

(a joint stock company incorporated in the People's Republic of China with limited liability) Stock Code : 6826



Environmental, Social and Governance Report



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ABOUT THIS REPORT

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This report is the ninth environmental, social and governance ("ESG") report released by Shanghai Haohai Biological Technology Co., Ltd. (the "Company" or "Haohai Biological"). It focuses on the disclosure of concepts, practices and performance regarding the economic, social, environmental and governance aspects of the Group. We look forward to enhancing communication with stakeholders, building consensus and promoting sustainable development through the release of the ESG report.

Reporting Period

1 January 2024 to 31 December 2024, part of which involves information prior to 2024 for the integrity of this report.

Scope of the Report

The scope of this report is consistent with that of the 2024 annual report of the Group. In light of the significance of research and development ("R&D") and production activities to environmental impact, unless otherwise stated herein, environmental KPIs specified in this report mainly cover the Company and its major domestic subsidiaries which are mainly engaged in R&D and production business (the "Major Domestic Subsidiaries").



This report follows the following reporting principles:

"Materiality" principle: The Group identifies significant ESG issues through stakeholder engagement and materiality matrix analysis.

"Quantitative" principle: The Group reports key performance indicators in quantitative measurement units where feasible.

"Consistency" principle: This report adopts a consistent methodology from previous years to make meaningful comparisons and to mark changes in statistical methods and key performance indicators.

ABOUT THIS REPORT

Basis for Compilation of the Report

This report is prepared in accordance with the ESG Reporting Guide of the Hong Kong Stock Exchange and the SSE Sustainability Report Guidelines.

Data Collection and Reliability Assurance

The data and cases contained in this report are mainly derived from the Group's statistical reports and related documents. Unless otherwise stated herein, the financial data contained in this report is derived from the financial statements for the year 2024 prepared by the Company in accordance with the Accounting Standards for Business Enterprises of the PRC.

To the best knowledge of the Board, this report does not contain any false records, misleading statements or material omissions.

Confirmation and Approval

This report was considered and approved by the Board on 25 April 2025.

Access to the Report

The electronic version of this report is available for download at the website of the Hong Kong Stock Exchange (www.hkexnews.hk), the SSE's website (www.sse.com.cn) and the Company's website (www.3healthcare.com).

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ABOUT THE COMPANY

The Company is a technology-driven innovative company specialized in R&D, production, and sales of medical devices and pharmaceuticals. Since its establishment in 2007, the Company and its subsidiaries have been focusing on four fast-developing therapeutic areas of ophthalmology, medical aesthetics and wound care, orthopedics and surgery, and have continued to improve the industrial layout in these four areas through independent R&D and merger and acquisition integration.

The Group is committed to continuously improving the quality of life for Chinese people and promoting patient rehabilitation, with a focus on a differentiated development strategy. Dedicated to technological innovation and transformation, global resource integration and scale production, we aim to provide innovative medical products to the market and gradually achieve import substitution for related pharmaceutical products.

Up to now, the Company has ranked among "Shanghai Top 100 Manufacturing Enterprises" and "Shanghai Top 100 Private Manufacturing Enterprises" for five consecutive years, "Shanghai Top 100 Emerging Industries" for four consecutive years, and "Shanghai Top 100 Growth Enterprises" for three consecutive years, and "Top 100 Shanghai Hardcore Science and Technology Enterprises" for two consecutive years.



For details of the Company's corporate governance during the Reporting Period, please refer to Section IV "Corporate Governance" of the Company's 2024 Annual Report published on the SSE on 22 March 2025, and the section headed "Corporate Governance Report" of the Company's 2024 Annual Report published on the Hong Kong Stock Exchange on 25 April 2025.

KEY HONORS AND PERFORMANCE HIGHLIGHTS DURING THE YEAR

Brand Honors

Shanghai Likangrui, a subsidiary of the Company, was awarded the Gold Prize in the "Smart Manufacturing" category at the "2024 Shanghai Integrated In September 2024, Shanghai Qisheng, a subsidiary of the Company, was selected as one of the "Sixth Batch of SRDI 'Little Giants' Enterprises" published by Development Innovation Professional Competition" for its "Military and Civilian Use Biological Hemostatic the Ministry of Industry and Information Technology Sealant R&D and Industrialization Project" The Company and Shanghai Qisheng were both Shanghai Qisheng was awarded awarded as "2024 Shanghai Manufacturing Industry the 2024 "National May Day Labor Award" Single Champion Enterprises" The Company received four awards, namely "2024 Shanghai Top 100 Manufacturing Enterprises" "2024 Shanghai Top 100 Private Juva Medical, a subsidiary of the Company, was Manufacturing Enterprises" awarded "2023-2024 Top 100 Forbes China Beauty "2024 Shanghai Top 100 Emerging Industries" Industry Brands" "2024 Shanghai Top 100 Growth Enterprises" "2024 Shanghai Top 100 Hardcore Science and Technology Enterprises List" The "Key Technology and Clinical Application of Shanghai Qisheng was awarded "Shanghai Manufacturing Brand" in the 2024 Shanghai Manufacturing Industry Integration Development Bioadaptive Antiadhesion Materials" project, in which the Company participated, was awarded the First Prize of Shanghai Science and Technology in Project October 2024

Product Innovation

In 2024, a total of five new products were launched by the Group, and breakthrough progress was made in the clinical trials of six major products under development

The rigid gas permeable contact Orthokeratology Lenses, heparin surface-treated aspheric IOL and trifocal IOL of the Group have been included in the "Recommended List of New and Excellent Domestic Medical Devices in the Yangtze River Delta Region for 2024"

The porcine fibrin sealant product of Shanghai Likangrui has been selected for the "Shanghai Biomedical 'New and Excellent Pharmaceuticals and Devices' Product List"

The trifocal IOL and trifocal toric IOL of Henan Simedice have been included in the special review channel for "Innovative Medical Devices" by the National Medical Products Administration

KEY HONORS AND PERFORMANCE HIGHLIGHTS DURING THE YEAR

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ESG Performance

One enterprise was recognized as a national	SRDI "Little Giant" enterprise
One enterprise was rated as the "National Demonstration	
One enterprise was rated as a "National I Advantageous	
Three enterprises were rated as a national or local " ${\sf E}$ r"	nterprise Technology Centers"
In 2024, the Group was granted 52 pat	ents, including 29 invention patents
The Group invested a total of approximate accounting for approximately 8	
The energy consumption intensity, g and water consumption intensity rer	
The Company has obtained ISO 14001 Enviro	nmental Management System Certification
The Company has obtained ISO 45001 Occupational Health and Safety Management System Certification	The total amount of public welfare and charitable investment was approximately $RMB831,700$
NO workplace fatalities occurred within the Group	The Company has participated in the drafting and preparing of 15 industry standards and group standards
Four enterprises were rated as national "Science and Technology-based SMEs"	Six enterprises were rated as "Specialized and Sophisticated 'Little Giants' Enterprises" at the provincial level
Nine enterprises were recognized as the "National High-tech Enterprises"	It was awarded Grade A of "Evaluation of Information Disclosure Work of Listed Companies for 2023-2024" by the Shanghai Stock Exchange, and has been awarded Grade A for two consecutive times
Grade A in Wind ESG Rating	Grade A in Sino-Securities Index ESG Rating



The ESG governance structure of the Company consists of the Board, the Strategy and Sustainable Development Committee and the ESG working group from top to bottom. The Strategy and Sustainable Development Committee oversees and manages ESG-related matters of the Group by reviewing the performance of key ESG issues in the regular reports, reviewing ad hoc reports and receiving ad hoc reports, and reports to the Board on a regular basis. The Company has also set up an ESG working group comprising the persons-in-charge of the ESG-related departments and major subsidiaries of the Company. The ESG working group is responsible for the implementation and execution of specific ESG tasks.

ESG Governance Structure

In order to improve the ESG governance structure of the Company and enhance the standard of ESG governance, the Board approved the amendment of the Working Rules of the Strategic Committee of the Company on 25 October 2024, whereby the ESG-related duties originally delegated to the Audit Committee are now adjusted and delegated to the Strategy Committee, and on the basis of the original ESG-related duties, the duties related to sustainable development and ESG are further amended. At the same time, the Board approved the renaming of the Strategy Committee to the Strategy and Sustainable Development Committee, and accordingly, the Working Rules of the Strategy Committee. The Working Rules of the Strategy and Sustainable Development Committee. The Working Rules of the Strategy and Sustainable Development Committee, the rules of procedure, responsibilities and authorities of the Strategy and Sustainable Development Committee, and provides institutional safeguards and guidance for the supervision, implementation and development of ESG-related work.



Statement of the Board

As the highest decision-making body for ESG governance of the Group, the Board is fully responsible for supervising, guiding and auditing ESG matters and ensuring the effective implementation of ESG strategies in the daily operation of the Company. The Board is responsible for formulating and overseeing the ESG strategies and targets of the Group, receiving reports and recommendations on the ESG work of the Strategy and Sustainable Development Committee, regularly assessing the implementation and achievement of ESG targets, and making optimization and adjustments in accordance with the actual situation of the Group.

In the course of its daily operations, the Group actively maintains close communication with internal and external stakeholders, and in accordance with ESG regulatory requirements and the characteristics of the industry in which the Group operates, follows the principle of "double materiality"

to identify and evaluate ESG issues of significance to the Group and rank them in order of importance. The Group has conducted in-depth discussions on the identified material ESG issues and formulated corresponding strategies and management policies accordingly. The Group will continuously monitor the latest domestic and international trends relating to sustainable development, the latest changes in the macro policies of the countries in which it operates and the specific policies and regulations relating to the industries in which it operates, as well as the performance of its peers, and periodically review its own sustainable development status, and continuously examine the material ESG issues of the Group.

The Board is responsible for overseeing the Group's overall risk management and internal control matters, including ESG-related risks. The Strategy and Sustainable Development Committee is authorized by the Board to review and oversee the ESG-related impacts, risks and opportunities of the Company and to assess the extent of the impact of such risks and opportunities on the Company; the Audit Committee is responsible for assisting the Board in overseeing the effectiveness of the risk management and internal control system, including ESG-related risks, and to provide decision-making support to the Board on risk management and internal control matters. In addition, the Board is responsible for overseeing and reviewing the Group's compliance with ESG-related laws and regulations of external regulators.

Stakeholder Engagement

Haohai Biotech has established a regular stakeholder engagement system, through which we maintain stable and smooth communication with all stakeholders to fully understand their opinions and suggestions on the sustainable development strategy, work and performance of the Company, and to carry out targeted exchanges and responses, which will serve as an important basis for us to optimize the management of sustainable development. Based on its business and operational characteristics, and taking into account the experience and practices of same industry at home and aboard, the Group has identified our major stakeholders, including shareholders and investors, governmental and regulatory authorities, employees, customers, suppliers and the community.

Stakeholders	Issues of Concern	Major Communication Methods
Shareholders and Investors	Innovation-driven, anti-commercial bribery and anti-corruption, supply chain safety	Information disclosure, reception and research, investor hotline, shareholders' general meeting
Government and Regulators	Safety and quality of products and services, anti-unfair competition, responding to climate change, pollutant emission, environmental compliance management	Regulatory compliance, information reporting, participation in government projects, on-site research/inspections
Employees	Employees, communication with the stakeholders	Performance appraisal, diversified training, employee appeal channels, employee activities
Suppliers	Supply chain safety, equal treatment to SMEs	Fair and transparent procurement, assessment and evaluation, supplier meetings
Customers	Innovation-driven, safety and quality of products and services, data security and customer privacy protection, responsible marketing	Customer satisfaction surveys, regular visits, adverse reaction hotlin
Community	Protection of ecosystem and biodiversity, social contributions, health accessibility and universality, rural revitalization	Public welfare activities and donations, industry conferences

Double Materiality Assessment

During the Reporting Period, the Group comprehensively analyzed the requirements of policies and regulations, industry trends and stakeholders' concerns, etc., and identified the substantive issues of sustainable development. On this basis, the Group followed the principle of "double materiality" to examine the significant financial impacts (referred to as "financial materiality") of these substantive issues may have on the business model, operations and strategic planning of the Company in the short, medium and long term, and assessed the possible significant impacts of the Company's performance on these issues on the economic, social and environment (referred to as "Impact Materiality").

Step I Identifying and establishing a list of material issues

Incorporating domestic and international standards, industry policies, regulatory requirements and other factors into the scope of consideration, and specifying the framework and criteria for analysis; identifying potentially important issues for the Company through peer benchmarking, interviews with stakeholders, etc Step II Conducting double importance assessment

Impact Materiality

Conducting comprehensive analysis of the scale, scope, irremediability and likelihood of the impacts of each issue by internal and external stakeholder survey questionnaires

Financial Materiality

Conducting comprehensive analysis by the senior management of the Company of the likelihood of the occurrence of risks and opportunities, the continuity of the use of resources, and the dependence of the relationship on ongoing production and operations Step III Analysis of results and enhancement of targeted disclosure

The Board has authorized the Strategy and Sustainable Development Committee to review and confirm the results of the materiality analysis. Guided by the results of the materiality issue analysis, and the Group conducts targeted disclosures and improving practices

The double materiality assessment process of the Group

As a result of the above analysis process, the Group has identified 24 material issues, of which one issue is of double materiality, one issue is of high financial materiality and eight issues are of high impact materiality.

