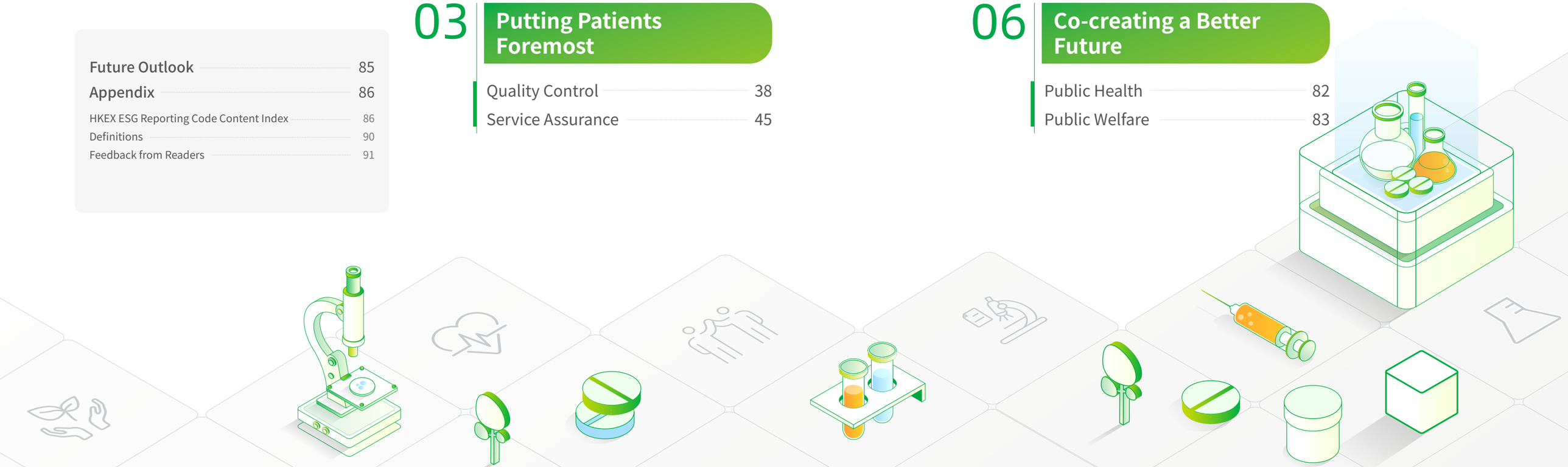
先声药业 Simcere

For patients, for life.

2024

Environmental, Social and Governance Report

Contents



Chairman's Statement

The year 2024 marks a pivotal phase of rapid advancement in pharmaceutical innovation, as the global healthcare industry faces unprecedented opportunities and challenges. Amid profound industry transformations, we remain steadfast in our commitment to a collaborative innovation-driven approach, accelerating both in-house R&D and strategic partnerships to deliver high-quality innovative medicines that address patient needs. Meanwhile, we fully integrate ESG principles into every aspect of our corporate governance, product development, employee well-being, environmental stewardship, and social responsibility, continuously reinforcing our corporate value and societal impact.

In 2024

R&D investment reached

RMB 1.523 billion

accounting for nearly

23.0% of total revenue

We adhere to the bottom line of compliance and solidify the foundation of responsible operations. In 2024, we further optimized our three-tier ESG governance framework, elevated governance levels, and strengthened risk management and internal controls. In 2024, the coverage of business ethics compliance training and anti-corruption training for directors reached 100%, and the signing rate of the *Employee Compliance Commitment* also achieved 100%. Extending corporate governance throughout our value chain, we conducted quality audits on 105 material suppliers, propelling overall compliance improvements across upstream and downstream partners and ensuring transparency as the cornerstone of sustainable growth.

