entire product lifecycle with a rigorous approach. During the reporting period, the Company did not experience any major quality compliance incidents.

Quality Management Enhancement

The Quality and Risk Management Department closely monitors the latest developments in national pharmaceutical quality management regulations to ensure the Company's operations comply with the most up-to-date legal requirements. During the reporting period, Hua Medicine actively conducted systematic learning activities to study and analyse the evolving trends and specific requirements of relevant laws and regulations, as well as to identify gaps between existing policies and regulatory standards. To facilitate effective implementation, the Company organized cross-departmental meetings to evaluate the feasibility of compliance strategies, making promptly adjustments to management procedures and systems in response to regulatory changes, and fully integrating external regulations into the internal operating guidelines of the Company. These efforts aimed to internalize external regulations into the Company's operational guidelines.

As a result, several key policies were updated, including the *Management Procedures for Quality Standards and Testing Methods*, *Reference Standard Management Procedures*, *Vendor Qualification Confirmation and Oversight Processes*, and *Routine Quality Management Processes for Pharmaceutical Service Providers*. These updates further refined the Company's quality management system and enhanced the overall level of drug quality and safety assurance.

As a Marketing Authorization Holder (MAH), Hua Medicine strictly fulfils its primary responsibility for quality and safety. The Company has updated its *Routine Quality Management Procedures for COMs*, clearly defining quality metrics, critical elements, and on-site audit requirements to strengthen oversight of delegated production. By enhancing on-site guidance and supervision, Hua Medicine has further improved its control over the entire process and all aspects of quality management in the production workflows of its CMOs. Simultaneously, Hua Medicine places great emphasis on the standardization of supplier collaborations. By signing quality agreements that comply with national requirements, the Company clearly delineates responsibilities between parties, ensuring quality control from the source of material supply. This ensures that supplied products not only strictly adhere to relevant laws and regulations but also meet Hua Medicine's internal quality standards. Through these measures, the Company has established a strong and reliable supply chain quality assurance system, implementing strict quality management requirements across both internal operations and external collaborations, ensuring comprehensive and deep regulatory compliance.

Furthermore, Hua Medicine was awarded the highest credit rating of Grade A in the "2024 Shanghai Pharmaceutical Manufacturer Comprehensive Credit Risk Rating Assessment". Especially, Hua Medicine has gotten full scores in both Pharmaceutical Production dishonesty and violation records and Social Credit Evaluation indicators within this assessment. It was commissioned by the Shanghai Municipal Pharmaceutical Administration. This assessment was scored corporate credit risk and management on four dimensions: pharmaceutical production dishonesty and violation records, pharmaceutical management capabilities, social credit evaluation, and market competitiveness. It was comprehensively evaluated by conducting information verification, data statistical analysis, and model evaluation. The Grade A rating, which is the highest rating level in the assessment, represents full recognition of the Company's excellence in pharmaceutical quality, safety, and reputation. Since the market launch of HuaTangNing (华堂宁®) was approved, the Company has participated in the Shanghai Pharmaceutical Manufacturer Credit Rating Assessment for two consecutive years. And the Company has consistently achieved the Grade A credit rating.

Strengthening Post-Marketing Risk Management

Since HuaTangNing (华堂宁®) was officially included in the medical insurance scope in 2023, its sales have shown rapid growth. To more effectively manage the risks associated with post-marketing drugs, the Company has developed new regulations such as the *Procedures for Developing and Implementing Post-Marketing Risk Management Plans*. These regulations clearly define the fundamental requirements of the post-marketing risk management plan, detail the specific risk management content at each stage, and outline a structured implementation process. The procedures also provide comprehensive requirements for handling major quality and safety incidents, emergency response mechanisms, and other critical aspects, establishing a systematic post-marketing risk management framework for the Company.

Furthermore, during the reporting period, the Company's Regulatory Affairs Department, Pharmaceutical Marketing Department, Pharmacovigilance and Safety Department, and Quality and Risk Management Department, along with other relevant business units, collaborated to conduct a comprehensive review of the commercialization and production phase of Dorzagliatin 75mg following its approval. Each department focused on verifying elements such as production processes, equipment, materials, standards, and methods to ensure alignment with the approval registration status. At the same time, a thorough risk assessment was conducted from six key dimensions: registration, production, storage and transportation, clinical use, CMOs' credit, and regulatory and industry changes. After a rigorous evaluation, no high-risk issues were identified.

Quality Review

Hua Medicine operates in compliance with lifecycle standards and continuously enhances quality. To ensure the effective functioning of the production quality management system, the Company holds regular quality review meetings. These meetings cover critical elements such as organizational structure and personnel, material management, production management, quality management, quality assurance systems, and internal and external audits. During the meetings, the Quality Committee conducts a comprehensive review of multiple key elements. In terms of organizational structure and personnel, the adequacy and stability of key personnel are evaluated. For material management, processes such as material acceptance, storage, and handling are reviewed. In the area of production management, emphasis is placed on production deviation checks, process validation, equipment maintenance and operation, and production environment controls. Regarding quality management and assurance, systematically audits are conducted. From internal and external audits aspects, the focus is on summarizing audit findings and tracking the implementation of corrective actions. Through the analysis of review materials, the Quality Committee assesses product quality performance and formulates targeted improvement actions, aiming to elevate the Company's quality management standards across all aspects, and ensuring that product quality consistently meets high benchmarks.

Quality Audit

Hua Medicine actively organizes and implements regular quality audits and special quality audits, along with daily internal supervision. The Company also organizes external audits and inspections from regulatory authorities to ensure that all business activities strictly comply with laws, regulations, and industry standards. The Company places great importance on the issues identified during audits and inspections, taking all necessary corrective and preventive actions to optimize the Company's quality system and improve product quality. During the reporting period, Hua Medicine underwent a "CMOs Special Inspection" conducted by the Shanghai Municipal Pharmaceuticals Administration. After a thorough review, Hua Medicine successfully passed the special inspection with no major or severe deficiencies.

The qualification and quality management of suppliers are also crucial for ensuring pharmaceuticals quality. Hua Medicine has established a rigorous supplier qualification confirmation and monitoring process. The Company uses risk management methods for selecting, evaluating, qualifying, approving, and reassessing suppliers, and it promptly and accurately maintains supplier status information in supplier files. Supplier entry is strictly controlled, and ongoing monitoring of supplier management ensures that material quality and supply-related issues are properly addressed. Any changes are managed in strict accordance with laws and established procedures. In terms of specific responsibilities, the supply chain department is in charge of the initial supplier screening, while the quality department focuses on supplier quality assessment, including reviewing supplier qualification documents, material evaluations, and conducting supplier audits. Based on risk assessment results, Hua Medicine makes a judgment and flexibly uses different auditing methods, such as on-site audits, remote audits, written audits, or a combination of these. During the reporting period, Hua Medicine conducted a total of 13 audits for GMP suppliers. After thorough review, all audited GMP suppliers met relevant GMP laws and regulations as well as Hua Medicine's standards, with no major deficiencies. Any defects identified during the audits were addressed by the GMP suppliers, and all corrective actions were implemented according to the plan.

Enhancing Customer Service Quality

Hua Medicine firmly believes that building trust with customers is the cornerstone of the Company's sustainable development. Guided by the service philosophy of "For Patients "Hua Medicine actively listens to customer needs, continuously optimizes service management processes, strives to protect customers' legitimate rights and interests, and works to deliver superior service.

Customer Rights Protection

Hua Medicine consistently adheres to the principles of honesty and integrity, making every effort to protect consumer rights. The Company strictly follows the quality management standards for pharmacovigilance and promotes the full implementation of the adverse event reporting system by all employees. To widely collect adverse event information, Hua Medicine has established multiple channels for information collection, including the official website feedback mechanism, a dedicated reporting email, and a hotline, ensuring the comprehensiveness and smoothness of the information collection process. Upon receiving information, the Company promptly initiates an evaluation process and submits adverse reaction reports to regulatory authorities in a timely manner. Hua Medicine analyses and addresses identified potential risks, continuously enhancing product safety and quality.

Hua Medicine has updated and optimized its *Product Quality Complaint Handling Procedures* to align closely with actual business scenarios. The revised procedures specify practical and actionable requirements across key processes, including standardized information registration for complaint receipt, detailed criteria for tiered assessment, responsibilities and workflows for investigation, corrective and preventive actions, and handling timelines. These enhancements aim to improve the efficiency of product quality complaint resolution. During the reporting period, Hua Medicine sold over 2.10 million boxes of HuaTangNing (华堂宁®). Based on rigorous statistics, the recognized quality complaint rate was 4.76 PPM (Recognized Quality Complaint Rate = number of defect products (e.g., boxes) in accepted quality complaints during the reporting period/number of finished packaged products supplied during the same period)). All complaints were categorized as low-risk and 100% resolved within the prescribed timeframe.

Hua Medicine closely monitors its marketed products, strictly adhering to national regulations such as the *Measures for the Administration of Medicinal Product Recalls* and *the Good Manufacturing Practice of Medicine*, as well as relevant industry standards. The Company has established comprehensive product recall and return processes. Upon receiving quality complaints, Hua Medicine promptly evaluates and investigates the issues. If a market action is deemed necessary based on quality assessments, the Company actively, proactively, and swiftly fulfils its responsibilities in handling product complaints, demonstrating its commitment to corporate social responsibility. During the reporting period, Hua Medicine updated its *Medication Return Management Guidelines* in response to business needs. The update further clarifying the return and exchange request process, receipt and acceptance standards for returned products, and handling procedures. This update has established a more efficient and streamlined return process. At the same time, with the acceleration of data intelligence, and to ensure compliance with the national *Good Manufacturing Practice for Pharmaceutical Enterprises, Appendix 2: Computer System of Pharmaceutical Business Enterprises,* Hua Medicine simultaneously added new system functionalities. This ensures that the use of the computer system strictly adheres to national standards while enhancing overall operational efficiency and quality compliance.