No. Category			Double Materiality Assessment		
NO.	Category	Issues	Impact materiality	Financial materiality	
1	Social	Innovation-driven	•••	•••	
2	Governance	Anti-commercial bribery and anti-corruption	•••		
3	Social	Supply chain safety	•••	$\bullet \bullet \bigcirc$	
4	Social	Product safety and quality	•••	$\bullet \bullet \bigcirc$	
5	Social	Employees	•••	$\bullet \bullet \bigcirc$	
6	Social	Intellectual property rights protection	•••		
7	Environmental	Waste disposal	•••	•00	
8	Social	Data security and customer privacy protection	•••	•00	
9	Social	Responsible marketing	$\bullet \bullet \bigcirc$	•00	
10	Governance	Anti-unfair competition		•00	
11	Environmental	Pollutant Emission	$\bullet \bullet \bigcirc$	•00	
12	Environmental	Environmental compliance management	$\bullet \bullet \bigcirc$	•00	
13	Environmental	Use of energy			
14	Social	Social contributions	•00	•00	
15	Governance	Communications with the stakeholders	•00	•00	
16	Social	Scientific and technological ethics	•00	•00	
17	Social	Health accessibility and universality	•00	•00	
18	Governance	Due diligence	•00	•00	
19	Environmental	Circular economy	•00	•00	
20	Environmental	Use of water resources	•00	•00	
21	Social	Rural revitalization	•00	•00	
22	Social	Equal treatment to SMEs	•00	•00	
23	Environmental	Responding to climate change	•00	•00	
24	Environmental	Protection of ecosystem and biodiversity	•00	•00	

The Group's material ESG-related issues for 2024



The Group firmly believes that a sound risk management and internal control system is conducive to the sustainable, healthy and stable development of the enterprise. By continuously improving our risk management and control system and implementing a series of risk control and management measures, we ensure that our operations are in compliance and risks are manageable.

Risk Management and Internal Control

Our risk management and internal control work is carried out by the Board and its special committees, the audit department and the management. We have formulated internal systems such as the "Working Rules of the Audit Committee", the "Working Rules of the Strategy and Sustainable Development Committee", the "Internal Audit System", the "Risk Assessment Management System" and the "Subsidiary Management System" etc., to clearly define the scope of responsibilities of the various organizations and departments of the Company in the risk management and internal control system as well as the procedures for the flow of internal information. The Company will strengthen the internal control evaluation to ensure the effectiveness of the internal control system, so as to escort the Company to achieve its long-term development goals.

The Board

- Responsible for providing oversight and guidance on the identification and control of operational risks
- Responsible, with the assistance of the Audit Committee, for maintaining the sound operation of the risk management and internal control systems and evaluating their effectiveness

The Audit Committee

- Responsible for assisting the Board in monitoring the effectiveness of the risk management and internal control systems of the Group
- Responsible for investigating the results of risk management and internal control matters and making recommendations to the Board

The Strategy and Sustainable Development Committee

- Responsible for reviewing and monitoring the sustainability and ESG-related impacts, risks and opportunities of the Company
- Responsible for assessing the extent to which sustainability and ESG-related risks and opportunities impact the Company

The Audit Department

• Responsible for conducting internal control self-assessment and internal audit, and providing support to the Board and the Audit Committee in discharging their duties, so as to contribute to the effective management of the Group

The Management

- Responsible for organizing and leading the day-to-day operation of the Company's internal control and risk management, and reporting to the Board and its specialized committees
- Established the legal department to provide legal support for the compliance, internal control and risk management of the Group

Risk Management Structure

The Group attaches great importance to the role of audit work in risk management and internal control. Through systematic assessment and audit work, the Group has continuously strengthened the level of internal control to ensure that the operation and management of the Company are lawful and compliant, its assets are safe, and its financial reports and related information are true and complete. The Audit Department sets up a dedicated team to work closely with various departments at the headquarters and subsidiaries to conduct a comprehensive self-examination of the implementation of the internal control system and processes in accordance with the Basic Norms for Enterprise Internal Control and its application guidelines, taking into account the actual operating conditions of the Company. The scope of the self-examination covers a total of 13 important issues, including organizational governance, strategy and risk management, social responsibility, and ultimately forms the internal control self-assessment report, which is reported to the Board. In addition to regular audits, the Audit Department also organizes and carries out specialized audits in accordance with the decisions of the Board, taking into account the actual business needs of the Group. During the Reporting Period, the Audit Department implemented a total of 6 specialized audit projects, including internal control audits on the R&D management of Shanghai Likangrui, the Songjiang production base and Shanghai Qisheng, internal control audits of Henan Universe, reassessment and amendment of the internal control system, and an investigation on the operation of Haoleyuan, a subsidiary of the Company.

Based on the effective risk management and internal control system, the Group is able to identify in a timely manner the risks that it may face in the course of its operations, such as supply chain safety, R&D and intellectual property protection, product quality and safety, human resources and environmental management, etc., and formulate mitigation plans and response strategies in a targeted manner after assessing these risks. In the future, we will continue to enhance risk management and internal control, optimize management processes and strengthen supervision and inspection to prevent various risks and promote the steady development of the Group.

Business Ethics

The Group is committed to fostering a corporate culture of integrity and honesty and regards respecting the law and advocating moral principles as one of the principles for employees' behaviours, and advocates professional ethics of integrity, honesty and dedication. We strictly comply with the Criminal Law of the PRC, the Civil Code of the PRC, the Anti-unfair Competition Law of the PRC and other laws and regulations relating to anti-corruption, anti-monopoly, anti-unfair competition and anti-money laundering wherever we operate, and attach importance to the construction of systems relating to business ethics and anti-corruption. At present, the Group has formulated internal systems such as the Code of Conduct against Sales-related Corruptions, Anti-fraud and Whistle-blowing System, the Reporting System for Conflict of Interests, and Employee Handbook, which clearly enumerate the fraudulent acts of integrity in sales, the standards of commercial hospitality, the standards of acceptance and provision of gifts, the reporting, handling and remedial process of fraudulent incidents, as well as the scope of declaration of conflicts of interest and the process thereof. During the Reporting Period, the Group was not involved in any legal proceedings against corrupt practices and improper competitive behaviors.

We have established an open and transparent reporting channel to encourage our employees to voluntarily resist corrupt practices and to report any corruption incidents or suspicious behaviors in breach of relevant laws and regulations and the company policies. We have also published a reporting hotline and a reporting mailbox on our official website. At the same time, we solemnly promise to implement strict confidentiality measures for the personal information of the whistleblower and the reporting materials.



Process for handling reports

In terms of supplier management, we usually embed business ethics clauses in the business contracts signed with our suppliers, requiring them to strictly comply with industry conduct in their business activities, and to eliminate behaviors that undermine business reputation and market order. In particular, when signing contracts with important suppliers, we require them to sign integrity and honesty clauses, and require them to undertake not to engage in unfair competition behaviors such as commercial bribery and false advertising, so as to ensure a healthy and stable relationship.

At the customer management level, we focus on maintaining long-term cooperative relationships by embedding anti-unfair competition clauses in cooperation contracts to bind our customers to follow the principle of integrity in the course of cooperation and eliminate unfair competition. We communicate with our clients on a regular basis and provide feedback to resolve problems in the course of co-operation in a timely manner to ensure that the interests of both parties are protected.

Internal audit is an important line of defense against commercial bribery and corruption within the Group. The Audit Department incorporates elements of business ethics and professional ethics into the scope of the internal control evaluation business cycle, and focuses on key aspects such as procurement operations.

In addition, the Group attaches great importance to the development of integrity culture and strengthens its employees' awareness of integrity through planned and regular internal training and promotional activities. During the Reporting Period, the Company organized a number of training sessions to strengthen the awareness of anti-corruption and anti-unfair competition. We adopted the model of "professional training by third parties + internal promotion", and organized two training sessions for Directors and the Group's middle and senior management on the two major themes of "performance of duties and responsibilities" and "integrity and honesty" with more than 60 participants in total,



Compliance training for new employees by the legal department

which effectively enhanced the management's awareness of risk prevention and control as well as its ability of integrity and self-discipline. Meanwhile, the legal department and the human resources department launched two special training for new employees, covering topics such as restrictions on non-competition, integrity and conflict of interest, with a total of more than 50 participants. As of the end of the Reporting Period, we have conducted a total of 8 anti-corruption trainings for employees, with a total of 364 participants. In addition, the coverage rate of anti-corruption training for board members has reached 100%.

Information Security and Privacy Protection

Information security and data protection are the core of controlling the flow of information. We strive to protect the information and privacy of our staff, customers and patients through continuous improvement of our information security management system and enhancement of technical means.

The Group complies with the Personal Information Protection Law of the PRC, the Cybersecurity Law of the PRC and other laws and regulations of the place of operation, and has formulated a series of relevant systems on information security and privacy protection, including the "Employee Handbook", the "File Management System", the "Emergency Plan for Loss and Disclosure", and "Information System Security Policy and Management Procedures", etc., and has made specific confidentiality provisions in the relevant business systems in light of the characteristics of different positions and businesses. In our daily operation, we mainly adopt the following protection measures:



In addition, the Group attaches great importance to the protection of the privacy of clinical trial subjects and strictly complies with the relevant requirements of the Provisions of Quality Control of Clinical Trials of Pharmaceuticals and the Provisions of Good Clinical Practice for Medical Devices and has formulated operational procedures on the management of the safety of clinical trials in order to safeguard the rights and interests of the subjects. We identify subjects by letters, numbers or codes in medical record reports and other clinical trial documents, avoiding the direct use of their personal information and protecting their privacy to the maximum extent. At the same time, we strictly limit the scope of personnel who have the right to access subjects' information in accordance with the law to ensure that only authorized professionals are allowed to access the relevant information.

During the Reporting Period, the Group did not experience any data security incidents or leakage of customer privacy.

Technology Ethics

The Group attaches great importance to ethical issues in the R&D process.

In respect of animal welfare, the Group carries out its management in accordance with the Regulations for the Administration of Affairs Concerning Experimental Animals and the Laboratory Animal — Guideline for Ethical Reviews of Animal Welfares and other relevant regulations. The R&D bases where we conduct animal experiments on our own have all established Experimental Animal Ethics Committees in accordance with the law and formulated animal experiment operating procedures and systems such as the Regulations for the Welfare and Supervision of Experimental Animals, Regulations for the Management of the Environment of Animal Rooms, Standard Operating Procedures for Euthanasia of Experimental Animals, Administrative Regulations for the Emergency Response Plan of Incidents for Emergencies in Experimental Animals, and so forth, in accordance with the law; and in respect of the commissioning of animal experiments to third-party companies, we strictly choose the third party with appropriate qualifications to ensure that the experimental process complies with the requirements of the Ethics Committee's examination and follows the relevant regulations on the management of experimental animals.

For projects involving animal experiments, we strictly follow the "3R" principles (i.e. "Replacement", "Reduction", "Refinement"). Before conducting animal experiments, we strictly assess the necessity of the experiments to ensure that all experiments can achieve the scientific objectives and that the use of experimental animals is minimized; we try to find alternatives to animal experiments as far as possible to reduce the number of experimental animals; we optimize the experimental process and take necessary anaesthetic and analgesic measures to reduce the pain of the animals during the experimental process. In respect of experimental animals, we have implemented the "Regulations on the Management of Cages and Appliances for Experimental Animals", "Regulations on the Management of Drinking Water for Experimental Animals", "Regulations on the Management of Prinking Water for Experimental Animals", "Regulations on the Management and other operating procedures to fully protect the five freedoms enjoyed by experimental animals.

In respect of clinical trials, the Group complies with relevant laws and regulations such as the Personal Information Protection Law of the PRC, the Provisions of Quality Control of Clinical Trials of Pharmaceuticals and the Provisions of Good Clinical Practice for Medical Devices, and provides clinical trial protocols, subjects' informed consent and other relevant materials required for ethical review in accordance with laws and regulations as required by the Ethics Committee of the Research Institutes, including, but not limited to, clinical trial protocols, the investigator's manual and the informed consent form, so as to effectively protect the rights and interests of subjects. For details of subjects' privacy protection, please refer to the section on "Information Security and Privacy Protection" of this report.