We deepen open innovation and stimulate the research and development transformation. With a focus on oncology, neurological disorders, and autoimmune diseases, we are also proactively exploring areas of high unmet clinical need with foresight and are committed to providing today's patients with medicines of the future. In 2024, our R&D investment reached RMB 1.523 billion, accounting for nearly 23.0% of total revenue. The Group's portfolio has encompassed eight commercialized innovative drugs, including two newly approved innovative products launched in China. Three new drug applications (NDAs) have been accepted by the National Medical Products Administration (NMPA), and three additional drug candidates have entered Phase III clinical trials. Multiple products are approaching key proof-of-concept (POC) data milestones. As of the date of this Report, the Group has added seven new preclinical candidate (PCC) molecules, and obtained approval for eleven new investigational new drug (IND) applications. The Group has achieved ten first patient-in (FPI) or first-in-human (FIH) milestones and five last patient-in (LPI) milestones. Meanwhile, we continue to enhance drug accessibility, with over 45 products included in the National Reimbursement Drug List, ensuring that innovative therapies truly benefit the public.

We put patients first and safeguard their health and safety. A comprehensive management system is in place, covering the entire production cycle from raw material procurement to final product delivery, ensuring full compliance and ongoing quality improvement. In 2024, all our manufacturing facilities meet the requirements of Chinese GMP, and part of the production lines obtained ISO 9001:2015 quality management system certification. We uphold responsible marketing practices, actively listening to customer feedback and fostering long-term trust. Over the year, we conducted 287 marketing training sessions, reaching 12,606 participants, and achieved a 100% response rate to customer inquiries. Through dedicated service, we continue to earn customer trust and contribute to the advancement of public health.

We build a strong talent pool and empower ongoing organ-izational development. We always prioritize our employees and place great emphasis on their well-being and career development. We strive to provide a healthy and ideal workplace and foster a positive and harmonious work environment. In 2024, women accounted for 51.4% of our workforce and 54.9% of all promotions. We also optimized our quarterly performance evaluation system by transitioning to a one-time performance bonus payout, ensuring timely rewards. In terms of workplace safety, we strengthened our safety management framework, implementing a dual-driven approach of "goal and performance". By the end of 2024, we had successfully achieved all four key occupational health and safety targets, as well as seven major production safety objectives, effectively safeguarding occupational health and safety.

We pursue green development and charting a course toward a low-carbon development. Continuously innovating in sustainable operations, we are systematically building an environmentally friendly operating framework. In 2024, we remained committed to achieving zero waste and zero emissions in our production processes, earning the designation of "Zero-waste Factory" from Nanjing City.

We fulfill our social responsibilities and contribute to building a healthier China in the future. Leveraging our industry expertise, we integrate resources to provide ongoing support to underprivileged regions with limited access to healthcare, demonstrating corporate responsibility through concrete actions. In 2024, we were honored as one of the "Top 10 Pharmaceutical Companies in Public Welfare" at the Ninth Annual Medical Scientist Conference. We consistently uphold our corporate responsibilities, give back to society through practical actions, and help more patients secure timely and effective medical care.

As we step into 2025, we continue to drive high-quality, innovation-led growth, further strengthening our ESG management capabilities. Anchored in responsible operations, technological innovation, green development, and social co-building, we are creating a globally competitive and sustainable development system. Looking ahead, Simcere forge ahead with unwavering determination and collaborate with all sectors of society to drive the prosperous development of the pharmaceutical industry and contribute greater value to the well-being of human health.

REN Jinsheng
Chairman and Chief Executive Officer

About the Report

This report is the fifth Environmental, Social and Governance (ESG) report released by the Group. It mainly discloses the practices and achievements of the Group in product liability, social welfare, environmental protection, and other aspects in 2024. It presents the Group's latest progress in sustainable development to shareholders, customers, consumers, employees, governments, partners and other stakeholders

Time Range

The report covers the period from January 1 to December 31, 2024 (the "Reporting Period"), some of which are beyond the above scope.

Reporting Scope

The content of the report covers Simcere Pharmaceutical Group Limited and its subsidiaries (the "Group").

Basis of Preparation

The Report is prepared in accordance with the provisions of the *Appendix C2 Environmental, Social, and Governance Reporting Guide* of the *Main Board Listing Rules* of the Hong Kong Exchanges and Clearing Limited (HKEX) and adheres to the following reporting principles:

Materiality: This report contains a matrix of material issues, elaborates in detail the process and results of determining material issues, lists important stakeholders, and describes corresponding communication measures. For details, please refer to "Stakeholder Engagement" and "Material Issues" in the "ESG Responsibility Management" section.