In addition, the Company updated its *Quality Problems and Recall Handling Procedures* to further clarify the investigation and evaluation process before the recall decision, the reasons for and circumstances of initiating the recall, criteria for determining the type and level of recall, as well as the handling processes and time requirements, ensuring that the entire recall process can be quickly advanced. Furthermore, to enhance the transparency and public awareness of recall efforts, the Company introduced a template for publishing recall information on its official website. This template standardizes the content, format, and presentation of the information, striving to execute the recall process in a fast, effective, clear, and transparent manner, minimizing quality and safety risks associated with marketed products, and safeguarding public medication safety and legal rights. To ensure compliance with the *Medicine Administration Law* and *Measures for the Administration of Medicinal Product Recalls* and to achieve the goal of "recalling all necessary products," Hua Medicine conducts an annual simulated recall exercise. This exercise verifies the clarity of departmental responsibilities, emergency coordination capabilities, and incident response readiness. During the simulation, the Company begins with a detailed description of a hypothetical recall scenario, conducts a comprehensive investigation to identify the root cause, and executes the recall according to established procedures. This year's simulated recall test yielded expected results. Also, the Company conducted a thorough review of the simulation process to evaluate the practicality of the *Quality Problems and Recall Handling Procedure*, ensuring that actual recall events can be managed with efficient and standardized operations to protect consumer safety and uphold the Company's brand reputation. During the reporting period, the Company did not experience any product recalls due to quality or safety issues, nor did it receive any warnings or alerts from relevant pharmaceutical quality regulatory authorities.

Customer Privacy Protection

Hua Medicine has always been committed to safeguarding customer privacy. The Company adheres to the Helsinki Principles and considers respecting and protecting the rights of subjects as a key guideline. At the same time, the Company strictly follows relevant laws and regulations, such as the *Data Security Law of the People's Republic of China (PRC)* and the *Personal Information Protection Law of the People's Republic of China (PRC)*, continuously optimizing and improving its data security and privacy protection management system. From legal perspective, Hua Medicine clearly establishes confidentiality clauses in business contracts to provide legal protection for customer information security. During the information collection phase, the company follows a cautious approach, minimizing the collection of sensitive information to the greatest extent possible. In the information usage process, the Company implements strict access control mechanisms, precisely limiting employees' access to customer information, effectively reducing the risk of information leakage. In terms of data protection, the Company adopts advanced technologies and systems to broadly ensure data security. During the reporting period, no incidents of customer privacy being compromised due to personal information leakage occurred.

Quality Culture Construction

Hua Medicine deeply understands the importance of quality and safety for pharmaceutical companies. Upholding the concept of full lifecycle management for pharmaceutical, the Company has established a systematic training system and developed corresponding training procedures for key personnel responsible for quality and safety management, as well as employees involved in critical processes such as pharmaceutical development, production, non-clinical/clinical research, pharmacovigilance, business operations, and usage (referred to as GxP employees). The training system is primarily divided into two core modules: job-specific training and continuing education. The training procedures cover the formulation, implementation, effectiveness assessment, and annual review processes of the training plans, ensuring that GxP employees continuously improve their professional competence, precaution the quality and safety of medicine throughout their lifecycle, and meet the high-quality management standards required by the pharmaceutical industry.

In 2024, the Company strictly implemented professional development and competency assessments for key personnel in quality and safety management. Specifically, 100% of critical roles – including the legal representative, corporate responsible person (i.e., the primary responsible person), production management responsible person, quality management responsible person, qualified person, and pharmacovigilance responsible person – completed continuing education on pharmaceutical laws, regulations, and policies, and successfully passed periodic assessments. This ensures their precise understanding of regulatory requirements. For all GxP employees, the Company effectively executed wide-ranging training initiatives in accordance with established internal training management processes and plans, ensuring that every employee completed the corresponding job-specific training and continuing education, and truly enhanced their professional capabilities and compliance awareness in all stages of the pharmaceutical lifecycle.

During the reporting period, the Company actively conducted various training activities around the training system. Among them, there were 158 sessions of procedural document training, 14 sessions of legal and regulatory training, and 25 sessions of technical document training. All training projects were successfully implemented as planned, with a completion rate of 100%. This ensured inclusive coverage in terms of personnel and content delivery, strongly supporting the efficient operation of the training system and laying a solid foundation for the Company's medicine quality and safety management work.

PRACTICING LOW-CARBON AND GREEN DEVELOPMENT

Hua Medicine is committed to a green and low-carbon development model, actively responding to the national "Carbon Peak and Carbon Neutrality" strategic initiatives to promote green development. We continuously enhance our environmental management capabilities by implementing efficient emission management and resource utilization strategies, striving to minimize our environmental impact and contribute to environmental protection and sustainable development.

Address Climate Change

Hua Medicine actively responds to the risks and opportunities posed by climate change. Guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company carefully considers market conditions, operational circumstances, and weather changes in our operating regions. We continuously enhance our ability to tackle climate challenges and contribute to the achievement of global climate goals.

Climate Strategy

Climate change presents development opportunities for the Company. By enhancing resource efficiency and implementing energy-saving transformations, the Company effectively reduces operational and production costs while reinforcing the principles of green operations and resource conservation, actively implementing national environmental policies. Building on this foundation, the Company is committed to establishing an environmentally friendly operational model and actively assuming environmental responsibility, thereby enhancing its corporate reputation. The Board of Directors of Hua Medicine is responsible for formulating and reviewing the implementation of climate change-related matters, including targets for carbon emissions and energy consumption, and regularly assessing progress. Also, the Board oversees ESG management comprehensively, engaging in discussions on climate change-related issues. The Board authorizes senior management and relevant departments to proactively identify climate change risks and implement measures to mitigate, adapt to, and build resilience against climate change impacts.

Climate Risk Management

Hua Medicine has conducted an in-depth assessment of the various risks and opportunities posed by climate change and has developed response measures addressing both physical and transition risks to better manage its impacts. In term of Physical Risks, Hua Medicine's laboratories are in Zhangjiang Hi-Tech Park in Shanghai, a region with a low likelihood of extreme weather events such as heatwaves, earthquakes, typhoons, and floods. Therefore, the probability of encountering such events is relatively low. To effectively address potential physical risks, the Company has implemented comprehensive monitoring programs and response measures. The Environmental, Health, and Safety (EHS) department continuously monitors weather conditions and issues timely hazard warnings and travel safety advisories in case of extreme weather events such as tornadoes and heavy rainfall. It also adjusts remote, or work-from-home arrangements flexibly based on actual conditions to ensure employee safety. Additionally, the supply chain department continuously evaluates potential risks arising from climate and geographical changes that could lead to decreased production capacity, price increases, or supply disruptions among key suppliers, ensuring the stability of the supply chain.

To address transition risks, as Hua Medicine has not yet commenced large-scale production, its energy consumption remains low, and emissions are limited. Consequently, in the short to medium term, the Company faces relatively low risks related to policies, regulations, technology, market changes, and reputation. Nevertheless, we continuously monitor regulatory requirements and government policy updates, closely tracking the impact of commercialization and business expansion on the total greenhouse gas emissions and intensity across the value chain. Additionally, we have begun collaborating with partners to explore the feasibility of carbon reduction within the value chain to address long-term transition risks. At the same time, we have developed short-term risk mitigation strategies and business continuity plans. For example, the supply chain management department is systematically promoting the localization of key production materials to enhance supply chain resilience and autonomy. By establishing a diversified supply system and optimizing supply structures, we are gradually reducing dependence on single overseas suppliers. This approach ensures a stable and timely supply of materials, strengthens the supply chain's risk resistance, and safeguards business continuity.

Environmental Management System

Hua Medicine actively assumes environmental management responsibilities by comprehensively strengthening environmental oversight and integrating eco-friendly principles into every aspect of our operations. We are committed to advancing green and low-carbon development. Strictly adhering to laws and regulations such as the *Environmental Protection Law of the People's Republic of China (PRC)*, the *Air Pollution Prevention and Control Law of the People's Republic of China (PRC)*, the *Water Pollution Prevention and Control Law of the People's Republic of China (PRC)*, and the *Soil Pollution Prevention and Control Law of the People's Republic of China (PRC)*, we continuously enhance our environmental management capabilities through a robust environmental management system and rigorous control over environmental impacts. Our goal is to build an environmentally friendly biopharmaceutical enterprise.

Internal Management

A well-structured environmental management framework and system serve as the cornerstone of sustainable development. During the reporting period, Hua Medicine continued to implement a series of comprehensive management policies, including the *Hazardous Waste Management System of Hua Medicine R&D Centre, Hazardous Waste Management Policy of Hua Medicine Biomedical Laboratory, Laboratory EHS Management Regulations, Chemical Management Procedures, and EHS Policy,* to ensure environmentally responsible operations and fulfil our corporate social responsibilities. To enhance Hua Medicine's ability to prevent and respond to environmental emergencies, we have clearly defined emergency response structures and responsibilities in the *Hua Medicine Emergency Response Plan for Environmental Incidents.* This plan includes a comprehensive environmental risk analysis and a well-developed internal warning system, emergency response protocol, post-incident management, emergency support, and oversight mechanisms. These measures are designed to prevent or minimize the environmental impact of unexpected incidents. The Company's *Contingency Plan for Environmental Emergencies of Hua Medicine* has been officially filed with the Shanghai Pudong New Area Ecology and Environment Bureau. Additionally, to regulate the Company's Environment, Health, and Safety (EHS) management in office settings and ensure the safety and well-being of office personnel, we have introduced the *Office EHS Management Regulations***.** This regulation aims to promptly identify and eliminate safety hazards, track incidents, and implement continuous improvements to maintain a safe and healthy working environment for all employees.

External Management

Hua Medicine's research and development model involves close collaboration with numerous third-party pharmaceutical R&D partners throughout the pharmaceutical development and production stages. We are committed to integrating sustainability principles into supply chain management by advocating ESG initiatives among our suppliers, fostering a transparent and mutually beneficial responsible supply chain. Before engaging in partnerships, we require external service providers to sign the *EHS Management Agreement* or explicitly outline relevant safety management responsibilities in contracts to ensure clarity in both parties' obligations. To prevent the risk of hazardous waste leakage impacting the environment, we have partnered with professional industrial hazardous waste disposal service providers to manage waste transfers safely. Additionally, we have introduced the *EHS Management Procedures for External Service Providers* to standardize emergency response and incident management processes for external partners.

Through safety performance feedback and assessments, we conduct comprehensive evaluations of external service providers to ensure they meet the Company's regulatory standards and procedural requirements. In supplier management, the supply chain department oversees the environmental management of the supply chain. This includes evaluating suppliers' environmental practices through questionnaires, document reviews, and on-site inspections while requiring them to provide environmental management system certification and pollutant discharge permits. The supply chain department continuously monitors suppliers' environmental compliance, issuing corrective notices when significant environmental pollution or safety risks are identified. If necessary, we take decisive action, including terminating partnerships, to uphold our environmental and safety standards.

