东陽光药

YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code : 1558

Our Mission:
For Everyone's Health

2024 Environmental, Social And Governance Report

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ABOUT THIS REPORT

This is the ninth Environmental, Social and Governance (the "ESG") Report released to the public by YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the "HEC CJ Pharm"). This report is an annual independent report for the period from 1 January 2024 to 31 December 2024 (the "Reporting Period") and aims at truly reflecting the development and practice in respect of environment, social and corporate governance in the year of 2024 of HEC CJ Pharm, reporting to stakeholders such as the shareholders, employees, the government, customers and consumers, partners and the community about the corporate operation, and the performance of social responsibilities and environmental missions.

BASIS OF PREPARATION

This report has been prepared in strict compliance with the requirements of the *Environmental, Social and Governance Reporting Guide* as set out in Appendix C2 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Stock Exchange") with reference to the requirements in the *Guidelines on Preparation of Corporate Social Responsibility Report for Corporations in China and the United Nations Sustainable Development Goals Corporate Action Guidelines ("SDGs").*

The contents covered in this report comply with the "comply or explain" provisions as required in the Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange and the reporting principles of "materiality", "quantitative", "balance" and "consistency".

Materiality: The materiality of the Company's ESG issues is determined by the Board. The stakeholder communication and the process and criteria of identification of material issues are all disclosed in this report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in this report.

Balance: The Report shall provide an unbiased picture of the performance of the Company during the Reporting Period. It should avoid selections, omissions or presentation formats that may inappropriately influence the decision or judgment by the readers of this report.

Consistency: The statistical methodologies applied to the data disclosed in this report shall be consistent with the previous year unless otherwise specified.

REPORTING PERIOD

Unless otherwise specified, the information contained in this report covers the period from 1 January 2024 to 31 December 2024. In order to enhance the readability of the report, some of the contents refer to previous years or subsequent years.

PUBLICATION SCHEDULE

This report is published annually.

ABOUT THIS REPORT

REPORTING SCOPE

The scope of disclosure of this report is consistent with that of the "2024 Annual Report of YiChang HEC ChangJiang Pharmaceutical Co., Ltd.".

DATA SOURCE AND RELIABILITY STATEMENT

The financial data involved in this report is in line with the "2024 Annual Report of YiChang HEC ChangJiang Pharmaceutical Co., Ltd.". Other information is sourced from official documents, statistical reports and relevant public information.

As confirmed by the management of HEC CJ Pharm, this report was approved by the board of directors (the "Board") on 28 March 2025.

REFERENCE DESCRIPTION

For the convenience of presentation and reading, YiChang HEC ChangJiang Pharmaceutical Co., Ltd. in this report is referred to, according to the context, as "HEC CJ Pharm", "the Company", and YiChang HEC ChangJiang Pharmaceutical Co., Ltd. and its members included in the consolidated financial statements are together referred to as "the Group", "our Group" or "we". Of which, Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司) is referred to as "Sunshine Lake Pharma" or "Guangzhou Pharma".

ACCESS TO THE REPORT

This report is prepared in both traditional Chinese and English, and is published in electronic version, of which electronic version can be downloaded from the Company's website (www.hec-changjiang.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). In case of any discrepancy between each version, the traditional Chinese version shall prevail.

MESSAGE FROM SENIOR MANAGEMENT

MESSAGE FROM CHAIRMAN

Carbon peaking and carbon neutrality represent a far-reaching and profound systemic shift, with the pharmaceutical industry playing a vital role in safeguarding and advancing public health. As an industry leader, we are dedicated to green operations and are actively cultivating a green, low-carbon and environmentally responsible corporate identity through concrete actions. We fully embrace and contribute to the national call for high-quality development, confident that our efforts will not only drive the sustainable growth of our business, but also make a meaningful contribution to the creation of a greener, healthier society.

MESSAGE FROM SENIOR MANAGEMENT

In 2024, with the relaxation of several national policies and the gradual improvement in social and economic performance, the pharmaceutical industry saw a recovery and development in market conditions. Moreover, as medical insurance policies become more balanced and bidding regulations are largely clarified, future pharmaceutical industry policies are expected to stabilise. This will foster a positive cycle within China's pharmaceutical ecosystem, presenting new and promising opportunities for industry growth.

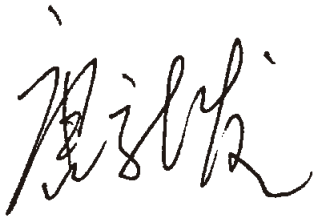
In 2024, the Company achieved a turnover of RMB3,723.78 million. We understand that the development of our business is closely tied to the opportunities of the times and the support of society. Over the past year, our team has remained driven and forward-thinking, fully committed to advancing technology and putting innovation into practice. We are dedicated to fulfilling our corporate responsibilities through every concrete effort, no matter how small.

In 2024, the Company continued to make substantial progress in expanding various aspects of its business.

Focus on chronic disease and anti-infection treatments: In response to the growing needs of an aging population and the management of chronic diseases, we intensify the research and development (R&D) and production of drugs for anti-infection and chronic conditions, while also addressing the market demand for anti-infection drugs by enhancing the competitiveness of our related products. We are committed to identifying needs through market research, adjusting our product pipelines, prioritising high-potential areas, and further upgrading existing products.

Active participation in national centralised procurement and medical insurance negotiations: To capitalise on the national policy trend of centralised drug procurement and adjustments to the medical insurance catalogue, we actively engage in centralised procurement and medical insurance negotiations to ensure that our core products are included in medical insurance schemes, thereby expanding market coverage. We will also optimise production costs and enhance supply chain efficiency to secure successful bids in centralised procurement at reasonable prices, while strengthening the development of our medical insurance access team to enhance our negotiation capabilities.

The Company has reinforced its commitment to environmental and social responsibilities by developing an internal ESG framework and monitoring system, which is led by the Board. We have increased efforts to strengthen environmental infrastructure, implemented enhanced measures to prevent and control environmental pollution, and improved energy efficiency. To proactively address the risks associated with climate change, we have established a scientific, reasonable and effective system for environmental, social and governance, risk management, and internal control. Moving forward, the Company will further enhance its R&D and innovation capabilities to sustain the competitiveness of its core products, while enriching the R&D pipeline for innovative drugs, ensuring product quality and safety, and optimising after-sales service. Additionally, we will employ diverse strategies to promote green and low-carbon development, aiming to achieve both efficient business growth and environment protection. Our ultimate goal is to establish HEC CJ Pharm as a leading pharmaceutical enterprise in China, grounded in the ongoing practice of sustainability.



Tang Xinfa
Chairman of HEC CJ Pharm

MESSAGE FROM GENERAL MANAGER

The Company is fully committed to advancing and contributing to the "dual carbon" strategic objectives by embedding sustainability into every facet of our operations — from products R&D to manufacturing and market distribution. With a strong focus on innovation, we are dedicated to driving continuous progress in economic, social and environmental sustainability, actively leading the pharmaceutical industry towards a greener future through tangible actions.

MESSAGE FROM SENIOR MANAGEMENT

Dear investors,

On behalf of the Board, I am pleased to report on the Company's strategies and performance in the areas of environment, society and governance.

In our commitment to environmental protection, the Company remains firmly aligned with the dual carbon objectives, actively advancing energy conservation and emission reduction initiatives. With ecological safety as a top priority, we have vigorously promoted green production — transforming our entire production process towards greater sustainability, high-end quality, and intelligent operations, while also contributing to the broader enhancement of industry value. We continued to optimise our development strengths and boost innovation, striving to build a high-quality, greener development ecosystem. Through the implementation of various energy-saving projects, our energy efficiency is steadily improving, propelling us to a new stage in our journey towards green, low-carbon development.

In resource utilisation, we actively drive the optimisation and upgrading of our energy structure. Going beyond simply reducing carbon emissions, we are committed to fostering coordinated development that aligns with low carbon principles and substantiality. We have intensified efforts to promote environmental protection, raising employee awareness and equipping them with the skills needed to enhance resource efficiency. Our determination is clear — we aim to lead and drive the transformation towards clean energy and low-carbon solutions.

In terms of waste management, our Company takes a meticulous and responsible approach. We have implemented a rigorous waste classification system and follow the principles of reduction and recycling throughout the treatment process. We are rapidly developing a waste recycling system to ensure the efficient handling and reuse of all waste types. In addition, we are proactively addressing the challenges posed by climate change by strengthening our risk management practices. We remain committed to collaborating with all stakeholders to build a more sustainable and promising future.

At the social level, we fully recognise the importance of corporate social responsibility. We have firmly embedded a culture of responsibility, actively promoted its integration into all aspects of our operations, and strengthened our capacity to fulfil these obligations. We are committed to building a sustainable development path that aligns business growth with social progress, reflecting both our business philosophy and long-term vision for the future. In terms of employee development, the Company follows a distinctive talent strategy, providing a diverse and inclusive working environment where employees are encouraged to realise their full potential. We foster a culture of positive motivation, working in harmony with our employees to inspire growth and forward momentum. Furthermore, we have established a scientific, fair, and sustainable supplier management system. We maintain strict controls over the supplier selection and evaluation process, while actively developing and nurturing high-quality suppliers. This helps to standardise supplier management and optimise our supplier base. With a strong focus on quality at every stage of production, we remain committed to our goal of becoming a leading enterprise in the industry.

MESSAGE FROM SENIOR MANAGEMENT

In terms of governance, the Company has comprehensively strengthened the development of its institutional framework, grounded in efficient and rigorous compliance management — forming a solid foundation for its high-quality development. We ensure that every employee embraces the concept of compliance both in mindset and in practice, integrating it into every aspect of their work so that compliant operations become internalised in thought and externalised in action. At the same time, we continuously refine our internal control system, applying total quality management to enhance product safety, efficacy, and accessibility, thereby strengthening both product quality and brand reputation. Under the leadership of the Board, management has intensified its efforts in standardising operations, refining rules and regulations, and reinforcing internal controls and corporate governance. Guided by the philosophy of "producing high-quality pharmaceuticals that meet the highest standards in China", the Company remains committed to improving public trust and brand recognition, while supporting its continued development and long-term success.

Looking ahead, the Company will pursue a path of green, low-carbon, and high-quality development in line with the demands of the new era. Our goal is to become an industry leader in energy conservation, emission reduction, and environmental protection, continuously enhancing the Company's overall competitiveness while improving the quality of our products and services. We are committed to optimising resource utilisation and promoting a development model that upholds excellence, efficiency, fairness, sustainability, and safety. Guided by our corporate mission and ethical standards, we actively engage in the R&D of innovative drugs to drive sustained business growth and create long-term value. In our unwavering dedication to public health, we continue to provide strong and reliable protection for the well-being of society.

Jiang Juncai
General Manager of HEC CJ Pharm

BOARD STATEMENT

The Board of the HEC CJ Pharm attaches great importance to corporate ESG work. In accordance with the requirements of the Stock Exchange of the *Environmental, Social and Governance Reporting Guide*, we have established a multi-level ESG management structure to strengthen the Board's supervision of and participation in ESG work.

ESG GOVERNANCE

An ESG leading group has been established by the HEC CJ Pharm, comprising the Company's relevant directors and senior management, which is responsible for the overall control of the ESG management. It is mainly responsible for setting ESG management objectives, strategic deployment of ESG medium and long-term planning, top-level design and regulations signing of ESG management system and ESG report approval, etc.

ESG RISK MANAGEMENT

The Board attaches great importance to the potential threat and profound impact of ESG risks on the Company's business, and regularly conducts comprehensive ESG risk assessment. ESG risk analysis and prioritization of materiality of each issue were conducted to identify key ESG issues through extensive stakeholder survey and expert evaluation. With the dynamic evolution of the market environment and the complexity of the capital market, the risks faced by listed companies are increasingly diverse and multidimensional. A company survival and long-term development hinge on its ability to effectively manage and control these risks. In order to strengthen risk management, the Company has established risk assessment department and internal audit department, with department heads as the top leaders correspondingly.

ESG TARGET MANAGEMENT

HEC CJ Pharm has formulated targets for pollutant emissions, waste treatment and other key targets in accordance with the requirements of the Stock Exchange's *Environmental, Social and Governance Reporting Guide*, upon which the Board regularly monitors and evaluates these targets to ensure that they are achieved on schedule and to promote sustainable green development of the Company.

SUSTAINABILITY BLUEPRINT

1. LOW-CARBON

Establishment of Green Operation Model

The Company will continue to deepen its environmental management, improve the efficiency of energy utilization and comprehensively enhance its emission management to contribute to addressing climate change and improving the quality of the ecological environment.

Practical Actions

— Establish an organizational structure for environmental management and clarify responsibilities at all levels

— Optimize various emergency plans to strengthen environmental risk prevention and control

— Promote the application of new energy-saving technologies, processes and equipment

— Establish a comprehensive emission management system to enhance emission compliance

— Conduct extensive publicity and education on environmental protection to create a positive atmosphere of energy conservation and carbon reduction

Response to the following SDGs:

2. PEOPLE-ORIENTED

Work with Employees for Common Development

We create a favourable working environment for our employees, establish a sound career development mechanism, protect employees' interests as well as occupational health and safety, and care for and accompany their growth, to realize the common development and mutual achievement between our employees and the Company.

Practical Actions

— Ensure equal opportunities for employees and realize diversified development of employees

— Organize various professional training programmes to develop talents

— Establish and improve the occupational health and safety management system

— Provide diversified benefits and activities for employees

Response to the following SDGs:

3. QUALITY

Innovative Excellence in Quality

We continue to build a comprehensive quality management system and optimize customer service mechanism to ensure product quality and safety through robust and lean management, thereby contributing to the health of patients.

Practical Actions

— Improve the quality management of the whole life cycle of pharmaceutical products

— Launch quality training to enhance the awareness of quality risk among all staff

— Promote the transformation of R&D achievements to enhance the capacity of innovative R&D

— Proactively collect feedback and suggestions from customers to protect their interests in all aspects

— Establish an efficient, stable and green supply chain

Response to the following SDGs:

4. RESPONSIBILITY

Contributing to the Society

Adhering to the concept of patient-centeredness, we promote accessible pharmaceutical products, leverage our strengths in the pharmaceutical industry, and actively contribute to social welfare through a variety of initiatives.

Practical Actions

— Promote accessibility and affordability of pharmaceutical products

— Promote strategic industry cooperation to support the implementation of Healthy China initiative

— Carry out community care and charitable donation activities

Response to the following SDGs:

HONORS

附件

第二十五届中国专利奖预获奖项目

（一）第二十五届中国专利金奖预获奖项目（30项）

序号	专利号	专利名称	专利权人	发明人
1	ZL200610066995.7	磷酸奥司他韦颗粒剂及其制备方法	宜昌东阳光长江药业股份有限公司	李松，钟武，肖军海，谢云德，李行舟，崔浩，郑志兵
2	ZL200810093816.8	截短的人乳头瘤病毒16型L1蛋白	厦门万泰沧海生物技术有限公司，厦门大学	顾颖，李少伟，魏闻希，鲜阳凌，罗文新，夏宁邵
3	ZL200980000198.0	双环取代吡唑酮偶氮类衍生物，其制备方法及其在医药上的应用	江苏恒瑞医药股份有限公司，上海恒瑞医药有限公司	邓炳初，吕贺军，邓浩，陈一千，费洪博，王胜蓝，王莉
4	ZL201210350516.X	一种行李物品CT安检系统及其探测器装置	同方威视技术股份有限公司	陈志强，李元景，张丽，张金宇，段占军，冉龙松，黄清萍
5	ZL201210409848.0	一种高强度烟气脱硝催化剂的制备方法	中国石油化工股份有限公司，中国石油化工股份有限公司抚顺石油化工研究院	王学海，方向晨，刘忠生，刘新友，杨爱霞
6	ZL201310068343.7	分支型覆膜支架，包括其的输送系统及其制造方法	上海微创心脉医疗科技股份有限公司	袁振宇，朱清，高延彬，李中华，罗七一
7	ZL201310113723.8	一种轴压筒壳结构承载力折减因子确定方法	大连理工大学	王博，郝鹏，李刚，田阔，杜凯繁，方耀楚，张勇，唐雪汉，王健，

On 23 December 2024, Oseltamivir Phosphate Granule and its preparation method of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. won the 25th China Patent Gold Award.

关于公布2024年（第30批）新认定湖北省企业技术中心名单的通知

55	湖北九阳防水材料科技有限公司	襄阳市
56	湖北新火炬科技有限公司	襄阳市
57	襄阳航力机电技术发展有限公司	襄阳市
58	襄阳新兴精密制造有限公司	襄阳市
59	安琪酵制剂（宜昌）有限公司	宜昌市
60	湖北及安盾消防科技有限公司	宜昌市
61	湖北蓝谷中微生物技术有限公司	宜昌市
62	宜昌东阳光长江药业股份有限公司	宜昌市
63	黄石人本轴承有限公司	黄石市
64	东科克诺尔商用车制动技术有限公司	十堰市
65	湖北一专汽车股份有限公司	十堰市
66	湖北路中宝金属制品有限公司	荆州市
67	湖北美的洗衣机有限公司	荆州市

On 30 November 2024, YiChang HEC ChangJiang Pharmaceutical Co., Ltd. was successfully selected as Enterprise Technology Center of Hubei Province.

On 19 July 2024, HEC CJ Pharm was invited to participate in Baidu Health Industry Ecology Conference and was awarded the "2024 Brand Co-creation Award" by Baidu Health.

On 10 August 2024, HEC CJ Pharm won the industry's highest honor "CPOE Gold Award" for four consecutive years.

In February 2024, HEC CJ Pharm was awarded three "Global First" certifications by the international authority Frost & Sullivan: The global oseltamivir production base ranks first in scale, the global oseltamivir cumulative output ranks first in 5 years, and the global oseltamivir cumulative shipment ranks first in 5 years.

ABOUT US

(I) CORPORATE PROFILE

The Company is a domestic pharmaceutical platform under Pharm HEC Group with a history of 24 years of operation since its establishment and is a pharmaceutical enterprise with strong R&D and innovation capabilities and great development potential in China. The Company has always believed in "serving the Chinese with a higher standard" since establishment, and attaches great importance to R&D, innovation and quality improvement of products.

The Company is a pharmaceutical manufacturing company focusing on the R&D, manufacturing and sale of pharmaceutical products in the therapeutic areas of anti-viral, endocrine and metabolic, and other disease treatment. In 2015, the Company was converted into a joint stock company with limited liability and was successfully listed on the Main Board of the Stock Exchange on 29 December 2015 (Stock Code: 01558.HK). At present, the Company's core product, Kewei (Oseltamivir Phosphate), is a first-line product in China's anti-influenza market, and has maintained the premier position in the field of domestic influenza for many years with the advantage of being the first brand in China. From 2013 to 2024, the Company's Oseltamivir Phosphate product had the highest sales volume in China. In the future, we will unswervingly follow the path of brand building to maintain Kewei as the first brand of anti-influenza drugs and continue to explore the market potential of Kewei.

1. SALES OF MAIN PRODUCTS OF THE COMPANY

Sales of our core products during the Reporting Period were as follows:

Product	Common Name	Treatment	2024 Sales income (RMB'000)
Kewei (Granules)	Oseltamivir Phosphate	Anti-influenza drugs	2,181,508.81
Kewei (Capsules)	Oseltamivir Phosphate	Anti-influenza drugs	306,950.21
Oumeining	Telmisartan	Treatment of hypertension	110,280.96
Ertongshu	Benzbromarone	Treatment of hyperuricemia with gout symptoms	109,533.74
Emitasvir	Emitasvir Phosphate	The new antiviral drugs for Hepatitis C.	89,486.34

The above-mentioned drugs are the core products of the Company. During the Reporting Period, the Company adjusted the division of responsibilities of the sales team according to the market demand, being the self-operated sales team responsible for the academic promotion of core products in tiered hospitals and primary medical institutions, new retail sales teams responsible for all varieties in chain pharmacies, non-tender markets, and centralized procurement sales team

responsible for the national centralized procurement varieties. As of 31 December 2024, the Group has a total of 1,854 staff in its sales teams. The establishment and development of the multi-channel sales team will lay a solid foundation to the comprehensive expansion of the Company's product portfolio in all sales channels.