Quantitative: This report discloses data of environmental and social dimensions, and indicates reference standards, calculation methods and parameters for environmental data.

Balance: This report objectively discloses both positive and negative information to ensure that the content is balanced.

Consistency: For quantitative data disclosed in this report, comparative data of two or more consecutive years are provided where possible according to the actual management situation and necessary explanations for the data caliber are provided to ensure consistency comparison.

Source of Data

All information and data in the report are sourced from official documents, statistical and financial reports of the Group, as well as the environmental, social and governance information collected, summarized and audited by the Group. Unless otherwise stated, the currency used is RMB (yuan).

About the Group

Simcere Pharmaceutical Group Limited (the "Company", together with its subsidiaries, the "Group" or "Us") is an innovation and R&D-driven pharmaceutical company with capabilities in research and development (the "R&D"), production, and professional marketing. The Group primarily focuses on the therapeutic areas of oncology, nervous system, autoimmune and anti-infection, with a forward-looking layout of disease areas that have significant clinical needs in the future, aiming to achieve the corporate mission of "providing today's patients with medicines of the future".

In the focused areas, the Group has six innovative drugs approved for marketing and sale. As of December 31, 2024, the Group has 14 products been included in over 100 guidelines and protocols issued by government agencies or authoritative academic societies and has over 45 products included in the National Reimbursement Drug List (the "NRDL").

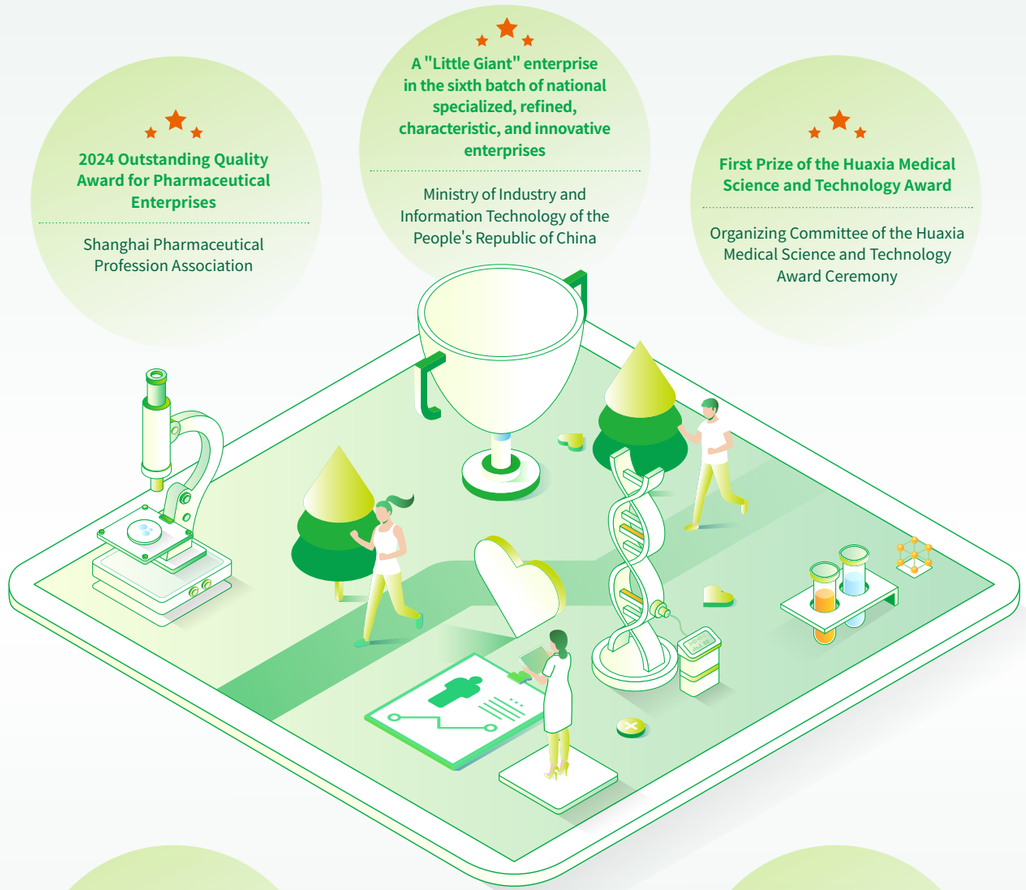
The Group pays high attention to the establishment of innovative drug R&D capacity and has established R&D innovation centers in Shanghai, Nanjing, Beijing, Boston, and Hong Kong respectively, as well as a State Key Laboratory of Neurology and Oncology Drug Development. The Group's R&D system has achieved functions covering the whole process of drug discovery, preclinical development, clinical trial, and registration, and owns leading platforms of protein engineering, PAb/TCE, PAb/NKCE, AI-aided drug discovery, protein degradation, and ADC. As of December 31, 2024, the Group had an R&D team of approximately 974 employees in total with approximately 174 doctors and 525 masters.