In 2024, Hua Medicine

- No major environmental pollution incidents occurred
- No environmental complaints or administrative penalties were received
- Actively underwent external environmental inspections with no instances of environmental compliance risks
- Conducted emergency drills for laboratory incidents and achieved 100% remediation of identified issues

We are not only continuously improving our EHS management standards but also actively conducting internal environmental assessments and undergoing external reviews. During the reporting period, the Company implemented the following specific EHS-related management initiatives:

Pollution Prevention

Hua Medicine firmly adheres to the environmental laws and regulations of its operating locations, implementing an environmental management system tailored to the specific conditions of each department to optimize waste management measures. We strictly enforce compliance with all prescribed emission standards, ensuring that wastewater, exhaust gases, and waste materials are 100% treated in full compliance with regulations.

Waste Gas Management

The primary sources of waste gas emissions are the volatilization of small amounts of chemical and organic reagents during experiments and testing processes. Hua Medicine strictly complies with local laws, regulations, and industry standards, including the *Emission Standard of Air Pollutions for Pharmaceutical Industry*, The *Discharge Standard of Pollutants for Bio-pharmaceutical Industry of Shanghai, Integrated Emission Standard of Air Pollutants, Emission Standards for Odor Pollutants*, to ensure the proper treatment and discharge of waste gases. Waste gases generated in the laboratory are collected through fume hoods and transported via exhaust pipelines to a centralized activated carbon adsorption system installed by the property management for purification. This effectively prevents pollution of the atmospheric environment.

During the reporting period, our exhaust emissions were mainly generated from vehicle emissions, and the details are as follows:

Hua Medicine Exhaust Emissions Data

KPI	Unit	2023	2024
Nitrogen Oxides (NO_x)	Kg	49.547	58.711
Sulfur Oxide (SO_x)	Kg	0.072	0.083
Particulate Matter (PM)	Kg	4.748	5.626

Note: Reference data sources for emission factors include *Appendix 2: Reporting Guidance on Environmental KPIs of Environmental, Social and Governance Reporting Code* issued by HKEX, EMFAC-HK Vehicle Emission Calculation and Vehicle Emission Modeling Software of United States Environmental Protection Agency.

Waste Management

Our waste is primarily categorized into household waste, general industrial solid waste, liquid waste, and hazardous waste. Hua Medicine strictly complies with environmental laws and regulations, including the *Environmental Protection Law of PRC, the Shanghai Environmental Protection Regulations, the Shanghai Measures for the Prevention of Pollution by Hazardous Waste, the Law of PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Shanghai Regulations for the Filing of Hazardous Waste Management Plan, the Measures for the Management of Hazardous Waste Transfer Coupons, the Discharge Standard of Pollutants for Bio-pharmaceutical Industry, the Comprehensive Wastewater Discharge Standard*, and other relevant policies such as the *Shanghai Hazardous Waste Management Plan Filing Procedures*, the *Hazardous Waste Transfer Manifest Management Measures*, the *Pollutant Discharge Standards for the Biopharmaceutical Industry*, and the *Integrated Wastewater Discharge Standards*. We have strengthened the management of hazardous waste to minimize its harmful effects, ensuring its proper utilization and safe disposal to prevent environmental pollution. During the reporting period, we continued implementing the *Hua Medicine R&D Centre Hazardous Waste Management System*, which mandates that laboratories submit an annual *Hazardous Waste Management Plan* via the Shanghai Hazardous Waste Management Information System by the end of February each year. We submitted the 2024 *Hazardous Waste Management Plan* in January 2024, and all hazardous waste generated during the year remains within the declared scope. Laboratories are strictly prohibited from mixing hazardous waste with household waste or discarding it improperly. Hazardous waste must be collected in designated containers according to waste categories, labelled accordingly, and placed in the appropriate collection bins. Policies such as the *Laboratory EHS Management Regulations* and *Chemical Management Procedures* explicitly require that laboratory waste liquids be collected as hazardous waste and must not be discharged directly into drainage systems. All collected hazardous waste is handled by certified hazardous waste disposal providers. Post-experimental cleaning wastewater, water from constant-temperature baths, and domestic sewage undergo pre-treatment before being discharged into the municipal sewage network and wastewater treatment plants. During the reporting period, there were no issues concerning the sourcing of applicable water. Additionally, qualified third-party agencies regularly conduct occupational hazard assessments in our laboratories to identify environmental risk factors, assess exposure levels, and inspect the safety of production equipment and protective facilities, ensuring safe management of hazardous materials. In office spaces, used batteries must not be disposed of with general household waste. Employees are required to sort and hand over used batteries for centralized recycling by property management.

During the reporting period, such hazardous waste data was as follows:

Hua Medicine Hazardous Waste Data

KPI	Unit	2023	2024
Total Experimental Waste Liquid	Tonne	0.375	0.190
Density of Experimental Waste Liquid	Tonne/CNY 1b Revenue	4.895	0.742
Total Experimental Waste	Tonne	0.215	0.100
Density of Experimental Waste	Tonne/CNY 1b Revenue	2.806	0.391
Total Scrapped Samples	Tonne	0.005	0.020
Density of Scrapped Samples	Tonne/CNY 1b Revenue	0.065	0.078
Total Battery Usage	Tonne	0.007	0.008
Battery Usage Per Capita	Kg/person	0.056	0.062

Note: The above battery data includes Shanghai office only.

Non-hazardous waste primarily originates from daily office operations and general household waste. We comply with the *Shanghai Domestic Waste Management Regulations* and classify waste according to the city's standardized classification guidelines. Waste classification signs are posted on each floor to remind employees, and waste is collected in designated bins before being managed and processed by the property management Company. Dry and wet waste is primarily disposed of through landfilling, while recyclable waste is processed through recycling programs. In 2023, some employees worked remotely, leading to a reduction in office-generated waste. However, as the Company's business operations stabilized in 2024 and more employees returned to office work, the volume of non-hazardous waste increased compared to 2023.

Hua Medicine Non-hazardous Waste Data

KPI	Unit	2023	2024
Total Residual Waste	Tonne	5.429	5.580
Residual Waste Per Capita	Kg/Person	43.087	45.738
Total Household Food Waste	Tonne	1.755	1.977
Household Food Waste Per Capita	Kg/Person	13.929	15.385
Total Recyclable Waste	Tonne	3.595	3.611
Recyclable Waste Per Capita	Kg/Person	28.532	29.598

Note: Non-hazardous wastes of our U.S, Hong Kong, Wuhan, and Beijing offices are handled by the property company in a unified way, so it is difficult to measure the exact quantity. In addition, the scale of these offices is small. Therefore, these offices are not included in the above statistics. To analyze the per capita waste more rigorously, the number of personnel in non-applicable offices is thrown out in the calculation of the per capita waste, which was an updated calculation method for the current year, therefore the per capita KPIs of last year have been retroactively adjusted.

Noise Management

Noise primarily comes from the operation of equipment such as fume hoods in laboratories and environmental protection facilities like wastewater and exhaust gas treatment systems. We strictly comply with the *Law of PRC on the Prevention and Control of Environmental Noise Pollution* and other relevant laws and regulations. In our laboratories, we use low-noise, low-vibration, environmentally friendly equipment. High-noise equipment is installed with vibration-isolating foundations or non-padded, shock-absorbing materials to minimize the noise impact on employees, residents, and the urban environment. During the reporting period, the property management at our operational location hired a professional third party to conduct noise monitoring around the office building. The results were deemed compliant with regulations.

Resource Utilization

Hua Medicine closely monitors the efficiency of energy and water resource usage, strictly adhering to relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China and the Water Law of the People's Republic of China*. We have established a robust resource management system and continuously improve the overall utilization rate of resources.

Resource Management

Currently, Hua Medicine's primary energy sources are gasoline and purchased electricity, while the main water source is municipal potable water. The consumption data for energy and water resources, compared to previous years, is as follows. In 2024, the Company continued its commercial activities, resulting in an increase in the driving mileage of vehicles and gasoline consumption compared to 2023. Additionally, we improved some sanitation facilities in our Shanghai office building, such as cleaning rooms on each floor and shower areas in the gym, to facilitate employee use after work and exercise. As a result, water usage has increased compared to 2023.

Hua Medicine Resource Consumption Data

KPI	Unit	2023	2024
Total Executive Gasoline	Liter	4,875.000	5,637.000
Executive Gasoline Per Capita	Liter/Person	30.469	38.088
Total Executive Electricity	kwh	682,750.000	698,099.000
Executive Electricity Per Capita	kwh/Person	4,433.442	4,716.885
Total Executive Water	Tonne	1,210.000	1,801.000
Executive Water Per Capita	Tonne/Person	9.603	14.762

Note: The gasoline and electricity consumption data include our Wuhan and Beijing offices but does not include our U.S. and Hong Kong offices. The water consumption data does not include our U.S., Hong Kong, Wuhan, and Beijing offices. Water and electricity of these offices are supplied by the property companies, so it is difficult to measure accurate data. In addition, the scale of these offices is small. Therefore, these offices are not included in the above statistics. To analyze the per capita consumption more rigorously, the number of personnel in non-applicable offices is thrown out in the calculation of the per capita KPIs, which was an updated calculation method for the current year, therefore the per capita KPIs of last year have been retroactively adjusted.

Our greenhouse gas emissions are primarily from vehicle gasoline consumption and small amounts of refrigerants consumed by air-conditioners installed in computer lab (Scope 1: direct greenhouse emissions), and electricity consumption (Scope 2: energy indirect greenhouse emissions). Greenhouse gas (CO2) generated by Hua Medicine over the reporting period comparing with data over the last period are set out in the table below:

Hua Medicine Greenhouse Gas Emission Data

KPI	Unit	2023	2024
Greenhouse Gas Emissions (Scope 1)	Tonne	19.201	21.264
Greenhouse Gas Emissions (Scope 2)	Tonne	416.546	425.910
Total Greenhouse Gas Emissions (Scope 1 & 2)	Tonne	435.747	447.174
Total Greenhouse Gas Emissions Per Capita	Tonne/Person	2.723	2.903

Note: Greenhouse gas emissions are presented in terms of CO2. Reference data sources for greenhouse gas accounting methods and emission factors include the Intergovernmental Panel on Climate Change (IPCC) assessment reports, the Environmental Protection Department, and the Bureau of Ecology and Environment of the People's Republic of China.