2. DEVELOPMENT HISTORY OF THE COMPANY

2001

The Company's predecessor was established in Hubei province, officially entered the pharmaceutical industry in China

2006

The Company was licensed to manufacture Oseltamivir Phosphate products in China

2008

Kewei Granule product was registered with the China Food and Drug Administration and the Company became the only manufacturer of Oseltamivir Phosphate Granule in China

2013

Kewei product dominated the largest market share of Oseltamivir Phosphate products in China

2015

The Company officially listed on the Stock Exchange on 29 December 2015

2019

- Strategic investment through convertible bonds by Blackstone, which was completed on 20 February 2019
- Comprehensively roll out the Full Circulation reform of H Shares

2020

- Completion of bonus issue of Shares
- Completion of the Full Circulation of H Shares
- Emitasvir Phosphate Capsules approved to launch
- Recombinant Human Insulin Injection approved to launch

2021

- Insulin Glargine Injection approved to launch
- Became a holding subsidiary of Sunshine Lake Pharma

2022

- Metoprolol Succinate Sustained-release Tablets approved to launch
- Azithromycin Tablets approved to launch
- Insulin Aspart Injection approved to launch
- Insulin Aspart 30 Injection approved to launch

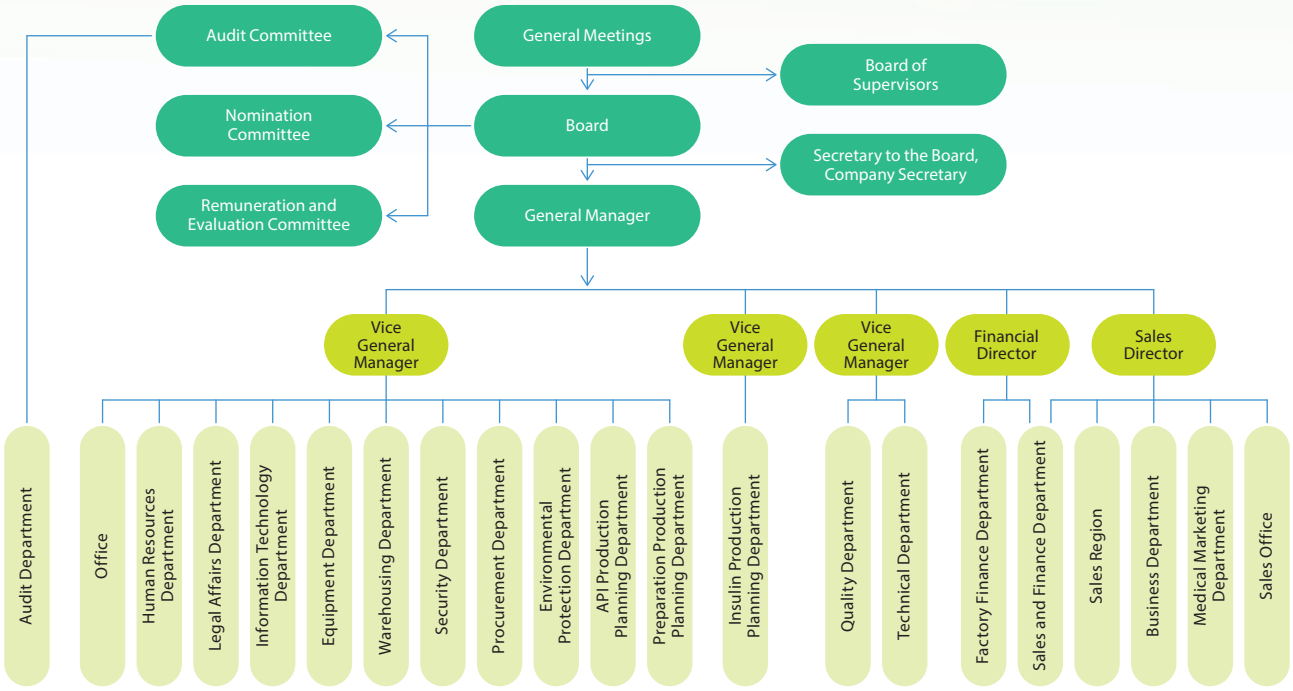
2023

- Change of stock short name
- Completion of the major and connected transaction in relation to the disposal of target equity in Sunshine Lake Pharma
- Completion of repurchase of the H share convertible bonds in full
- Mixed Protamine Human Insulin Injection(30R) approved to launch
- Application for launching of Yiqibuvir Tablets being accepted

2024

- Possible transfer of shares of the Company and merger with Sunshine Lake Pharma
- Included as a constituent of the Hang Seng Index Series
- The Company's controlling shareholder Sunshine Lake Pharma Co., Ltd. entered into a licensing agreement with Apollo Therapeutics Group Limited ("Apollo") for the development and commercialisation of the APL-18881 (HEC88473) project
- The Company' controlling shareholder Sunshine Lake Pharma Co., Ltd., the Company and Shenyang Sunshine Pharmaceutical Co., Ltd. entered into a Clifutinib Besylate licensing agreement

ORGANISATION STRUCTURE



PARTNERSHIP NETWORK

We entered into a letter of intent with Wuhan Institute of Virology, Chinese Academy of Sciences* (中國科學院武漢病毒研究所), National Engineering Technology Research Center for Drugs of Emergency Prevention and Control* (國家應急防控藥物工程技術研究中心) and Sunshine Lake Pharma.

We entered into a strategic cooperation framework agreement with Jointown Pharmaceutical Group Co., Ltd ("Jointown").

We entered into a strategic cooperation agreement in relation to the Ertongshu National Distribution Right Agreement with China National Accord Medicines Corporation Ltd.

We entered into a strategic cooperation framework agreement with China Resources Pharmaceutical Commercial Group Co., Ltd. ("CR Pharmaceutical Commercial").

(II) STRATEGY AND VISION

CULTURAL VISION

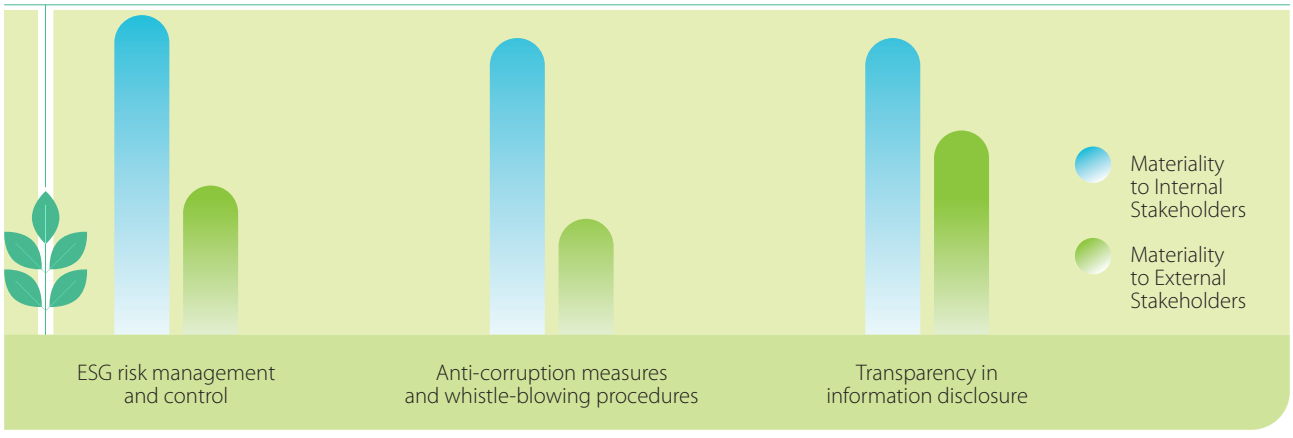
HEC CJ Pharm strives to become a modern enterprise with a comprehensive R&D system, excellent product quality and perseverance. The Company has taken "For Everyone's Health" as its mission. The Group determines to improve the people's living standard and health with the support of scientific research. We fully understand our social responsibilities and regard caring for the earth and environment with heart and active participation in charitable services as our own duties.

As a leading pharmaceutical enterprise in China with the mission of shouldering health responsibility, our long-term development is inseparable from social support, and we have the courage to take up social responsibility and actively give back to the society in order to better advance. The Company has established a comprehensive platform for drug R&D, manufacturing and sales, and will continue to deepen innovation in the therapeutic areas of anti-infection, endocrine and metabolic diseases, and other disease treatment. Looking forward, the Company will continue to increase investment in R&D, accelerate the transformation of drug R&D to clinical application in the above-mentioned disease areas. In addition, the Group will closely follow the clinical needs, strengthen the R&D layout of endocrine and metabolic and anti-infectives drugs, and continuously launch new products to enrich the existing product portfolio, so as to better meet the health needs of the general public. Meanwhile, the Group will adhere to the principle of "contributing to the community, expressing gratitude to the community", increase investment in public welfare, vigorously support public welfare, and endeavor to promote the development of health undertakings and social welfare.

CHAPTER I RESPONSIBLE GOVERNANCE

HEC CJ Pharm adheres to the principle of "making more good drugs and giving back to the community". Internally, we have established the responsibility strategy and ESG management structure, and strengthened the construction of clean governance and risk control management. Externally, we actively maintain communication with all stakeholders and promptly responds to their concerns. While implementing our responsibility of "compliance management, honest operation, healthy operation and environmental protection construction", HEC CJ Pharm continued to promote technological innovation and industrial upgrading in order to stimulate the vitality of the enterprise and promote employment opportunities. We are committed to becoming a pharmaceutical enterprise with strong sense of social responsibility!

Sustainability issues addressed in this chapter

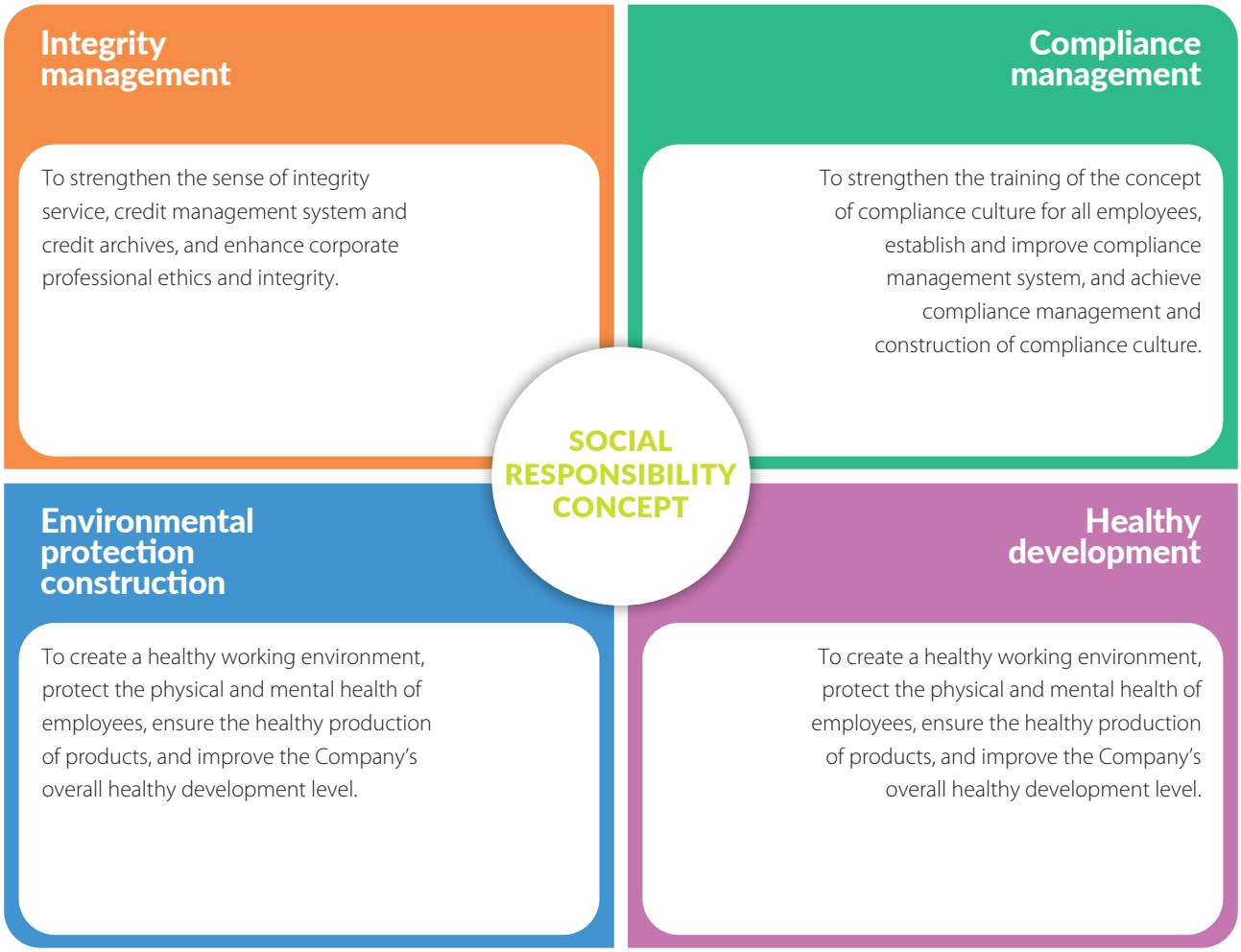


HKEX ESG indicators covered in this chapter

B7.1 / B7.2

(I) RESPONSIBILITY STRATEGY

With the goal of "becoming a leading pharmaceutical enterprise in China", HEC CJ Pharm has always regarded corporate social responsibility as its primary responsibility. It is committed to the development, production and sales of products in the therapeutic areas of anti-infection, endocrine and metabolic diseases, and other disease treatment. Many of its drug products have taken the leading position in the market in the sub-therapeutic areas, and rank high in terms of sales of single-product drugs in China, bringing Chinese citizen with a reliable "HEC CJ Pharm".



As a company focusing on the development, production and sales of products in the therapeutic areas of anti-infection, endocrine and metabolic diseases, and other disease treatment, we will keep abreast of the industry development trend.

Enhancing the quality management system: We strictly comply with the requirements of the National Good Manufacturing Practice (GMP) and have established a comprehensive quality management system to ensure that every step from R&D to production complies with international standards and domestic regulations. We continue to improve our quality management level by strengthening internal audits, staff training and external quality audits.

Promoting green and sustainable development: We actively implement the concept of green development and integrate the concept of environmental protection into all aspects of our operations. We optimize our production processes, adopt advanced production techniques and equipment, improve resource utilization, and reduce energy consumption and pollutant emissions. We strive to achieve waste reduction, recycling and hazard free by way of classified collection, non-hazardous treatment and resource recovery of waste generated during the production process. Additionally, we establish a tracking system for drugs to enhance the transparency of the supply chain. We also strengthen staff training on environmental protection to raise their awareness of environmental protection and sense of responsibility.

(II) CORPORATE GOVERNANCE

HEC CJ Pharm recognises that the sustainable development strategy is inseparable with its overall strategy. Based on the well-planned, we have established the short-term goal, medium-term goal and long-term vision to promote the sustainable development. We formulate specific steps and approaches each year to continuously improve sustainable development management for achieving greener, healthier and more balanced development.

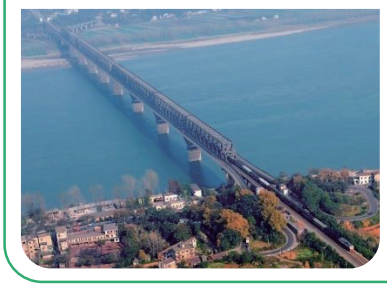
Strategic objectives of the Company:

Short-Term Goal

Incorporate the concept of green and, low-carbon circular development, especially the concept of carbon peaking and carbon neutrality, into the overall layout of the Company's ecological civilization construction.

Medium-Term Goal

Gradually extend the concept of sustainable development to various production and construction fields of the Company, while enhancing the Company's social responsibility mission externally.



Long-Term Visionl

Integrate the ESG management model into the governance of the Company at a deep level to realize mutual benefits and win-win from corporate development and social development, and lead the sustainable development of the industry with the sense of mission of building a leading innovative pharmaceutical company in China.

In order to ensure the achievement of the strategic objectives, the Company has established a complete ESG management structure with clear division of responsibilities among the levels. The ESG leadership of the Company drives and organically integrates ESG management strategies into various departments and key business processes, to oversee and manage and regularly report to the Board on our ESG management strategies, policies, and performance. At each board meeting, the Company will review the ESG report, review the progress of ESG work, evaluate ESG priorities, in order to oversee and review the implementation of ESG management strategies, providing a strong guarantee for further improvement and implementation of the Company's management.

LEVEL 1 The ESG Leading Group

The ESG leading group composed of the Company's relevant directors and senior management is responsible for the overall control of the ESG management of HEC CJ Pharm. It is mainly responsible for: monitoring the formulation of environmental, social, and governance vision, strategies and policies; monitoring the implementation of environmental, social, and governance vision and strategies; monitoring the expenditure for environmental, social, and governance work; and monitoring external communication policies.

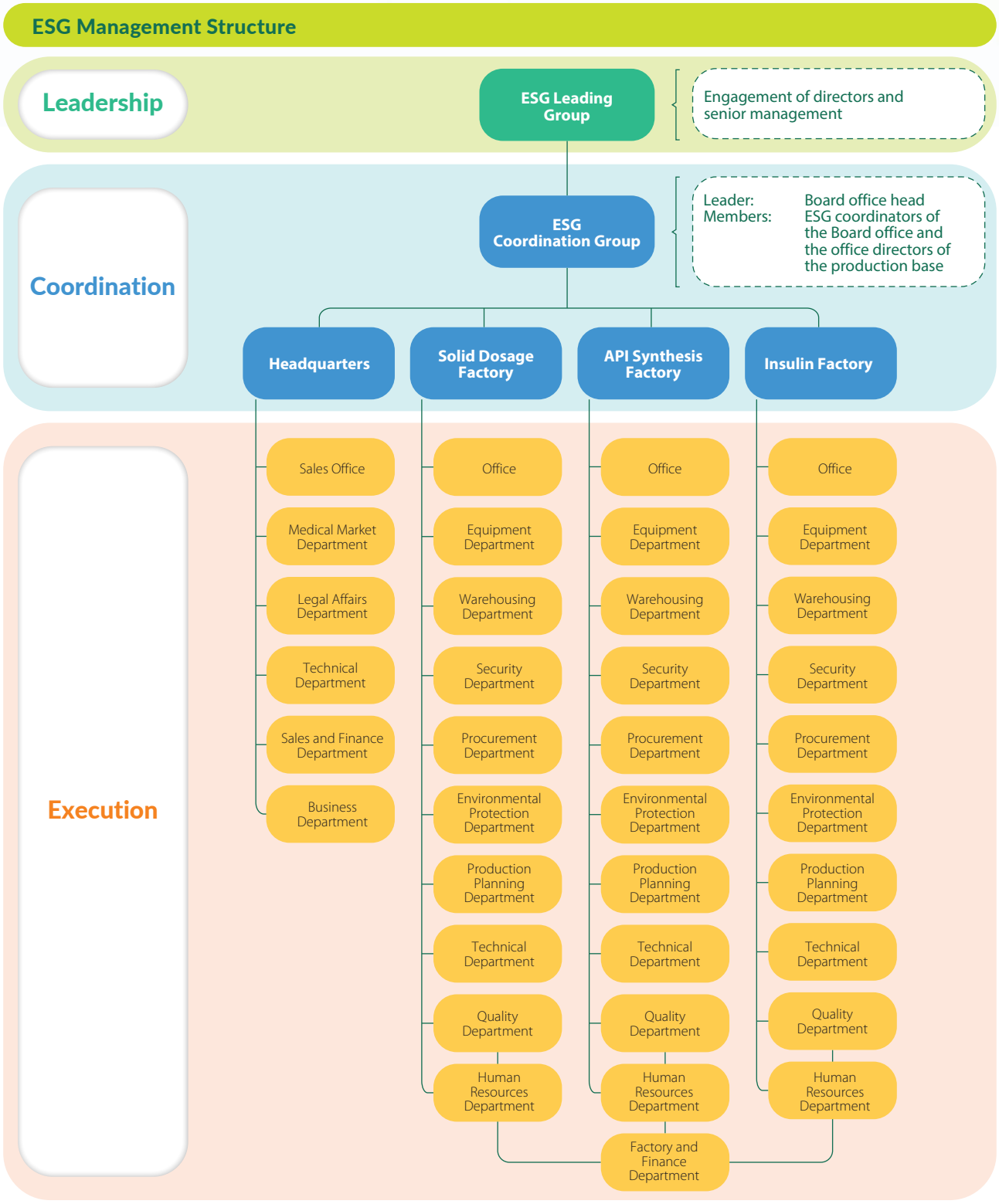
LEVEL 2 The ESG Coordination Group

The ESG coordination group, led by the secretary of the Board office, is composed of the ESG coordinators of the Board office and the office directors of the production base in Yidu (solid dosage factory, API synthesis factory and insulin factory). It is mainly responsible for assisting the ESG leading group in developing the Company's ESG development vision, strategies and policies, as well as setting ESG management objectives; collecting, reporting, and disclosing the Company's ESG activities and various indicators; and promoting the implementation and realization of the Company's ESG projects to build sustainable development products of HEC CJ Pharm.

LEVEL 3 The ESG Execution Group

The ESG execution group includes the heads of the ESG related functional departments within the headquarters and the production base in Yidu, who are jointly responsible for the specific execution of related policies and objectives. Each department sets up special personnel to be responsible for the practice of ESG management, the collection and submission of ESG information and data, and reporting the results of ESG practices, etc.

ESG Management Structure is as follows:



1.2.1 REGULATORY GOVERNANCE

Internal Control System

The Company has established a thorough internal governance system and formulated the "Internal Control System Manual" and the "Internal Control Evaluation" Manual to guide the organization to commence the construction, operation and maintenance of the internal control system so as to ensure the standardized, orderly and efficient operation of the Company. By standardizing and improving our corporate governance structure including the Board of the Company, general meetings, Board of Supervisors and the management for supervising and restricting each other to maintain the quality of the Company's operation and development. The Company strengthens the internal control construction, actively nurtures an internal control culture that is in line with the actual situation of the Company, and enables employees to become familiar with the responsibilities of their positions, understand and master the key points of internal control, discover problems and risks in a timely manner, so that the awareness of internal control and the culture of internal control are deeply rooted in the thinking of each employee, making internal control a voluntary behavior.

Special Audit

Special Audit

In order to ensure that our operation is in compliance with laws and regulations, the Company has established the "Internal Audit System" , the "Internal Supervision Management System", and established formal and transparent policies and procedures to clarify the supervisory authority, put forward management and control requirements and standardize the risk internal control procedures. Through identifying management loopholes and combining the actual situation, the Company has formulated detailed rectification plans to specify the time of rectification, responsible departments and responsible personnel, refine the rectification standards, clarify the implementation measures and actively tracks the situation of rectification. The management of the Company attached great importance to the reports and suggestions from various functional departments and regulatory authorities of internal control, and took various measures to rectify and control the deviations in operation in a timely manner, continuously improved corporate governance and improved management performance.

Information disclosure

The Company, in ensuring the accuracy and timeliness of information, established an information and communication system consisting of a series of management regulations such as the "Information Disclosure Management System", the "Investor Relationships Management System" and the "Information System Management Mechanism", which clarify the procedures for the collection, processing and transmission of internal control information, especially the reporting and handling of special, significant and important matters. At the same time, the Company has been in strict compliance with the *Company Law of the People's Republic of China,* the *Securities Law of the People's Republic of China* as well as the *Administrative Measures for Information Disclosure of Listed Companies* on capital operation and formulated strict internal approval procedures to regulate information disclosed to the public, and through review by professional institutions and strict review by legal department and the Rules Governing the Listing of Securities on The Stock Exchange, ensured that the information disclosed meets the regulatory requirements and that shareholders and investors are provided with truthful, complete and non-misleading information within the prescribed timeframes. The Company emphasizes on enhancing the transparency of information disclosure to ensure that all stakeholders are promptly informed of the Company's financial position, operating results and future development plans.