Quality is the cornerstone that ensures the steady progress of an enterprise, and innovation is the inexhaustible driving force that propels the development of an enterprise. Adhering to the R&D and innovation concept of "Me Too, Me Better, Me Only" and the quality control requirement of "Full Life Cycle Management', we continuously improve our independent R&D and innovation capability, strengthen product quality and safety management, and strive to lead the industry development with our excellent product performance, innovation capability and service quality.

R&D and Innovation

The Group has continued to focus on R&D innovation in four major business segments, namely ophthalmology, medical aesthetics and wound care, orthopedics and surgery, and has already launched a number of products under development. Among them, the Group's ophthalmology business has covered cataract treatment, myopia prevention, control and refractive correction, ocular surface medication and fundus disease treatment; in the field of medical aesthetics and wound care, the Group has formed a business matrix covering four categories, namely hyaluronic acid, genetic engineering preparations for epidermal repair, radio frequency devices and laser equipment.

We continuously clarify the four dimensions and pillars of innovation and drive the effective management of our own R&D innovation by improving the R&D management system, optimizing and implementing the R&D innovation strategy, preventing and controlling R&D-related risks, and exploring market opportunities. During the Reporting Period, five of our products were registered and launched on the market by the NMPA, and breakthroughs were made in the clinical trials of six major products under development.





Governance

The Group has established an integrated R&D decision-making and results transfer system. At the project establishment stage, the Group implements a mechanism for application and approval of technological projects, whereby the Science and Technology Committee comprising the general manager, senior management of the Company and persons in charge of the R&D of the relevant business lines, conducts the opening of the topic for discussion and approval of the project; and after the project has been established, each of the R&D centers is responsible for the establishment of the relevant project teams and other specific work to implement the R&D projects. In the course of R&D, each project team will receive support from the clinical trial team, the commercialization team, the compliance team and other professionals of the Group, taking into account the R&D stage and the need for special skills.

Impacts, risks and opportunities

The Science and Technology Committee of the Group follows up, monitors and evaluates the entire process of each R&D project from project demonstration, project approval, research and development, registration and reporting to product launch; and with the participation of the internal audit, carries out risk control of the R&D projects from the perspectives of project management, document management, on-site management and safety management. Meanwhile, we have formulated the R&D Management System, the Standard Management Regulations for Project Research Program and Standard Management Regulations for R&D Project Tracking, which cover internal systems and operating procedures relating to R&D, such as project formulation, procurement, assessment, incentives, file management, etc., to ensure the standardization and institutionalization of R&D management.

The Group has been exploring an innovation incentive mechanism that suits its development needs, and currently maintains continuous technological innovation mainly through the following measures:

We formulate a perfect incentive system for R&D and technical personnel, improve the ability of the internal R&D team to carry out new product development, and realize the endogenous development of technology and product R&D

We implement the global talent management strategy, relying on overseas R&D platforms to build an international R&D team and improve the quality level and market competitiveness of domestic products

We are actively engaged in exchanges and cooperation with domestic and foreign universities and research institutes We acquire and integrate target enterprises with high-end technologies at home and abroad to realize technology outgrowth innovation

R&D team building

R&D talents are the core resources of an enterprise. As at the end of the Reporting Period, the Group had formed a professional R&D team comprising 350 R&D technicians located in the PRC, the United States, the United Kingdom, France and Israel, and the R&D personnel accounted for 16.25% of the total number of the Group's employees, including 132 personnel with master's degree or above. The Group has continued to improve the incentive mechanism for its R&D talents to stimulate innovation and promote the endogenous R&D development. During the Reporting Period, we implemented an incentive model combining performance and project incentives, supplemented by an employee share incentive scheme. In addition, we encourage and support our R&D staff to participate in various talent selection activities to stimulate the team's sense of honor.



Ms. Jiang Lixia and Mr. Wei Changzheng from Shanghai Qisheng have both been awarded the First Prize of the Shanghai Science and Technology Award in 2024



Mr. Wei Changzheng from Shanghai Qisheng won the title of "2024 Shanghai High-Tech Achievement Transformation Pioneer"

We also organize and participate in a wide range of training courses, seminars and other activities to provide our R&D staff with rich learning and exchange opportunities, and to continuously enhance their research capability, professionalism and teamwork skills. During the Reporting Period, we regularly organized literature reading activities, invited R&D team members to share the latest R&D progress and technological innovations based on their own fields, and organized R&D personnel to learn about product registration and reporting regulations and practices, so as to guide their R&D work through a better grasp of registration and reporting knowledge.



Regulatory Training on Medical Device Registration for Shanghai Likangrui





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Online sharing and seminars by companies engaged in ophthalmic business

R&D platform building

R&D platforms are important vehicles for gathering and integrating innovative resources and realizing technology transfer. The Group has set up two national-level R&D platforms, namely the National Enterprise Technology Centre and the National Post-doctoral Research Station, as well as four provincial and ministerial-level technology and R&D transformation platforms, and one academician and expert workstation in Shanghai.

In addition to strengthening the foundation of the platform, the Group has been actively upgrading its automation technology to further enhance the efficiency of its R&D. During the Reporting Period, the Group adopted a new automated measurement solution whereby machines automatically filled in forms based on test data, replacing the traditional manual input process, thereby greatly enhancing the efficiency of data entry and improving the accuracy of data processing in the R&D process, which effectively supported rapid iterations and quality enhancement of new products.

R&D project collaboration

Industry-academia-research project collaboration is the main channel to promote the integration of technological innovation and market demand, and is the driving force of the R&D innovation of the Group. During the Reporting Period, we have established diversified project collaboration with a number of universities, research institutes and hospitals, in order to seek complementary advantages and share resources, and to continuously promote the innovation and development of pharmaceutical-related fields.

Strategies and objectives

In recent years, with the aging of China's population and the growing demand for healthcare in society, the biopharmaceutical industry has been highly valued by governments at all levels and supported by national policies. Policies such as the Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035, the Fourteenth Five-Year Plan for the Development of the Pharmaceutical Industry and the Fourteenth Five-Year Plan for the Development of the Biopharmaceutical Industry have been successively introduced and implemented. The Opinions of the General Office of the State Council on Comprehensively Deepening the Reform of the Supervision of Pharmaceuticals and Medical Devices and Promoting the High-Quality Development of the Pharmaceutical Industry, which was issued at the end of 2024, brought great development opportunities for our R&D and innovation in terms of funding support, industry-academia-research co-operation, and registration and approval.

At the same time, due to the common characteristics of biopharmaceutical research and development, such as long cycle, high technical difficulty and large capital investment, our R&D innovation is also subject to the risk that our R&D projects may not be able to produce R&D results, or that the market acceptance of the new products we develop may not meet our expectations.

In accordance with the principle of "To sell the 1st generation, R&D the 2nd generation, and reserve the 3rd generation", the Group will rely on its technological advantages in the fields of IOL and optical materials, medical chitosan, medical sodium hyaluronate/sodium hyaluronate, and hEGF technology, and the integrated advantages of the industrial chain of "raw materials + R&D + manufacturing + sales", and continue to make effective use of its own funds to focus on the R&D of innovative mid-to-high-end IOLs, myopia prevention, control and correction, medical aesthetics and orthopedic intra-articular viscoelastic repair, and will actively look for advanced technologies and outstanding products, and take the opportunity to adopt the methods of technology importation or investment and cooperation to increase its product reserves, so as to ensure the sustainable development of the Group, we will continue to increase our efforts in this regard. To this end, we will continue to strengthen the training of R&D talents and provide continuous and stable human and financial support for R&D and innovation. In the next two to three years, we will continue to ensure that the proportion of R&D personnel each year is not less than 15%, and the ratio of R&D expenses to the annual operating revenue of the Group is not less than 8%.

Intellectual Property Protection

The Group strictly complies with the Intellectual Property Law of the PRC, the Copyright Law of the PRC, the Trademark Law of the PRC and other national laws and regulations, and has formulated internal systems in respect of the intellectual property protection, such as the Enterprise Intellectual Property Management System and the Intellectual Property Management Manual, so as to promote the standardization and normalization of the intellectual property rights management work of the Company.

During the Reporting Period, the Group continued to improve the standardized management system with the general manager as the first person responsible for the intellectual property rights work, and further promoted the centralized management process of intellectual property rights information, with a view to achieving the goal of unified registration, tracking and maintenance management of the intellectual property rights matters in phases of the Group, and on this basis, gradually built up a visual information management system to enhance management efficiency. As at the end of the Reporting Period, the Company has been recognized as a "National Model Enterprise of Intellectual Property" and Shanghai Qisheng, a subsidiary of the Company, has been recognized as a "National Intellectual Property Advantage Enterprise", and the Company, Shanghai Qisheng and Shanghai Jianhua have obtained the certification of the intellectual property rights management system and are subject to regular reviews by third parties.

The risk management system for intellectual property rights of the Group covers the entire life cycle of R&D and products. Through the relevant business departments, the Group regularly conducts internal reviews on the management of intellectual property rights to identify systemic deficiencies and implementation deficiencies in the intellectual property rights management system in a timely manner and is subject to the scrutiny of the internal audit of the Group. In the event of disputes over intellectual property rights, the legal department will conduct investigations and analysis in conjunction with the relevant business units to seek appropriate solutions. During the Reporting Period, the overseas subsidiaries of the Company were involved in two intellectual property rights infringement disputes, which we have taken measures to handle appropriately, and we will strengthen the management of intellectual property rights of our overseas subsidiaries in order to prevent intellectual property rights disputes in the future.

We carry out early risk search and early warning analyses before launching R&D projects; during product R&D, before registration and listing, and after listing, we regularly follow up and eliminate potential risks, and carry out intellectual property infringement risk analyses

In R&D co-operation, we clearly agree with the partner on the ownership of intellectual property rights and licensing rights and obligations

In overseas trade, we carry out intellectual property analysis and investigation work in advance, and carry out risk assessment and response

Intellectual Property Risk Management Measures

We have been actively building an atmosphere of intellectual property rights protection within the Group, organizing seminars and training on intellectual property rights for all business divisions to raise staff awareness of intellectual property rights protection. We have also joined organizations such as the Patent Protection Association of China and participated in relevant industry conferences to learn from excellent intellectual property management experience.

In the future, we will continue to promote the centralized management of intellectual property rights information in accordance with the needs of the development strategy and business characteristics of the Group, improve the intellectual property rights management system, enhance the level of identification, prevention and avoidance of intellectual property rights risks, and conduct patent layout for important products in advance, so as to protect the achievements of R&D and innovation, and extend the value cycle of product development.

New applications during the Reporting Period		As at the end of the Reporting Period		
	Number of applications (pieces)	Number of applications received (pieces)	Number of applications in total (pieces)	Number of applications received in total (pieces)
Invention Patent	35	29	140	136
Utility Model Patent	19	23	22	231
Design Patents	2	0	4	56
Copyright and others	0	7	0	45
Total	56	59	166	468

The results of the intellectual property rights of the Group during the Reporting Period are as follows:

Supply Chain Safety

We are committed to building a stable, healthy and sustainable supply chain system, deepening communication and cooperation with suppliers. While fully protecting the legitimate rights and interests of suppliers, we actively seek to practice environmental protection and social responsibility with suppliers, and promote the development of the value chain in a more sustainable direction.

In accordance with the Drug Administration Law of the PRC, the Regulations on the Supervision and Administration of Medical Devices of the PRC and other laws and regulations, and taking into account its actual operating conditions, the Group has continued to improve its internal supplier management system and has established supplier management systems and operating procedures such as the Procurement Management System, the Supplier Management Regulations and the Raw Material Supplier Audit System to manage the whole process of admission, auditing, assessment and withdrawal of suppliers.

Supplier admission

In terms of supplier selection, the Group identifies potential suppliers through the collection and analysis of industry chain information, and focuses on evaluating their business qualifications and product quality standards. For important product suppliers, we will further organize personnel from relevant departments such as R&D, production, quality and procurement to conduct on-site inspections on their quality systems, plant equipment, production management, occupational health and environmental management, and finally include them in the list of qualified suppliers. For the suppliers on the list of qualified suppliers, the Group conducts negotiations based on the principles of fairness, integrity, quality



and price, and ultimately signs cooperation agreements and quality assurance agreements with them, and establishes supplier files. During the Reporting Period, the Group had a total of 351 suppliers, of which 288 were from mainland China and 63 were from Hong Kong, Macao and Taiwan and other countries.

Evaluation and audit

We conduct continuous tracking and evaluation of our suppliers in terms of product quality, price and fulfillment, etc., and classify our suppliers according to the importance of their products and the evaluation situation. We conduct on-site audits of our major material suppliers in terms of production equipment, storage conditions, occupational health, environmental management and safety management. For other suppliers, we organize regular or irregular written reviews, online verifications and on-site inspections according to the actual situation. Once a problem or defect is found, we will immediately communicate with the supplier, expressly request them to take corrective actions within a limited time, and continue to track the improvement progress. During the Reporting Period, the Group conducted on-site audits of a total of 34 suppliers.