Packaging Material Management

Hua Medicine's packaging materials are primarily used for product production, transportation, sales, and storage, and are divided into inner packaging materials and outer packaging materials. Inner packaging materials include PVDC and aluminum foil laminates, while outer packaging materials include medicine boxes, wraps, and cartons. In packaging material management, we always adhere to the principle of "treasure resources, reduce energy consumption and promote sustainable development," strictly comply with relevant laws and regulations in the Company's operating locations, and continuously optimize material management systems. Currently, the production and transportation of HuaTangNing (华堂宁®) are managed by external partners. To ensure that product packaging saves resources and reduces potential environmental impact during use, transportation, and disposal, we require our partners to provide environmental packaging certification documents when establishing cooperation. We strictly control the design and selection of packaging materials and encourage our partners to fully implement environmentally friendly packaging policies, such as carton recycling. During the reporting period, the packaging material usage for Hua Medicine was as follows:

Hua Medicine Packaging Material Usage Data

KPI	Unit	2023	2024
Total PVDC	Tonne	2.247	14.056
Total Aluminum Foil Cover	Tonne	0.813	1.883
Total Plastic Tape	Tonne	0.097	0.581
Total Medicine kit	Tonne	3.577	22.794
Total Paper Packaging Box	Tonne	2.813	12.624
Total Product Packaging	Tonne	9.547	51.938
Density of Product Packaging	g/Kit Unit	20.313	24.674

Implementing Energy Conservation and Consumption Reduction

During its operational development, Hua Medicine comprehensively promotes an energy management policy focused on energy conservation and consumption reduction, encouraging all employees to actively adopt resource-saving and waste-reducing work and lifestyle habits. The Company strictly complies with the *Energy Conservation Law of the People's Republic of China (PRC)* and relevant government regulations. Additionally, it follows standards such as *Energy Management Systems – Requirements with Guidance for Use (GB/T 23331-2020)* to efficiently manage energy usage.

Hua Medicine Energy Conservation and Emission Reduction Actions

01

Replacement of energy-saving light fixtures

During the reporting period, our new lighting and sanitary ware were all energy-saving and environmentally friendly, while we replaced ordinary lights in some areas of our Shanghai office with LED energy-saving ones, totaling **40** sets, with the replacement amount accounting for **5%**.

02

Replacement of air conditioning component

During the reporting period, the Company replaced the filters and cartridges of some air-conditioners in office buildings. Clean filters enable smoother air circulation and reduce the burden on the air-conditioning system, thus improving its operational efficiency and reducing energy consumption. The first batch of **16** sets of filters and **37** sets of cartridges were replaced, and the energy-saving efficiency of the equipment was increased by **20%**.

03

Lock the air conditioning temperature

During the reporting period, the Company locked the air conditioning temperature of the office building at **24** degrees in summer to avoid frequent switching of air conditioners, prolong the life of the equipment, reduce energy consumption and maintenance costs, and realize energy saving and environmental protection.

Implementing Green Office Practices

The Company promotes green concepts, encouraging all employees to adopt a low-carbon lifestyle and office practices. We enhance the management of electrical equipment such as office lighting and computers, reducing unnecessary power consumption through energy-saving reminders. We advocate for paperless office practices and minimize the use of lighting and air conditioning in the employee cafeteria during non-dining hours, contributing to sustainable development.

Posting of slogans on saving water and electricity and turning off lights to raise employees' awareness of saving resources

Office toilet paper is upgraded to bamboo fiber, napkins are upgraded to biodegradable, and the wastewater produced by its pulping can directly irrigate farmland, which is non-polluting to the environment and reduces the amount of tree felling

Cafeteria use pure plant corn machine biodegradable packing boxes to reduce the use of plastic and other environmentally unfriendly products

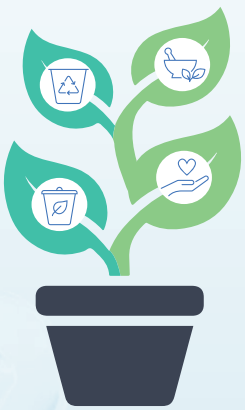
Upgrading office printing paper to FSC-certified forest-sourced paper, which is produced in a way that ensures that trees are cut down and regenerated in a strictly sustainable manner, thus reducing environmental damage

Green Production and Transportation

Hua Medicine is committed to encouraging suppliers to invest in ESG initiatives, enhancing the efficiency of the raw material and product supply chain, and jointly contributing to the achievement of carbon peak goals. During the reporting period, we collaborated with production and transportation suppliers to actively explore green development. The specific actions taken are as follows:

After rigorous data collection and research, under the premise of quality assurance, Hua Medicine has changed the temperature requirement for medicine transportation from refrigerated to room temperature nationwide since April 1, 2024, which effectively reduces the refrigerant emission and fuel consumption of temperature-controlled vehicles

Hua Medicine is committed to reducing the use of packaging materials for the transportation of raw materials and continuously improving their utilization to minimize the impact of the Company's operations on the surrounding environment. In collaboration with our raw material suppliers, we have replaced the packaging materials used for the transportation of ethanol from plastic drums to galvanized iron drums and have recycled and reused the packaging materials to improve their utilization based on meeting the basic packaging needs of the deliverables and ensuring that they are in good condition. After the replacement, we can effectively reduce 1,350.00 Kg of plastic waste for the whole year.



We are actively promoting the reduction of active ingredient waste streams and wastewater discharges and are working with our manufacturing suppliers to further expand the number of continuous batches and optimize the utilization of organic solvents.

Reduction in the amount of activated wastewater

24,000 Kg

Reduction in ethanol solvent use

48,000 Kg

Decline in overall organic solvent use

50%

PRIORITIZING TALENT, COLLABORATING AS ONE

Hua Medicine firmly believes that talent is the driving force of the Company's development. We provide our employees with competitive salaries and benefits and create an inclusive and safe working environment where individual values are fully respected and unleashed. Meanwhile, the Company offers comprehensive training and career development programs to support employees' professional growth, achieving the common progress of the growth of employees and the development of the Company.

Cultivation of Diverse Talents

Hua Medicine places great emphasis on talent development, recognizing talent as the wellspring of corporate innovation and progress, as well as a vital force driving sustainable growth. Therefore, the Company plans to gradually build a professional and diverse talent pool. By offering employees a variety of training and development opportunities, Hua Medicine aims to provide a solid talent foundation for its long-term development.

Attract and Reserve Talent

With the rapid growth of pharmaceutical sales, the Company has begun to focus on talent reservation, initially designing a talent reserve plan to fully prepare for the continued expansion of its business and to support the steady development of the Company's operations.

Furthermore, the Company also emphasizes the discovery and cultivation of talent from higher education institutions. It has participated in the Overseas Returnees Talent Exchange, which was jointly initiated by the Pudong Branch of the Shanghai Overseas Returned Scholars Association, Shanghai Federation of the Returned Overseas Chinese, and the Zhangjiang Science City Overseas Chinese Federation. Hua Medicine has been responsible for hosting visits from 150 innovative overseas returnees. Through participation in such events, the Company has deepened exchanges and interactions with overseas returnees, broadened channels for attracting high-caliber talent, and laid the groundwork for future international talent reserves. Simultaneously, the Company leverages regional talent policy advantages, utilizing special policies for talent introduction in Zhangjiang Science City, the household registration policy for talent in Zhangjiang Science City, and the favourable conditions of the Shanghai Municipal Human Resources and Social Security Bureau 's settlement policy to actively attract diverse high-level talent, reserving strength for the sustainable development of the enterprise.

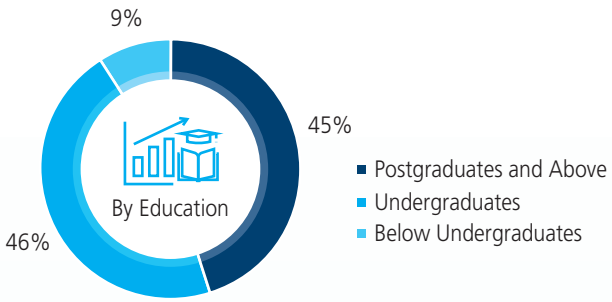
Equitable and Healthy Workplace Environment

Hua Medicine strictly adheres to laws, regulations, and principles such as *Labor Law of the People's Republic of China (PRC), the Labor Contract Law of the PRC*, and the *Social Insurance Law of the PRC*. Based on these, the Company has established human resource management systems including the Employee Handbook and Employment Policies, striving to build a comprehensive human resource management framework.

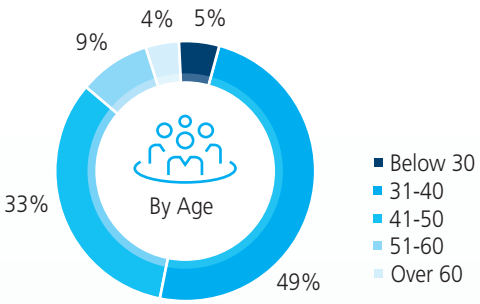
The Company consistently upholds the principles of fairness, impartiality, and transparency in recruitment, committed to providing equal opportunities for all job applicants. We firmly reject any form of discrimination based on gender, age, race, sexual orientation, pregnancy, disability, or marital status, ensuring that every employee enjoys equal job opportunities and treatment. We strictly comply with employment-related laws, regulations, and industry standards, resolutely opposing child labour and forced labor. Prior to the onboarding of new employees, we rigorously verify the authenticity of their identities through background checks and other compliance information-gathering measures to prevent non-compliant hiring from happening. If any violation is found, disciplinary actions will be taken when necessary. Additionally, the Company stands against workplace harassment, strictly prohibiting any form of verbal, physical, or visual harassment, threats, intimidation, or exchange of favors, and is dedicated to creating a safe, healthy, and equitable work environment for our employees.

The Company strictly adheres to laws and regulations related to the prohibition of child labor, forced labor, and the prevention of discrimination and harassment. During the reporting period, the Company did not experience any illegal or non-compliant incidents related to employee employment. As of December 31, 2024, Hua Medicine had 154 full-time employees with a balanced gender ratio and high education.