The Group has a nationwide marketing network and leading commercialization capacity and continuously strengthens its professional marketing capacity, so as to enhance coverage and access to medicines. As of December 31, 2024, the Group's sales team had a total of approximately 4,050 employees divided into four business units (neuroscience, oncology, autoimmune & comprehensive, and retail grassroots) and other support departments across 32 provinces, municipalities, and autonomous regions, covering over 3,000 Class III hospitals, approximately 17,000 other hospitals and medical institutions as well as more than 200 large-scale national or regional chain pharmacies in China.

The Group has established manufacturing infrastructures and quality management systems in line with international standards and has continuously improved its manufacturing capabilities of pharmaceuticals. The five production - facilities that have been put into use all meet the require ments of Chinese GMP, and part of the production lines - have received EU GMP certification or passed the inspection of the U.S. Food and Drug Administration (the "FDA").

Driven by its in-house R&D efforts and synergistic innovation, the Group has established strategic cooperation partnerships with many innovative companies and research institutes, exploring multiple collaborative modes such as cooperative R&D and achievement transfer and continuously developing products that patients urgently need and have significant market potential. The Group established the Scientific Advisory Board (SAB) comprising over 10 world-renowned scientists in the areas of oncology, nervous system and autoimmune etc., so as to bring their professional capabilities and experiences to provide scientific - advice for early drug discovery and clinical development of the Group, and aim to attract global leaders of life science to explore and create unprecedented treatments.

Awards in 2024



2024 Outstanding Quality Award for Pharmaceutical Enterprises

Shanghai Pharmaceutical Profession Association

A "Little Giant" enterprise in the sixth batch of national specialized, refined, characteristic, and innovative enterprises

Ministry of Industry and Information Technology of the People's Republic of China

First Prize of the Huaxia Medical Science and Technology Award

Organizing Committee of the Huaxia Medical Science and Technology Award Ceremony

Top 50 Private Enterprises in Hainan (2024)

Hainan Federation of Industry and Commerce

Outstanding Pharmaceutical and Biotechnology Industry Award

JRJ.com

Top 20 Private Enterprises in Hainan by R&D Investment (2024)