Supply chain assurance

The Company has set up a procurement center to be responsible for the centralized procurement of important items such as important materials and machinery and equipment of the Group, and to organize the selection, evaluation and on-site assessment of suppliers. Centralized procurement not only helps to reduce procurement costs and improve operating efficiency, but also helps the Group maintain stable cooperation with high-quality suppliers.

The Group implements an advance stocking mechanism to ensure the stability of the supply chain. According to the annual production plan and R&D plan of the Group, the procurement center negotiates with each production base and R&D center to determine the annual procurement plan; under the guidance of the annual procurement plan, the procurement specialists of each relevant department draw up a monthly procurement plan according to the production plan and inventory situation of the department, and after step-by-step approval, submit it to the procurement center for summary to ensure inventory safety.

For important materials from no more than three qualified suppliers in the market, we continue to pay attention to market information to identify potential suppliers. At the same time, we reduce supply risks through measures such as R&D innovation and development of customized cooperation with suppliers. In December 2023, the Group's Fermented Sodium Hyaluronate received the Notice of Approval of Marketing Application for Chemical Raw Material Drugs issued by the NMPA, making the Group the first and only manufacturer of sodium hyaluronate with both cockle extraction and fermentation methods in China. The approval of the Fermented Sodium Hyaluronate not only realizes the process innovation, but also avoids the potential risk that the production capacity of sodium hyaluronate injection may be affected due to the tight supply of cockle materials in the future.

Supply chain collaboration

The Group continues to maintain a close and efficient communication mechanism with suppliers, and strengthens information exchange in various aspects such as quality control, safety production and customer complaint handling through various channels such as supplier conferences, telephone seminars, email communication, and on-site inspections; and implements customized training programs according to different types of suppliers, aiming to work together to deal with problems during cooperation. In addition, we are also actively negotiating with suppliers on energy saving and low carbon measures, seeking green development of the supply chain. During the Reporting Period, the subsidiary Juva Medical negotiated with its suppliers to adjust the supply and transportation; the subsidiary Nanpeng Optics negotiated with its suppliers to adjust the shipping routes and shorten the shipping mileage. These not only reduce the transportation cost of the enterprises, but also reduce the carbon emissions during transportation.

Product Safety and Quality

Adhering to the concept of "whole life cycle management", the Group has established a quality management system covering product design and development, procurement of raw and auxiliary materials, production process, quality inspection, sales and marketing services. The Group strictly abides by the relevant laws and regulations, such as the Drug Administration Law of the PRC, the Regulations on the Supervision and Administration of Medical Devices of the PRC, the Measures for the Administration of Drug Registration, the Good Manufacturing Practices for Pharmaceutical Products, the Measures for the Supervision and Administration of Drug Production, the Good Supply Practice for Pharmaceutical Products, and the Specifications for Pharmacovigilance Quality Management. Each R&D, manufacturing and sales company has formulated its own quality management system and operating procedures in accordance with the relevant laws and regulations of the place of operation, taking into account the actual business situation. During the Reporting Period, a total of 15 companies in the Group have been certified with the ISO 13485 Quality Management System for medical devices and/or the ISO 9001 Quality Management System, and are subject to third-party review on a regular basis; among them, pharmaceutical production bases have established a comprehensive quality management system in accordance with GMP requirements.

Pharmaceutical production base	GMP-compliant scope
Haohai Biological	Active pharmaceutical ingredients (sodium hyaluronate), ophthalmic preparations, small-volume injections, therapeutic biological products (human epidermal growth factor for external use) and supporting diluents
Shanghai Jianhua	Small-volume injection (sodium hyaluronate injection)
Shanghai Likangrui	Therapeutic biological products (porcine fibrin sealant), active pharmaceutical ingredients

Quality control measures

The Group has established a multi-tiered quality control framework with clearly defined responsibilities. The Group's production quality office holds regular meetings to discuss and determine the annual production quality work plan, reports to the Company's general manager for approval, and regularly reviews the progress of achievement. Each production base disassembles the annual plan, and the main person in charge of each production base is the primary person responsible for the quality of the production base, who regularly reports the progress of the production quality work to the general manager of the Company. Each production base has a production department and a quality department. Among them, the production department is responsible for the production process and on-site management of specific products, and the quality department is responsible for supervising and inspecting various key quality control points and process control points in the production process, and is responsible for the quality supervision and production quality evaluation of raw and auxiliary materials, packaging materials, intermediates, semi-finished products and finished products. Our main control measures for product quality are as follows:



Warehousing and logistics

- Store and transport products in strict accordance with product packaging, quality characteristics, temperature control and other requirements, and establish computer information management system that meets the requirements of the GSP to ensure that the production, warehousing, storage and sale of products are recorded and traceable
- Appoint a third-party logistics company that meets the GSP requirements to transport pharmaceutical products, sign an agreement with it to stipulate the quality responsibility, and conduct regular audits on its quality assurance capability

In order to strengthen quality awareness and effectively prevent and control quality risks, we have formulated quality self-inspection management procedures to regularly inspect issues related to materials and products, confirmation and verification, document management, production management, quality control and quality assurance, entrusted production and entrusted inspection, product delivery and recall according to requirements of GMP, ISO 13485, ISO 9001 and drug regulatory authorities, and to prepare self-inspection reports. Unqualified issues found in self-inspection, identified by the drug regulatory authority or found in other certification inspections shall be submitted to the relevant departments for rectification, and the reasons shall be analyzed during rectification.

Pharmacovigilance and product recalls

The Group regards product safety as the first lifeline. We strictly follow the Drug Administration Law of the PRC, the Measures for the Reporting and Monitoring of Adverse Drug Reactions, the Specifications for Pharmacovigilance Quality Management, the Guiding Principles for Pharmacovigilance Inspections and the Measures for the Administration of Medical Device Adverse Event Monitoring and Re-evaluation and other relevant laws and regulations, formulate relevant documents of the pharmacovigilance system and regularly review its compliance and feasibility. During the Reporting Period, we updated the internal system documents such as the Master Files of Pharmacovigilance System to further improve the internal pharmacovigilance system.

We have a professional pharmacovigilance team, consisting of cross-functional departments such as the pharmacovigilance department, quality department, medical department, and marketing department, to systematically carry out pharmacovigilance and adverse event monitoring, ensuring that relevant events can be collected, reported, analyzed and handled in a timely manner. The companies under the Group that are the holders of drug marketing authorizations have set up drug safety committees and specialized pharmacovigilance departments. The drug safety committee is responsible for major risk judgment, disposal of major or emergency drug events, risk control decision-making and other major matters related to pharmacovigilance; the pharmacovigilance department is responsible for collecting, disposing of and reporting suspected adverse drug reactions, identifying and evaluating drug risks, proposing risk management recommendations and conducting and participating in the post-marketing drug safety studies and other pharmacovigilance-related work. In addition, we regularly carry out self-examination of pharmacovigilance and adverse event monitoring, and organize emergency plan drills for drug safety issues, aiming to find system defects and rectify them in a timely manner.

In terms of product recalls, the Group has formulated product recall operating procedures in accordance with relevant regulations on recalls of drugs and medical devices, and kept product sales records in accordance with the law to meet product traceability and ensure that products with quality defects or potential safety hazards can be retrospectively investigated and quickly recalled. According to the severity of product defects, we divide the recall into three levels, and according to the recall level and product usage, scientifically design the recall plan with active implementation. During the Reporting Period, the Group did not have any product recall incidents caused by product quality defects.

Product quality training

The Group has formulated quality training management documents, requiring its subsidiaries to provide employees with internal and external trainings related to quality management and pharmacovigilance according to actual business conditions, so as to strengthen quality management, product safety knowledge and practical ability, and improve product quality and safety awareness. To achieve the goal of cultivating professional and skilled talents, the training effect will be tested in forms of written assessment, operation assessment and knowledge competition. As of the end of the Reporting Period, the Group has carried out quality management and product safety related trainings, with 6,265 employees participating in the trainings, and the total training hours reached 916 hours.

In January 2024, Shanghai Likangrui organized the "Drug Quality Management Knowledge Contest (藥品質量管理知識競賽)" and established a question bank for the drug production management knowledge competition. The employees studied and prepared for the competition independently. The test papers of the competition are divided into A and B volumes. The types of test papers were determined by lottery, and the winners were rewarded and publicly praised. A total of 76 employees participated in this competition, involving 7 departments.



Shanghai Likangrui "Drug Quality Management Knowledge Contest"

In May 2024, we organized specialized pharmacovigilance personnel to participate in the "Pharmacovigilance Practical Ability Improvement Training Course (藥物警戒實操能力提升培訓班)" held by the Shanghai Pharmaceutical Profession Association. During the two-day training, they learned the laws, regulations and norms related to pharmacovigilance, and listened to the practical experience sharing of pharmacovigilance by outstanding representatives of the industry and the normative guidance for pharmacovigilance work by the regulatory authorities.

In June 2024, the Company organized quality management personnel to participate in the "2024 Shanghai Pharmaceutical Industry Communication Conference for Achievement Presentation of Quality Control (QC) Circle (2024年上海市醫藥行業質量管理(QC)小組成果發表交流會)" held by the Shanghai Association for Pharmaceutics Quality. After expert review, the project selected by the Company won the "2024 Shanghai Pharmaceutical Industry Excellent QC Group On-site Award (2024年上海市醫藥行業優秀 QC 小組現場獎)".



During the Reporting Period, Haohai Biological organized its employees to participate in the 2024 Labor and Skills Competition for Employees of Biochemical Laboratory Operations in the Biomedical Industry Chain of the Economic and Technological Development Zone (2024年經開區生物醫藥產 業鏈生物化學實驗室操作職工勞動和技能競賽) sponsored by the Shanghai Songjiang Economic and Technological Development Zone General Labor Union and the Market Supervision and Management Institute of the Economic Development Zone under Songjiang District Market Supervision and Administration Bureau, and the 2024 Labor and Skills Competition for Biochemistry Laboratory Operations Employees in Songjiang District (2024年松江區生物化學實驗室操作職工勞動和技能競賽) sponsored by the Songjiang District General Labor Union and the Bureau of Human Resources and Social Security of Songjiang District. The participating employees to participate in the Minhang District Biomedical Industry (Drug Inspector) Skills Competition (閔行區生物醫藥行業(藥物檢驗員)技能競 賽) and the Shanghai Employee Vocational Skills Series-Biomedical Experimental Skills Competition (上 海職工職業技能系列競賽 – 生物醫藥實驗技能大賽). The participating employees won the second prize, the third prize and the winning prize respectively.

Responsible Marketing

While the Group is committed to enhancing product quality and safety, it also attaches importance to the rights and satisfaction of customers and consumers. We standardize marketing and aim to deliver real product information to customers and consumers. We focus on communications with customers, understand customer needs in a timely manner, and continuously improve services.

Customer complaint handling

The Group obtains customer needs, feedback and complaints through various channels such as regular customer visits, satisfaction surveys and service hotlines. The subordinate production and sales companies have formulated standardized documents such as complaint handling operating procedures according to their respective business characteristics to clarify the complaint handling process. After receiving feedback or complaints from customers, based on the content, the complaints are assigned to relevant functional departments for investigation, analysis, and processing. And the relevant departments communicate and cooperate with other departments, striving to provide customers with satisfactory solutions. Among them, product quality-related complaints are mainly handled by the quality department of the product involved. If the complaint is verified to be a product quality defect or a potential safety hazard and a recall is required, we will strictly follow the product recall procedure.

During the Reporting Period, the Group had a total of 16 customer complaints related to product quality, and these complaints were properly handled.

In addition, we actively promote the digitization and refinement of customer management. Under the premise of ensuring the security of customer information and strictly auditing the qualifications of system suppliers, we digitally collect, manage and analyze customer information through the CRM system to quickly respond to customer feedback and provide personalized services.

Compliant marketing

The Group designs product specifications and labels in strict accordance with the Drug Administration Law of the PRC, the Regulations on the Supervision and Administration of Medical Devices, the Provisions for Drug Insert Sheets and Labels, the Provisions on the Administration of Instructions and Labels of Medical Devices and other laws and regulations, so as to safeguard the patients' right to be informed of the product information. Meanwhile, we strictly follow the Advertising Law of the PRC and other laws and regulations relating to advertising and publicity of pharmaceutical products, and submit the contents of pharmaceutical product advertisements to the drug regulators for review and approval before launching, avoiding false propaganda and misleading propaganda, etc.

We have a review mechanism for information disclosure and promotional materials. The product marketing department, the medical department, the legal department and other departments are responsible for reviewing the brand advertisements and external promotional materials from the perspectives of medical science, advertisement compliance, and information disclosure compliance respectively, so as to ensure the accuracy and compliance of the information. When necessary, we submit the promotional materials to the office of the Board to further conduct compliance review of the relevant materials to ensure that the promotional materials meet the relevant requirements for information disclosure.