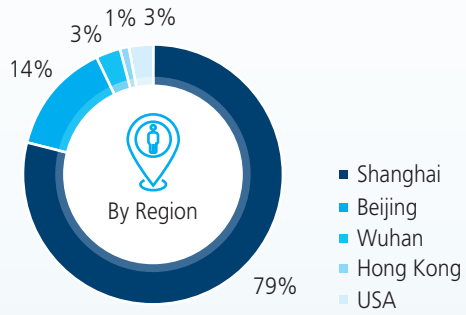
TOTAL NUMBER OF EMPLOYEES BY EDUCATION LEVEL



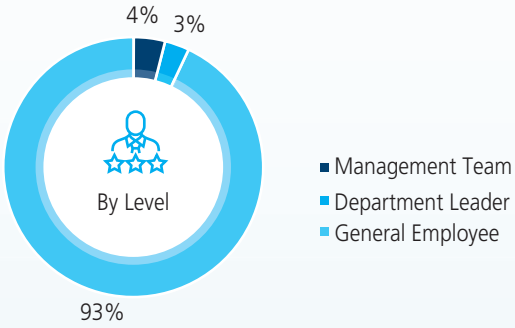
TOTAL NUMBER OF EMPLOYEES BY AGES



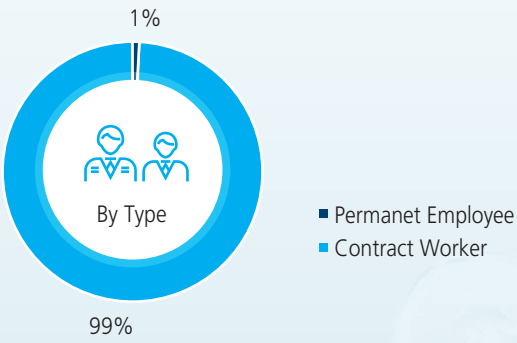
TOTAL NUMBER OF EMPLOYEES BY REGION



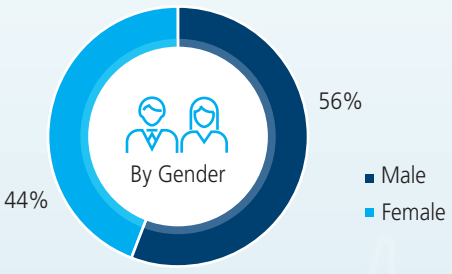
TOTAL NUMBER OF EMPLOYEES BY LEVEL



TOTAL NUMBER OF EMPLOYEES BY TYPE



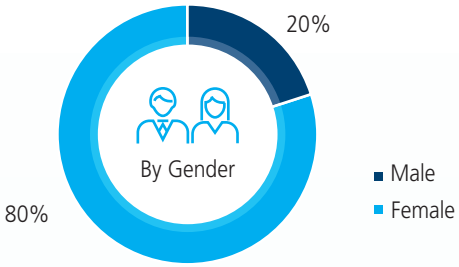
TOTAL NUMBER OF EMPLOYEES BY GENDER



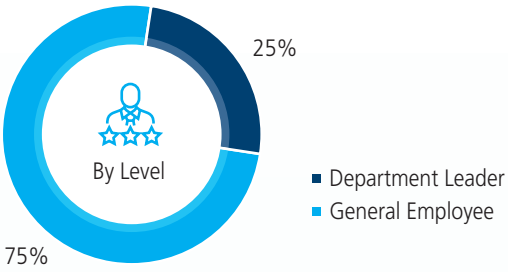
Empower Employees through Training and Development

To better achieve the Company's development goals, comprehensively enhance employee capabilities, and strengthen their identification with corporate culture, Hua Medicine has established an employee training system. This system aims to systematically enrich employees' knowledge and skills while improving their overall competencies. The Company conducts targeted specialized training programs tailored to different levels and job categories. In 2024, a total of 20 employees received training, accounting for 13% of the total workforce. The total training hours reached 809, with the following details:

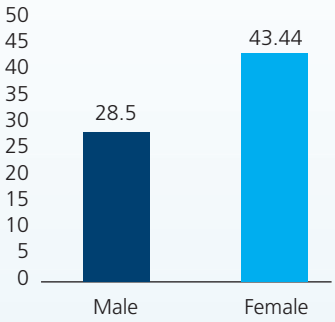
EMPLOYEE TRAINING STATUS BY GENDER



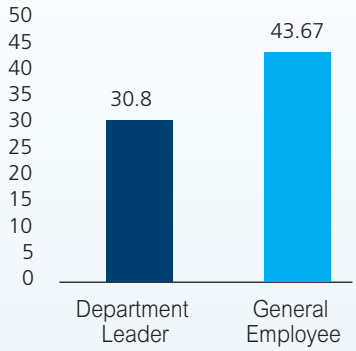
EMPLOYMENT TRAINING STATUS BY LEVEL



AVERAGE HOURS OF EMPLOYEE TRAINING BY GENDER (HOURS)



AVERAGE HOURS OF EMPLOYEE TRAINING BY LEVEL (HOURS)

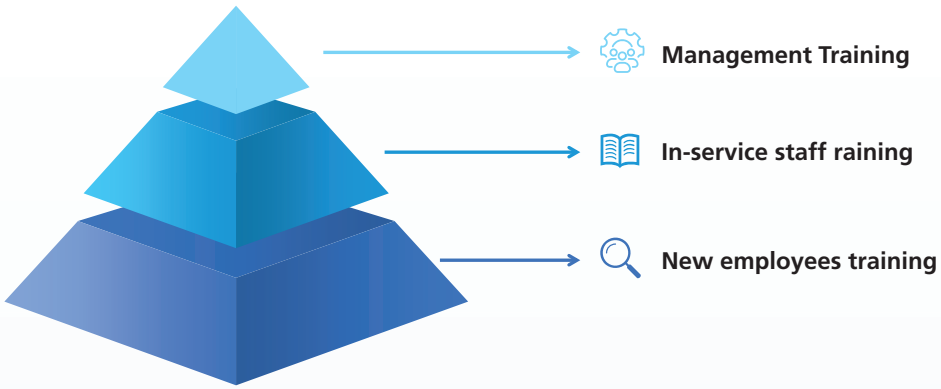


Note: *1.* The caliber of the above training statistics is the vocational skills training paid by the Company, excluding internal training, e.g., new employee orientation training, rules and regulations training, etc.

2. Percentage of employees trained = Number of employees in that category trained during the reporting period/Total number of employees trained*100%.

3. Average hours of training = Total hours of training for the category of employees during the reporting period/Total number of employees trained in the category

The Company provides comprehensive onboarding training for new employees, covering an overview of the Company, relevant policies and regulations, human resources systems, and safety awareness. This training is designed to help new employees quickly integrate into the Company culture and familiarize themselves with the work environment. Additionally, the Company offers corresponding internal training programs for existing employees to enhance their general skills, professional competencies, and compliance awareness. For the management team, the Company organizes training sessions focused on marketing management, aiming to cultivate leadership, strategic thinking, team management, and marketing strategy capabilities. These programs are intended to improve management effectiveness and decision-making skills.



Hua Medicine's Diverse Employee Training Methods

Compensation and Benefits

Hua Medicine is committed to building a competitive compensation and benefits system and fostering a harmonious and mutually beneficial corporate culture. In terms of welfare protection, the Company strictly adheres to *China's Social Insurance Law* and *Regulations on the Management of Housing Provident Funds*, providing employees with statutory basic benefits, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund.

Additionally, the Company offers a variety of supplementary benefits, such as commercial medical insurance, annual physical examination, meal allowances, and gym facilities, further enriching the employee benefits system. In the area of commercial insurance, the Company's coverage extends not only to employees but also to their children, encompassing medical insurance, children's medical insurance, accident insurance, critical illness insurance, and maternity insurance. This ensures comprehensive financial support for employees and their families in the face of health risks. These diverse and comprehensive welfare policies are designed to attract and retain talent. Regarding working hours management, the Company strictly complies with national labour laws, implementing a flexible work system that combines standard working hours and non-fixed working hours, and does not encourage overtime. In terms of leave policies, in addition to statutory holidays, employees of Hua Medicine enjoy 12 or 15 days of paid annual leave every year. The allocation of paid annual leave days will increase accordingly with the number of years of continuous service with the Company, reaching a maximum of 20 days. Furthermore, the provision of paid sick leave, marriage leave, maternity leave, paternity leave, funeral leave, and parental leave.

- Social Security and Public Housing Fund
- Supplementary Accumulation Fund
- Supplementary Commercial Insurance
- Holiday Welfare
- Paid Annual Leave
- Employee Fitness
- Paid Sick Leave

Hua Medicine has always adhered to a people-oriented philosophy, actively fulfilling its duties and striving to provide employees with comprehensive support in both work and personal life. The Labor Union at Hua Medicine, on one hand, distributes diverse subsidies and benefits to all employees during important festivals such as the Mid-Autumn Festival, Spring Festival, Double Ninth Festival, and employees' birthdays. On the other hand, when employees are hospitalized due to illness, the Labor Union organizes special visits to offer comfort and support. Additionally, during the high-temperature season, the union provides employees with summer heat relief packages, effectively enhancing their sense of belonging and well-being.

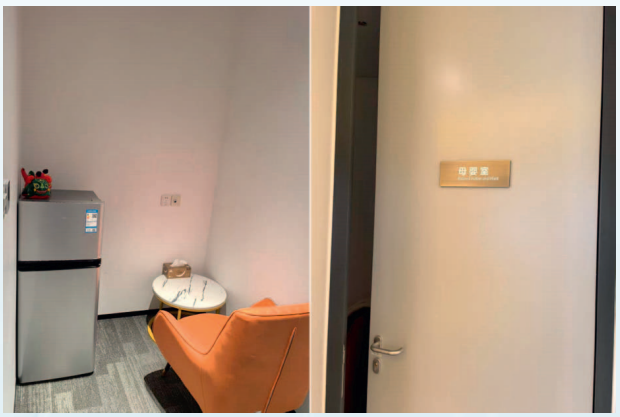
2024 Hua Medicine's employees birthday

Hua Medicine deeply values the hard work of its employees and places great emphasis on their physical health. To enrich employees' leisure time and promote a healthy lifestyle, the Company has equipped its office building with a fully functional gym and shower facilities. Additionally, the Company regularly organizes sports events such as snooker and table tennis events. By hosting a variety of cultural and sports activities, the Company not only strengthens team cohesion and enhances employees' physical fitness but also effectively promotes work-life balance, fostering a positive and uplifting corporate culture.