During the reporting period, the Company actively conducted performance roadshows, creating platforms for direct communication with investors to help them gain an in-depth understanding of the Company's business model, market competitiveness and risk management strategies. By promptly responding to investors' concerns, the Company dispels misunderstandings and doubts in the market, thereby enhancing investor confidence. The Company regularly holds investor communication meetings to introduce the latest developments, industry trends, and market prospects, inviting analysts and industry experts to engage in in-depth discussions on related topics, building a communication bridge between the Company, shareholders, and investors, providing valuable reference information for investors, improving the transparency of information disclosure while enhancing interaction and trust with investors, and has established a good investor relationship, which helps the Company to attract more capital support and achieve sustainable development.

The Company has been upholding the principle of treating all shareholders equally, which is an essential part of our corporate culture. For the sake of enhancing shareholders' faith in the Company, we regularly hold annual general meetings and, depending on the specific circumstances of the Company, convene extraordinary general meetings from time to time. These meetings provide all shareholders with the opportunity to participate in decision-making and voting online or offline, and to gain a deep understanding of our business development. We always treat the questions and suggestions from our shareholders with a serious attitude and provide timely and detailed answers to ensure that our shareholders have a comprehensive understanding of the Company's operational condition and future development plan. We believe the transparency and engagement will help to strengthen their trust and support in us and promotes the Company's sustained and steady development.

In 2024, 0 case regarding corruption litigation and complaints has been received.

1.2.2 RISK MANAGEMENT

The changes in the market environment and the operation of the capital market have made the various risks faced by listing companies increasingly complicated and diversified, and whether the company can effectively manage and control its risks is closely related to the survival and development of the company. In order to strengthen risk management, the Company has established a risk assessment department and an internal audit department to improve the risk identification and assessment system, with the department heads serving as the corresponding highest leaders. During the year, we have carefully learned from the advanced experience of the industry and actively utilized modern technology to gradually establish a monitoring, evaluation and warning system covering all business risks. We conducted a total of three audits, namely, "Procurement Audit of Insulin Factory", "Procurement Audit of ChangJiang Pharmaceutical Preparation Factory" and "Audit of Overtime Work at the Insulin Factory", and issued the corresponding reports and rectification recommendations. We improved and revised our internal control system based on multiple company audits and strengthened the routine and continuous supervision and inspection of our business implementation.

Risk assessment system

The Company continues to conduct risk analysis and clarify the risk assessment process. The internal control management department classifies risks and risk events. Under the guidance of the competent management, the relevant business departments analyze the causes of risks and formulate appropriate counter measures and solutions to identify and respond to the changes that may be encountered by the Company, including operational risks, environmental risks, financial risks and climate risks, which may have significant and extensive impact, and track the changing business environment and operating activities and conduct dynamic assessment. The Company emphasizes the identification and response of ESG risks, especially the effective response to risks and opportunities related to the climate change. The Company divides risk analysis into irregular risk analysis and regular risk analysis. While pursuing profitability, the Company attaches importance to safety and liquidity, and attaches more importance to risk prevention and internal control construction while keeping pace with rapid business development. In order to improve our internal risk identification and assessment system, we have learnt from the advanced experience of our peers, and actively utilized modern technology to gradually establish a monitoring, evaluation and early warning system covering all business risks.

The risk management and audit departments report directly to the Board to ensure independent risk management and close alignment with the Company's overall strategy. It also ensures the independence and fairness of internal audit. Through building a sophisticated risk governance system, the Company is able to identify potential risks more accurately and take effective control measures to ensure that risk management efforts are robustly monitored and audited.

The Company conducts sensitivity analysis and stress tests for financial risks, strategic business risks, market and business environment risks, operational risks and compliance risks in order to better understand the potential impact of various risks on financial performance and business operations, so as to develop more effective risk management strategies and response plans.

(1) Financial risk sensitivity analysis:

The Company performs sensitivity analysis for market risks (e.g., interest rate risk and exchange rate risk) by calculating duration and convexity to assess the impact of interest rate changes on fixed-income securities or by using currency hedging ratios to assess the impact of exchange rate changes; and performs stress tests to simulate extreme market conditions, such as spikes in interest rates or sharp fluctuations in foreign exchange rates, in order to assess the potential losses that could result from financial risk exposures.

(2) Strategic business risk stress tests:

For strategic risks, the Company will construct different business scenarios such as competitors' market invasion and bankruptcy of key suppliers to assess their impact on business strategies and operations; and perform stress tests to simulate the likelihood of risk events and their impact on the Company's long-term strategies and profitability.

(3) Sensitivity analysis of market and business environment risks:

For market risks such as changes in market demand or macroeconomic uncertainties, the Company will construct uncertainty analysis of demand forecasts or sensitivity tests of macroeconomic variables; and perform stress tests to simulate scenarios of economic downturns or specific market crashes to assess the Company's adaptability to market fluctuations and potential business impacts.

(4) Sensitivity analysis of operational risks:

Operational risks include operational disruptions, supply chain issues, etc. The Company simulates changes in operational data, such as a decline in productivity or an increase in the cost of raw materials, to assess their impact on the Company's operating results; and performs stress tests to simulate extreme events, such as damage to critical facilities or supply chain disruptions to examine the Company's contingency plans and recovery capabilities.

(5) Sensitivity analysis of compliance risks:

The Company evaluates how new laws, regulations or policy changes will affect the Company's compliance position and the potential financial impacts; and performs stress tests to simulate scenarios of stringent regulations or increased fines to assess the Company's compliance strategy and the compliance risks it may face.

In 2024, the Company identified the following two emerging risks that will have a significant impact on its future business:

Technology Risk: Artificial Intelligence and Data Privacy Challenges

With the widespread use of artificial intelligence (AI) and big data technologies in pharmaceutical R&D, manufacturing and commercialization, data privacy and security issues are becoming increasingly prominent. Pharmaceutical companies rely on large amounts of patient data for drug development and personalized therapies, but data leakage, misuse or mishandling can lead to serious legal and reputational risks. In addition, transparency and ethical issues with AI algorithms may trigger scrutiny from regulators. As a result, data breaches or privacy issues could result in significant fines, litigation and damage to brand reputation, and misuse of AI technology or algorithmic bias could affect the fairness and effectiveness of drug development, which in turn could affect market trust. To address these challenges, the Company will enhance data security by investing in advanced data encryption and cybersecurity technologies to ensure the privacy and security of patient data. We have signed strategic co-operation agreements with Huawei Cloud and DP Technology to make full use of the R&D data accumulated by the Company over the years and rely on the algorithms and computing power of the partnering companies to enhance the transparency of AI algorithms, ensure that their decision-making process is explainable and establish an accountability mechanism to prevent algorithmic bias.

The Company conducts centralized training on risk management principles to ensure that all employees possess the basic ability of risk management, understand the Company's risk management framework, and effectively identify, assess and respond to risks in their daily work. The Company organizes training for employees on the basic knowledge of risk management, including the definition and classification of risks (such as market risk, credit risk and operational risk), the importance of risk management, and the framework and process of risk management. During training, the Company provides the detailed introduction to the Company's risk management policies and procedures to ensure that all employees understand the Company's risk appetite, risk tolerance and risk control measures. The Company also teaches employees how to identify potential risks and how to use specific tools and methods (such as risk assessment matrix, sensitivity analysis, etc.) to assess the impact and likelihood of risks, and explain risk control measures and how to design and implement strategies such as risk avoidance, reduction and transfer. In addition, training covers risk response plans and teaching employees how to control risks and the effectiveness of their control measures, which enable employees to better understand the practical application of risk management principles and improve their ability to respond to risks in real work through practical case studies and simulation exercises. Such training emphasizes compliance requirements and ethical standards in the risk management process to ensure that all risk management activities comply with applicable laws and regulations and the Company's code of ethics. The Company provides regular updates and refresher training courses to ensure that knowledge and skills of employees remain up-to-date to cope with the ongoing developments of risk management.

The Company engages employees in a structured feedback procedures to improve continuously risk management practices, increase the effectiveness of risk management, and enhance employees ownership and participation in risk management, thereby driving continuous improvement and growth throughout the organization.

The Company establishes communication channels to ensure that all employees are clear on the way to report problems of risk management and offer recommendations for improvement, including anonymous reporting systems, internal forums or regular meetings. The Company provides regular risk management training to ensure that employees understand the importance of risk management, teach employees on how to identify risks and report risks through the right channels. The Company also implements a structured feedback loop to encourage employees to provide feedback at all stages of risk management practices, including risk assessment, implementation of control measures and control and audit activities. Based on employee feedback, the Company develops a continuous improvement program that clearly identifies areas for improvement, methods for implementing the improvements, and the person responsible for overseeing the program. In addition, the Company regularly conducts performance evaluations of risk management practices to ensure that they are effective and consistent with the Company's goals and strategies, and establishes incentive and recognition mechanisms to encourage employees to actively participate in the continuous improvement of risk management.

The Company effectively incorporates risk standards into the product development or approval process to ensure product quality and safety, thereby maintaining the Company's reputation. During the early stages of product development, the Company conducts a comprehensive risk assessment of potential medical, manufacturing, compliance and market risks to identify possible risk points and take preventive measures. During the product design and development process, the Company implements design controls to mitigate risks, including using standardized design processes and conducting multiple rounds of review and testing to ensure that designs meet regulatory and standard requirements. The Company also establishes a quality management system, including implementation of quality control checkpoints and use of statistical process control methods, and carries out continuous quality improvement activities to ensure that products meet high-quality standards throughout the development and production process. During the product development and approval process, the Company works closely with regulatory authorities to update product information in a timely manner, ensuring that all activities comply with relevant regulations and standards, and that all documentation is accurate and up-to-date. The Company also develops a risk management plan that is continuously updated and implemented throughout the product development and approval process to clearly define risk management objectives, strategies, responsible person and implementation steps, and ensures timely communication of risk information to all relevant parties, including production departments, sales teams and regulatory agencies, to fully understand the product risks and take appropriate action when necessary. After the product is approved and marketed, the Company continues to monitor the product performance and any potential risks by collecting and analyzing market feedback, conducting follow-up studies and implementing product tracking procedures.

1.2.3 ANTI-CORRUPTION

The promotion of anti-corruption and compliance is not only the foundation for safeguarding long-term interests of enterprises and maximizing economic values of enterprises, but also a fundamental guarantee to prevent enterprises from suffering from disruptive impacts due to corruption.

The Company has always taken the anti-corruption as the focus of system establishment and has strictly complied with relevant national laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and the *Provisional Regulations on the Prohibition of Commercial Bribery*, to standardize the discharge of duties by the Board and strengthen the integrity and compliance construction. The Company also formulates documents on anti-commercial bribery, such as the "Internal Control System Manual, Integrity and Self-discipline Commitment", the "Anti-commercial Bribery Agreement", including relevant chapters on anti-fraud, anti-commercial bribery, anti-monopoly and anti-money laundering, to regulate the business activities on all levels of employees of the Company and reduce the occurrence of violations of fraud.

At the same time, the Company has established a leading group for the governance of commercial bribery, and set up an audit department as a supervisory body to strengthen anti-commercial bribery inspections, with the aim of maximising the protection of the legitimate rights and interests of the Company and its shareholders, and ensuring the Company's sustainable, healthy, and stable development (reporting hotline: 0717-4904118 ext.8703; reporting email: zjhvv@sina.com). The Company makes public the reporting hotline and email address of the anti-corruption investigation department, and reports the information received directly to the Chairman of the Board, thus eliminating the risk of information leakage caused by intermediate reporting and maximizing the protection of the safety of the whistleblowers. This also facilitates supervision by employees and external parties. The Company has strengthened the inspection of anti-commercial bribery, protected the legitimate rights and interests of the Company and its shareholders to the greatest extent, and ensured the sustainable, healthy and stable development of the Company. The Company's anti-unfair competition or commercial bribery work is led by the Board of the Company. The audit department, as a permanent body for monitoring unfair competition or commercial bribery, investigates such unfair competition or commercial bribery activities through the establishment of complaint reporting mechanisms and internal audit work. It continuously oversees any unfair competition or commercial bribery within the Company to ensure that the Company's sales process does not involve unfair competition or commercial bribery. The Company has signed commitment letters against unfair competition and commercial bribery with distributors on government tender platforms.

In the implementation of anti-bribery work, the Company requires all key personnel to sign the "Integrity and Self-discipline Commitment", and all business parties of the Company to sign the "Anti-commercial Bribery Agreement", and establishes whistle-blowing procedures and publishes the reporting hotline and the reporting mailbox in the "Internal Control System Manual, Integrity and Self-discipline Commitment" and "Anti-commercial Bribery Agreement". For any confirmed corruption or bribery acts after being reported, the Company will immediately report to the relevant law enforcement authorities. The management is responsible for ensuring that whistle-blowing mechanism is implemented and monitoring the effectiveness of whistle-blowing mechanisms on an ongoing basis. During the audit process, the Company pays visit to suppliers and actively communicates with suppliers on related issues, including anti-fraud, anti-commercial bribery and anti-monopoly, and gathers feedback from the suppliers. In addition, the sales department of the Company has set up a compliance supervision department to provide anti-commercial bribery training and supervision on business personnel, and facilitate the execution of "Anti-commercial Bribery Agreement" by business parties. On 11 April 2024, the Company conducted a 'Special Alert Training on Prevention of Occupational Crime' for all management members and employees. The training received by the directors of the Company also includes training on anti-corruption.

During the Reporting Period, the Company did not incur any litigation cases involving corruption, bribery, extortion, fraud and money laundering. During the sales process, the Company did not involve unfair competition or commercial bribery, and did not received administrative and regulatory penalties related to unfair competition and commercial bribery.

(III) RESPONSIBLE COMMUNICATION

1.3.1 COMMUNICATION WITH STAKEHOLDERS

Overview of the Company's Stakeholder Engagement in 2024			
Stakeholders	**Concerns of stakeholders**	**Participation channels**	**Measures taken by the Company**
Shareholders and investors	The Company's product pipeline and future development potential/protection of interests of shareholders and "returns"/ truthfulness, accuracy and timeliness of information disclosure	Investor information sessions and site visit/ general meetings of shareholders and results briefing/information disclosure	• Having a better understanding of the Company for the investors through telephone conference and site visit; • Holding regular results briefings to disclose the operation of the Company through the publication of notice of general meeting of shareholders and resolutions; • Disclosing the Company's contact information on the Company's website and reports to ensure smooth communication channels
Management	The Company's operating strategies	Interviews and survey conducted by third party institution	• Assessing the major scopes of ESG which may have impact on the Company, and implementing the relevant measures in the daily operation

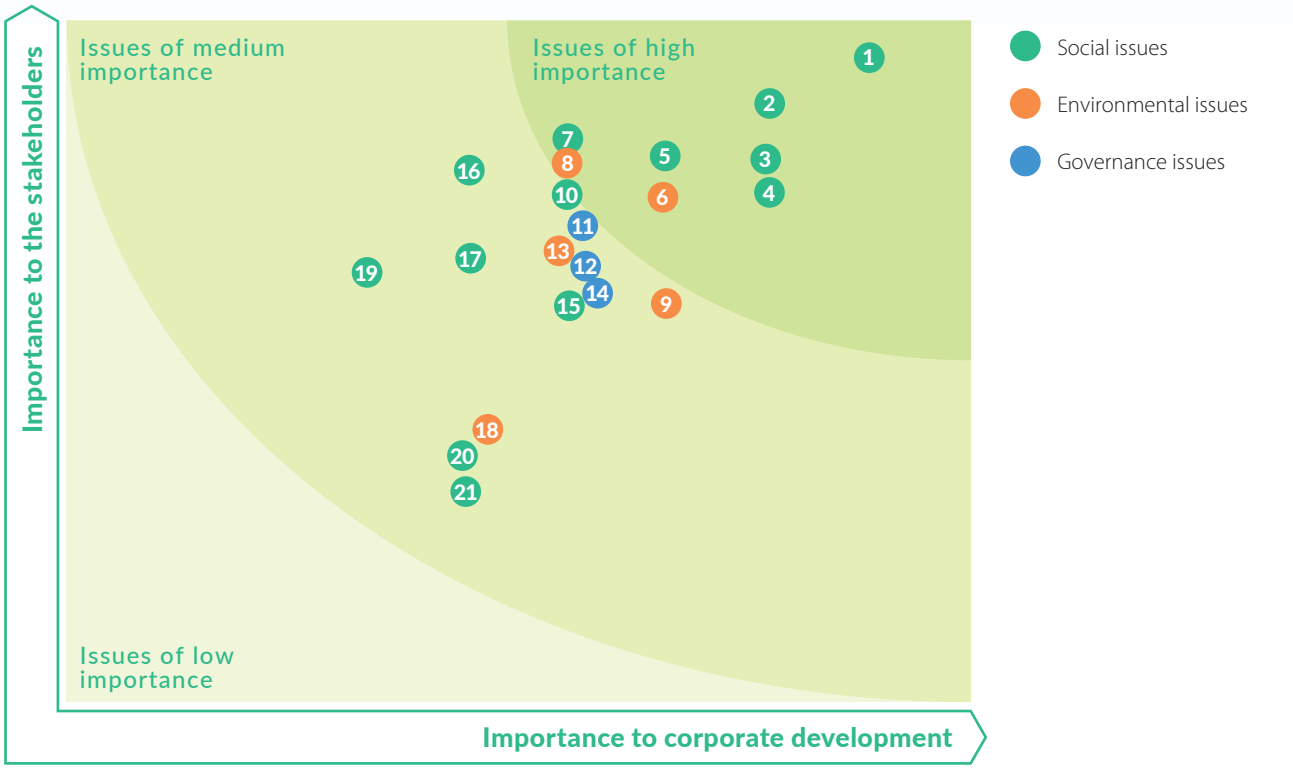
Overview of the Company's Stakeholder Engagement in 2024			
Stakeholders	**Concerns of stakeholders**	**Participation channels**	**Measures taken by the Company**
Employees	Protection of fundamental interests/benefits and remuneration package/working environment/room for career development/ occupational health and safety/ actualization of self-value	Labor union/employees communication with the management/the Group's OA platform/ the Company's internal mailbox/employee representative meeting/ suggestion box	• Ensuring the rights to have equal opportunities of employment, to choose occupations; • Providing a safe, healthy workplace; • Providing the rights of remuneration and to rest in vacations; • Providing training and development opportunities for employees
Customers and consumers	Assurance of product quality and quantity/ data confidentiality	Regular visits for communication/consumer satisfaction survey/ consumer complaints and comments handling	• Signing confidentiality agreement and enhancing quality management; • Ensuring stable production and delivery; • Signing long-term product sales agreement with customers
Suppliers	Public tender/ long-term stable cooperation/on-time payment	Tender meeting/ negotiation meeting/daily communication	• Organizing public tender to select suppliers based on merit and fulfilling the obligations under the contract; • Strengthening daily communication and maintaining long-term relationship with high quality suppliers without default payment

Overview of the Company's Stakeholder Engagement in 2024			
Stakeholders	**Concerns of stakeholders**	**Participation channels**	**Measures taken by the Company**
Community and the public	Employment opportunities/ ecosystem/ compensation and assistance	Jointly held community activities	• Giving priority to local candidates in the recruitment to maintain the ecosystem in the district
Banks	On-time repayment/ business conditions/ operating risks/credit risk	Post-loan follow-up, daily communication	• Making principal and interest payment as scheduled and cooperating in the process of loan review, approval and supervision
Industry peers	Fair competition/ cooperative development/sharing of technology and experience/industry development	Seminars/exchange visits/ industry conferences	• Facilitating fair competition, cooperating to achieve mutual benefits, sharing experience and promoting sustainable development of the industry
Market supervisory body	Compliance with governing regulations/ compliant operation/ information disclosure and reporting	Consultation/information disclosure	• Strictly complying with governing regulations and disclosing and reporting information in a truthful, accurate and timely manner

1.3.2 IDENTIFICATION ASSESSMENT OF MATERIAL ISSUES

The Company conducts an annual review of the Materiality Assessment of issues based on macro-level trends, industry guidelines for ESG disclosure, and ESG disclosures by leading companies in the same industry.

Materiality Matrix of ESG issues of HEC CJ Pharm



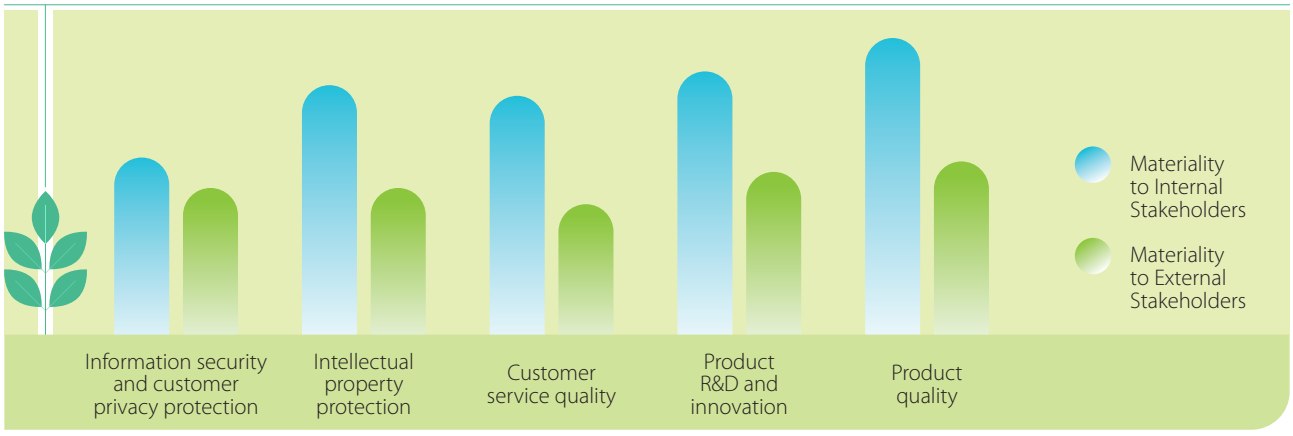
Issues of high importance	
Order	**Issues**
1	Product quality
2	Product R&D and innovation
3	Intellectual property protection
4	Remuneration and benefits and care for employees
5	Customer service quality
6	Environmental strategy and goal setting
7	Focus on employees' health and safety
8	Treatment and up-to-standard emission of pollutants

Issues of medium importance	
Order	**Issues**
9	Energy saving
10	Sustainable supplier chain
11	Transparency in information disclosure
12	ESG risk management
13	Water conservation
14	Anti-corruption measures and whistle-blowing procedures
15	Improve health accessibility
16	Information security and customer privacy protection
17	Supplier management
18	Climate change mitigation and response
19	Staff training and promotion
20	Participation in community activities
21	Community development

CHAPTER II EXCELLENT QUALITY

HEC CJ Pharm continues to lead the industry in scale, technology, quality, and services, advancing steadily along a path of innovative -led R&D and high-quality, technology-driven development. Guided by a commitment to responsible and sustainable production and consumption, the Company strives to enhance customer satisfaction while actively fulfilling its social responsibilities. Through the creation of shared value, HEC CJ Pharm seeks to deliver mutual benefits for all stakeholders.