We actively carry out training on responsible marketing, raise employees' awareness of prudent information disclosure and advertising, and try our best to avoid potential marketing risks. During the Reporting Period, each product line organized internal training focusing on product performance to ensure that marketing personnels can comprehensively and accurately grasp and promote the products. In addition, we attached great importance to the development trend and importance of new media marketing, and organized training related to new media marketing during the Reporting Period.



The Group adheres to the concept of green development, actively responds to the challenges of climate change, continuously improves the environmental management system, ensures the compliant discharge of pollutants, improves the efficiency of energy and resource utilization, minimizes the negative impact on the environment, and promotes the realization of the Group's sustainable development goals.

ENVIRONMENTAL PROTECTION

Responding to Climate Change

Responding to climate change is a common challenge facing all mankind. The Group attaches great importance to global climate change and integrates it into our corporate governance and risk management system. We actively identify and evaluate the risks and opportunities brought by climate change, and take countermeasures to effectively mitigate the potential impact of climate change on the Company, and seek low-carbon transformation in business operations to contribute to global climate action.

Governance

The Group is deeply aware of the risks and impacts of climate change on stable operations and continues to improve its climate change management system. We have incorporated climate change into the scope of ESG governance, established a climate change governance structure consisting of the Board, the strategy and sustainable development committee, and the ESG working group, and clarified responsibilities at all levels to ensure the effectiveness of the Group's climate change risk management.

Climate Change Governance Structure and Responsibilities

The highest decision-Formulates climate change-Responsible for organizing making body for climate the identification of related goals and strategies change related work Reviews and monitors climate change risks, Delegates and oversees the progress of climate coordinating various departments, and promoting the work of the strategy change related goals and sustainable development Reviews and monitors the implementation of committee and listen to climate-related risks and specific response measures its reports opportunities, assesses the extent of the impact on the Company Regularly reports relevant work to the Board and makes recommendations on the identification and strategy formulation of climate change-related risks Strategy and Sustainable Board **ESG Working Group Development Committee**

Strategy

Addressing climate change has become a global consensus. The Group follows the TCFD guidelines and adopts a variety of scientific methods to carry out climate scenario analysis. For physical risks, we forecast future greenhouse gas emissions based on the representative concentration pathways RCP2.6 and RCP8.5 developed by the Intergovernmental Panel on Climate Change of United Nations; for transition risks, we refer to the announced commitment scenarios modeled by the International Energy Agency and the zero-carbon emission scenario in 2050.

ENVIRONMENTAL PROTECTION

Based on climate risk identification and scenario analysis, taking into account the Group's operating status, strategic planning and industry development, we have formed a list of risks and opportunities related to climate change, and continued to optimize response strategies to flexibly adapt to changes in the internal and external environments.

Types of climate change risks/ opportunities		Description	Countermeasures		
Physical risks	Frequent occurrence of extreme weather	Climate change will result in a high incidence of extreme weather such as typhoons, floods and extreme heat, and the Group's subsidiaries and production bases located in Shanghai and Guangdong Province will be more vulnerable to extreme weather. Extreme weather may damage plants, equipment and infrastructure, disrupt logistics and affect normal production operations; extremely hot weather may also change the properties of raw materials and make storage and production conditions for products more stringent, thereby affecting the Group's operating income and increasing its operating cost.	 Follow weather changes to understand climate, and predict the impact of weather on production and operation in time, to take protective and emergency measures against weather disasters. The Group formulated the Special Emergency Plan for Natural Disasters to effectively prevent and respond to the impact of extreme weather on production facilities, and conduct annual emergency drills to respond to emergencies. Set up a dual power supply strategy in production bases to deal with emergencies such as power cuts that may be caused by extreme weather, and activate temperature-adjustable cold storage devices to store products at constant temperatures. When constructing factory buildings, take extreme weather factors into consideration and select heat-resistant and fire-resistant materials, to guard against extreme weather events. 		
Transition risks	Carbon pricing	With the expansion of the carbon market coverage, there is a possibility that the pharmaceutical companies of the Group located in Shanghai may be subjected to the carbon emission quota management. When that possibility turns out to be a fact, the compliance costs will be incurred once the Group's carbon emissions exceed the quota.	 Pay attention to related regulations and policies in time, and maintain annual greenhouse gas statistics to ensure timely response when being subjected to carbon emission quota management. Set carbon emission targets and reduce energy consumption per unit through equipment renovation and process optimization, to reduce greenhouse gas emissions and gradually reduce carbon emission intensity. 		
	Cost of transitioning to low-carbon emission technologies	Currently, there is increasing policy pressure from the government for the pharmaceutical industry to adopt green technologies in the short to medium term. If the Group is required to comply with such regulations or chooses to respond to customer and public expectations by implementing clean energy and optimizing the energy efficiency of production equipment, we may incur higher operating costs for the adoption of low-carbon new technologies.	 Before transforming to low-carbon technologies, evaluate the projects and choose the most suitable technology based on the investment return period and feasibility. Ensure a smooth transition and connection between new technology and existing technological processes. Enhance competitiveness by taking low-carbon technology advantages in products as an opportunity. 		
Types of climate change risks/ opportunities		Description			
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	Increasing prices of raw materials and energy	Upstream suppliers of raw materials and energy to the Group may also be affected by climate change risks, leading to an increase in prices of raw materials and energy, and a rise in the production costs of the Group.	 Keep a watchful eye on the raw material market to gain timely information on raw material prices and changes in energy policies, and respond to them in time. Optimize production processes, continuously innovate technologies, and reduce energy consumption. Optimize supplier management and regularly analyze raw material supply risks. 		
Transition risks	Attention and expectations of stakeholders	As a listed company on both the Hong Kong Stock Exchange and the Sci-tech Innovation Board, the Company's policies for and contributions to climate change as well as disclosure of relevant information will receive more and more attention from stakeholders. Failure to disclose relevant information or to meet stakeholders' expectations may negatively affect the Company's reputation and investors' decisions. What's worse, the failure may reduce the demand for goods and services, decrease investor interest, and reduce government support, ultimately compromising the Company's overall revenue.	 Contribute to global action against climate change by adopting diversified energy-saving and carbon- reducing measures to reduce the Company's impact on the environment. Strengthen communication with stakeholders through the release of ESG reports and the management of investor relations. 		
	Opportunities in resource efficiency	Improve energy and resource efficiency by implementing measures such as design optimization, process improvement, and equipment upgrades. With the development of renewable energy policies and incentives, there are opportunities for enterprises to advance the transformation of energy structure.	 Upgrade equipment, and optimize technology and processes to improve energy use efficiency in product development and production processes, reduce energy consumption intensity and lower our operating costs. Reduce operating costs by improving production processes and reducing resource use (e.g., water, packaging materials, etc.). Further enhance the rate of water cyclic utilization to reduce water waste. 		
Opportunities	Opportunities in product competitiveness	With the global climate change trend, customers are gradually inclined to choose environmentally friendly products and services. The Group's achievements in low carbon will enhance its competitiveness and brand image.	 Reduce product carbon footprints from the procurement, production and packaging of raw materials to cater to customers' low-carbon preferences. Enhance the competitiveness and attractiveness of our products to the market through the low-carbon technology in our products. 		
	Opportunities in adaptability	Climate change risk response and management has injected new vitality into the Group's governance and promoted the improvement of the overall governance level.	 The Group identifies and assesses climate change risks, and then proposes and implements countermeasures, to enhance its adaptability to climate change. 		

Impact, risk and opportunity management

In order to enhance the resilience to climate change and effectively grasp and control climate-related risks and opportunities, the Group has incorporated climate change into its risk management system and continued to strengthen its risk management capabilities. We have established climate change risk and opportunity identification, assessment and response mechanisms, and regularly report to the Board on the achievement of relevant performance and goals, effectively mitigating the risks and impacts of climate change, and promoting the sustainable development of the Group.

Climate Change Risk and Opportunity Management Mechanism



The Group actively responds to the national "dual carbon" strategic goal and reduces greenhouse gas emissions through energy efficiency improvements. We strictly abide by the Energy Conservation Law of the PRC and other laws, regulations and standards, and improve the internal system of energy management to effectively improve the level of energy management.

The Group's energy types include unleaded gasoline, natural gas, externally purchased electricity and steam. We reduce unit energy consumption through process transformation and upgrading, simplifying process flow, etc. Through energy-saving diagnosis, we conduct statistics and analysis on energy consumption data, investigate abnormal energy consumption problems and identify energy-saving potential, and improve energy management level. During the Reporting Period, the Company has started to formulate clean production plans and gradually implement clean production in an all-round way.

At the same time, the Group actively encourages its employees to develop a green office awareness and implement carbon reduction measures through everyday actions to jointly achieve our greenhouse gas emission reduction targets.

Metrics and targets

The Group has set targets for energy use and carbon emission, and continues to follow up on the achievement of the targets to promote low-carbon transition and sustainable development.

0-	Goal of energy use efficiency	 By 2025, the comprehensive energy consumption intensity (total comprehensive energy consumption/operating revenue) will decrease by 10% as compared to 2021 Constantly improve energy use efficiency, and seek opportunities for using clean energy 	
0-	Carbon emission goal	 By 2025, the scope I and scope II carbon emission intensity (total greenhouse gas emissions (scope I and scope II)/operating revenue) will decrease by 10% as compared to 2021 Gradually integrate the guidance of "dual carbon" target-related policies into the Group's emission management and explore opportunities for carbon reduction technology 	0

During the Reporting Period, the Group's energy consumption and greenhouse gas emissions indicators are as follows:

Indicator	Unit	2024		
Energy use				
Unleaded gasoline	Tonnes	37.07	40.81	40.21
Natural gas	Normal cubic meter	2,055,945	2,168,697	1,848,339
Externally purchased electricity	GWh	32.24	28.13	26.07
Externally purchased steam	Tonnes	12,186.74	12,465.04	11,163.60
Total integrated energy consumption ¹	Tonnes of standard coal	7,856.83	7,472.49	6,824.17
Integrated energy consumption intensity	Standard coal (kg)/RMB10,000 of revenue	34.42	33.48	38.81
Greenhouse gas emissions ²				
Greenhouse gases (scope I) ³	Tonnes of standard CO ₂ e	4,554	4,689	4,119
Greenhouse gases (scope II) ⁴	Tonnes of standard CO ₂ e	20,865	19,689	18,174
Total greenhouse gas emissions	Tonnes of standard CO ₂ e	25,418	24,378	22,293
Greenhouse gas intensity	Tonnes of standard CO ₂ e/RMB10,000 of revenue ⁵	0.11	0.11	0.13

Notes:

- 1. The conversion coefficients chosen for the calculation of comprehensive energy consumption refer to the General Rules for Calculating Comprehensive Energy Consumption (GBT2589-2020).
- 2. The accounting of greenhouse gas was based on the Guidelines on Greenhouse Gas Emission Accounting Methods and Reporting of Enterprises in Other Industrial Sectors (Trial) issued by the National Development and Reform Commission.
- 3. Greenhouse gases (scope I) are generated from the combustion of unleaded gasoline, diesel and natural gas.
- 4. Greenhouse gases (scope II) are generated from the use of externally purchased electricity and steam, and accounted and prepared in accordance with the Announcement on the Release of the 2022 Electricity CO₂ Emission Factors issued by the Ministry of Ecology and Environment.
- 5. "Revenue" in this report refers to the operating revenue of the Company and its Major Domestic Subsidiaries during the Reporting Period.

Environmental Management System

The Group strictly complies with the laws and regulations of the operating locations, such as the Environmental Protection Law of the PRC, the Solid Wastes Prevention and Control Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, and the Atmospheric Pollution Prevention and Control Law of the PRC. The Group continuously improves its environmental management system, by formulating and strictly implementing the Environmental Impact Control Management System for New, Alteration and Expansion Projects, the Solid Waste Management Regulations, the Domestic and Production Wastewater Control Management System, the Exhaust Gas Emission Control Operation Management System, the Noise Control Management System and other systems. The Company has set up a resource management and environmental pollution prevention and control work leadership group consisting of the general manager as the leader and heads of various departments to make decisions, supervise and coordinate specific environmental protection matters such as resource management and pollutant discharge in the daily operations. Meanwhile, we have assigned EHS (Environment, Health and Safety) officers at each of our major production bases to supervise and guide the environmental protection work in the course of production and operation, ensuring the effective implementation of laws and regulations and the internal systems.

We continue to optimize the environmental management system in accordance with relevant certification standards, and actively accept environmental inspections and audits from external supervision and third-party agencies, and improve management systems and measures in a timely manner to ensure the effectiveness of the environmental management system. The Company has been certified with the ISO 14001 Environmental Management System during the Reporting Period.