The 2024 Hua Medicine's Sports Meet

Hua Medicine also cares for and safeguards the rights of female employees, striving to create a warm, equal, and harmonious working environment for them. Each year on International Women's Day (March 8th), the Labor Union at Hua Medicine thoughtfully prepares flowers and holiday gifts for all female employees, expressing care and respect for their contributions. Additionally, the Company fully considers the special needs of female employees by providing nursing rooms on multiple floors, offering convenience and support to those who are breastfeeding.

Hua Medicine Cares for Women



Hua Medicine consistently prioritizes the food safety and nutritional health of its employees. The Company strictly requires that canteen staff comply with health standards for food processing and the catering industry, providing relevant health certificates.

In terms of food safety supervision, the Company enforces a food sampling system for every meal and conducts regular assessments and conducts regular comprehensive evaluations, along with unscheduled inspections of suppliers to ensure they meet the Company's food safety requirements. Additionally, the Company collects employees' feedback and suggestions on the taste of the dishes, promptly communicating and adjusting with suppliers to better meet employees' dining needs.

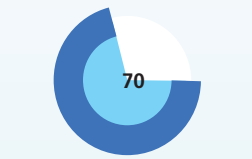
Performance Incentive

Hua Medicine is committed to establishing a comprehensive, objective, fair, and transparent compensation appraisal and promotion scheme that involves all employees. Through reasonable salary structures and effective incentive measures, the Company not only helps employees realize their self-worth but also ensures their career development paths and promotion opportunities. The Human Resources Department dynamically adjusts employee level and compensation based on the Company's business expansion and talent development needs, following comprehensive evaluations and rigorous assessments. Department leaders provide feedback and improvement suggestions to employees based on the evaluation results. Hua Medicine consistently upholds the principle of recognizing and motivating employees, fostering a virtuous cycle of employee growth and development, and jointly creating long-term value.

Hua Medicine's Promotion Flowchart

Nomination for promotion by unit head → Preliminary review by HR Department → Review by Promotion Committee

In 2024, the Company set up special employee recognition awards for outstanding employees, focusing on recognizing and rewarding teams and individuals with significant achievements and contributions in the year. The 2024 employee award data is as follows:



Special Recognition Award

The day-to-day achievement, positive behavior or noteworthy contribution that had a significant impact on the business of a department

Long-Term Service Award

Recognition of long-term service or contribution to the Company

Spot Award

The day-to-day achievement, positive behavior, or noteworthy contribution that had an impact within a project, team, or group

Patents Award

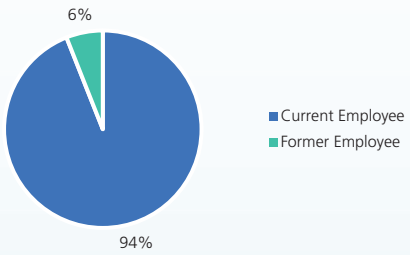
Recognition of job invention creation

Employee Communication

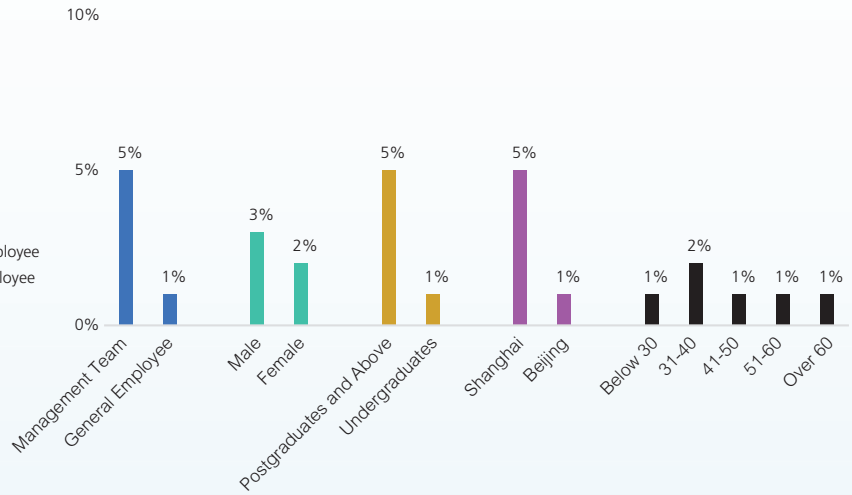
Hua Medicine consistently places employee concerns at the forefront, striving to establish open and effective communication channels. By actively listening to employees' voices, the Company gains a deep understanding of their needs and expectations regarding career development, work environment, compensation, and benefits. Through feedback mechanisms such as the official website email, hotline, and face-to-face communication, employees are encouraged to actively raise issues and provide suggestions. The Company collects feedback from employees and communicates with the relevant department leaders and others. Following the analysis and investigation of the feedback, the Company promptly implements appropriate improvement measures to continuously optimize the work environment, thereby enhancing employee experience and satisfaction.

Meanwhile, Hua Medicine places a high priority on talent retention. As of December 31, 2024, the employee turnover rate was at 5.8%, showing a decrease compared to the same period last year, which indicates an improvement in employee stability. Moving forward, Hua Medicine will continue to refine its employee communication systems and build a more attractive employer brand, thereby providing a solid talent foundation for the Company's sustainable development.

TOTAL NUMBER OF EMPLOYEES BY CATEGORY



TOTAL NUMBER OF FORMER EMPLOYEES BY CATEGORY



Health and Safety

The health and safety of employees has always been a top priority for Hua Medicine. These factors are not only key elements for enhancing employee productivity but also the solid foundation for the Company's sustainable development. As one of the core values of Hua Medicine's business operations, ensuring the health and safety of our employees is a primary task and a non-negotiable principle. Hua Medicine strictly adheres to national laws and regulations, such as the *Work Safety Law of the People's Republic of China (PRC)*, the *Labor Law of the People's Republic of China (PRC)*, and the *Occupational Disease Prevention and Control Law of the People's Republic of China (PRC)*, actively fulfilling its corporate social responsibility and legal obligations. The Company is committed to building and optimizing its EHS (Environment, Health, and Safety) management system, creating a safer, more regulated, and comfortable working environment for employees.

Hua Medicine solemnly promises to fully respect and guarantee employees' basic rights to a healthy and safe working environment. The Company strictly follows the highest standards of health and safety management, continuously improving its ability and level of occupational health and safety management. We protect employees from occupational health and safety risks in a comprehensive and multi-layered manner, jointly building an impregnable line of defense for safety.

Especially in terms of laboratory safety management, Hua Medicine always maintains a rigorous attitude and strictly adheres to relevant systems such as the *Laboratory EHS Management Regulations*. The Company has set standardized basic requirements for laboratory safety across multiple dimensions, including the environment, personnel, equipment, and materials, thereby establishing a solid institutional framework for laboratory safety management. Simultaneously, to ensure the safety and stability of the laboratory environment, Hua Medicine regularly conducts comprehensive risk identification and assessment of potential occupational hazard factors within the laboratory. This aims to accurately pinpoint possible health and safety risks through scientific and professional methods, implementing effective prevention and control measures to maximize the protection of laboratory staff's physical health and safety. Additionally, considering the unavoidable use of hazardous chemicals in laboratory work, Hua Medicine has formulated the *Chemical EHS Management Regulations* and the *Hazardous Waste Management Plan* to ensure strict control over the storage and handling of hazardous chemicals, striving to prevent safety incidents at the source and creating a safe and reliable working environment for employees.

During the reporting period, Hua Medicine did not experience any incidents that violated health and safety-related laws and regulations. The number of lost workdays due to work-related injuries was zero, and there have been no employee fatalities caused by work-related incidents over the past three years.

Enhancement of Safety Awareness and Communication

Training and emergency drills are crucial for improving safety awareness, reducing health and safety hazards, and minimizing the rate of risk-related incidents. Therefore, Hua Medicine has developed personalized safety training plans tailored to the specific risks associated with various positions, integrating these with emergency drills to systematically improve employees' safety operation skills and awareness. During the reporting period, Hua Medicine has conducted several activities, including laboratory safety drills, evacuation exercises, and fire drills, effectively strengthening employees' emergency response capabilities.

Additionally, Hua Medicine recognizes the importance of promptly identifying and addressing potential safety risks. The Company has established a feedback mechanism for direct communication with employees, optimizing management transparency and response efficiency. This ensures that all employees can report any improper behaviour or potential hazards related to occupational health and safety in a timely and accurate manner, thereby creating an efficient, closed-loop safety management process and providing solid support for the Company's safe production.

2024 Hua Medicine Safety Drills

2024 Hua Medicine Laboratory Safety Drill

COMMUNITY CO-CONSTRUCTION, SHARING HEALTH BENEFITS

Hua Medicine actively responds to the health needs of various sectors of society and promotes the development of public health by carrying out diversified social activities such as accessible healthcare, community care, and public welfare activities. We actively assume social responsibility and contribute to the sustainable development of society.

Inclusive Healthcare

Hua Medicine remains steadfast in its commitment to addressing patient health needs, embodying the philosophy of "*For Patients, Global Innovation, Effective Medicines*". While pursuing the innovative development of its own products and technologies, the Company collaborates with international organizations, governments, and other enterprises to drive the accessibility of medical treatments. Through these joint efforts, Hua Medicine contributes China's strength to global healthcare.

Focusing on Addressing Unmet Medical Needs

Hua Medicine is dedicated to tackling global unmet medical needs by developing innovative therapies for patients. According to the World Health Organization, diabetes has long been among the top ten causes of death worldwide, making its treatment a significant public health challenge affecting national well-being. To benefit diabetic patients and their families, Hua Medicine launched HuaTangNing (华堂宁®) in October 2022, the first innovative medicine with a new mechanism in the diabetes field in nearly a decade. This also marks China's first global first-in-class drug for type 2 diabetes. Currently, HuaTangNing (华堂宁®) has been approved for two indications and three licenses. Clinical studies have confirmed its significant efficacy in adult type 2 diabetes, whether used alone or in combination with metformin hydrochloride-tolerated T2D and other medications, with no dosage adjustment required for patients with renal impairment.

To ensure a stable and continuous supply of medication, we work closely with manufacturers, logistics service providers, and distribution partners. In terms of delivery efficiency, we have achieved a delivery time of within seven days for remote areas in China and 1-2 days for major coastal cities, ensuring the smooth distribution of HuaTangNing (华堂宁®) across all channels. As of 2024, there have been no shortages or supply disruptions.