Sustainability issues addressed in this chapter



HKEX ESG indicators covered in this chapter

B6.2 / B6.3 / B6.4 / B6.5

(I) CREATING EXCELLENT QUALITY

Creating Excellent Quality

At HEC CJ Pharm, maintaining rigorous quality control over our products is an ongoing commitment. We strive to instill a deep-rooted quality consciousness in every employee, making it an unwavering belief across the organisation. Anchored in the principle of high standards and stringent requirements, the Company places a strong emphasis on quality management, with a particular focus on R&D and innovation. Our mission is to deliver excellent products and services to our customers.

0 Product recall due to safety problems

0 Complaints related to Product Quality

2.1.1 PRODUCT QUALITY CONTROL

The concept of product responsibility plays an important role in the development of an enterprise and the formation of a brand image as well as the accumulation of reputation, and is also the necessary responsibility of an enterprise to consumers. As a quality enterprise in the pharmaceutical industry, HEC CJ Pharm always adhered to the principle of being responsible to the Company and patients, sparing no effect to ensure zero defects regarding product quality and providing comprehensive after-sales services to protect the interests of customers and patients. We strictly abide by the laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China*, the *Provisions on the Administration of Pharmaceutical Directions and Labels*, the *Good Manufacturing Practice for Drugs and the Administrative Measures for Drug Recalls* issued by our country. Besides, we have established a quality management system in accordance with the *Pharmaceutical Industry Quality System* and the *Good Manufacturing Practice for Drugs*. The newly revised *Drug Administration Law of the People's Republic of China* in 2019 puts forward higher requirements for the good Manufacturing practice and operation. HEC CJ Pharm based on the existing Quality Manual under the new drug administration law, which focuses on the *Drug Administration Law, Measures for Production Supervision and Management of Drugs, Measures for Administration of Drug Registration* and *Pharmacopoeia of the PRC* and other laws and regulations, carried out the optimization of production procedures, workshop equipment and management, continuous improvement including inspection of raw and auxiliary materials, product R&D, technology transfer, production and manufacturing, product shipment and sales, monitoring and research of adverse reactions after launch. Specific quality control procedures have been clearly defined to ensure that the quality of drugs is controllable throughout the whole process of R&D, production, sales and recall, etc.

2.1.2 BASIC PROCEDURES OF QUALITY CONTROL

- **Raw Materials Purchase**

Based on the needs of product production and the improvement of product quality, the Company has formulated procurement quality standards for materials used in product production (including raw materials, pharmaceutical materials and pharmaceutical packaging materials) which is more stringent than the national legal standards, and signed quality agreements, under which procurement quality standards are provided, with material suppliers, requesting inspection and delivery of materials according to the procurement quality standards after their arrivals. The Company has completed the evaluation and update of the procurement quality standards for 136 kinds of materials sourced in 2024, and will continue to promote the optimization process of procurement quality standards.

In 2024, HEC CJ Pharm launched 8 domestic and foreign client audits, 1 US FDA inspection, 2 self-inspections and 1 domestic specialised supervision inspection at its API plant.

During the Reporting Period, the Company completed on-site quality audit on 72 suppliers to ensure that the quality management system and production system of the suppliers are under control to ensure the stable and sustainable supply of high-quality materials. Several chemical material-specific analysis methods have been developed to ensure quality control from the source.

In 2024, we introduced a state-of-the-art precision instrument that unitise LC-MS technology. This initiative enhances impurity profiling across various products and enables more precise analysis of base toxin impurities, ensuring better compliance with official regulatory requirements. Additionally, we upgraded our Agilent software, ultraviolet spectrophotometer, and monitoring software for constant temperature and humidity chambers. These upgrades have significantly reduced the frequency of anomalies caused by software/hardware failures, thereby supporting data accuracy and compliance. We also carried out 2 GMP self-inspections at the company level and performed specialised inspections of our computerised systems to verify system effectiveness and foster continuous improvement.

- **Product Production**

In order to ensure the comprehensiveness and effectiveness of product quality management, HEC CJ Pharm has continuously made sure its investment in human resources, material resources and all aspects. In 2024, preparation factory of the Company set objectives regarding product quality, requiring a 100% first-pass yield rate for products produced, with no major deficiencies during official inspections, no more than 12 major defects, and a total of no more than 90 major and minor defects.

- **Quality Audit**

HEC CJ Pharm attaches great importance to the standardized operation of production quality and management of drugs and actively improves its own quality review system. During the project registration and declaration stage, the Technical Department, Quality Department and Production Department of the Company, together with the R&D department of the research institute of the Company, conduct inspection drills on the R&D site and production site. Meanwhile, the Company covers the comprehensive production of products through quarterly self-inspection and cross-inspection from enterprises, and discovers and solves the actual problems of the project in a timely manner. At the same time, the Company also actively cooperates with the production inspection organized by the Food and Drug Inspection Center （食品藥品審核查驗中心） of the China National Medical Products Administration (the "NMPA") and issues inspection and rectification reports based on the inspection results of each internal and external review, and eliminate the problems mentioned in the reports.

In addition, the Company has established an internal control system and an audit and supervision mechanism to oversee its marketing activities. These activities are subject to project approval, budget review and effectiveness evaluation to ensure the transparent and reasonable use of funds. In terms of contract management, the Company requires the signing of compliance agreements to clearly define the authority and responsibility when collaborating with distributors, medical institutions, and other parties. We may also establish a legal department to review such contracts. Regarding internal audit, the Company's audit department regularly reviews marketing expenses, contract enforcement, and the compliance of marketing activities, with particular emphasis on assessing risks related to commercial bribery and misappropriation of funds. As a listed company, we are also subject to annual audits by an external accounting firm, as well as periodic financial due diligence, especially regarding the truthfulness and compliance of our marketing expenses.

- **Product Recall**

HEC CJ Pharm attaches great importance to the quality management of drugs, and has established management procedures such as "Drug Recalls", "Drug Recall Drill", "Non-conforming Material/Product Handling", "User Complaint Handling", "Risk Management of Launched drugs", "Pharmacovigilance Management" and its supporting pharmacovigilance management programs to guide the recall of drugs that have been marketed and sold when there are potential safety hazards, so as to ensure the safety of patients' medication. In 2023, the Company updated the relevant contents in the "Drug Recalls" according to the *Administrative Measures for Drug Recalls* (issued in 2022) and *Drugs for Clinical Trials* (released in 2023) to ensure compliance. During the Reporting Period, the Company continued to promote various measures such as "dual standards acceptance of raw materials incoming based on legal standards and purchasing standards", "comprehensive judgment of intermediate products and finished products based on OOT, accepted standards, and legal standards", and strict supervision of production process control. These measures are aimed at ensuring product quality from the source and reducing the risk of product recalls. According to the severity of drug safety hazards, the drug recall work is divided into three levels when the drug recall plan is formulated. Drug recall is implemented and completed within the specified time limit and at the same time, the drug supervision management department is being reported; inspection and acceptance, storage and identification, check, and final treatment according to the drug recall handling procedures, with the completion of the "Recall Drug Handling Record" are carried out simultaneously to ensure the traceability of the recalled drugs. After the processing of the recalled drugs, the effect of drug recalls will be evaluated comprehensively and with an actively cooperation with the review of the drug supervision and management department. If there is no drug recall case for a long time, it is necessary to organize a recall drill on a regular basis, and carry out a recall drill according to the steps of determining the plan of the recall drill, implementing the recall drill and summarizing the recall drill report. The procedures and requirements for the drug recall drill of are consistent with the actual drug recall, except that they do not involve the actual recall of sold drugs, so as to verify the actual effectiveness of the enterprise's drug recall system.

During the Reporting Period, the Company did not have any recall incidents due to drug safety issues.

- **Pharmacovigilance**

To further improve efficiency and enhance regulatory compliance, the Company has launched and started using a pharmacovigilance information system. This system optimizes many repetitive and cumbersome tasks through various functions such as report collection, analysis, and risk warning, reducing reliance on manual operations and paper documents. The use of the information system enables team members to share and access data, documents, and information in real time, improving work effectiveness through a platform that facilitates real-time collaboration and communication.

HEC CJ Pharm has established a relatively competent pharmacovigilance system in accordance with the requirements of the *Specifications for Pharmacovigilance Quality Management*, and has formulated management documents and specific operational documents that are compatible with the pharmacovigilance system to ensure the effective development of pharmacovigilance work. In 2024, the Company formulated and updated new supporting documents for pharmacovigilance management, including "Procedures for Responding to Safety Issues Raised by Drug Regulatory Authorities, Management of Emergency Handling of Drug Safety Events", and "Follow-up and Investigation Management of Adverse Drug Reactions/Events Reporting and Death Cases". At the Company level, there is a drug safety committee to comprehensively coordinate and guide drug safety management, appoint a person in charge of pharmacovigilance to take overall responsibility for the Company's pharmacovigilance management, and set up a pharmacovigilance division to implement specific pharmacovigilance management affairs.

The pharmacovigilance division consists of the Chief of the pharmacovigilance division, the pharmacovigilance commissioner and the information officer. Among them, the person in charge of pharmacovigilance is concurrently held by the Company's quality authorizer and the chief of the pharmacovigilance division, the pharmacovigilance commissioner is a full-time person engaged in pharmacovigilance work, and the information officer is a part-time person engaged in pharmacovigilance in other departments of the Company.

The Pharmacovigilance Division is responsible for specific matters related to the management of product pharmacovigilance in each factory, including:

1. Report the relevant situation of drug safety incidents and implement the handling measures of the drug safety committee accurately in a timely manner
2. Establish "pharmacovigilance management" system and procedures
3. Organize internal or external audits of pharmacovigilance
4. Responsible for training on pharmacovigilance regulations
5. Responsible for organizing the collection, analysis, evaluation and reporting of adverse reaction/event case data in the drug life cycle, as well as investigating, handling and controlling adverse drug reactions
6. Responsible for organizing the drafting and review of drug Periodic Safety Update Report (PSUR)
7. Responsible for the storage and archiving of all pharmacovigilance related data, etc

Due to the continuous expansion and deepening of the scope of pharmacovigilance, holders of Drug Marketing Licenses are required to pay attention to the post-marketing safety evaluation of drugs and the safety monitoring of key varieties on the basis of collecting, analyzing and reporting basic data on adverse drug reactions. Although we have sufficient staff and resources to meet the needs of day-to-day pharmacovigilance work, we have also put into operation a pharmacovigilance information system.

PRODUCT CERTIFICATION

HEC CJ Pharm always attaches great importance to the standardized operation for production quality and management of pharmaceutical products, strictly complied with the national laws and regulations in respect of aspects such as procurement of active pharmaceutical ingredient, production, product packaging and transportation and quality control, and actively cooperated with the production inspection organized by the Food and Drug Inspection Center (食品藥品審核查驗中心) of the National Medical Products Administration.

As of 2024, the Changjiang Pharmaceutical Preparation Factory had undergone 10 product certification inspections, covering 15 product types. These included 1 inspection by the national administration, 1 by the Guangdong provincial administration, and 8 by the Hubei provincial administration. Additionally, 3 registration applications were submitted to the national administration for 3 products, with no new approvals for market launch obtained. A total of 21 change filings were also completed with provincial authorities for 14 products currently in production. On 27 March 2025, the National Medical Products Administration officially approved HEC CJ Pharm's application for a Class I innovative drug — Encofosbuvir Tablets (0.3g). This drug, designated as a Class I innovative drug in China, is intended for use in combination with Netanasvir Phosphate Capsules for the treatment of Hepatitis C virus (HCV) infection in adults with genotypes 1, 2, 3, and 6, whether treatment-naïve or previously treated with interferon, with or without compensated cirrhosis. This approval marks a major breakthrough in HEC CJ Pharm's new drug development efforts. It not only strengthens the Company's product portfolio in the domestic HCV market and provides patients with a high-quality, cost-effective treatment option, but also reinforces the Group's competitive advantage in the HCV therapeutic field and significantly enhances its leadership among China's innovative pharmaceutical enterprises.

QUALITY TRAINING FOR STAFF

In order to continuously improve the level of the quality management system, help employees learn the latest quality concepts, and consolidate standard operating practices, HEC CJ Pharm attaches great importance to quality related training, and further enhances employees' professional skills in all aspects through a combination of internal, external training and knowledge level.

During the Reporting Period, the Company conducted a total of 1,048 quality trainings for factory-level, 2,564 trainings for quality assurance (QA) department, 1,048 trainings for quality control (QC) department, 2,443 quality trainings for workshop, and 662 onboard trainings for new employees or transferred employees, including temporary training on the revised version of SOP (standard operation procedures). We keep a record of all training to ensure the effectiveness of the trainings. The targeted trainings enable the junior staff to master the basic knowledge of the Good Manufacturing Practice (GMP) and the management to master more in-depth and appropriate management skills.

(II) FOCUSING ON RESEARCH AND DEVELOPMENT AND INNOVATION

2.2.1 RESEARCH AND DEVELOPMENT AND INNOVATION

Innovation-driven growth is the key to the future of pharmaceutical companies. In 2024, the Company adopted a proactive approach, shaping our R&D strategy to be forward-thinking and aligning our innovative efforts with customer needs. This approach will enable us to respond swiftly to market trends and significantly enhance our market performance.

The Group has acquired several diabetes treatment medications from Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業股份有限公司) ("Sunshine Lake Pharma"). Among which, the drug Oloriglifloz in is currently in the process of market launch application and is expected to enter the market swiftly, generating substantial sales. This acquisition will further strengthen the Group's overall capabilities and enhance its revenue structure.

2.2.2 INTELLECTUAL PROPERTY PROTECTION

Intellectual property right is an important symbol of innovation capability and core competitiveness of an enterprise, and the number and quality of patents reflect the capability and scientific research level of an enterprise. The Company has always attached great importance to the application and protection of intellectual property rights by setting up specific functional departments for management, and continuously and increasing investment in scientific research to focus on patent innovation.

In line with the national intellectual property protection framework and under the supervision and management of HEC CJ Pharm, our headquarters, we have established a robust intellectual property management system. Additionally, we have initiated the certification process for this system to better align intellectual property rights with the Company's development strategy and to enhance our awareness of their utilization and protection. Guided by the *14th Five-Year Intellectual Property Strategic Plan* from the China National Intellectual Property Administration, we have developed an intellectual property management framework tailored to our specific needs. This includes, among others, the "Intellectual Property Management Measures", "Patent Management Measures", and "Intellectual Property Reward and Punishment System".

When the Company becomes involved in intellectual property infringement proceedings, immediate risk control measures are implemented. Upon a preliminary judgement suggesting a potential infringement, we suspend the production, sale or promotion of the relevant products to prevent further liability. We then gather comprehensive evidence related to the case, including R&D records, patent application documents, and materials indicating potential infringement. This is followed by a verification of such evidences and thorough comparison between the plaintiff's patents or trademarks and our own technology and products, with particular attention to the scope of protection of the claim protection and similarity of the technical features. After assessing the risk of infringement, we seek to reach settlement through means such as cross-licensing, patent pooling, or compensation negotiation, with the aim of reducing litigation costs. Should negotiations fail, we prepare detailed litigation materials — such as technology comparison reports, R&D records, and evidence of prior use — and may apply for a pre-litigation injunction where necessary. Concurrently, we assess the validity of the plaintiff's intellectual property rights (e.g. patent invalidation or trademark opposition) in order to weaken the legal basis of their claim. We maintain internal information control and standardise external communication to avoid the mitigates of secondary damage caused by inappropriate employee remarks. To safeguard the Company's reputation as a technological innovator, we may also engage with industry associations or the media to clarify the situation publicly.

The Company regularly monitors developments within the generic pharmaceutical industry and actively initiates infringement litigation in response to patent circumvention attempts, such as crystal form modifications by generic manufacturers. We employ patent invalidation procedures to counter legal challenges from competitors and have established an internal compliance team alongside a robust risk alert and response mechanism to minimise the risk of patent infringement. Additionally, we conduct regular assessments of patent-related risks, including potential technology leakage and infringement vulnerabilities, to ensure that our intellectual property management system evolves in line with the Company's ongoing business development. Where necessary, we engage professional institutions to provide tailored solutions.

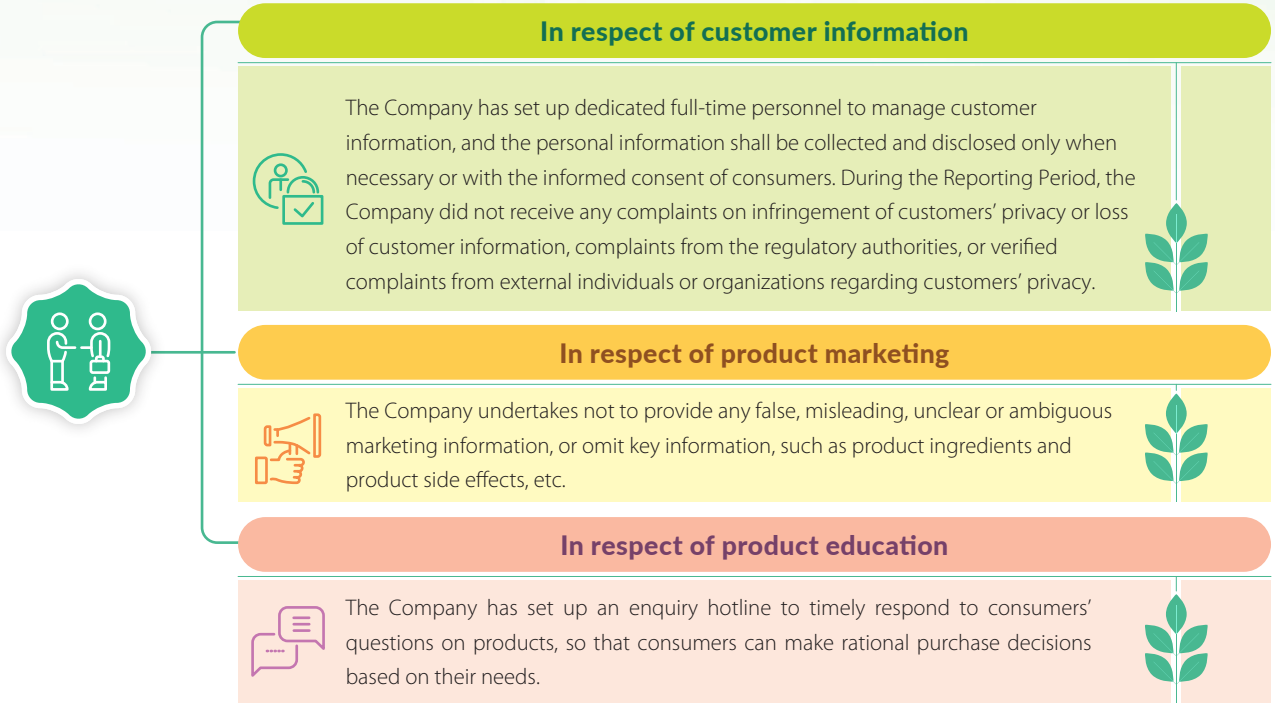
As of the end of 2024, the Company has a total of 79 patents, including 3 patents of utility model, 76 patents of invention, 9 patents authorized throughout 2024. During the Reporting Period, the Company conducted 3 training session on intellectual property protection with the theme of analysis of the implementation of freedom of preparation patents and avoidance strategies, with a total participation of 50 persons.

(III) SATISFYING CUSTOMERS

2.3.1 SAFEGUARDING THE RIGHTS AND INTERESTS OF CUSTOMERS

HEC CJ Pharm adheres to the philosophy of dedicated service, strictly abides by the *Law of the People's Republic of China on Protection of Consumer Rights and Interests*, the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China* and other laws and regulations, and has formulated relevant internal policies to comprehensively safeguard customers' rights and interests and promote sustainable consumption.

The Company actively engages in customer information security and privacy protection, having signed confidentiality agreements with core position employees, with confidentiality levels divided into secret, confidential, and top secret. For production and inspection computerized systems, the Company has established systems that meet data security requirements, such as "Computerized System Management", "QC Laboratory Electronic Data Management", and "QC Laboratory Data Integrity Management", to ensure the traceability of the Company's electronic data and access management meet the requirements. All office computers and related electronic data must be protected with encryption software to ensure the confidentiality of internal information and to eliminate any potential risk of data leakage. Our data management system is built upon a tiered access control framework, where employees at different levels are granted data management permissions based on their responsibilities. In addition, the Information Technology department conducts regular data backups and restoration tests to ensure the integrity and security of our data. In 2024, the Company did not experience any major information security incidents, nor did we receive any complaints from official institutions regarding the leakage of customer privacy by the Company. A total of 18 information security training sessions were conducted, covering 221 participants, all of which were part of the training on data integrity required by GMP.