The Group has established and continuously improved environmental risk assessment, prevention and emergency management mechanisms. We regularly identify and assess potential environmental risks in the production process, and formulate corresponding emergency plans and management strategies to ensure effective response and standardized management of environmental risks.

We also work with our employees to implement the concept of environmental protection and jointly improve the Group's environmental management level. We post energy conservation and environmental protection slogans in the office area, regularly organize employees to carry out environmental protection knowledge and technical training and conduct emergency drills, strengthen employees' awareness of environmental protection, so as to effectively improve environmental protection and emergency response capabilities.

In addition, the Group adheres to the principles of ecological protection, strictly observes the red line of ecological protection in the project planning stage, and follows relevant laws, regulations and standards to carry out comprehensive environmental impact assessment, minimize the impact on ecosystems and biodiversity, and promote sustainable economic and environmental development.

During the Reporting Period, the Group did not violate laws and regulations related to environmental protection.

Emission Management

The Group continues to strengthen the management of pollutant emission, and while ensuring compliant emissions, it strives to reduce the negative impact on the environment. We formulate operating procedures for solid waste, wastewater, air emissions and other pollutant treatment systems in accordance with the law, standardize the operation of environmental protection facilities, keep operational records, and conduct regular maintenance. During the Reporting Period, each production base of the Group carried out self-monitoring or external monitoring of air emissions, wastewater and noise. According to the monitoring report, no excessive discharge of pollutants occurred.

Waste management

The Group strictly complies with the laws, regulations and standards of the operating locations, such as the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Waste and the Standard for Pollution Control on Hazardous Waste Storage, and has formulated internal policies and operating procedures such as the Solid Waste Management Regulations, the Waste Classification Management Regulations, and the Emergency Plan for Hazardous Waste to clarify the management requirements for solid wastes. During the Reporting Period, we revised the Control and Management Regulations on the Storage, Use and Disposal of Hazardous Chemicals to further standardize the entire process management of hazardous wastes.

0

Waste
management
target

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- Hazardous waste intensity (total amount of waste/revenue) to steadily drop
- Dispose of 100% of hazardous waste in a compliant manner
- Seek measures to reduce hazardous waste through waste analysis and evaluation

The Group's wastes are categorized into non-hazardous wastes and hazardous wastes. The nonhazardous wastes we produce mainly include office wastes, kitchen wastes, and industrial wastes such as packaging waste papers and plastics. For non-hazardous wastes, we collect and store them in different temporary dumps, and they are regularly recycled and disposed by third-party agencies. Among them, kitchen wastes are disposed by the environmental sanitation department, and other non-hazardous wastes are regularly recycled and disposed by third-party solid waste treatment units. The hazardous wastes we produce mainly include waste organic solutions, waste vials, harmful sludge produced by water treatment stations, waste activated carbon and substandard products. We have established a complete disposal process for hazardous wastes. We ensure that hazardous wastes are handled in a compliant and proper manner through measures such as centralized management of warehousing, designating special personnel responsible for warehousing accounts, and entrusting qualified contractors for disposal.

During the Reporting Period, 100% of the hazardous waste generated by the Group was disposed of in compliance with regulations. The waste discharge indicators in the production and operation process are as follows:

Indicator	Unit	2024	2023	
Total hazardous waste produced	Tonnes	88.19	74.83	59.88
Intensity of hazardous waste produced	Kilograms/ RMB10,000 of revenue	0.39	0.34	0.34
Total non-hazardous waste produced	Tonnes	483.94	471.82	379.67
Intensity of non-hazardous waste produced	Kilograms/ RMB10,000 of revenue	2.12	2.11	2.16

Note: "Revenue" refers to the operating revenue of the Company and its Major Domestic Subsidiaries during the Reporting Period.

Wastewater management

The Group strictly complies with the laws, regulations and standards of the operating locations, such as the Water Pollution Prevention and Control Law of the PRC, the Pollutant Emission Standards for the Biopharmaceutical Industry, and the Comprehensive Standards for Wastewater Discharge, and constantly improves its internal systems and operating procedures, standardizes wastewater discharge management, and effectively controls wastewater pollutant discharge.



The wastewater produced by the Group included domestic wastewater, R&D and production wastewater, and circulation cooling system sewage. In order to reduce the impact on the environment, we have taken a number of measures, including strengthening the construction and maintenance of facilities, standardizing disposal methods, and strengthening monitoring and management to ensure that pollutants are discharged up to standards.

0-----Strengthen the **Standardize** Strengthen monitoring construction and disposal methods management maintenance of facilities Adopt measures such as Collect production and Install a wastewater domestic wastewater leak-proof and spill-proof monitoring system to containers and secondary to the internal sewage monitor wastewater containment, lay treatment station for indicators online Entrust a third-party impermeable hardened treatment, and discharge ground, and install rainwater cut-off valves into the municipal pipeline agency with relevant network after reaching the qualifications to conduct and emergency accident standard annual inspections pools to prevent leaks of liquid chemicals and Part of the acid-base wastewaters in the process cleaning wastewaters stay hazardous waste in the CIP cleaning system through the cut-off valve, and will be discharged through the pipe together after the pH value reaching the standard Uniformly collect hazardous waste liquids generated during some production processes and entrust a third-party company with professional qualifications for disposal

Wastewater Management Initiatives

During the Reporting Period, the wastewater discharge indicators during the production and operation of the Group are as follows:

Indicator	Unit	2024	2023	
Total wastewater discharge	Million cubic meters	0.18	0.20	0.19
Chemical oxygen demand (COD) emissions	Tonnes	6.64	9.01	5.99
Ammonia nitrogen emissions	Tonnes	0.08	0.11	0.07

Air emission management

The Group strictly complies with the laws, regulations and standards of the operating locations, such as the Atmospheric Pollution Prevention and Control Law of the PRC, the Emission Standard of Air Pollutants for Boilers, the Pollutant Emission Standard for the Biopharmaceutical Industry, and the Integrated Emission Standard of Air Pollutants, standardizes exhaust gas emission management, and ensures the compliance of air emissions.



Air emission compliance rate 100%

The air emissions of the Group mainly included air emissions from boilers, production processes and laboratories. We collect and purify the air emissions and then discharge them at high altitude. We continue to strengthen the construction of air emission treatment facilities to effectively reduce the unorganized emission of waste pollutants; some production bases have installed air emission online monitoring systems, using digital technology to dynamically monitor pollutant emission so as to improve the management level of air emissions. In addition, we mainly take the following specific measures to control key pollutants:

- Construction of odor spray facilities for volatile organic compounds (VOCs) at the sewage plant
- The quality inspection room and the production workshop are equipped with activated carbon adsorption devices which are replaced regularly
- Boilers are equipped with low-nitrogen burners to reduce nitrogen oxide emissions
- The production chain is equipped with an ethanol recovery device, which can make the effective recovery rate of ethanol reach about 90%, and greatly reduce the ethanol volatiles in the production process

During the Reporting Period, the air emission indicators during the production and operation of the Group are as follows:

Indicator	Unit	2024	2023	
Total air emissions	Million cubic meters	289.18	327.35	238.08
Sulfur dioxide (SO $_2$) emissions	Tonnes	0.06	0.09	0.07
Nitrogen oxide (NO _x) emissions	Tonnes	1.08	0.79	0.88
Volatile organic compounds (VOCs) emissions	Tonnes	0.46	0.57	0.53

Noise management

The Group strictly complies with the Environmental Noise Pollution Prevention and Control Law of the PRC and the Environmental Noise Emission Standards at the Boundary of Industrial Enterprises and formulates noise control management systems applicable to each production base to reduce noise impact on workers and the surrounding environment.

Before the commencement of construction, report the environmental noise that may be generated during the construction process to the local ecological and environmental authorities in accordance with the law

According to their actual conditions, each production base adopts measures such as outlet noise reduction, foundation vibration isolation, and building sound insulation to minimize the impact of noise

Provide earplugs, earmuffs and other protective equipment for employees exposed to noise hazards

Regularly entrust third-party organizations to monitor the noise at the factory boundary and at the workplace

Noise Management Initiatives

Key pollutant discharge enterprises

The Company and its subsidiary Shanghai Likangrui are key pollutant discharge units and are therefore required to comply with the relevant provisions of the Measures for the Administration of the Law-based Disclosure of Environmental Information by Enterprises and disclose environmental information in accordance with the law. For other environmental information such as pollution discharge information of the Company and Shanghai Likangrui during the Reporting Period, please refer to Section V "Environment, Social Responsibility and Other Corporate Governance" of the 2024 Annual Report issued by the Company on 22 March 2025 on the SSE.

Resource Management and Circular Economy

The Group implements the concept of circular economy, actively explores green practices in the process of production and operation, improves resource utilization efficiency and reduces negative impact on the environment, so as to achieve sustainable development.

Water utilization

In order to reduce the Group's water waste, we have formulated water resources management goals, and regularly monitored the progress of achieving the goals, and continued to improve the water resources management system.



 By 2025, the water use intensity (total water consumption/operating revenue) will decrease by 10% as compared to 2021 \mathbf{C}

• Further improve water resource utilization efficiency beyond 2026

The water consumption by the Group's production and operation was mainly from municipal water supply, and there was no risk in obtaining suitable water sources. We entrust a third-party organization to regularly carry out water balance tests to understand the current situation of water use, find out the relationship between water balance and the degree of reasonable water use, so as to take corresponding measures to improve the level of water resources management. We use RO (reverse osmosis) systems and regularly replace reverse osmosis membranes to improve water utilization and reduce water consumption. During the Reporting Period, Shanghai Likangrui actively promoted the formulation of the Plan of Water-saving and Consumption Reduction through Reuse of Discharged Wastewater, which planned to treat the sewage and reuse it for cooling tower replenishment after reaching the reclaimed water reuse standard, so as to reduce pollutant discharge and achieve cost reduction and efficiency enhancement.



During the Reporting Period, the Group's water consumption indicators were as follows:

Indicator	Unit	2024	2023	
Water consumption	Tonnes	310,287	309,367	274,515
Water consumption intensity	Tonnes/RMB10,000 of revenue	1.36	1.39	1.56

Note: "Revenue" refers to the operating revenue of the Company and its Major Domestic Subsidiaries during the Reporting Period.

Management of packaging materials

The Group is committed to promoting the optimization and recycling of packaging materials to reduce waste generation. We reduce the consumption of packaging materials from the source through measures such as equipment upgrades, standardization of packaging specifications, and simplification of packaging design. Meanwhile, we gradually replace packaging with recyclable materials under the premise of complying with the quality and safety management of pharmaceutical products, and try to recycle and reuse the packaging materials within the enterprise. If the packaging materials cannot be recycled by ourselves, they will be recycled and disposed of by a third-party organization, and the third-party organization will reuse them to realize the reduction and recycling of packaging materials.

Packaging materials used by the Group in the production process are mainly paper, plastic and glass. During the Reporting Period, the Group's packaging material consumption indicators are as follows:

Indicator	Unit	2024	2023	2022
Total consumption of packaging materials	Tonnes	737.99	809.11	668.08
Packaging material consumption intensity	Kilograms/RMB10,000 of revenue	3.23	3.63	3.80

Note: "Revenue" refers to the operating revenue of the Company and its Major Domestic Subsidiaries during the Reporting Period.



<section-header>EMPLOYEE 05 DEVELOPMENT

The Group adheres to the core concept of "people-oriented", protects the legitimate rights and interests of employees, actively creates a diverse, equal and inclusive working environment, provides employees with abundant training resources, builds clear promotion channels, and continuously optimizes the talent management system to help employees' career development.

The Group strictly complies with the laws and regulations of the operating locations, such as the Labor Law of the PRC, the Labor Contract Law of the PRC, the Social Insurance Law of the PRC, the Work Safety Law of the PRC and the Law of the PRC on the Prevention and Control of Occupational Diseases, and has formulated a series of human resource management systems such as the Employee Handbook, the Training Management System, and the Attendance Management System to clearly regulate recruitment, promotion and training, salary and benefits, health and safety and other aspects, so as to ensure that we employ our employees in a compliant manner. During the recruitment process, the identity information of the persons to be recruited shall be strictly reviewed to prevent the illegal act of employing child labor. We have added anti-discrimination, avoidance of child labor and forced labor clauses to the Employee Handbook. If the aforementioned misconduct and phenomena are found, after full investigation, the relevant responsible personnel will be held accountable according to the internal system, the severity of the consequences of the misconduct and the job responsibilities of the relevant responsible period, there were no incidents of child labor or forced labor in the Group.

We are committed to creating a diversified talent structure and widely absorbing diversified talents. Employees have fair opportunities in recruitment, promotion, salary, training, etc., regardless of their age, gender, religion, ethnicity and race. We actively build an inclusive corporate culture, provide employees with opportunities and channels to fully express their ideas and opinions, and let employees feel a sense of belonging.