In addition to the commercialization of HuaTangNing (华堂宁®) in China, we uphold the innovative concept of" *repairing the sensor, restoring homeostasis, and treating the underlying cause of diabetes"* and continue to advance the development of the 2nd glucokinase activator (GKA). Currently, this medicine has successfully completed Phase I clinical trials in the United States.

Designed for once-daily administration, the 2nd GKA utilizes sustained-release technology to extend its action time in the body, aiming to improve patient medication adherence and provide a more convenient treatment option.

Enhancing Medicine Affordability

Hua Medicine, in accordance with policies such as *the Issuance of Opinions on Promoting Medication Price Reforms* mainly issued by the National Development and Reform Commission and multiple ministries, as well as *the Recommendations for Improving the Current Management of Medication Prices* from the National Healthcare Security Administration of The People's Republic of China, conducts comprehensive assessments of patients' ability to afford medical expenses and sets reasonable pricing.

To enhance medicine affordability, Hua Medicine actively explores possibilities for medicine price control. 2024 is the first full sales year since HuaTangNing (华堂宁®) was included in the "National Reimbursement Drug List (NRDL)" for basic medical insurance, work-related injury insurance, and maternity insurance. In this year, we ensured a stable supply of affordable medication for over 140 million type 2 diabetes patients in China. Patients can access the medication at government-reimbursed prices through designated medical institutions and pharmacies, enabling the widespread use of glucose homeostasis therapy for type 2 diabetes. Currently, the out-of-pocket cost for patients has achieved a breakthrough, reducing from "30 yuan per day" to "30 yuan per month" in China. In the future, we will continue to deepen our collaboration with government agencies and supply chain partners to further reduce the financial burden on patients and enhance the accessibility of our medications.

Domestic Collaboration

Hua Medicine leverages its expertise in the healthcare sector to enhance market penetration of its pipeline products, promote cross-regional sales and resource collaboration, and comprehensively improve medicine accessibility.

The Company continuously strengthens its medication supply capabilities by maintaining active communication with distributors, expanding sales channels, and increasing product coverage. As of the end of the reporting period, Hua Medicine's distribution network covers 32 provinces, municipalities, and autonomous regions, as well as over 300 cities across China, representing a 33.33% year-over-year growth compared to 2023. This expansion includes regions such as Inner Mongolia, Gansu, Guizhou, Ningxia, Qinghai, Xinjiang, and Yunnan.

Hua Medicine Distribution Channels

100+	300+	4000+	5000+
Primary Distributors	Cites	Pharmacies	Hospitals

Extending Sales Channels – Community Health Service Centers

The difficulty of obtaining medications for chronic disease patients has long been a pain point in healthcare services. Prescriptions from municipal hospitals often fail to be fulfilled at the grassroots level, leaving chronic disease patients unable to access the medications they need close to home. This issue is especially pronounced for patients who must travel long distances to city hospitals, endure long wait times, and receive only limited quantities of medication. To address these issues, we have deepened our collaboration with local healthcare commissions to expand medication accessibility, extending the availability of HuaTangNing (华堂宁®) to community health service centers, retail pharmacies, private medical institutions, and online platforms. By 2024, we have covered 10% of community health service centers in cities such as Shanghai and Beijing, effectively meeting the needs of patients to purchase medications nearby and striving to improve the convenience of healthcare access for patients at the grassroots level.

Extending Sales Channels – Internet Hospitals and Online Sales Platforms

To meet the growing demand for online consultations and medication purchases, we have partnered with various internet hospitals and e-commerce platforms to offer patients more diverse ways to access medication. Differing from the traditional offline consultation and prescription model, we have collaborated with Guangzhou Qishi Internet Hospital to provide an innovative insurance-covered online medication solution. Through this platform, patients can consult doctors remotely and use their medical insurance for online payment, significantly enhancing the efficiency of obtaining prescriptions. At the same time, we actively respond to national policies on prescription medicine sales, expanding our commercialization strategy and distribution channels. HuaTangNing (华堂宁®) has already been launched for sale on JD Pharmacy. Leveraging JD Health's strengths in pharmaceutical supply chains and internet healthcare, we will continue to improve the one-stop experience for medical services and collaborate with ecosystem partners to build a digital and intelligent healthcare service system.

Overseas Partnerships

Hua Medicine continuously explores new forms of cooperation, practicing innovation and international development to provide high-quality and convenient medical services to patients worldwide. In entering emerging markets and developing countries, Hua Medicine comprehensively considers factors such as the economy, healthcare, and population of these regions to establish appropriate business models and product pricing strategies. Currently, we are actively engaging with regulatory agencies across various countries, participating in the "Belt and Road" initiative and pharmaceutical investment conferences, seeking to overcome the limitations of regional expansion for our medications.

Promoting Medical Science Education

Hua Medicine is committed to spreading warmth and hope through compassionate initiatives, actively advancing education in medical technology innovation. We provide the public with high-quality educational resources to popularize medical knowledge and promote the development of medical research.

Dingxiangyuan MR Research Sharing

We organized an academic exchange session targeting industry medical experts, inviting Dr. Ke Wang, a Ph.D. in Internal Medicine from The Chinese University of Hong Kong, to introduce the methods and conclusions of Mendelian Randomization (MR) studies. The genetic-level evidence obtained from Mendelian Randomization studies indicates:

- GKA Therapy Shows Potential in Reducing Cardiovascular Complication Risks, particularly in coronary artery disease and heart failure.
- Compared to conventional glucose control, GK-targeted approaches may offer extra cardiovascular benefits, potentially through mechanisms independent of glucose-lowering effects.
- Dysfunction in the GK-GKPR complex interaction may increase the risk of liver and cardiovascular diseases, while direct GK activation appears to have protective effects on the cardiovascular system.

Assisting doctors in publishing articles on internet-based medical academic platforms

We assisted Dr. Xiaoyun Chen, Deputy Director of the National Standardized Metabolic Disease Management Center, in publishing an article on the "Medical Endocrinology Channel" of the Medical Community public account, sharing her experience in improving patient "well-being" in clinical practice. The article highlights that the pathophysiological mechanisms of type 2 diabetes mellitus (T2DM) are complex. Interventions targeting a single pathological mechanism or the combination of multiple glucose-lowering medication with similar mechanisms often struggle to maintain ideal blood glucose control over the long term. However, early combination therapy using glucose-lowering drugs with different mechanisms of action can reduce the glycated haemoglobin (HbA1c) levels in T2DM patients, improve blood sugar control rates, and sustain more lasting blood sugar management. Based on this, Dr. Xiaoyun Chen's team added the oral glucose kinase activator (GKA) to GLP-1RA therapy. After adjusting the treatment plan, patients achieved good control of both fasting and postprandial blood glucose levels without further weight gain, truly experiencing the feeling of "today being more comfortable than yesterday."

Giving Back to Society

While pursuing scientific innovation, Hua Medicine actively undertakes social responsibilities and fulfils its welfare mission. Through organizing public charitable activities, deepening collaborations with universities, participating in industry summits, and hosting medical seminars, the Company leverages its professional expertise in the pharmaceutical field to put corporate social responsibility into practice, continuously contributing to public health.

In the field of charity and public welfare, Hua Medicine always adheres to its corporate social responsibility concept of "For Patients". The Company actively participates in and supports the Beijing Century Charity Foundation's Clinical Research Promotion Public Welfare Project, contributing through financial donations to advance the "*Metabolic Disease Medicine Clinical Trial Participant Handbook*" initiative. This project, by empowering knowledge and integrating resources, establishes a positive interaction between pharmaceutical research and patient benefits. Not only does it enhance public understanding of clinical trials and elevate overall societal awareness, but it also encourages more patients to proactively engage in clinical research, thereby improving patient treatment adherence and outcomes. Additionally, the project promotes innovation in clinical medical research methods, offering practical solutions to meet patients' real healthcare needs.

In terms of university collaborations, Hua Medicine, in partnership with Professor Juliana Chan's team at The Chinese University of Hong Kong, conducted the SENSITIZE study. This research not only achieved significant scientific breakthroughs in the field of diabetes but also effectively contributed to the cultivation and development of scientific talent, laying a solid foundation for talent pool in China's biopharmaceutical sector.

In terms of academic exchange and promotion, Hua Medicine actively participates in industry summits and key academic conferences, delving into discussions on industry policy trends and innovation directions to drive academic development and technological progress within the sector. At the" *2024 West China Conference – 7th Pharmaceutical Innovation Ecosystem Conference"*, which aimed to "promote the integration and development of pharmaceutical innovation, enhance clinical accessibility, and benefit patients," Dr. Li Chen, Founder and CEO of Hua Medicine, delivered a keynote speech titled" *0-1: Strategies for Building the Commercialization Capability of Innovative Drugs in Emerging Enterprises".* He shared practical experiences and strategic insights on" *industry-medical integration and commercial transformation,"* showcasing the vision and achievements of building a high-value interactive platform for the pharmaceutical innovation ecosystem, providing valuable insights and development ideas for the industry. Additionally, at the" *2024 China Pharmaceutical Innovation Policy Forum"* and the" *Global Industry Development Forum 2024"*, Dr. Chen analyzed the policy environment in the biopharmaceutical field, discussed the challenges and future opportunities in innovative development, and contributed to technological innovation in the healthcare industry, promoting the sustainable development of the pharmaceutical and healthcare sectors.