2.3.2 ACTIVE RESPONSE TO CUSTOMERS' COMPLAINTS

In order to improve the health and safety of products and services and provide better services for customers, HEC CJ Pharma has established systems and procedures such as the "User Service", "User Complaint Handling", "Management of Product Returns", "Drug Recalls", and "Regular GMP Self Inspection". The Company hired professional doctors to understand patients' feedback on adverse drug reactions and clinical trials in a timely manner and make timely feedback to us. Consumers can submit complaints, appeals, or enquiries through offline channels such as sales representatives, the Company's 400 medical consultation hotline, market supervision and management assistance letters, hospitals, 24-hour hotline of the Health Platform, and store visits.

The Company's documents require the completion of the previous year's customer satisfaction survey in the first half of each year. In 2024, the Company completed the customer satisfaction survey for the year 2023, with favorable results. Should there be a decrease in satisfaction levels or related feedback, the Company will promptly initiate corrective and preventive measures to complete rectifications or resolve issues.

Our specific complaint handling process is as follows:

1. After receiving complaints from customers, sales and marketing departments or production plants will promptly report them to the QA department of the preparation factory. The QA department is responsible for organizing and completing the "Complaint Registration and Handling Records of Preparation Users", formulating investigation plans, clarifying the investigation (the scope, time limit, responsible person, etc.), and launching the investigation in a timely manner.

2. The complaint investigation should be carried out on the first working day after receiving the complaint. The investigation conclusion should be reviewed by the QA director and approved by the person in charge of quality management, and the person in charge of quality management will arrange reply to the complaining customer. When the investigation conclusion is relatively simple, it can be fed back to the complaining customer in a timely manner; if further investigation and analysis is required, a formal written reply shall be given to the complaining customer within 30 working days, and the more complex complaint can be extended to 50 working days; For significant quality complaints, it is necessary to report the progress of the investigation to the complaining customers in stages. All responses to complaining customers need to be approved by the customer.

3. After the complaint investigation is completed, complaints that were caused by misunderstandings can be closed after proper explanation, and no handling of the product is needed; if the product involved does have certain problems, such as the non-compliance with the contract requirements, improper transportation or storage conditions, defects in packaging quality, etc., the products involved will be returned, and the return procedure will be carried out in accordance with the "Management of Return of Preparation Products"; if the products involved do have certain defects, such as the non-compliance with quality standards which may endanger human health or life safety, affect normal sales or use, etc., the products involved will be recalled according to the procedures in the "Drug Recalls".

4. After handling the quality complaints, each year, the QA user service will count all the complaints received during the year, and form a "Complaint List of Preparation Users". In accordance with the requirements of "Product Quality Audit Management", the received user complaints are included in the quality audit annual product, and statistics are made on the content of all user complaints, investigation conclusions, handling situations, and improvement measures in this year to evaluate the rationality of product-related complaints and whether additional corrective measures are required, and report to the person in charge of production management and the person in charge of quality management for approval.

During the Reporting Period, the Company received 0 product quality related complaint with both the response rate and resolution rate standing at 100%. Furthermore, the Company has made subsequent improvements and enhancements in response to customer complaints, and the management further strengthened oversight on sales activities such as sales channel conflicts, which has proven to be effective.

2.3.3 PROMOTION OF ACCESSIBLE PHARMACEUTICAL PRODUCTS

Promotion of accessible pharmaceutical products is also a crucial measure to improve public health and secure social stability. We focus on the R&D, supply, and reasonable pricing of pharmaceutical products to provide the public with necessary, sufficient, reasonable, transparent and feasible pharmaceutical products.

The Company continuously establishes and improves the medical accessibility management system, covering pricing strategy and market access strategy. In formulating the pricing strategy for drugs, we consider the affordability of different patient groups, such as those in developing countries and low-income populations, government-negotiated pricing, and patient assistance programs. The Company facilitates and ensures the entry of its medicines into various national and regional markets by securing registration and approvals from the respective national drug regulatory authorities. At the same time, it continuously expands its sales channels through collaboration with distributors, ensuring that patients have legal access to its products.

In terms of medical accessibility management, the Company has taken the following measures to expand the coverage of its products, meet the needs of specific populations, and reduce medical costs:

(1) Establish patient assistance programs: Set up financial aid projects to provide economically disadvantaged patients with drug discounts, donation programs, or installment payment options to ensure they can afford treatment costs.

(2) Expand distribution networks: In the domestic market, the Company has adopted a "wide coverage" marketing strategy. Through partnerships with commercial entities, it has broadened its reach to include various primary healthcare institutions, such as township hospitals, community health centers, clinics, and pharmacies, in addition to its existing sales channels. This approach ensures greater convenience for patients, enabling easier access to the Company's medicines.

CHAPTER II EXCELLENT QUALITY

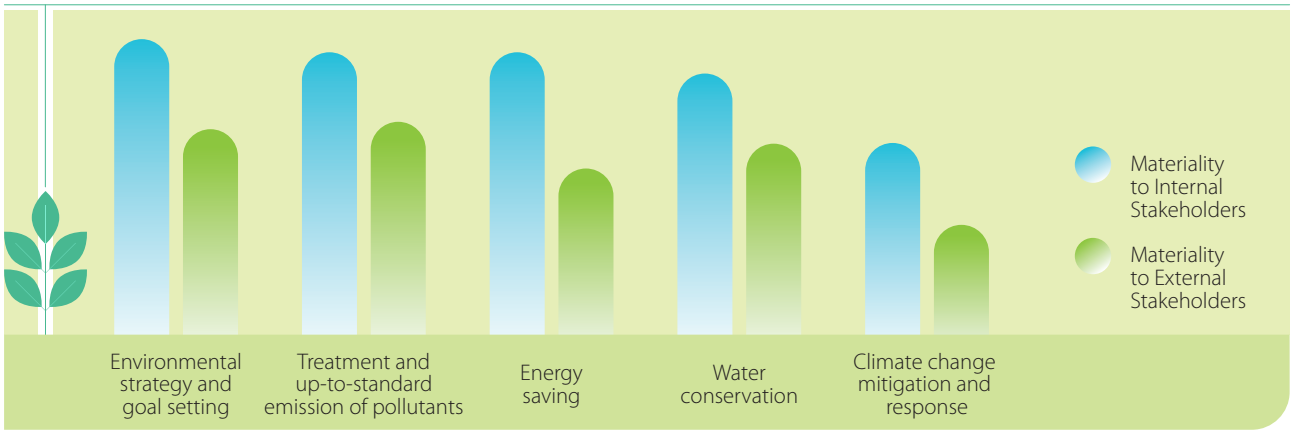
In 2024, the Company remained dedicated to supporting patients throughout the entire healthcare cycle, from prevention and diagnosis to treatment, fulfilling its responsibility as a pharmaceutical enterprise to ensure a reliable supply. Taking the Company's core anti-influenza drugs, Kewei Capsules and Kewei Granules, as an example: Influenza outbreaks have a short cycle, spread rapidly, and affect a wide range of people, leading to significant pressure on the supply of medicines in the short term. Therefore, the Company ensures that drugs are delivered smoothly to patients in need through early warning for influenza outbreaks, protection of production capacity and inventory, and improved accessibility to the medicines. The Company has established a sensitive influenza outbreak monitoring system based on the fever outpatient volume and medicine sales data from sentinel and benchmark hospitals, as well as sales and drug search data from online collaboration platforms, which allows accurate prediction of influenza trends. For over a decade, the Company has been the major supplier of anti-influenza drugs in China and is the world's largest manufacturer of Oseltamivir APIs and preparations. The quality of its products has been proven through extensive clinical testing, and both production capacity and quality are fully guaranteed. The Company continues to expand the distribution of Kewei to grassroots levels, enhancing coverage and accessibility for the wider population.

In addition, the Company oversees healthcare accessibility at the Board level. The Board may incorporate healthcare accessibility into the Company's long-term strategy, such as developing policies to reduce drug prices, expand manufacturing coverage, or support the primary healthcare network. Through regular meetings, the Board reviews progress reports on healthcare accessibility projects submitted by management (e.g., coverage of public benefit drugs, effectiveness of patient assistance programmes, etc.) and ensures that funding and resources are allocated to accessibility initiatives, such as pricing strategies for low-income groups or universal access to chronic disease medicines. The Board, through the Compliance Committee, ensures that drug development, pricing, and distribution adhere to domestic and international regulations (e.g., healthcare policy, patent rules) to prevent monopolistic or high-priced practices that hinder accessibility. It also reviews the ethical implications of clinical trials and marketing practices, ensuring that the healthcare needs of vulnerable groups are not overlooked due to profit-driven motives. The results of healthcare accessibility efforts are disclosed through ESG reports or sustainability reports for public and investor scrutiny. Furthermore, the Company assesses the risk of supply chain disruptions (e.g., raw material shortages) on medicine accessibility , develops contingency plans to ensure the continuous supply of essential medicines, and supports innovations (e.g., low-cost manufacturing processes, digital health) to reduce medicine costs or expand service coverage.

CHAPTER III GREEN DEVELOPMENT

The Company attaches great importance to environmental protection and earnestly implements advanced environmental protection concept, "Environmental protection originates from design. Production processes must help reduce pollution sources, cleanup and recycling of three kinds of waste as well as clean and green production". The Company constantly applies new technologies, new processes and new methods to comprehensively improve its governance capabilities and standards, and has achieved energy conservation and consumption reduction of ultra-low emissions and circular economy that perform better than national standards.

Sustainability issues addressed in this chapter



HKEX ESG indicators covered in this chapter

A1.1/A1.3/A1.4/A1.5/A1.6
A2.1/A2.2/A2.3/A2.4/A2.5/A3.1/D

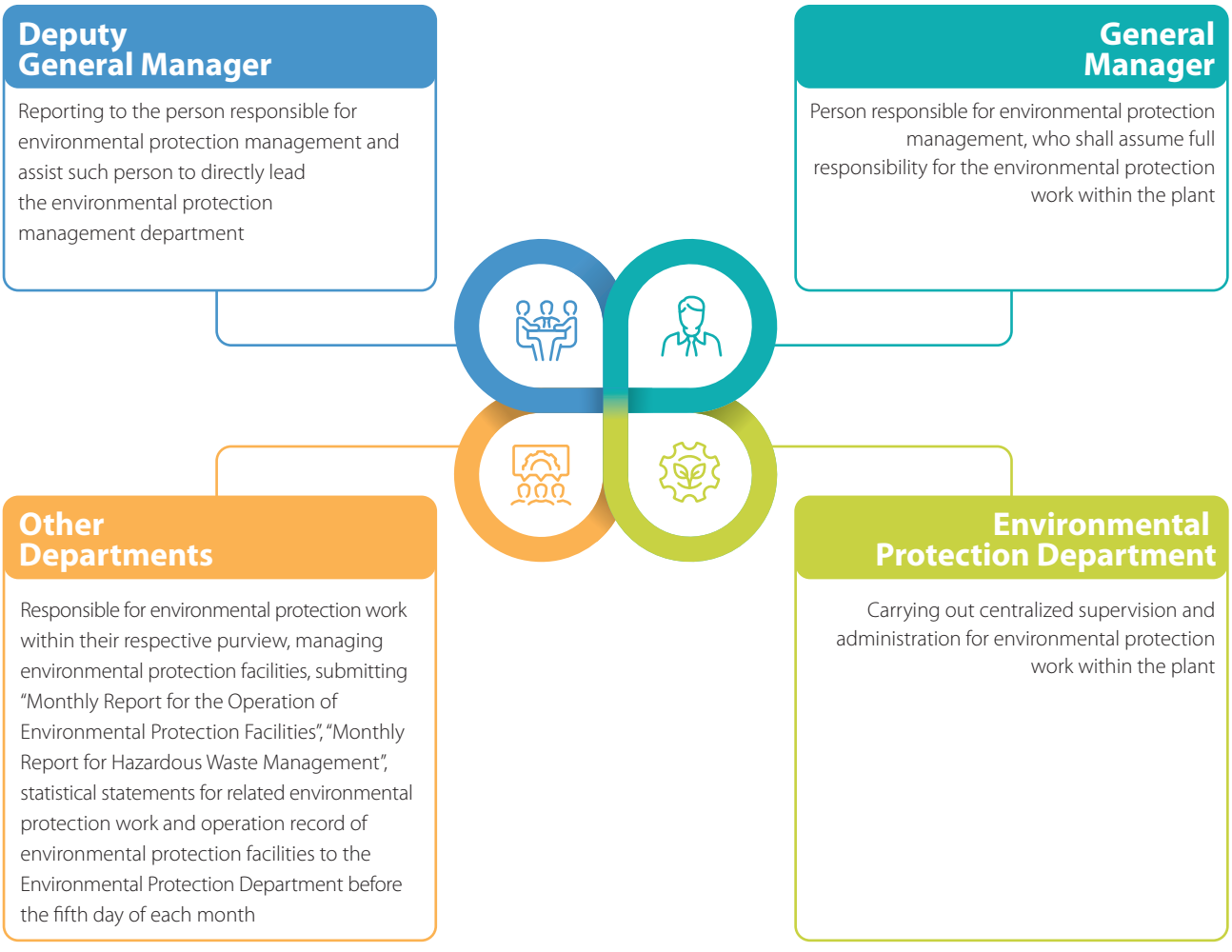
(I) ENVIRONMENT MANAGEMENT STRATEGY

3.1.1 ENVIRONMENT MANAGEMENT

The Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other rules and regulations, and has formulated internal policies such as the "Environmental Protection Management System" and the "Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Wastes" to clarify the division of responsibilities for environmental protection, and set up a target, control, evaluation and assessment mechanism to prevent and reduce the adverse impact of production and operation activities on the environment.

For the Company's construction projects, we strictly follow the *Regulations on the Administration of Construction Project Environmental Protection*, comprehensively implementing environmental impact assessment of the projects. Throughout the entire process of project design, construction and commissioning, we adhere to the "Three Simultaneities" principle, conduct comprehensive and strict monitoring of the construction process, and strengthen pollution prevention and control measures for new projects to ensure that each project meets the requirements of green development. In 2024, the Company did not have any environmental violations.

Environment Management Duties and Responsibilities



Environmental Protection Objectives

The Company has formulated system documents, such as "Management Regulations for Environmental Objectives", "Indicators and Management Plan", "Management Regulations for Environmental Monitoring" and "Measurement and Management Regulations for Environmental Protection Operation". The Company conducts environmental risk analysis on important environmental factors and important risk sources according to actual conditions every year and formulates corresponding risk control measures. Led and organized by the Environmental Protection Department, comprehensive environmental protection inspection is carried out for the whole plant at least once a month and each production workshop carries out environment inspection at least once a week. Based on the results of daily inspection and evaluation, the general manager is responsible for the assessment of environmental protection work, and the assessment results are linked with the performance of environmental protection personnel and incentives. The environmental protection management assessment mainly includes daily environmental monitoring results, daily environmental protection inspection and the implementation of the "Three Simultaneities" system.

During the Reporting Period, the Company had no environmental pollution accidents; in order to promote the implementation of environmental protection goals and ensure that environmental protection management and measures are effectively implemented, the Company, based on business realities, has invested in environmental protection funds, manpower and equipment to comprehensively improve the company's environmental performance. The collection, standardized storage and disposal rate of plant waste reached 100%; the legal and standardized disposal rate of hazardous waste reached 100%; 100% rate in the pollutant emission compliance in respect of wastewater, waste gas, powder and noise was achieved; the total amount of pollutants discharged and the extent of pollutants discharged met the requirements. The Company organized company-level environmental protection training, with a completion rate of 100%.

3.1.2 RISK PREVENTION AND CONTROL

The Company conducts environmental risk identification, analysis and formulates corresponding risk control measures for important environmental factors and important sources of danger every year in accordance with external supervision, internal cross-inspection and study of laws and regulations. The Company has established an emergency headquarters, under which the general manager acts as the team leader to assess the environmental protection work. The environmental protection department takes the lead in organizing comprehensive environmental protection inspection for the whole plant at least once a month and each production workshop carries out environment inspection at least once a week. The inspection dimensions include daily environmental monitoring results, daily environmental protection inspection and the implementation of the "Three Simultaneities" system. The assessment results are linked to the assessment performance of the environmental protection staff and incentives, so as to ensure that the Company can carry out emergency treatment in an efficient and orderly manner under special circumstances. In accordance with the national laws and regulations and taking into account the actual situation of the Company, the Company updates the "Emergency Plan for Environmental Emergencies" and organizes trainings and drills regularly in accordance with the "Emergency Plan for Environmental Emergencies". In case of environmental pollution accidents, it shall be dealt with in a timely and standardized manner in accordance with the relevant provisions of the "Emergency Plan for Environmental Emergencies" and the principle of "Four Must" ("Must find the reason for the accident", "Must punish the person responsible", "Must implement measures", "Must provide training to relevant staff").

Training on Environmental Protection

HEC CJ Pharm also actively carries out environmental protection trainings for employees to enhance their knowledge of safety and environmental protection, improve their ability in safe and environmental-friendly production and respond to environmental emergencies. We have required employees' induction training and daily training to include environmental protection related contents.

In 2024, an environmental protection training was organised by the Environmental Protection Department for mid-level management of the Company. The training mainly covered regulations such as *Regulations on the Administrative Measures for the Transfer of Hazardous Wastes, Administrative Measures for Legal Disclosure of Enterprise Environmental Information, Law of the People's Republic of China on Prevention and Control of Pollution from Noise and Administrative Measures for the List of Key Units of Environmental Supervision*. A training on environmental protection and energy saving (clean production) was carried out within the Environmental Protection Department, covering all staff of the department.

(II) EMISSION MANAGEMENT

3.2.1 MANAGEMENT OF WASTEWATER

HEC CJ Pharm takes active actions in protecting the ecological environment in the Yangtze River Basin, and implements the policies including the *Outline of the Development Plan for the Yangtze River Economic Belt*, strictly implements the standards such as the *Emission Standard of Water Pollutants for Chemical Synthetic Pharmaceutical Industry*, the *Emission Standard of Water Pollutants for Hybrid Pharmaceutical Industry* and the *Emission Standard of Water Pollutants for Biological Engineering Pharmaceutical Industry*, and formulates the "Wastewater Management Regulations", which clarifies that the Environmental Protection Department is responsible for the wastewater management and the operation of sewage treatment stations throughout the plant. The Equipment Department is responsible for the maintenance of the sewage pipe network, pumps and sewage treatment equipment. Each department is responsible for the management of sewage within the jurisdiction, and carries out wastewater discharge management according to the requirements of rainwater and sewage diversion, clean and sewage diversion and sewage diversion. All departments and workshops are required to strictly control the leakage and pollution sources, to prevent the leakage, emission, dripping and leakage, and to strictly prohibit the leakage or direct discharge of sewage.

The Company has also formulated targeted treatment measures for various types of wastewater such as industrial, living and rainwater. Process wastewater, steam condensate water, equipment and ground cleaning wastewater are collected on site before entering the sewage pipe network. The fire-fighting water in the event of an accident is discharged into the emergency water basin and pumped into the sewage treatment system, and can only be discharged after treatment which makes it up to standard. For rainwater, in order to ensure that the rainwater pipe network is used separately from the sewage pipe network, we strictly prohibit the discharge of other wastewater of non-rainwater into the rainwater pipe network, and ensure that the rainwater can be discharged directly without chemical pollution, oil pollution and solid waste. At the end of the Company's sewage pipe network is a sewage regulating basin. All sewage is collected in the regulating basin, and part of the sewage is treated in sewage treatment station while part of the sewage enters the sewage treatment plant of HEC CJ Pharm. All the sewage is treated up to the standards before discharge. On this basis, some of the Company's factories have added tests on the content of sewage antibiotics, strictly controlled the chemical oxygen demand (COD) discharge standards, and continuously improved the in-depth treatment effect of wastewater.

Wastewater discharge of HEC CJ Pharm

	Unit	2024	2023
Industrial wastewater	Tonnes	**432,819.81**	493,797.22
Chemical oxygen demand CODcr	Tonnes	**17.12**	14.09
Ammonia nitrogen	Tonnes	**0.33**	0.32

3.2.2 MANAGEMENT OF EXHAUST GAS

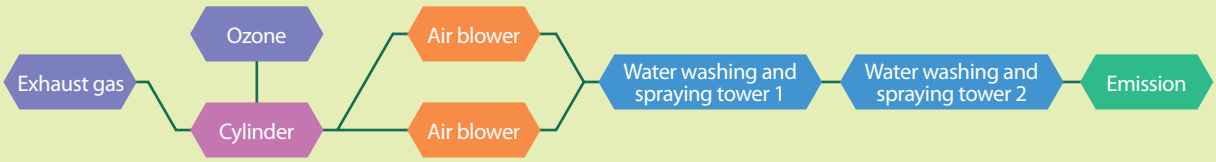
In strict compliance with the *Integrated Emission Standard of Air Pollutants* and other relevant standards, HEC CJ Pharm has formulated the "Exhaust Gas Management Rules" to clarify the operation and management mechanism of the exhaust gas treatment system, and set up a standard process of exhaust gas management, which requires the collection of exhaust gas generated during the production process. The collected exhaust gas is treated with oxidation, absorption, neutralization, washing, incineration and other processes, and meets the emission standards, so as to reduce the impact of uncontrolled emission on the environment.

Exhaust gas treatment system operation and management mechanism:

During normal production, the personnel on duty of the environmental protection department regularly inspects the exhaust gas treatment system on a daily basis to ensure the uninterrupted operation of the ozone generator for 24 hours, and to keep the production of fermentation workshop synchronously with the exhaust gas treatment system. Upon completion of the inspection, we will fill in the "Operation Record of the Exhaust Gas Treatment System" truthfully, and report any abnormality in a timely manner and contact the equipment department for maintenance; if deterioration of water quality of the spray is identified during the inspection process, the wastewater will be discharged in a timely manner and replenished with clean water.

Exhaust gas treatment process:

We collect the fermented exhaust gas and bacteria residue exhaust gas through the pipelines before such gases enter the exhaust gas treatment system. The system adopts the ozone oxidation +2 level water washing and spraying process. The process flow is as follows:



3.2.3 MANAGEMENT OF SOLID WASTE

HEC CJ Pharm strictly abides by the *Law on the Prevention and Control of Environmental Pollution by Solid Wastes, Regulation on the Safety Administration of Hazardous Chemicals* and other regulations on solid waste management, identifies and separates general solid waste and hazardous waste, and formulates internal systems such as the "Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Wastes", the "Hazardous Waste Management System" and the "Solid Waste Management Regulations". The Company separates the disposal and entry areas for general solid waste within the plant, and requires the Environmental Protection Department to supervise strict registration by security guards of the plant, so as to ensure that the Company can effectively control and properly dispose of all kinds of waste generated during the production, activities and service process, and prevent and reduce environmental pollution and work injuries.