Recruitment and Development

Talent attraction

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The Group actively attracts outstanding talents by adopting diversified methods such as social recruitment, campus recruitment, internal job transfer and internal recommendation. In addition, the Group regularly conducts talent structure assessments, analyzes recruitment needs, timely discovers shortcomings in human capital skills, and continues to enrich its talent pool to promote the Company's steady progress. During the Reporting Period, the Group continued to deepen the school-enterprise talent cooperation, actively built an internship base for school students, provided valuable internship opportunities for school students while reserving outstanding talents for the Group. In addition, we actively participated in recruitment activities, such as the "2024 Doctoral Series Recruitment Fair (2024 年博士系列招聘會)", "Songjiang Seven Schools 2025 Graduates Joint Recruitment Fair (松江七校2025 屆畢業生聯合招聘會)" and the special recruitment fair for veterans, and had face-to-face interactions with professionals, and also contributed to the promotion of local employment.

As of the end of the Reporting Period, the Group had a total of 2,156 employees, all of whom were full-time employees. The staff structure was as follows:



Talent retention

The Group has clear promotion conditions and channels, and takes multiple factors including performance appraisal as the conditions for employee promotion. Based on the overall operational goals and key performance indicators, we have built a goal-oriented performance appraisal system. At the beginning of each year, employees negotiate with their superiors based on the characteristics of their positions, set their annual performance appraisal targets in the form of a combination of quantitative and qualitative indicators, and regularly review and analyze the progress of achieving the appraisal targets. The assessment results are not only the reference basis for promotion and salary increase, but also effectively help employees achieve work tasks and career goals, and achieve team performance improvement. In addition, the Group has grievance channels to ensure that employees can effectively communicate with each other on questions raised during the goal setting or appraisal process. The Company implemented the 2021 restricted A share incentive scheme to attract and retain the core management personnel and core technical or operational personnel. As of the end of the Reporting Period, 233 employees held 1,832,044 A shares of the Company based on the incentive scheme, representing approximately 0.79% of the total share capital of the Company.

During the Reporting Period, the number of employee's turnover of the Group was 399, with a turnover rate of 18.51%. The turnover rate of employees was classified as follows:



Note: "Turnover" refers to the total number of employees who terminated their labor relationship with the Group due to various reasons during the Reporting Period; "turnover rate" = total number of employee turnovers during the Reporting Period/total number of employees at the end of the Reporting Period *100%.

Talent development

In order to support the career development of employees and continuously improve their professional ability and professionalism, the Group has established a training system with individual differentiation and diversified content to create a learning organization. We formulate differentiated training programs based on the positions and ranks of employees.

New employees

- Corporate culture, professional ethics
- Company organizational structure
- Basic management system
- Office system use, etc

Grassroots employees

- Job professional skills
- Industry laws and regulations
- Company product performance

Middle and senior management

- Anti-corruption and anti-commercial bribery
- Leadership training
- Company development strategy
- Industry and market trends

Staff in special positions

- Pre-job skills training and assessment, certification
- Regular training and assessment during the on-the-job period



NIMO's new employee training



Laserconn "5S1" management training

As of the end of the Reporting Period, the training coverage rate of the Group reached 100%, and a total of 2,156 employees participated in the training, with a total training duration of 14,392 hours, the average training duration of about 6.68 hours, and the annual training expenditure amounted to approximately RMB294,900.

¹ Seiri, Seiton, Seiso, Seiketsu, Shitsuke



The Group supports employees in continuing education programs. After the application is approved, employees can enjoy support and assistance such as tuition reimbursement, paid study leave and access to study resources. During the Reporting Period, the Group has provided employees with support for obtaining a number of certificates and training expenses, including medical device training qualification certificates, medical device safety and development capability improvement courses, etc. In addition, the Group has established long-term cooperative relationships with a number of external training institutions, and regularly provides employees with professional training courses covering quality management, regulatory understanding, risk management and other fields, so as to effectively promote the long-term career development of employees.

The Group encourages and recommends employees to apply for projects such as "Model Workers" and "Leading Talents", play the leading role of advanced representatives, shape a sense of collective honor and recognition of the enterprise, and create an atmosphere that motivates all employees to form a positive and advanced spirit. During the Reporting Period, Shanghai Qisheng recommended 28 employees to participate in the 2024 "Hundreds of Millions of Innovative Workers (百千萬創新型職工)" cultivation and selection activity of the Shanghai Minhang District General Labor Union. Among them, 3 employees were awarded the honorary title of "Minhang District Technical Model" and 17 employees were awarded the honorary title of "Minhang District Technical Model".



In April 2024, Ms. Yan Kai, assistant to the general manager of Shanghai Qisheng, won the finalist award in the first evaluation activity of outstanding managers of Shanghai medical device manufacturers hosted by Shanghai Medical Instrument Trade Association.



In July 2024, Ms. Xia Jiemin, an employee of the Company and the recipient of the honor of Shanghai Model Worker, was invited to participate in the "Model Worker Helping Enterprises (勞模助企行)" activity organized by the General Labor Union of Xinbang Town, Songjiang District, Shanghai. As one of the keynote speakers, she exchanged work thoughts and insights with the participants.



In September 2024, Mr. Wei Changzheng from Shanghai Qisheng was hired as a member of the lecturer group of Minhang District Model Workers and part-time teachers of ideological and political courses in schools of Minhang District.



Salary and Benefits

Adhering to the principle of equal pay for equal work, we continue to improve the salary system and provide employees with competitive compensation packages, taking into account factors such as employees' work experience, daily performance, company operations and industry conditions. The Group has set a salary structure that combines basic fixed salary with performance bonus and allowances according to position and rank. Performance bonus is mainly linked to company performance and employee performance. In addition, the Company has implemented a restricted share incentive scheme for core managers and technical backbones.

While providing benefits to employees in accordance with the law, we also encourage our subsidiaries to provide employees with diversified additional benefits based on business development and management conditions, aiming to attract and retain talents and stimulate talent development.

E	mployee benefits
Statutory benefits	Personalized benefits
"Statutory leave": paid annual leave, marriage leave, maternity leave,	Holiday activities and benefits, team building activities, reading salons, movie viewing salons, etc
parental leave, paternity leave, sick leave, etc "Five insurances and one housing fund": pension insurance, medical insurance, unemployment insurance, work-related injury insurance,	Supplementary medical insurance, group accident insurance, annual medical examination, medical examination for employees' family members, etc
	Staff dormitory, commuting allowance, catering allowance, housing allowance, shuttle bus, etc
maternity insurance and housing provident fund	Family care for employees in need, internal purchase benefits for employees' family members, gifts for employees' family members on special holidays, etc

We have built a diversified employee communication platform. Through the enterprise WeChat public platform, human resources department mailbox, OA system platform and human resources business partners ("HRBP"), we listen to employees' opinions and suggestions, and respond in a timely manner, so as to fully protect employees' right of expression and supervision, and smooth the communication bridge between grassroots employees and management. In addition, each company organizes team building activities in the form of summer and autumn tours and entertainment competition every year, so that employees can relax and exercise after work, and enhance the spirit of collaboration and team vitality among employees in the interaction of activities.



Team building activity of Henan Simedice in Grand Canyon, Anyang City



Team building activity of Shanghai Qisheng in Huangshan Mountain



Hangzhou Aijinglun Children's Day parent-child open day activity



Laserconn team building activity themed with "Fighting Youth, Chasing the Future

Safety and Health

Prioritizing employees' lives and safety, we strictly abide by the Work Safety Law of the PRC and other laws and regulations and implement the policy of "conducting comprehensive management with safety first and prevention as the main task". The Company has established a safety production management committee composed of the general manager as the chairman, the heads of relevant departments of the production bases and employee representatives, which is responsible for the management representatives of the production bases, under the authorization of the general manager, are responsible for approving relevant internal operating procedures and guiding various departments to carry out daily safety and health related work. During the Reporting Period, the Company was certified with the ISO 45001 Occupational Health and Safety Management, and conducted internal audits in a regular manner and accepted third-party external audits.

The Group has formulated the Work Safety Management Regime, the Safety Education and Training Program, and the Emergency Response Plan for Sudden Production Safety Accidents and other systems. During the Reporting Period, the Group formulated and revised the Safety Management System for the Use of Stacker Trucks, the Primary Responsibility System for Safety in the Use of Specialized Equipment and the Fire Safety Management Regulations to clarify the code of conduct and safe operation procedures for employees in production safety. According to their own production and operation arrangements, each production base regularly conducts inspections of potential safety hazards, identifies and evaluates hazard sources, and takes corresponding control measures.

In terms of hazardous chemicals management, we formulated rules and regulations such as the Management System for Storage, Use and Disposal of Hazardous Chemicals, and the Standard Operating Procedures for the Use and Disposal of Hazardous Chemicals, Precursor Chemicals and Hypertoxic Chemicals to strictly regulate the storage, use and disposal of hazardous chemicals, provided necessary protective measures for personnel exposed to hazardous chemicals in accordance with the law, and arranged them to participate in the training of hazardous chemicals practitioners, and only those who have passed the training can be allowed to take up jobs.

With respect to the prevention and control of occupational diseases, the Group follows relevant laws and regulations such as the Law of the PRC on the Prevention and Control of Occupational Diseases and the Regulations on the Administration of Occupational Health in Workplaces, and has formulated the System of Monitoring and Management of Occupational Health to actively shoulder its main responsibility in occupational health. We regularly conduct on-site testing of occupational hazard factors, and publish test reports and results to employees; distribute qualified labor protection equipment to employees exposed to relevant occupational disease hazards and guide them to use them correctly; conduct annual occupational disease physical examinations for employees exposed to relevant occupational examinations for employees exposed to relevant occupational disease physical examinations for employees exposed to relevant occupational disease hazards.

The Group strengthens employees' safety knowledge and enhances their safety awareness by organizing safety knowledge training and emergency drills for employees. Each production base organizes three-level safety education on production safety for newly recruited employees, fire escape drills and training for all employees, and annual training on hazardous chemicals knowledge, special equipment operation safety, electrical use safety, and microbial safety protection for employees according to their different positions. We also organize emergency drills on safety accidents, record the drill content and activity process in detail, and sort out a record sheet on the investigation into hidden safety hazards in production for employees' reference. Over the past three years, the Group had not experienced any accident of work-related deaths. During the Reporting Period, the loss of working hours of the Group due to work-related injuries was 624 hours, with the work-related injury insurance coverage rate of 95%.

During the Reporting Period, Henan Simedice carried out a practical training on Heimlich manoeuvre for employees. Training instructors were invited to conduct theoretical lectures, action demonstrations and group exercises, as well as multi-scene simulation tests to examine the skills and emergency response capabilities of the staff, aiming to enhance their first-aid capability.





The Group adheres to the concept of sustainable development, deeply participates in industry innovation and community building, and is committed to improving the level of industry development and enhancing social well-being. We are willing to work with our partners and all sectors of society to jointly map the sustainable future of the industry and society.

Contribution to Community

The Group has always upheld the enthusiasm of giving back to the society and actively fulfilled its social responsibilities. We organize our employees to actively participate in charitable donation activities such as "Love under the Blue Sky" and "One-Day Charity Donation", and donate to social organizations such as public welfare foundations to support medical technology innovation and the improvement of public health. During the Reporting Period, the Group's charity donations totaled RMB580,000. In addition, we promote the popularization of public health science and the accessibility of medicines, promote rural revitalization through consumption assistance and product donations, actively participate in community public welfare and voluntary services, and join hands with the community to build a better future.

Health popularization

The Group is committed to public health science education. Leveraging its professional advantages, the Group contributes to the building of a healthy society by popularizing ophthalmology and knowledge and raising public health awareness.

Promote health science activities with the Industrial Innovation Center for Eye Health

Haohai Industrial Innovation Center for Eye Health (昊海眼健康產創中心) is a key project in the ophthalmology
industry in the first phase of trial operation of Shanghai Haohai Biotechnology International Pharmaceutical
R&D and Industrialization Base (上海昊海生科國際醫藥研發及產業化基地), a major project in Shanghai's
strategic emerging industries. It is committed to building an ophthalmology innovation center integrating R&D,
incubation, intelligent manufacturing, service and popular science, providing one-stop service for users' eye
health, especially the prevention and control of myopia in adolescents. Since its trial operation in June 2023,
it has received a total of about 3,000 visitors, including over 1,000 visitors in 2024 alone. In particular, the
Eye Care Museum in Haohai Industrial Innovation Center for Eye Health is characterized by its fashion sense
and immersive visit experience, attracting and helping visitors to deeply understand the importance of visual
health management by integrating the knowledge of eye care into life, so as to realize "precise visual health
management and precise myopia prevention and control".