2024 Hua Medicine Forum Discussion

CONTENT INDEX OF ESG REPORTING CODE APPLICABLE FOR THE REPORTING PERIOD

ESG Item	Descriptions	Related sections
A. Environment		
A1	**Emissions**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to emissions of waste gas and greenhouse gas, discharge into water and land, generation of hazardous and non-hazardous waste	Chapter 7 Practicing Low-Carbon and Green Development-Pollution Prevention
		Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
A1.1	The types of emissions and respective emissions data	Chapter 7 Practicing Low-Carbon and Green Development-Pollution Prevention
		Metrics Table
A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity	Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
		Metrics Table
A1.3	Total hazardous waste produced and, where appropriate, intensity	Chapter 7 Practicing Low-Carbon and Green Development-Pollution Prevention
		Metrics Table
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Chapter 7 Practicing Low-Carbon and Green Development-Pollution Prevention
		Metrics Table
A1.5	Description of emissions target(s) set, and steps taken to achieve them	Chapter 4 Sustainable Governance – Board Statement
		Chapter 7 Practicing Low-Carbon and Green Development-Environmental Management System
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of the reduction target(s) set, and steps taken to achieve them	Chapter 4 Sustainable Governance – Board Statement
		Chapter 7 Practicing Low-Carbon and Green Development-Pollution Prevention

ESG Item	Descriptions	Related sections
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
		Metrics Table
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
		Metrics Table
A2.2	Water consumption in total and intensity	Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
		Metrics Table
A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them	Chapter 4 Sustainable Governance – Board Statement
		Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
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	Chapter 4 Sustainable Governance – Board Statement
		Chapter 7 Practicing Low-Carbon and Green Development-Resource Utilization
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Chapter 7 Practicing Low-Carbon and Green Development-Packaging Material Management

ESG Item	Descriptions	Related sections
A3	**Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Chapter 7 Practicing Low-Carbon and Green Development-Environmental Management System
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Chapter 7 Practicing Low-Carbon and Green Development-Environmental Management System
A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Chapter 7 Practicing Low-Carbon and Green Development-Address Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Chapter 7 Practicing Low-Carbon and Green Development-Address Climate Change
B. Social		
B1	**Employment**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
		Chapter 8 Prioritizing Talent, Collaborating as One-Compensation and Benefits
		Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B1.1	Total workforce by gender, employment type, age group and geographical region	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B1.2	Employee turnover rate by gender, age group and geographical region	Chapter 8 Prioritizing Talent, Collaborating as One – Employee Communication

ESG Item	Descriptions	Related sections
B2	**Health and Safety**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 8 Prioritizing Talent, Collaborating as One-Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Chapter 8 Prioritizing Talent, Collaborating as One-Health and Safety
B2.2	Lost days due to work injury	Chapter 8 Prioritizing Talent, Collaborating as One-Health and Safety
		Chapter 8 Prioritizing Talent, Collaborating as One-Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Chapter 8 Prioritizing Talent, Collaborating as One-Health and Safety
B3	**Development and Training**	
General Disclosure	Policies on enhancing the knowledge and skills of employees to perform duties. Describe training activities	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B3.1	The percentage of employees trained by gender and employment type	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B3.2	The average training hours completed per employee by gender and employment category	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B4	**Labor Standards**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of child labor or forced labor	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B4.1	Description of measures to review employment practices to avoid child and forced labor	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents
B4.2	Description of steps taken to eliminate such practices when discovered	Chapter 8 Prioritizing Talent, Collaborating as One-Cultivation of Diverse Talents

ESG Item	Descriptions	Related sections
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
B5.1	Number of suppliers by geographical region	Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
		Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
		Chapter 7 Practicing Low-Carbon and Green Development-Environmental Management System
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Chapter 5 Compliant Operations, Steady Growth-Supply Chain Management
B6	**Product Responsibility**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority
B6.2	Number of products and service-related complaints received and how they are dealt with	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority
B6.3	Description of practices relating to observing and protecting intellectual property rights	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority
B6.4	Description of quality assurance process and recall procedures	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Chapter 6 Driving Innovation, Advancing the Industry Together-Quality as the Priority

ESG Item	Descriptions	Related sections
B7	**Anti-corruption**	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	Chapter 5 Compliant Operations, Steady Growth-Business Ethics
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Chapter 5 Compliant Operations, Steady Growth-Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Chapter 5 Compliant Operations, Steady Growth-Compliance Training
		Chapter 5 Compliant Operations, Steady Growth-Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Chapter 5 Compliant Operations, Steady Growth-Business Ethics
B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Chapter 9 Community Co-construction, Sharing Health Benefits-Giving Back to Society
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport)	Chapter 9 Community Co-construction, Sharing Health Benefits-Giving Back to Society
		Chapter 9 Community Co-construction, Sharing Health Benefits-Inclusive Healthcare
B8.2	Resources (e.g., money or time) contributed to the focus area	Chapter 9 Community Co-construction, Sharing Health Benefits-Giving Back to Society

ESG DATA LIST

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data
Environment	Total Experimental Waste Liquid	Tonne	0.375	0.190
	Density of Experimental Waste Liquid	Tonne/CNY 1b Revenue	4.895	0.742
	Total Experimental Waste	Tonne	0.215	0.100
	Total Experimental Waste	Tonne/CNY 1b Revenue	2.806	0.391
	Total Scrapped Samples	Tonne	0.005	0.020
	Density of Scrapped Samples	Tonne/CNY 1b Revenue	0.065	0.078
	Vehicle Mileage	km	55,985.000	66,340.000
	Total Executive Gasoline	Liter	4,875.000	5,637.000
	Executive Gasoline Per Capita	Liter/Person	30.469	38.088
	Nitrogen Oxides (NO_x)	Kg	49.547	58.711
	Sulfur Oxide (SO_x)	Kg	0.072	0.083
	Particulate Matter (PM)	Kg	4.748	5.626
	Refrigerant Stock	Kg	40.000	40.000
	Total Executive Electricity	kwh	682,750.000	698,099.000
	Executive Electricity Per Capita	kwh/Person	4,433.442	4,716.885
	Total Executive Water	Tonne	1,210.000	1,801.000
	Executive Water Per Capita	Tonne/Person	9.603	14.762
	Greenhouse Gas Emissions (Scope 1)	Tonne	19,200.830	21,264.224
	Greenhouse Gas Emissions (Scope 2)	Tonne	416,545.780	425,910.200
	Total Greenhouse Gas Emissions (Scope 1 & 2)	Tonne	435.747	447.174
	Total Greenhouse Gas Emissions Per Capita	Tonne/Person	2.723	2.903
	Total Battery Usage	Tonne	0.007	0.008
	Battery Usage Per Capita	Kg/person	0.056	0.062
	Total Residual Waste	Tonne	5.429	5.580
	Residual Waste Per Capita	Kg/Person	43.087	45.738
	Total Household Food Waste	Tonne	1.755	1.977
	Household Food Waste Per Capita	Kg/Person	13.929	15.385
	Total Recyclable Waste	Tonne	3,595.000	3,611.000
	Recyclable Waste Per Capita	Kg/Person	28.532	29.598
	Environmental Pollution Incidents or Complaints	Cases	–	–

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data
Social	Male	Person	72.000	67.000
	Female	Person	88.000	87.000
	Postgraduates and above	Person	74.000	69.000
	Undergraduates	Person	71.000	71.000
	Below Undergraduates	Person	15.000	14.000
	Percentage of board members with a doctoral degree	%	43.000	43.000
	Percentage of R&D personnel in total employees	%	N/A	33.000
	Percentage of R&D personnel with a master's degree or higher	%	N/A	98.000
	Below 30	Person	11.000	8.000
	31-40	Person	82.000	76.000
	41-50	Person	48.000	51.000
	51-60	Person	14.000	13.000
	Over 60	Person	5.000	6.000
	Management Team	Person	7.000	6.000
	Department Leader	Person	6.000	5.000
	General Employee	Person	149.000	143.000
	Permanent Employee	Person	160.000	152.000
	Contract Worker	Person	1.000	2.000
	Male Departing Employee	Person	2.000	5.000
	Female Departing Employee	Person	8.000	4.000
	Number of Departing Employees with Postgraduate Degrees or Higher	Person	5.000	7.000
	Number of Departing Employees with Undergraduate Degrees	Person	4.000	2.000
	Number of Departing Employees with Qualifications lower than Undergraduate Degrees	Person	1.000	–
	Number of Departing Employees Under 30	Person	–	2.000
	Number of Departing Employees Aged 31-40	Person	4.000	3.000
	Number of Departing Employees Aged 41-50	Person	3.000	1.000
	Number of Departing Employees Aged 51-60	Person	3.000	2.000
	Number of Departing Employees Above 60	Person	–	1.000
	Number of Departing Employees in Management Positions and above	Person	1.000	1.000
	Number of Departing Employees in General Positions	Person	9.000	8.000
	Number of Departing Full-Time Employees	Person	10.000	9.000
	Number of Departing Contract Workers	Person	–	–
	Number of Departing Employees in Shanghai Office	Person	9.000	7.000
	Number of Departing Employees in Beijing Office	Person	–	2.000
	Number of Departing Employees in Wuhan Office	Person	1.000	–

Indicator Category	KPIs	Units	FY2023 Data	FY2024 Data
	Number of Departing Employees in Hong Kong Office	Person	–	–
	Number of Departing Employees in US Office	Person	–	–
	Number of Work-Related Fatalities	Person	–	–
	Number of Workdays Lost Due to Occupational Injuries	Person	–	–
	Number of Male Employees Trained	Person	7.000	4.000
	Number of Female Employees Trained	Person	22.000	16.000
	Number of Trained Employees in Management Team Positions	Person	9.000	5.000
	Number of Trained Employees in General Positions	Person	20.000	15.000
	Total Training Hours Completed by Male Employees	Hours	192.000	114.000
	Total Training Hours Completed by Female Employees	Hours	689.000	695.000
	Total Training Hours Completed by Management Team	Hours	167.000	154.000
	Total Training Hours Completed by General Staff	Hours	714.000	655.000
	Production	Item	19.000	21.000
	R&D	Item	40.000	44.000
	Engineering	Item	16.000	16.000
	Total PVDC	Tonne	2.247	14.056
	Total Aluminium Foil Cover	Tonne	0.813	1,883.000
	Total Plastic Tape	Tonne	0.097	581.000
	Total Medicine kit	Tonne	3.577	22,794.000
	Total Paper Packaging Box	Tonne	2.813	12,624.000
	Total Product Packaging	Tonne	9.547	51.938
	Density of Product Packaging	g/Kit Unit	20.313	24.674
	GMP supplier audit	Times	27.000	9.000
	CRO Service Audit	Times	1.000	N/A
	Number of Supplier Quality Agreements Signed	Copy/Document	15.000	8.000
	Number of Supplier Training Sessions	Times	2.000	6.000
	Supplier Awards Received	Person/Time	N/A	20.000
	Supplier On-Site Audits	Times	5.000	265.000
	Supplier Communication and Training Meetings	Times	163.000	110.000
Governance	Reported Cases of Corruption and Bribery	Cases	–	–
	Number of Employees Involved in Corruption or Bribery Litigation Cases	Person	–	–
	False Marketing Claims Incidents	Cases	–	–