The Company focuses on achieving harmless, minimised and resourced treatment by improving its production processes and continuously optimising production processes while ensuring product quality and satisfying production requirements. While expanding our volume, we have reduced the frequency of equivalent material testing, reduced the overall share of waste, and improved our raw material utilisation rate. During the Reporting Period, the hazardous waste discharged by HEC CJ Pharm was mainly from the disposal of expired pharmaceutical products, totalling 142.09 tonnes, and the non-hazardous waste discharged was mainly from the disposal of general industrial wastes and domestic rubbish, totalling 1,924.23 tonnes.

- As a pharmaceutical manufacturing enterprise specialising in chemical drug preparations, the Company is required to dispose of pharmaceutical products in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, which differs from the disposal method for expired personal medications (typically placed in medication collection points). The Company will collect them centrally and hand them over to professional hazardous waste management enterprises for safe treatment. The Company has set strict storage and usage management standards to ensure that the stored raw materials and products would not pollute the environment, and requires centralized collection and disposal of the leaked raw materials and products in transit to prevent pollution to the production area and surrounding environment.

- In the Company's handling of expired pharmaceuticals, items are manually separated. The outer packaging (such as cartons and packaging boxes) and instruction manuals are treated as general solid waste and are sold accordingly. However, the internal medicinal materials (blister packs containing capsules and tablets), granule sachets, and bottled medicines (including containers), fall under the category of "HW02 pharmaceutical waste" and are considered hazardous waste. These must be disposed of by a licensed company holding *a Hazardous Waste Operation License*. In accordance with the *Administrative Measures for the Transfer of Hazardous Wastes*, the Hazardous Waste Manifest must be completed and processed, accurately documenting information such as the generator, transporter, and receiver, along with details about the type, weight (quantity), hazardous characteristics of the waste, and the preventive measures for any environmental emergencies.

(III) MAKING THE BEST USE OF RESOURCES

In strict compliance with national and local environmental protection policies, regulations and standards, HEC CJ Pharm has established a top-down environmental management system and set up a leading group for energy conservation and emission reduction. The Production Planning Department, Environmental Protection Department, Security Department and other departments have jointly participated in the formulation of annual environmental targets for water, electricity and gas, carried out environmental management system certification, clean production review and green factory certification, strengthened the target management, process control and performance assessment of environmental protection work, supplemented with sufficient manpower, materials and financial support, to ensure the effective operation and continuous improvement of the system, and strive to achieve standardization, formalization and refinement of environmental protection management. The Company actively promotes green office, printing on both sides of office paper, advocating low-carbon concepts, and reducing energy and resource waste. In 2024, the Company did not have any problem in obtaining suitable water sources.

In the manufacturing process, the Company continues to improve water-consuming and electricity-consuming equipment and production processes. The measures implemented include:

- **Water resources consumption:**

  — Reduce the demand for water from industrial production by shortening the hot water pipes, minimizing water pressure, reasonably making industrial or production layout;

  — Change the way of production water consumption (e.g. turning direct current water to recycled water), promote water-saving technologies such as reuse of condensed steam, recycling of indirect condensed water, and reuse of treated sewage, and improvement of the water recycling rate and reuse rate;

  — Conduct water balance tests to calculate the amount of water required by each production unit and set up inspection measures;

  — Regularly check hidden water pipes and leaks, and promote water-saving sanitary ware;

- **Energy consumption:**
  - Energy-saving renovation of existing equipment, replacement of LED light tubes in workshops and other energy-saving facilities.
  - HEC CJ Pharm arranges security personnel to inspect the use of office lighting and temperature control equipment;
  - The equipment in the production plant are also upgraded and optimized to improve the automation level and avoid waste of resources such as transfer in the middle links;
  - Switch to new energy equipment such as electric forklifts to significantly reduce diesel usage and greenhouse gas emissions.
- **Material use:**
  - Reduce the use of single-use plastic packaging materials and recycle metal packaging materials.

Resource usage

	Unit	2024	2023
Purchased electricity	kWh	**80,035,217.00**	72,684,327.00
Purchased steam	Tonnes	**104,996.1**	93,011.60
Diesel	Litre	**1,800.00**	720
Total energy consumption	Tonnes of standard coal	**19,825.51**	17,706.88
Energy consumption intensity	Tonnes of standard coal/revenue (RMB million)	**5.32**	2.81
Freshwater consumption	Tonnes	**1,958,869.00**	1,740,494.30
Total water consumption intensity	Tonnes/revenue (RMB million)	**526.04**	276.49
Packaging materials used	Tonnes	**2,833.36**	4,406.54
Packaging material density	Tonnes/revenue (RMB million)	**0.76**	0.70

(IV) ADDRESSING CLIMATE CHANGE

HEC CJ Pharm attaches importance to the risks and opportunities in relation to climate change. With reference to the *Reporting on TCFD Recommendations: Guidance on Climate Disclosures* issued by HKEX, the Company assesses the physical and potential impact of climate change on its operations, strategies and financial results, and takes proactive actions and appropriate management measures to enhance corporate resilience against extreme weather events.

GOVERNANCE

The Company has established an ESG governance structure. The Board is responsible for formulating the Company's strategies and objectives, updating the risk management system, and assessing and monitoring climate-related risks and opportunities. We have authorized the ESG management team to take appropriate actions based on the significance of the risks, to conduct in-depth research on the impact of climate change on business activities, and to provide strong support to the Board. We are fully aware of the mutual impact between climate change and the pharmaceutical industry. We therefore proactively identify and respond to climate risks and opportunities to enhance our ability to adapt to climate change and ensure the continued and healthy development of our business.

STRATEGY

The TCFD working group has defined categories of climate-related risks and opportunities, pursuant to which risks were divided into two main categories, namely the transition risks caused by promoting the transition to low-carbon economy and physical risks caused by climate change. Among others, transition risks can be subdivided into policy and legal risks, technology risks, market risks and reputation risks. Physical risks include acute risks (such as typhoons, floods and other extreme weather events) and chronic risks (such as heat wave, droughts and other long-term changes in climate patterns). We review and prevent climate-related risks based on industry development and our own business. We proactively identify climate change factors that may have a profound impact on the Company to enhance the Company's resilience and competitiveness, ensuring that our development remains steady and robust.

Category		Potential Impact	Counter Measures
Physical risks	Acute	Extreme weather events like heavy rainfall and typhoons may cause damage to the production lines of pharmaceutical companies, hinder R&D progress, or disrupt logistics	Prepare a business continuity plan, including alternative production sites, logistics routes and backup power solutions etc.
	Chronic	Long-term changes in climate patterns like persistent global warming and rising sea level may have an impact on the long-term operations of the Company	
Transition risks	Policy and legal	Adjustments to the policy direction may have an impact on the business model and profitability of pharmaceutical companies	Adjust the business development strategy of the Company by taking into account the industry trends and policy direction
	Technology	Additional investment in technology costs is required for the innovation and iteration of green technologies and the R&D and innovation of low-carbon products	Achieve product iteration led by technology, and optimise existing process and equipment through continuous innovation
	Market	Changes in the supply and demand structure of the market and patient demands, coupled with greater preferences for energy-saving and low-carbon products in the future, may lead to lower prices for the products of the Company and an inability to meet market demands	Enhance communication with stakeholders through diverse channels and focus on end-user demands, to continually improve consumer experiences
	Reputation	As stakeholders' attention to issues associated with climate change continues to rise, failure to effectively undertake low carbon transformation or an increase in negative feedback on existing products may damage the reputation of the Company	Continuously track industry sustainability and market dynamics, and regularly carry out self-assessment and review of relevant performance, so as to facilitate the low-carbon transformation of the Company

CHAPTER III GREEN DEVELOPMENT

RISK MANAGEMENT

Based on the characteristics of the industry and the actual situation of the Company, a management process for climate related risks was established to comprehensively identify risk points and eliminate safety hazards arising from extreme weather events. HEC CJ Pharm is aware that climate change has gradually become a major risk affecting the Company's operations. In response to the operational and environmental hazards brought about by severe weather such as heavy rain, the Company has incorporated them into the Company's daily risk management and control mechanism. The Company makes judgment on the level of environmental emergencies such as emergency rainstorm and takes corresponding measures based on the level according to "Emergency Plan for Environmental Emergencies". After receiving an emergency report of a possible environmental accident on site, or before a severe storm, the Company's Emergency Command Department shall notify professionals from relevant departments such as environmental protection, safety, production, technology, and equipment to arrive at the site, and make a judgment on the level of the environmental emergencies according to the level of harm, urgency, development, and urgency of the sudden environmental event. At the same time, the Company has provided sufficient resources in terms of manpower, equipment, technology and finance to ensure the implementation of the emergency plan. Early warnings for environmental emergencies are divided into four levels from high to low: red warning, orange warning, yellow warning, and blue warning, and corresponding response measures are taken. The warning can be upgraded, downgraded, or lifted according to the development of the situation and the effectiveness of the measures taken.

METRICS AND TARGETS

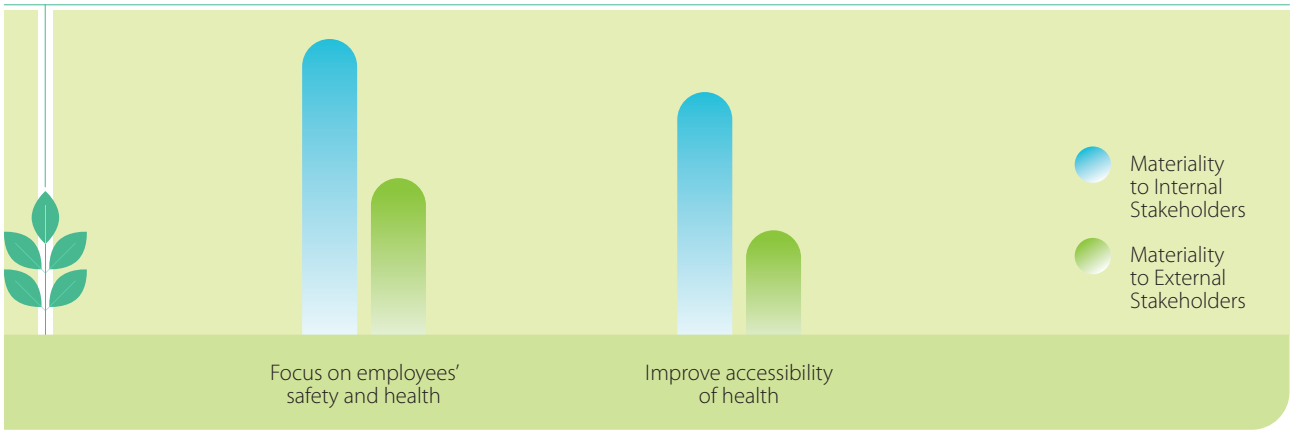
To efficiently measure the effectiveness of actions taken to address climate change, we have identified energy consumption, types of energy used and waste emissions as key performance indicators for energy conservation and emission reduction within the Company. We encourage all relevant departments to actively engage in energy conservation and consumption reduction practices, and strive to seek to improve the Company's overall energy and water efficiency. At the same time, we are committed to reducing waste and emissions to achieve green and sustainable development. We will closely integrate the current operational and economic environment, constantly review our practices, and adjust our goals and measures in a timely manner to drive the company forward in a more efficient and environmentally friendly way. Please refer to the key performance table for specific indicators.

By fully responding to national strategy and policy requirements, we will continue to improve our strategy formulation, risk management, identification and management of metrics and targets in the future, so as to achieve sustainable development.

CHAPTER IV SAFE PRODUCTION

Ensuring safe production and protecting the occupational health of employees are the strongest pillars that every business must uphold. At HEC CJ Pharm, safety is at the heart of our production management. We place strong emphasis on labour protection and the management of workplace safety, with a deep commitment to the health and safety of our employees. We also nurture a culture that encourages everyone across the factory to stay alert and put safety first in everything they do. We have built an environment where safety is part of every employee's mindset and every aspect of their work.

Sustainability issues addressed in this chapter



HKEX ESG indicators covered in this chapter

B2.1/B2.2/B2.3

CHAPTER IV SAFE PRODUCTION

(I) ENHANCING SAFETY MANAGEMENT AND CONTROL

HEC CJ Pharm strictly complies with the relevant requirements of the laws and regulations, including the *Production Safety Law of the People's Republic of China* and the *Fire Protection Law of the People's Republic of China*, has formulated the "Safe Production Responsibility System", the "Safe Production Conference", the "Safe Production Fees", the "Safe Production Rewards and Punishments" and the "Safety Training and Education", and has signed the Safety Responsibility Statement at all levels. The Group has implemented the safety management structure led by the Security Department, strengthened safety risk management and control, emergency management and the investigation and governance of various potential hazards. The Group organises safety drills and education training every year and carries out safety inspections, in which the safety inspection results are directly linked to the management's remuneration. The Company has also implemented safety standardisation within the Company. In 2024, the safety supervision platform received a total of 2 reports from employees, one of them met the Company's regulations on the supervision of potential hazards after on-site audit by our safety unit. We offered cash rewards to whistleblowers, and all identified hazards have been fully rectified. During the Reporting Period, HEC CJ Pharm invested approximately RMB5,733,100 in environment, health and safety (EHS) management. During the Reporting Period, there were no work-related fatalities, extraordinary, material and ordinary accidents in HEC CJ Pharm.

(II) SAFEGUARDING THE HEALTH AND SAFETY OF EMPLOYEES

The Company is committed to providing our employees with a healthy and safe working and living environment, regularly identifying, inspecting and rectifying works and safety hazards and risks related to employees' health and safety in daily life. We are committed to protecting the health and safety of our employees by continuously improving their working and living environments. Our efforts include regular inspections, screening, and the removal of potential health hazards and risks related to daily operations. We take a scientific approach to identifying risks on a regular basis and eliminating them swiftly, enhancing employees' working conditions through comprehensive rectification.

- Automatic meters in workshops are transformed to achieve automatic control in key positions;
- Methanol and confined space undergoes special cleaning and disinfection twice during spring and autumn;
- New safety risk labels are introduced to meet the chemical engineering standard requirements;
- Production and operation training is enhanced and the "Employee Safety Conduct Manual" is issued, requiring workers to comply with proper production procedures at all times, reasonably allocate and standardise the wearing of labour protection equipment;
- Regular occupational disease examination is organised and occupational disease examination is arranged for key positions (involving employees exposed to hazardous chemicals), and additional body examination is arranged for female employees.

The Company engages a professional third-party institution every two years to conduct occupational health testing on sites, in order to examine the factor points and positions which may trigger occupational disease and hazards, identifying the factor points and positions of occupational disease and hazards. In addition, we plan targeted corrective actions to enhance the Company's safety standards, while embracing advanced technology and organising equipment efficiently, with careful attention to building hygiene needs such as proper ventilation and lighting. We have also set up auxiliary rooms and provide our employees with comprehensive personal protective equipment.

HEC CJ Pharm has developed a thorough and efficient occupational health management system, complete with measures for occupational disease prevention and emergency response facilities. We also employees' occupational health to ensure compliance with the stringent requirements of relevant laws, regulations, and industry standards. The Company also paid attention to the safe production of related parties. The Company further improved the "Related Party Management System", carried out safety education for relevant operators and safety technical disclosure before operation, and collected management data throughout the process according to the system. During the Reporting Period, the Company conducted occupational health examinations for employees who were exposed to occupational disease hazards such as phosphoric acid, methanol, other dust, noise, phenol, and acetonitrile while on duty during the production process. The examination rate was 100%, and no occupational disease cases were found. The Company has established a dedicated management framework for hazardous chemicals, covering procurement, warehousing (both inbound and outbound), storage and use, transportation, loading and unloading, waste disposal, as well as emergency rescue and response measures for chemical leaks. These procedures have been communicated to all departments for strict adherence.

Furthermore, to safeguard the occupational health and safety of employees, the Company has set the following four targets:

1. the number of personnel involved in production safety accidents shall not exceed 1, with no general fatal accidents, incidents of higher severity, or any cases of occupational diseases throughout the year;

2. the annual training for employees, along with the "three-level" safety induction for new workers entering the factory, shall achieve a 100% pass rate;

3. the rectification rate for major safety hazards shall be 100%, with a 100% pass rate for the rectification of general safety hazards; and

4. the integrity rate of safety equipment and facilities shall be above 95%.

(III) ADHERING TO SAFE PRODUCTION CULTURE

HEC CJ Pharm attaches great importance to safety emergency management and has formulated the "Regulations on Determination, Training, Drill and Assessment of Emergency Rescue Plan", the "Emergency Rescue Plan for Insulin Plant Accident" and other documents. In addition, the Group has established annual drills and training plans for all employees, and has carried out integrated drills, special drills and action drills; safety learning on documents and systems, emergency medical rescue, equipment operation, evacuation, material leakage and emergency repair, in order to continuously improve the safety awareness of employees and their ability to respond to emergencies as well as escape and self-rescue.

In 2024, HEC CJ Pharm took basic safety management, operation site, safety culture construction, education and training, innovation management, etc., as the focus of safety training for identification, prevention and control in advance, so as to improve the effectiveness of safety training system, and significantly enhance the participation and safety management level of all employees on their own. During the Reporting Period, we organised 12 sessions of safety and occupational health training, with full participation from all employees across the factory, departments, and teams, achieving 100% coverage. Focusing on understanding the safety production situation and basic knowledge of safety production in the unit, the safety production rules and regulations and labor discipline in the unit, the rights and obligations of safety production as well as relevant accident cases, to ensure that new employees have passed the training before working. At the same time, we conducted a series of safety training sessions, with the content delivered in line with the departmental training plan. The Security Department has made detailed records to ensure that the training duration meets the 20 hours required by the Regulations on *Safety Training for Production and Operation Units*. During the Reporting Period, the staff training was completed as scheduled with a pass rate of 100%.

CASE **Comprehensive drill for fire and leak accidents involving hazardous chemicals**

CHAPTER V PEOPLE-ORIENTED

Employees are vital to driving business growth. After years of careful development, the Company has established a comprehensive and diverse employment system. We respect the fundamental rights and interests of evert employee, offering a wide range of training resources to support their growth throughout their career. Furthermore, we organise various employee welfare activities to strengthen the bond between our workforce and the Company, promoting mutual growth in a win-win situation.

Sustainability issues addressed in this chapter

HKEX ESG indicators covered in this chapter

B1.1/B1.2/B3.1/B3.2/B4.1/B4.2

(I) EQUAL EMPLOYMENT

The Company strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on Prohibition of the Use of Child Labour* and other laws and regulations. The Company has formulated the "Human Resources System" to carefully review job seekers' information during the recruitment process to avoid employment of underage applicants due to the use of false certificates. In case of child labour or forced labour, we will strictly follow the relevant procedures and deal with the personnel in charge seriously. During the Reporting Period, the Company did not use child labour or forced labour.

The Company has in place internal policies in relation to working hours, rest period, equal opportunity, diversity and anti-discrimination and ensures that such policies are adopted and in force at all times. All employees are entitled to annual leaves and statutory holidays.

HEC is dedicated to establishing a comprehensive governance framework that champions diversity, equity, and inclusion (DEI). We have formed a diversity, equity and inclusion committee at the Board level to oversee and steer the Group's DEI strategy and objectives. In 2024, the committee convened meetings to consider and approve the Company's DEI development strategy. Dedicated DEI personnel have been appointed to report the progress and challenges of DEI-related issues directly to senior management.

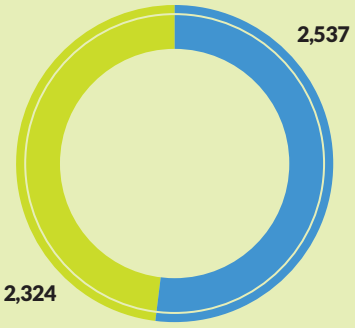
We have implemented a structured, inclusive, and accountable DEI policy framework. In 2024, we carried out a comprehensive upgrade of our core policies, incorporating strengthened requirements for accessible design and embedding DEI considerations across all operational areas — including R&D, marketing, and supply chain management. Further, we introduced a robust monitoring mechanism to support consistent policy implementation across all business units and regional offices, and to enable timely identification and correction of any deviations.

We strongly believe that a diverse workforce is fundamental to fostering innovation and driving business success. As of the end of 2024, we boasted a diverse workforce with 47.81% women representation, while employees with disabilities and minority employees accounted for 0.43% and 8.27%, respectively. Female representation in senior management also rose to 18.1%. Acknowledging the need to enhance female representation in certain departments, we have launched targeted initiatives, including an internship programme in collaboration with academic institutions and a career development mentoring scheme.

CHAPTER V PEOPLE-ORIENTED

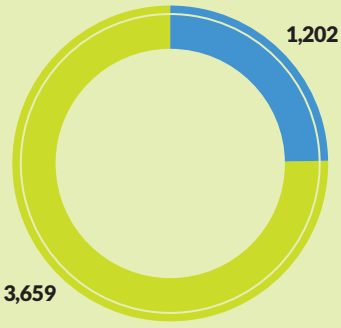
For recruitment channel management, we adopt a dual strategy that combines both internal and external recruitment. Internally, we identify outstanding talent from our reserve pool through promotion mechanism and talent redeployment programme to fill vacancies or newly created positions. Externally, we ensure an open, fair, and impartial selection process through multiple recruitment channels, including advertising, recruitment platforms, online job portals, and campus recruitment. Candidates are comprehensively assessed to appoint the most suitable individuals.