Haohai Industrial Innovation Center for Eye Health was selected into the "2024 Shanghai Fashion New Space List (2024年度上海時尚新空間名單)" at the "Fashion Design: AI + Fashion Empower New Quality Productivity Development (時尚設計: AI+時尚賦能新質生產力發展)" forum of 2024 World Design Cites Conference for its "gathering a variety of fashion consumer goods industries and related formats, and displaying the achievements of the industry chain".

^{*}Follow the Light with Children – Parent-child Summer Camp^{*} activity

In July 2024, our subsidiary Brighten Vision launched a three-day eye health research and parent-child camp activity themed with "Follow the Light with Children and Step into the Future (逐光童行, 邁入未來)". Through parent-child interaction and knowledge popularization, the activity not only imparts myopia prevention and control knowledge and skills, but also directs attention to spiritual inspiration and responsibility transfer, and cultivates children to become active participants and disseminators of myopia prevention and control science in the activity.



Produced the original ophthalmology book Guardian Bright: Fight for Bright Eyes

In June 2024, the Group held the event themed with "Guardian Bright, Bright Eyes Guardian (亮仔伴我, 光明'視'界有守護) - Book Launch Event of Guardian Bright: Fight for Bright Eyes" to officially release the original ophthalmology book Guardian Bright: Fight for Bright Eyes, produced by Haohai ophthalmology team, published by Shanghai Scientific & Technical Publishers, and recommended by the Key Laboratory of Myopia and Related Eye Diseases of the National Health Commission. In response to the Fourteenth Five-Year Plan for National Eye Health (2021-2025), the



Group actively promotes the popularization of eye health knowledge while continuously launching innovative ophthalmic products. This book introduces the vision management of all age groups from infants to school age, youth, middle and old age, and makes professional science popularization no longer obscure and difficult to understand through funny comics, allowing readers to easily obtain eye protection tips.

Product accessibility

While developing and innovating, the Group actively promotes product accessibility to benefit more people. As of the end of the Reporting Period, the Group's sodium hyaluronate injection, moxifloxacin eye drops, human epidermal growth factor and sodium hyaluronate eye drops have been included in the national medical insurance drug list; ophthalmic viscoelastic device, intraocular lenses, medical chitosan (for intra-articular viscosupplement), medical chitosan (for anti-adhesion), medical sodium hyaluronate gel, collagen sponge and other consumables have also been included in the local medical insurance list in some provinces and cities. By being included in the national or local medical insurance catalogue, our products can benefit more patients and reduce the burden on patients.

Supporting rural revitalization

The Group actively responded to the national rural revitalization strategy and has helped farmers increase their income for many years through consumption assistance, targeted procurement and support of agricultural products in poverty-stricken areas. During the Reporting Period, the total amount of consumption assistance of the Group was approximately RMB151,700.



Voluntary service

The Group encourages employees to actively participate in voluntary service activities, practice corporate social responsibility with practical actions, and build a harmonious and beautiful community.

Volunteer service activities of the 7th China International Import Expo

In October 2024, our subsidiary Shanghai Qisheng organized employees to participate in volunteer activities during the 7th China International Import Expo, and provided convenient services such as traffic guidance, medical first aid, travel inquiries, free charging, umbrella borrowing and drinking water for participating citizens and tourists.

Contribution to the Industry

Industry exchange

While seeking our own development, we attach importance to cooperation and exchanges with peers by actively joining industry associations and industry promotion associations, and serving as a director to increase participation in industry exchanges. Meanwhile, we extensively participate in academic exchanges and industry seminars to share research progress, so as to jointly create a good industry ecology.

Invited to serve as training lecturers for Shanghai Pharmaceutical Profession Association

In May 2024, the employees of the Company participated in the training of pharmacists organized by the Shanghai Pharmaceutical Profession Association as training lecturers, which further promote the skill improvement in the biomedical industry, and cultivate the talents needed for the development of the biomedical industry.



"My Story with Hiline" theme story collection activity

In August 2024, our subsidiary Nanpeng Optics launched the "My Story with Hiline" story collection activity, and widely invited industry practitioners and wearers who have been with the "Hiline" orthokeratology lens series for more than ten years to tell their stories with the "Hiline" products. Through small stories, from the perspectives of participants, witnesses and first-person, the activity shows the growth of China's orthokeratology lens industry, the intensive cultivation of domestic myopia prevention and control practitioners in their respective fields, and the development of domestic youth myopia prevention and control.



The 28th Congress of Chinese Ophthalmological Society (CCOS 2024)

In September 2024, the Group participated in CCOS 2024 with its products in the treatment fields of cataract, optometry, refractive, ocular surface and ophthalmoscope. During the exhibition, the theme meeting "Innovation Frontiers in Cataract Treatment" was held to exchange and share the latest research results in ophthalmology and vision science with domestic peers.



Biomaterials Industry Development International Forum and "Hyalumatrix MoonWhite (海魅月白)" Marketing Conference

In November 2024, the "2024 Haohai Biotec Biomaterials Industry Development International Forum (2024吴海生科生物材料行 業發展國際論壇)" was held in Shanghai. We invited many industry leaders to discuss the clinical application of cutting-edge medical aesthetics materials and technologies, as well as the high-quality development of China's medical aesthetics industry.



first organic cross-linked process independently developed by us, the only hyaluronic acid product in China that uses the natural product lysine as a cross-linking agent - "Hyalumatrix MoonWhite" was grandly launched.

Appointed as the standing director unit of the Technology Transformation Professional Committee of the Chinese Workers' Technical Association

In November 2024, the Technology Transformation Professional Committee of the Chinese Workers' Technical Association was established, and the Company was appointed as the standing director unit of the committee and served as the vice chairman. We will use this as a platform to actively participate in the work of serving employees in the transformation and promotion of scientific and technological achievements and promoting regional high-quality development.



Standard setting

The Group is committed to promoting the establishment and improvement of industry standards, promoting the standardization development of the pharmaceutical industry, and actively fulfilling its social responsibilities. As of the end of the Reporting Period, the Group has participated in the drafting and revision of 15 industry standards or group standards.



Participated in the formulation of the group standard of Guidance for Quality Management of Medical Device Contract Manufacturing in the Yangtze River Delta

During the Reporting Period, the Company participated in the formulation of the group standard of Guidance for Quality Management of Medical Device Contract Manufacturing in the Yangtze River Delta, which was officially issued in May 2024.





In addition, under the premise of protecting intellectual property rights and trade secrets, the Group supports the publication of papers and research results, and contributes to the high-quality development of the industry. During the Reporting Period, the book Biomedical Textiles (Second Edition) prepared by Shanghai Qisheng as a participating unit was published in March 2024; many academic papers of the Group were published in journals such as the Shanghai Medical & Pharmaceutical Journal and the International Journal of Biologicals, covering various fields such as biomedicine, pharmaceutical analysis, and analytical chemistry.

APPENDIX: ABBREVIATION AND EXPLANATION OF TERMS

For the convenience of presentation and reading, unless the context otherwise requires, the following abbreviations are used in this report.

"Board"	the board of Directors of the Company
"Brighten Vision"	Shanghai Brighten Vision Technology Co., Ltd. (上海亨泰視覺科技有限公司)
"Company" or "Haohai Biological"	Shanghai Haohai Biological Technology Co., Ltd.* (上海昊海生物科技股份有限公司)
"ESG Reporting Guide of the Hong Kong Stock Exchange"	Environmental, Social and Governance Reporting Guide under Appendix C2 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"GMP"	Good Manufacturing Practice
"Group", "our Group", "we", or "us"	our Company and its subsidiaries
"GSP"	Good Supplying Practice
"Hangzhou Aijinglun"	Hangzhou Aijinglun Technology Co., Ltd. (杭州愛晶倫科技有限公司)
"Haoleyuan"	Shanghai Haoleyuan Biotechnology Co., Ltd.
"Henan Simedice"	Henan Simedice Biotechnologies Co. Ltd. (河南賽美視生物科技有限公司)
"Henan Universe"	Henan Universe Intraocular Lens Research and Manufacture Company, Ltd. (河南宇宙人 工晶狀體研製有限公司)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Juva Medical"	OHMK (TianJin) Medical Technology Co. Ltd. (歐華美科(天津)醫學科技有限公司) and its subsidiaries
"Laserconn"	Sanhe Leike Optoelectronics Technology Co., Ltd. (三河市鐳科光電科技有限公司)
"Nanpeng Optics"	Xiamen Nanpeng Optical Company Limited (廈門南鵬光學有限公司)
"RCP2.6"	assuming that changes in energy use on a global scale result in a significant reduction in global greenhouse gas emissions by the end of this century, the global average temperature under this scenario will rise by $1^\circ\!\!\!C$ above pre-industrial levels
"RCP8.5"	assuming that global greenhouse gas emissions continue to increase by the end of this century, the global average temperature under this scenario will rise by more than $4^\circ\!\!C$ above pre-industrial levels
"NIMO"	Shenzhen New Industries Material of Ophthalmology Co., Ltd. (深圳市新產業眼科新技術有 限公司)
"NMPA"	The National Medical Products Administration of the PRC
"PRC" or "China"	the People's Republic of China
"Shanghai Jianhua"	Shanghai Jianhua Fine Biological Products Company Limited (上海建華精細生物製品有限 公司)
"Shanghai Likangrui"	Shanghai Likangrui Biological Engineering Company Limited (上海利康瑞生物工程有限公司)
"Shanghai Qisheng"	Shanghai Qisheng Biologics Company Limited (上海其勝生物製劑有限公司)
"SSE"	the Shanghai Stock Exchange
"SSE Sustainability Report Guidelines"	the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)
"TCFD"	Task Force on Climate-related Financial Disclosures
"VOCs"	volatile organic compounds

APPENDIX: CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

ESG Subject Area and	Disclosed in				
Environmental					
Aspect A1	A1 Emissions				
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	Environmental Protection			
KPI A1.1	The types of emissions and respective emissions data.	Emission Management			
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Responding to Climate Change			
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management			
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management			
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission Management			
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission Management			
Aspect A2	Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Resource Management and Circular Economy			
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Responding to Climate Change			
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Management and Circular Economy			
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Responding to Climate Change			
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Management and Circular Economy			
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Management and Circular Economy			

APPENDIX: CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

ESG Subject Area and	Disclosed in		
Aspect A3	The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Managemen System	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Managemen System	
Aspect 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.	Responding to Climate Change	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change	
Social			
Aspect B1	Employment		
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	Employee Development	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Development	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Development	
Aspect B2	Health and Safety		
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	Employee Development	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Development	
KPI B2.2	Lost days due to work injury.	Employee Development	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Development	

APPENDIX: CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

ESG Subject Area and General Disclosures and KPIs Disclosed in				
Aspect B3	pect B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	Employee Development		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development		
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development		
Aspect B4	Labor Standards			
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor. 	Employee Development		
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee Development		
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Development		
Aspect B5	Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Product and Innovation		
KPI B5.1	Number of suppliers by geographical region.	Product and Innovation		
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Product and Innovation		
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Product and Innovation		
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Product and Innovation		

APPENDIX: CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

ESG Subject Area and	Disclosed in		
Aspect B6	Product Responsibility		
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	Product and Innovation	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Innovation	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Innovation	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Innovation	
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Innovation	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Compliance Operation	
Aspect B7	Anti-corruption		
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	Compliance Operation	
KPI 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.	Compliance Operation	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliance Operation	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliance Operation	
Aspect 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.	Contribution to Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Contribution to Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Contribution to Community	

APPENDIX: CONTENT INDEX OF THE SSE SUSTAINABILITY REPORT GUIDELINES

Aspect	No.	Торіс	Article	Disclosed in
Environmental	1	Responding to climate change	Article 21 to Article 28	Responding to Climate Change
	2	Pollutant emission	Article 30	Emission Management
	3	Waste disposal	Article 31	Emission Management
	4	Protection of ecosystem and biodiversity	Article 32	Environmental Management System
	5	Environmental compliance management	Article 33	Environmental Management System
	6	Use of energy	Article 35	Responding to Climate Change
	7	Use of water resources	Article 36	Resource Management and Circular Economy
	8	Circular economy	Article 37	Resource Management and Circular Economy
	9	Rural revitalization	Article 39	Contribution to Community
	10	Social contributions	Article 40	Contribution to Community
	11	Innovation-driven	Article 42	Product and Innovation
	12	Scientific and technological ethics	Article 43	Compliance Operation
Social	13	Supply chain safety	Article 45	Product and Innovation
	14	Equal treatment to SMEs	Article 46	ESG Management
	15	Safety and quality of products and services	Article 47	Product and Innovation
	16	Data security and customer privacy protection	Article 48	Compliance Operation
	17	Employees	Article 50	Employee Development
	18	Due diligence	Article 52	Product and Innovation
Sustainability Governance	19	Communications with the stakeholders	Article 53	ESG Management
	20	Anti-commercial bribery and anti-corruption	Article 55	Compliance Operation
	21	Anti-unfair competition	Article 56	Compliance Operation