By gender



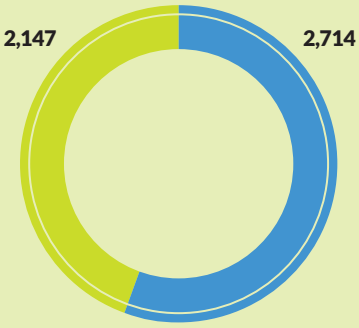
- Number of Male Staff
- Number of Female Staff

By age



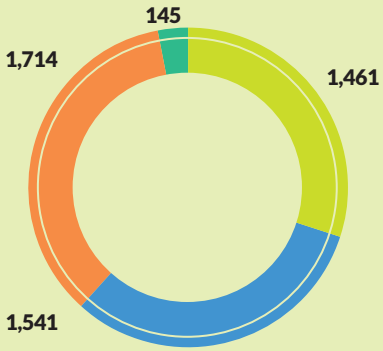
- Below 30
- 30–60

By region



- Hubei Province
- Other Regions of the PRC

By educational background



- Master's Degree or Above
- Bachelor's Degree
- Junior College
- Vocational or below

(II) PROTECTION OF RIGHTS AND INTERESTS

The Company places great importance on safeguarding employees' rights and interests. In strictly comply with labour contract management regulations, we respect and protect employees' cultural customs, personal beliefs, and privacy. We are firmly opposed to any form of unfair treatment in the workplace and are committed to fostering a fair and harmonious working environment. In addition, the Company has established anonymous online complaint channels, detailed in the "Employee Handbook", which are managed by designated professionals. This system protects the confidentiality of employee information throughout the complaint process and helps prevent any form of retaliation. Complaint handlers are required to respond promptly, conduct fair investigations, provide timely feedback, and strive to reach mutually satisfactory resolutions. For female employees, we have introduced a "Lactation Period System" to further protect their rights and interests. Salary equity is a cornerstone of our DEI efforts. In 2024, we commissioned an independent third party to conduct a pay equity analysis. After accounting for role, experience, and performance, the results revealed a female-to-male salary ratio of 0.76:1. The assessment also confirmed that all hiring managers and HR professionals had received training on salary equity to ensure compensation decisions for new hires and promotions are aligned with our fairness principles. All DEI data undergo a three-tier verification process, which includes review by business units, internal audit, and external independent verification. We take data privacy seriously and use only anonymised, aggregated information in our analysis to safeguard personal data. . In 2024, the Company did not violate any laws in respect of diversity and equal opportunities, dismissal, recruitment and promotion, compensation, working hours and anti-discrimination, etc.

The Company complies with the *Social Insurance Law of the People's Republic of China* and other relevant regulations to help realise the potential of our workforce and attract outstanding administrative and technical professionals. In accordance with these regulations, we contribute to various social insurance schemes and the housing provident fund on behalf of our employees. We also adjust base salaries based on industry-wide remuneration standards and the actual cost of living in each employee's work location. To retain top talent and encourage high performance, the Company has developed an innovative remuneration policy and incentive system to reward scientific and technological achievements. This includes policy such "Pension System, Housing Benefits", and "Children's Benefits". In addition to the five statutory social insurances and the statutory fund, we offer a comprehensive range of employee benefits, as outlined below:

Incentive bonus

Performance-based production awards, year-end awards (based on different levels and performance of employees), subsidies for children of employees

Insurance

Collective accident commercial insurance

Public welfare facilities

Kindergarten, medical room, staff dormitory, shuttle bus, etc.

Others

Assisting in arranging employees' children education

HEC CJ Pharm has established a labour union as an important organisation for the protection of employees' rights and interests, as well as care and services for employees. The Company encourages employees to actively participate in labour unions, safeguards the freedom of association of workers, and effectively recognises the right to collective bargaining. In 2024, the Company did not receive any complaints regarding forced labour and discrimination.

(III) TRAINING AND DEVELOPMENT

Effective employee training not only enhances the market competitiveness of the enterprise, but is also a key measure that can stimulate the motivation of employees. HEC CJ Pharm has always attached great importance to employee education and capability development, and established a comprehensive and efficient training management system. The Company formulated annual training plans according to the job nature and needs of each employee, and responds flexibly with ad-hoc training courses. These measures not only gives full play to the positive effect of training, but also provides strong support for the personal development of employees, realising the deep integration of employee development and corporate goals, and jointly promoting the sustainable development of the enterprise.

HEC CJ Pharm provides four major types of training, which consist of factory training, onboard training, continuous education and training (comprising planned training and ad-hoc training), and outsourced training. Our training methods include intensive classes, discussions, audio-visual and practical training. Evaluation of the effectiveness of our training comprises of written examinations (open-book and closed-book), practical tests and instant tests. As of 2024, 4,861 employees of the Company were trained.

CASE **Unite the Young Talent and Strive Forward with Collective Effort –HEC Cadre School 2024 Second Training Class Successfully Concluded**

The training centred around two key pillars: "Firm Commitment" and "Management Excellence". Participants engaged in a curriculum that covered topics such as the Company's business goals and plans, digital transformation, corporate culture, leadership styles, and much more. These sessions not only deepened their understanding of the Company's current position but also provided valuable insights into its future direction, reinforcing their commitment to the Company's vision. The programme also emphasised the core principles of "Managing People, Money, and Business" to strengthen team leadership and improve financial skills among non-financial staff, while broadening their overall business perspective. Through hands-on workshops, we effectively boosted employee engagement, increasing the course's effectiveness and making the learning process more accessible and impactful for participants.

The Company has also implemented a mentoring system to actively coordinate senior employees to assist and cultivate new employees, and provide suggestions on work and life to them. In addition, the Company provides "apprenticeship rewards" for senior employees to facilitate the internal promotion and solid implementation of the mentoring system within the Company.

The Company adheres to the principles of openness, fairness, and impartiality in talent selection. We strictly follow standardised assessment and scoring criteria, and actively encourage entry-level employees to put themselves forward for advancement. Candidates' leadership abilities and EHS management knowledge are assessed through various formats, including presentations and lectures. This approach not only offers employees greater opportunities for self-development but also significantly boosts their motivation.

(IV) CARE FOR EMPLOYEES

The Company has set up a charitable foundation, formulated the "Articles of Association of the Charitable Foundation". There are members of the charity foundation in each production base to better understand the needs of employees, assist employees in need to submit a subsidy application for review, and report to the office as well as collaborating with organizations in order to continuously support employees in need. We organise a variety of vibrant cultural and sports activities to enrich employees' lives, unlock their potential, and support their all-round development. These initiatives help foster stable and harmonious labour relations, thereby contributing to the healthy and positive growth of the Company.

CHAPTER VI WIN-WIN COOPERATION

The success of HEC CJ Pharm is closely tied to the strong support of our extensive supply chain network, which provides a wide range of products and services. We are committed to building long-term partnerships based on mutual trust and benefit, working alongside our suppliers to drive sustainable development for both sides and contribute to a healthier social and business environment. As of 2024, we collaborated with 723 suppliers in total, including 268 based in Hubei Province, 448 from other regions across China, and 7 from overseas. Local suppliers accounted for 37% of our total procurement.

Sustainability issues addressed in this chapter

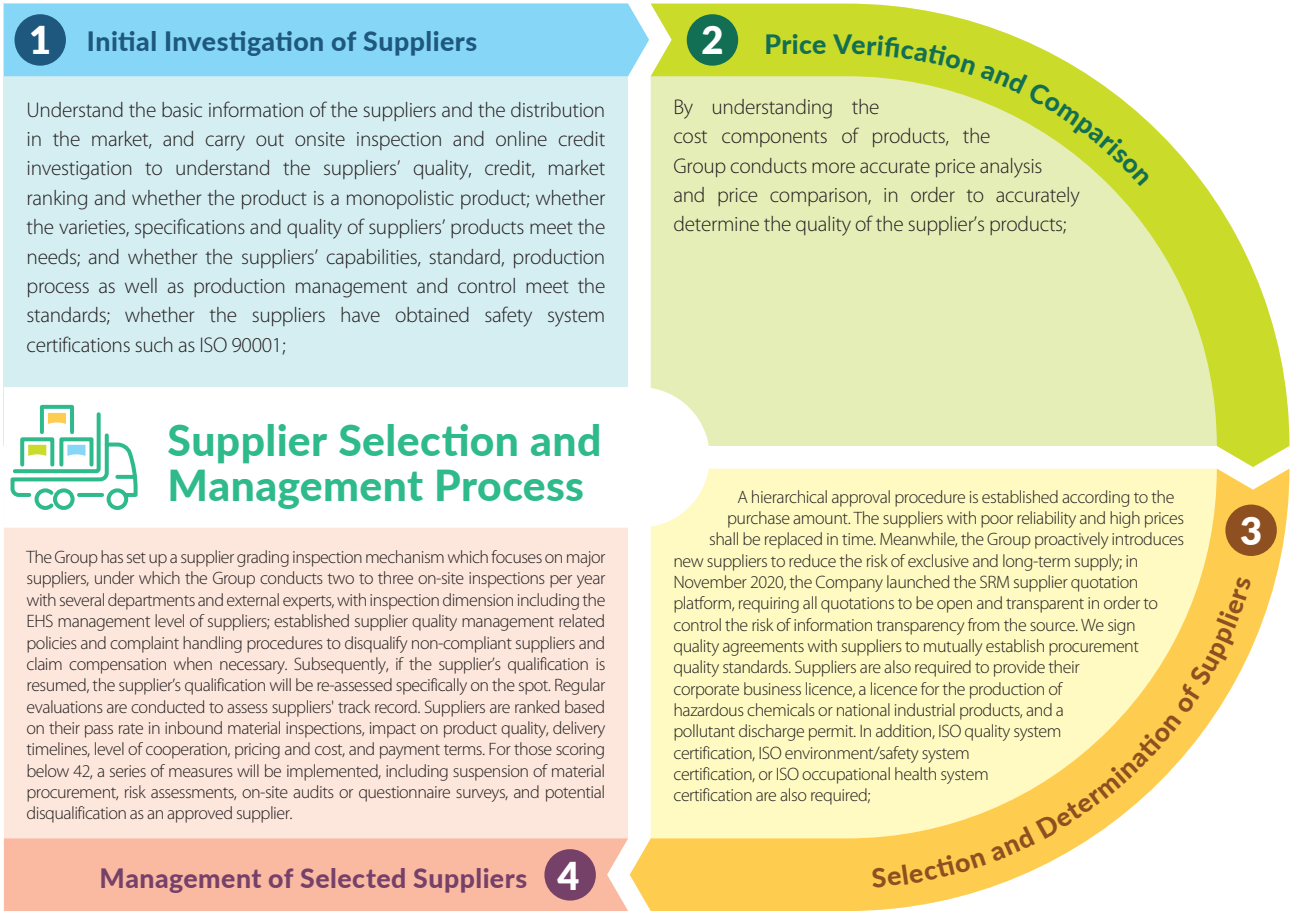
HKEX ESG indicators covered in this chapter

B5.1/B5.2

(I) BUILDING A RESPONSIBLE SUPPLY CHAIN

6.1.1 RESPONSIBLE PROCUREMENT

HEC CJ Pharm has established a comprehensive and effective procurement system to specify the duties and obligations of relevant departments such as Procurement Department and Quality Department in the procurement process. We have also entered into the "Anti-commercial Bribery Agreement between the Suppliers and Purchasers" and "Integrity Commitment Letter" to strictly control corruption. At the same time, through establishing a file for each supplier and signing a quality assurance agreement with key suppliers, HEC CJ Pharm strictly monitors the performance of suppliers in all aspects, including product quality and service quality, business ethics and social evaluation. The Company also assesses the performance of suppliers through dynamic information management, periodic assessment and annual review to safeguard the interests of the Company and customers. Relevant audits and evaluations have been conducted in accordance with supplier category prior to admission, including a training provided by the Company's insulin factory to 25 participants from the construction unit. The Company's procurement system and the following management processes apply to all suppliers of the Company.



In inspecting new suppliers, we mainly focus on suppliers directly related to production. The Company evaluates suppliers based on their environmental, social and governance strategies and performance, alongside a review of ESG-related issues and an assessment of the risks associated with their supplies. As part of the evaluation process, new suppliers are required to complete a declaration form, providing information relevant to the quality of their products and supply continuity. The Company reviews these declarations and relevant information, and conducts regular or ad hoc on-site audits of the materials supplied. Audits are also carried out to verify various types of materials and assess actual conditions, ensuring the stability and reliability of the supply. We require suppliers with whom we have business dealings to sign "Anti-Bribery Agreement" and "Integrity Commitment Letter". The Company has formulated a document on the management of material suppliers and may terminate the cooperation with any supplier whose production is affected or may be affected by the quality of the products.

During the Reporting Period, there were no suppliers with whom cooperation was terminated due to the occurrence of significant negative environmental and social events.

6.1.2 GREEN PROCUREMENT

HEC CJ Pharm attaches great importance to and continuously identifies environmental and social risks in supply chain and believes that supply chain management can indirectly reduce environmental and social risks. To this end, HEC CJ Pharm has established rigorous processes for supply chain management and supplier selection, placing particular emphasis on regularisation and standardisation. In selecting suppliers, we prioritise not only product quality and qualifications, but also their commitment to environmental protection and social responsibility. Comprehensive assessments are conducted to ensure suppliers meet both our quality standards and the Company's expectations on environmental protection and social responsibility. In addition, HEC CJ Pharm actively promotes the green transformation of product packaging by encouraging the use of environmentally friendly materials. This approach aims to reduce unnecessary packaging while meeting market demands and maintaining production efficiency. At the same time, we have also established a supplier evaluation control procedure, which is applicable to regulating and controlling the supplier evaluation process and the implementation of procurement. All of our paper packaging materials are procured from the Forest Stewardship Council (FSC) certified manufacturers. The green procurement principle has been implemented in the Company's daily operations.

In 2024, the total packaging material used for the Company's finished products is 2,833.36 tonnes.

For the equipment procurement management regulations, the Company follows the following principles to ensure production efficiency:

Production

It refers to the production efficiency of equipment. When selecting equipment, the Group shall select those equipment with the minimum input for the maximum output, i.e. high efficiency equipment.

Technology

It refers to the ability of the equipment to meet the technical requirements of the production. In addition to meeting the technical requirements of the product, the equipment shall meet the GMP requirements.

Energy saving

It refers to saving in raw material consumption and energy consumption. For example, environmental facilities must be operated and maintained synchronously with the main production facilities, and the Group shall ensure that the synchronous operation rate of environmental facilities and production facilities to be above 95%.

(II) PROMOTION OF INDUSTRY DEVELOPMENT, ACCELERATING DIGITAL TRANSFORMATION

HEC CJ Pharm is at the forefront of industry collaboration, harnessing its core strengths while continuously pushing the boundaries of technological standards. The Company is dedicated to building an open, healthy, and mutually beneficial innovation ecosystem. In the pharmaceutical landscape, digital transformation is essential for enhancing operational efficiency. HEC CJ Pharm has wholeheartedly embraced this transformation, improving both the quality and efficiency of its drugs while refining its product R&D and sales strategies. By ensuring complete data traceability and maintaining robust quality control, HEC CJ Pharm has not only optimised its operational efficiency but also strengthened its leadership in a highly competitive market. The Company's relentless focus on R&D and technological innovation keeps it at the cutting edge of the industry, constantly striving for breakthroughs and new advancements. At the same time, HEC CJ Pharm is unwavering in its commitment to social responsibility, aligning with national development strategies and proudly upholding the values of a responsible Chinese brand.

HEC CJ Pharm always adheres to the service tenet of "benefiting the country, the people and the society". In addition to contributing high quality products and services to the society and actively responding to social health challenges, we have proactively engaged in social welfare initiatives and supported national public welfare in various forms, with a view to contributing to social development.

Sustainability issues addressed in this chapter

HKEX ESG indicators covered in this chapter:

B8.1/B8.2

CHAPTER VII CONTRIBUTING TO THE SOCIETY

(I) CARING THE COMMUNITY AND CHARITY

The Company actively maintains good two-way communication with the community, listens to the needs of the community, carries out community care activities, and encourages employees to actively participate in voluntary service activities to achieve a relationship of mutual trust and mutual benefit with the community. The Company regularly communicates with local governments and residents to understand the community's needs in terms of medical health, employment, environmental protection, etc. For example, we conduct research on community health issues (promoting health literacy and sports and exercise initiatives, etc.), directly invest in community cultural construction and organise large-scale singing events and other cultural activities to enrich the cultural life of residents and enhance their spiritual well-being. By offering free access to such activities, we encourage participation from local residents, especially our employees, their families, and neighboring community members, fostering the sense of community belonging. By organising large-scale events such as marathons and concerts, we stimulate local consumption in catering, transportation, accommodation, etc., promoting economic development, and creating temporary business opportunities for local small and micro enterprises. During the preparation of the events, we prioritise employing local residents for logistics, security and service positions, providing short-term skills training and employment opportunities.

The Company has launched a series of community welfare and investment activities to drive high-quality development for both the business and local communities:

In October 2024, we were involved in organising marathons, concerts and other community culture building activities. We are well aware that health and exercise are closely linked, and we will continue to take practical actions to convey the health concept of HEC CJ Pharm and fulfil our corporate social responsibility.

8,000 runners from all over the country embarked on this marathon journey of challenge and transcendence. As the title sponsor and health guardian of the event, HEC CJ Pharm not only provided all-round support for the preparation of the competition, but also leveraged its professional medical background and rich experience in health management to integrate the concept of health throughout the event and spread an active and positive lifestyle across society.

In June 2024, HEC CJ Pharm's The Treasured Voice Concert was officially held at the New Stadium in Yidu City together with Zhejiang Satellite TV and many "music partners". The Treasured Voice Concert not only demonstrated the vitality and spirit of HEC CJ Pharm, but also carried HEC CJ Pharm's gratitude for the overwhelming support from all walks of life in Yidu. "Meeting at the top to witness the future" is the theme of the concert, which embodies the mutual trust, integration and synergy between Yidu and HEC CJ Pharm, and carries the new hope of creating a better future and making contribution to mankind.

(II) HEALTH PROMOTION

HEC CJ Pharm attaches great importance to disease prevention and education in advocating prevention first. We actively promote the concept of standardised influenza diagnosis and treatment, and popularise health knowledge among the people by means of public welfare activities in order to further enhance people's health awareness, contributing to the well-being of the public, and fostering the construction of a healthy China.

Through academic promotions, the Company continuously encourages local health commissions and disease control departments to widely disseminate influenza awareness and popularize scientific methods of prevention and treatment of the disease. It includes promoting the identification of influenza symptoms, real-time updates on the influenza epidemic situation, scientific medication guidelines and recommended drug knowledge, etc., aiming to enhance the public's awareness of medication and reduce the risks caused by improper use and abuse of drugs.

INDUSTRY REVIEW AND OUTLOOK

Looking forward, with the development direction of China's pharmaceutical industry gradually switching from generic drugs to innovative drugs, drug innovation has become the core competitiveness that supports the future development of enterprises. In order to capture opportunities in the fierce competition, pharmaceutical companies need to make continuous efforts in various aspects including product R&D, technical process improvement, production and supply chain management and sales management, while striving to grasp the initiative of industry competition and forming a good sustainable advantage by grasping the market demand and trend of the pharmaceutical industry and consolidating and expanding the corresponding strategic target markets more effectively.

In 2024, the pharmaceutical industry was facing new development opportunities and challenges amid continuous changes. Globally, the trend of population aging has further intensified, and the demand for chronic disease management has continued to rise, which has promoted the R&D of related drugs and market expansion. At the same time, the potential threat of new infectious diseases and the mutation of existing diseases have prompted the R&D of anti-infective drugs and vaccines to continue to maintain rapid development. In this context, precision medicine and personalised treatment have become the core directions of industry innovation, and cutting-edge technologies such as gene therapy and cell therapy have gradually moved from laboratories to clinical applications.

In 2024, the policy environment of China's pharmaceutical industry was further optimised and improved. The country continued to increase its support for pharmaceutical innovation, and introduced a series of policies and measures to encourage the R&D of new medicines and accelerate the review and approval of such medicines. At the same time, the dynamic adjustment mechanism of the Medical Reimbursement Drug List has become more mature, and more innovative drugs and high-value drugs have been included in the medical insurance payment scope, improving patients' access to medicines. The centralized drug procurement system has gradually become normalised and standardised in the process of deepening and promotion, which has further reduced drug prices, alleviated the burden on patients, while forcing companies to improve their product quality and competitiveness. In addition, the country has continued to strengthen its supervision of the entire life cycle of pharmaceutical products. In particular, a series of new regulations have been introduced in the areas of quality management of pharmaceutical production and supply chain safety to ensure the safety and efficacy of pharmaceutical products.

INDUSTRY REVIEW AND OUTLOOK

The country attaches great importance to the pharmaceutical industry's responsibility in environmental protection and sustainable development, and has explicitly proposed to promote green and low-carbon transformation, strengthen resource conservation and recycling, and enhance the transparency and fairness of the supply chain. Through the implementation of policies such as the *Green Manufacturing Action Plan for the Pharmaceutical Industry*, the government guides pharmaceutical companies to adopt clean production technologies, reduce pollutant emissions, lower energy consumption, and encourages the development of environmentally friendly products. The deepening of environmental protection policies has prompted pharmaceutical companies to accelerate their transformation to green manufacturing, optimise production processes, improve resource utilization efficiency, and promote green management of all links in the supply chain. This not only enhances the environmental awareness and social responsibility of the pharmaceutical industry, but also provides strong support for the sustainable development of the industry. In the long run, green transformation will help pharmaceutical companies establish a good brand image, enhance market competitiveness, and occupy a more advantageous position in the global pharmaceutical market, contributing to the coordinated development of the economy, environment and society.

Overall, the pharmaceutical industry in 2024, driven by policy support, technological innovation and market demand, showed a trend of high-quality development, while facing new challenges brought about by globalised competition and regulatory upgrades.

OVERVIEW OF SUSTAINABLE DEVELOPMENT

LIST OF POLICIES

Topics	Internal policies	Laws and regulations complied with
Aspect A1: Emissions	"Environmental Protection Management System" "Responsibility System on the Prevention and Control of Environmental Pollution by Hazardous Wastes" "Hazardous Waste Management System" "Solid Waste Management Regulations" "Wastewater Management Regulations" "Exhaust Gas Management Regulations" "Regulations on the Administration of Construction Project Environmental Protection"	*Environmental Protection Law of the People's Republic of China* *Water Pollution Prevention and Control Law of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* *Emission Standard for Industrial Enterprise Noise at Boundary* *Volatile Organic Compounds Unorganised Emission Control Standard* *Emission Standards for Air Pollutants in the Pharmaceutical Industry* *Discharge Standards of Water Pollutants for Chemosynthesis Pharmaceutical Industry* *Emission Standard for Pharmaceutical Industrial Water Pollutants from Mixing and Formulation Category* *Emission Standard for Water Pollutants for Biological Engineering Pharmaceutical Industry* *Administrative Measures for Legal Disclosure of Enterprise Environmental Information* *Standard for Pollution Control on Hazardous Waste Storage* GB 18597-2023 *Technical Specification for Application and Issuance of Pollutant Permit Industrial Noise* HJ 1301-2023 *Technical Specifications for Setting Hazardous Waste Identification Signs* HJ 1276-2022 *Technical Guidelines for Self-monitoring of Pollutant Discharging Units — Manufacturing Industry of Traditional Chinese Medicines, Biological Drugs and Products, Chemical Drug Preparations* HJ 1256-2022 *Emission Standards for Air Pollutants in the Pharmaceutical Industry* GB 37823-2019

Topics	Internal policies	Laws and regulations complied with
Aspect A2: Use of Resources	"Management Regulations for Environmental Objectives, Guidelines and Management Program" "Management Regulations for Environmental Monitoring and Measurement" "Management Regulations for Environmental Protection Operation"	*Energy Conservation Law of the People's Republic of China* *Recycling Economy Promotion Law of the People's Republic of China*
Aspect A3: Environment and Natural Resources	"Environmental Protection Management System" "Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Wastes" "Hazardous Waste Management System" "Regulations on the Administration of Construction Project Environmental Protection"	*Environmental Protection Law of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* *Water Quality Standards on Sewage Discharged to Urban* *Sewers Integrated Emission Standard of Sewage*
Aspect A4: Climate Change	"Emergency Plan for Environmental Emergencies"	*Emergency Response Law of the People's Republic of China*
Aspect B1: Employment	"Human Resources System" "Employee Handbook" "Articles of Association of the Charitable Foundation" "Lactation Period System" "Pension System" "Housing Benefits" "Children's Benefit"	*Labour Law of the People's Republic of China* *Civil Code of the People's Republic of China* *Employment Promotion Law of the People's Republic of China* *Social Insurance Law of the People's Republic of China*

Topics	Internal policies	Laws and regulations complied with
Aspect B2: Health and Safety	"Safe Production Responsibility System" "Regulations on Determination, Training, Drill and Assessment of Emergency Rescue Plan" "Emergency Rescue Plan for Insulin Plant Accident" "Emergency Plan for Environmental Emergencies" "Production Safety Accidents and Investigation and Handling Regulations" "Basic Norms of Enterprise Safety Production Standardization" "Employee Safety Conduct Manual" "Relevant Party Management System" "Safety Production Agreement" "Safe Production Fees" "Hierarchical Safety Risk Management and Control" "Investigation and Governance of Potential Hazards" "Warehouse Safety Management" "Safety Administration of Hazardous Chemicals" "Change Management" "Production Safety Accident Emergency Plans of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. 420581-2023-0043"	*Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China* *Production Safety Law of the People's Republic of China* *Fire Protection Law of the People's Republic of China* *Industrial Injury Insurance Regulations of the People's Republic of China* *Regulations on the Labour Protection of Female Staff and Workers of the People's Republic of China* *Regulations on Reporting, Investigation and Handling of Production Safety Accidents* *Measures for Reporting and Rewarding in the Safety Production Field in Hubei Province* *Regulations on the Safety Production in Hubei Province*
Aspect B4: Labour Standards	"Prevention and Handling of Labour Disputes"	*Labour Law of the People's Republic of China* *Provision on Prohibition of Child Labour of the People's Republic of China* *Law of the People's Republic of China on Protection of Minors*
Aspect B5: Supply Chain Management	"Material Supplier Management" "Incoming Material Procurement Management" "Material Procurement Quality Standard" Qualified Supplier List"	*Company Law of the People's Republic of China* *Contract Law of the People's Republic of China* *Government Procurement Law of the People's Republic of China*

Topics	Internal policies	Laws and regulations complied with
Aspect B6: Product Responsibility	"Services for Customers" "Customers Complaints Handling" "Product Return Management" "Drug Recalls" "Regular GMP Self-inspection" "Handling of Non-conforming Materials/Products" "Pharmacovigilance Management" "Product Quality Audit Management" "Quality Manual Computerized Systems Management" "QC Laboratory Electronic Data Management" "QC Laboratory Data Reliability Management"	*Drug Administration Law of the People's Republic of China* *Regulations for the Implementation of the Drug Administration Law of the People's Republic of China* *Measures for the Reporting and Monitoring of Adverse Drug Reactions* *Measures for Administration of Drug Registration* *Provisions on the Administration of Pharmaceutical Directions and Labels* *Measures for Production Supervision and Management of Drugs* *Good Manufacturing Practice for Drugs (GMP)* *Good Supply Practice for Drugs (GSP)* *Measures for Administration of Pharmaceutical Distribution Certificates* *Measures for Administration of Drug Import* *Measures for Administration of Drug Recalls* *Regulations on Protection of Traditional Chinese Medicines* *Measures for Administration of Drug Information Service over the Internet* *Interim Measures for Administration of Internet Advertising* *Advertising Law of the People's Republic of China* *Law of the People's Republic of China on Protection of the Rights and Interests of Consumers* *Trademark Law of the People's Republic of China* *Copyright Law of the People's Republic of China* *Patent Law of the People's Republic of China* *Intellectual Property Law of the People's Republic of China* *Pharmacopoeia of the People's Republic of China* *Cybersecurity Law of the People's Republic of China* *Personal Information Protection Law of the People's Republic of China* *Data Security Law of the People's Republic of China*

Topics	Internal policies	Laws and regulations complied with
Aspect B7: Anti-corruption	"Integrity and Self-discipline Commitment" "Internal Control System Manual" "Internal Control Evaluation Manual" "Anti-commercial Bribery Agreement" "Anti-commercial Bribery Agreement between the Suppliers and Purchasers" "Anti-commercial Bribery Agreement of Sales Cooperation Parties" "Yidu Base Default List Management System"	*Criminal Law of the People's Republic of China* *Anti-Money Laundering Law of the People's Republic of China* *Drug Administration Law of the People's Republic of China* *Regulations for the Implementation of the Drug* *Anti-unfair Competition Law of the People's Republic of China* *Provisional Regulations on the Prohibition of Commercial Bribery* *Bidding Law of the People's Republic of China*
Aspect B8: Community Investment	–	–

KEY PERFORMANCE TABLE

List of environmental data[1]					
Aspect A1: Emissions					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
A1.1	**Types of emissions and respective emissions data**				
	Industrial wastewater	Tonnes	**432,819.81**	493,797.22	357,865.15
	Chemical oxygen demand CODcr	Tonnes	**17.12**	14.09	11.15
	Ammonia nitrogen	Tonnes	**0.33**	0.32	0.11
A1.2	**Total greenhouse gas emissions and intensity[5]**				
	Greenhouse gas emissions	Tonnes CO_2e	**77,846.01**	68,798.56	62,205.49
	Scope 1 Total greenhouse gas emissions[3]	Tonnes	**4.92**	1.97	1.10
	Scope 2 Total greenhouse gas emissions[4]	Tonnes	**77,841.08**	68,796.59	62,204.39
	Intensity of greenhouse gas emissions	Tonnes CO_2e/ revenue (RMB million)	**20.90**	10.93	16.61
A1.3	**Total hazardous waste generated**				
	Pharmaceutical waste	Tonnes	**75.49**	383.60	166.69
	Other hazardous wastes	Tonnes	**66.60**	68.65	43.90
	Intensity of hazardous wastes	Tonnes/ revenue (RMB million)	**0.04**	0.07	0.06
A1.4	**Total non-hazardous waste generated**				
	General industrial waste and domestic waste	Tonnes	**2,349.03**	3,301.44	2,846.41
	Intensity of non-hazardous wastes	Tonnes/ revenue (RMB million)	**0.63**	0.52	0.76

List of environmental data[1]					
Aspect A2: Use of Resources					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
A2.1	**Total energy consumption and intensity**				
	Externally purchased power	kWh	**80,035,217.00**	72,684,327.00	67,421,492.00
	Externally purchased steam	Tonnes	**104,996.1**	93,011.60	81,037.20
	Diesel	Litres	**1,800.00**	720.00	420.00
	Total energy consumption	Tonnes of standard coal	**19,825.51**	17,706.88	15,886.40
	Total energy consumption intensity	Tonnes of standard coal/ revenue (RMB million)	**5.32**	2.81	4.24
A2.2	**Total water consumption and intensity[6]**				
	Freshwater consumption	Tonnes	**1,958,869.00**	1,740,494.30	1,776,735.60
	Total water consumption intensity	Tonnes/ revenue (RMB million)	**526.01**	276.49	474.44
A2.5	**Total packaging material used for finished goods**				
	Packaging materials used	Tonnes	**2,833.36**	4,406.54	2,880.27
	Packaging material intensity	Tonnes/ revenue (RMB million)	**0.76**	0.70	0.77

List of social data					
Aspect B1: Employment					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B1.1	**Total workforce by gender, age group, geographical region and education**				
	Total number of employees	Person	**4,861**	4,618	4,167
	Full-time employees	Person	**4,861**	4,618	4,167
	Part-time employees	Person	**0**	0	0
	By gender				
	Male employees	Person	**2,537**	2,442	2,257
	Female employees	Person	**2,324**	2,176	1,910
	By age group				
	Below 30	Person	**1,202**	1,176	897
	30-60	Person	**3,659**	3,442	3,270
	By region				
	Hubei province	Person	**2,714**	2,768	2,407
	Other regions in the PRC	Person	**2,147**	1,850	1,760
	Overseas	Person	**0**	0	0
	By education				
	Master or above	Person	**145**	108	88
	Bachelor	Person	**1,714**	1,586	1,346
	Associate	Person	**1,541**	1,482	1,460
	Vocational or below	Person	**1,461**	1,442	1,273

List of social data					
Aspect B1: Employment					
Indicator number	Indicator required	Unit	2024	2023	2022
B1.2	**Number of employee turnover and employee turnover rate by gender, age group and geographical region**				
	Total number of employee turnover	Person	**946**	868	298
	Employee turnover rate[7]	%	**16.39**	16.30	6.67
	By gender				
	Number of male employees turnover	Person	**612**	491	146
	Number of female employees turnover	Person	**334**	377	152
	Male employee turnover rate	%	**24.12**	16.74	6.08
	Female employee turnover rate	%	**14.37**	14.77	7.37
	By age group				
	Turnover number of employees aged below 30	Person	**399**	362	129
	Turnover number of employees aged 30–50	Person	**532**	491	163
	Turnover number of employees aged 50 or above	Person	**15**	15	6
	Turnover rate of employees aged below 30	%	**33.19**	24.00	12.17
	Turnover rate of employees aged 30–50	%	**15.06**	13	4.92
	Turnover rate of employees aged 50 or above	%	**11.81**	10	4.76
	By geographical region				
	Number of employee turnover in Hubei province	Person	**561**	528	265
	Number of employees turnover in other regions in the PRC	Person	**385**	340	33
	Number of overseas employee turnover	Person	**0**	0	0
	Employee turnover rate in Hubei province	%	**20.67**	16.00	9.92
	Employees turnover rate in other regions in the PRC	%	**17.93**	15.52	1.84
	Overseas employee turnover rate	%	**0**	0	0

List of social data					
Aspect B2: Health and Safety					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B2.1	**Number of work-related fatalities**				
	Number of work related fatalities	Person	**0**	0	0
	Rate of work-related fatalities	%	**0**	0	0
B2.2	**Lost days due to work injury**				
	Number of work injuries	Times	**0**	1	3
	Lost days due to work injury	Days	**0**	49	190
Aspect B3: Development and Training					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B3.1	**Trained employees by gender and type of employees**				
	Total number of employees trained	Person	**4,861**	4,618	4,167
	Percentage to total number of employees trained	%	**100.00**	100.00	100.00
	By gender of employees				
	Number of male employees trained	Person	**2,537**	2,442	2,257
	Percentage of male employees trained	%	**100.00**	52.88	54.16
	Number of female employees trained	Person	**2,324**	2,176	1,910
	Percentage of female employees trained	%	**100.00**	47.12	45.84
	By type of employees[14]				
	Number of senior management trained	Person	**67**	59	60
	Percentage of senior management trained	%	**1.38**	1.28	1.44
	Number of mid-level management trained	Person	**352**	323	302
	Percentage of mid-level management trained	%	**7.24**	6.99	7.25
	Number of entry-level employees trained	Person	**4,442**	4,236	3,805
	Percentage of entry-level employees trained	%	**91.38**	91.73	91.31

List of social data					
Aspect B3: Development and Training					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B3.2	**Training hours for employees by gender and type of employees**				
	Total training hours for all employees	Hours	**175,029**	154,990	138,008
	Average training hours for all employees	Hours	**36**	33.56	33.12
	Total training hours by gender of employees				
	Total training hours for male employees	Hours	**91,332**	81,290	78,200
	Total training hours for female employees	Hours	**83,697**	73,700	59,808
	Average training hours for employees by gender of employees				
	Average training hours for male employees	Hours	**36**	33.29	34.65
	Average training hours for female employees	Hours	**36**	33.87	31.31
	Total training hours by type of employees				
	Total training hours for senior management	Hours	**2,412**	786	860
	Total training hours for mid-level management	Hours	**12,672**	3,214	2,942
	Total training hours for entry-level employees	Hours	**159,945**	150,990	134,206
	Average training hours by type of employees				
	Average training hours for senior management	Hours	**36**	33.76	14.33
	Average training hours for mid-level management	Hours	**36**	33.55	9.74
	Average training hours for entry-level employees	Hours	**36**	33.56	35.27

List of social data					
Aspect B5: Supply Chain Management					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B5.1	**Number of suppliers by geographical region**				
	Number of major suppliers	Suppliers	**723**	723	1,142
	Geographical distribution of major suppliers				
	Hubei province	Suppliers	**268**	268	459
	Other regions in the PRC	Suppliers	**448**	448	663
	Overseas	Suppliers	**7**	7	20
Aspect B6: Product Responsibility					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B6.1	**Percentage of total products sold or shipped subject to recalls for safety and health reasons**				
	Amount of products recalled due to health and safety reasons	Cartons	**0**	0	0
	Percentage of products recalled due to health and safety reasons	%	**0**	0	0
B6.2	**Number of products and service related complaints received**				
	Complaints related to product quality	Times	**0**	1	1
	Complaints related to marketing and sales practices	Times	**3**	15	/
	Other complaints	Times	**5**	0	1

List of social data					
Aspect B7: Anti-corruption					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B7.1	**Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period**				
	Number of pending or concluded legal cases regarding corrupt practices	Cases	**0**	0	0
B7.3	**Description of anti-corruption training provided to directors and employees**				
	Percentage of directors receiving anti-corruption training	%	**100**	100	100
	Percentage of employees receiving anti-corruption training	%	**100**	100	100
	Number of directors attending anti-corruption training	Person	**11**	11	10
	Number of employees attending anti-corruption training	Person	**4,861**	4,618	4,167
	Hours for anti-corruption training provided to directors and employees	Hours	**6**	6	6

List of social data					
Aspect B8: Community Investment					
Indicator number	**Indicator required**	**Unit**	**2024**	2023	2022
B8.2	**Resources contributed to the focus area**				
	Amount contributed for charity	Ten thousand (RMB)	**7**	300	1

Notes:

1. Unless otherwise specified, the indicators of A1 environmental category are statistical data generated or used by the production base of the Company;
2. Greenhouse gas emissions refer only to carbon dioxide emissions and do not include methane, nitrous oxide and other greenhouse gases emitted by other sources;
3. Indicator A1.2 Greenhouse gases (Scope 1) include direct emissions from gasoline, diesel, liquefied petroleum gas, etc;.
4. Indicator A1.2 Greenhouse gases (Scope 2) include indirect emissions from outsourced electricity and steam;
5. Carbon dioxide is accounted according to *Accounting Method and Reporting Guide for Greenhouse Gas Emissions from Industry and Other Sectors (for Trial Implementation)*, where the emission factor of the outsourced power refers to the emission factors in the *Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting and Verification of Certain Major Industries* from 2023 to 2025 issued by the Ministry of Ecology and Environment;
6. The formula for calculating the total water consumption intensity is: tonnes of water consumption/revenue (RMB million);.
7. Employee turnover rate = (number of resigned employees of a category/(number of employees at the end of the period under such category + number of resigned employees under such category)) * 100%;
8. Proportion of trained employees of a category = (number of employees trained under such category/total number of trained employees) * 100%.

INDEX FOR CODE OF ESG REPORT

This index states the compliance of the Company with each of the "comply or explain" indicators of the *Environmental, Social and Governance Reporting Guide* and its disclosure of the "Recommended Disclosure" indicator during the Reporting Period.

Aspects	Key Performance Index	Disclosure
Part B: Mandatory Disclosure Requirements		
	Statement of the Board	Statement of the Board
	Reporting Principles	About this Report
	Reporting Scope	About this Report
Part C: "Disclose or Explain" Clause		
Aspect 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.** **Note: Air Emissions include nitrogen oxides, sulfur oxides and other pollutants regulated by national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Hazardous waste refers to those defined by national regulations.**	Chapter III Green Development (II) Emission Management
A1.1	The types of emissions and respective emissions data.	Key Performance Table
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). Deleted on 1 January 2025	Key Performance Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table
A1.5	Description of emission target(s) set and steps taken to achieve them.	Chapter III Green Development (II) Emission Management
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.	Chapter III Green Development (II) Emission Management

Aspects	Key Performance Index	Disclosure
Aspect A2: Use of Resources		
General Disclosure	**Policies on the efficient use of resources, including energy, water and other raw materials.** **Note: Resources may be used for production, storage, transportation, buildings and electronic equipment, etc.**	Chapter III Green Development (III) Making the Best Use of Resources
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).	Key Performance Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Chapter III Green Development (III) Making the Best Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Chapter III Green Development (III) Making the Best Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Key Performance Table
Aspect A3: Environment and Natural Resources		
General Disclosure	**Policies on minimising the issuer's significant impacts on the environment and natural resources.**	Chapter III (I) Environment Management Strategy
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Chapter III (I) Environment Management Strategy (III) Making the Best Use of Resources

Aspects	Key Performance Index	Disclosure
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.**	Chapter III Green Development (IV) Addressing Climate Change
A4.1	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. (Deleted on 1 January 2025)	Chapter III Green Development (IV) Addressing Climate Change
B. Society		
Employment and Labor Practices		
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.**	Chapter V People-oriented (I) Equal Employment
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Table
B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Table

Aspects	Key Performance Index	Disclosure
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.**	Chapter IV Safe Production (I) Enhancing Safety Management and Control
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Table
B2.2	Lost days due to work injury.	Key Performance Table
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Chapter IV Safe Production (II) Safeguarding the Health and Safety of Employees (III) Adhering to Safe Production Culture
Aspect B3: Development and Training		
General Disclosure	**Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.** **Note: Training refers to vocational training and may include internal and external courses paid for by the employer.**	Chapter V People-oriented (III) Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Table
B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Table

Aspects	Key Performance Index	Disclosure
Aspect B4: Labour Standards		
General Disclosure	**Information on:** **(a) the policies; and** **(b) compliance with relevant laws and regulations that have a significant impact on the issuer** **relating to preventing child and forced labour.**	Chapter V People-oriented (I) Equal Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Chapter V People-oriented (I) Equal Employment
B4.2	Description of steps taken to eliminate such practices when discovered.	Chapter V People-oriented (I) Equal Employment
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	**Policies on managing environmental and social risks of the supply chain.**	Chapter VI Win-win Cooperation (I) Building a Responsible Supply Chain
B5.1	Number of suppliers by geographical region.	Key Performance Table
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.	Chapter VI Win-win Cooperation (I) Building a Responsible Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Chapter VI Win-win Cooperation (I) Building a Responsible Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Chapter VI Win-win Cooperation (I) Building a Responsible Supply Chain

Aspects	Key Performance Index	Disclosure
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.**	Chapter II Excellent Quality (I) Creating Excellent Quality
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Performance Table
B6.2	Number of products and service related complaints received and how they are dealt with.	Chapter II Excellent Quality (III) Satisfying Customers Key Performance Table
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Chapter II Excellent Quality (II) Focusing on Research and Development and Innovation
B6.4	Description of quality assurance process and recall procedures.	Chapter II Excellent Quality (I) Creating Excellent Quality
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Chapter II Excellent Quality (III) Satisfying Customers

Aspects	Key Performance Index	Disclosure
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.**	Chapter I Responsible Governance (II) Corporate Governance
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.	Key Performance Table
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Chapter I Responsible Governance (II) Corporate Governance
B7.3	Description of anti-corruption training provided to directors and staff.	Chapter I Responsible Governance (II) Corporate Governance
Community		
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.**	Chapter VII Contributing to the Society (I) Caring the Community and Charity
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Chapter VII Contributing to the Society (I) Caring the Community and Charity
B8.2	Resources contributed (e.g. money or time) to the focus area.	Key Performance Table

Aspects	Key Performance Index	Disclosure
Part D: Climate-Related Disclosures		
D-I Governance	Governance organisations responsible for overseeing climate-related risks and opportunities	Chapter III Green Development (IV) Addressing Climate Change
D-II Strategy	Climate-related risks and opportunities	Chapter III Green Development (IV) Addressing Climate Change
D-III Risk Management	Financial position, financial performance and cash flows	Chapter III Green Development (IV) Addressing Climate Change
D-IV Approach and Target	Greenhouse gas emissions Climate-related transitional risks Climate-related physical risks	Chapter III Green Development (IV) Addressing Climate Change Chapter III Green Development (IV) Addressing Climate Change Chapter III Green Development (IV) Addressing Climate Change

YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司