Hainan Federation of Industry and Commerce

Directors' Statement on ESG

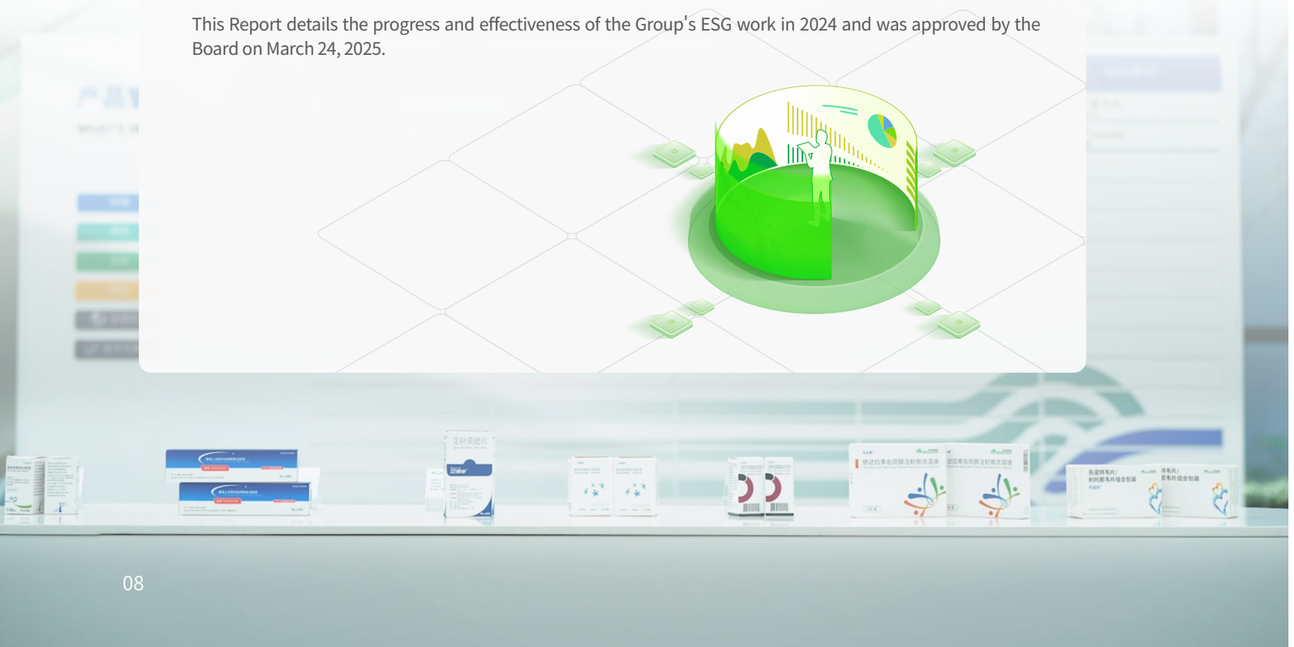
As the highest responsible authority and decision-maker for ESG matters, the Group's board (the "Board") of directors (the "Directors") coordinates corporate development planning and ESG development, and regularly reviews the industrial development trend and the management conditions within the Group, to ensure the effective implementation of ESG governance strategies, policies, management of risks, opportunities, and targets of the Group. The Strategy Committee is designated by the Board to oversee ESG management, coordinate major ESG decision assessments, and regularly report the implementations to the Board. To promote and implement our ESG initiatives, an ESG Working Group under the Strategy Committee is established.

We regularly evaluate major ESG issues, identify ESG risks, and incorporate them into our daily management, based on such factors as the external socio-economic macroenvironment, the Group's development strategy, and stakeholder expectations. In 2024, we strengthened our core ESG risk management and regularly reviewed ESG-related objectives based on actual business development to ensure their effectiveness and improve the Group's ESG performance.

In 2024, the Group has accomplished the ESG management targets set in the 2024 ESG Report, as reviewed by the Board. We are accelerating to expand the reserve of innovative products urgently needed in clinical applications and boost the development of drug accessibility; implement the quality management system throughout the product life cycle; adhere to the employee-oriented principle, and grow together with employees; pay attention to the needs of the community and constantly carry out charitable activities; conduct environment-friendly production and operation; and attach high importance to corporate compliance and risk management, and join hands with partners for responsible procurement.

We place great emphasis on corporate compliance and risk management, collaborating with multiple partners to promote responsible procurement; rapidly expand our pipeline of innovative products to address urgent clinical needs and enhance drug accessibility; implement a comprehensive quality management system covering the entire product lifecycle; promote environmentally friendly production and operational practices; adhere to the employee-oriented principle, and grow together with employees; remain attentive to community needs and conduct ongoing public welfare and charity activities.

This Report details the progress and effectiveness of the Group's ESG work in 2024 and was approved by the Board on March 24, 2025.



ESG Responsibility Management

ESG Target Management

The Group attaches importance to ESG target management. The Board regularly reviews the completion of the ESG targets within the Reporting Period and sets the ESG targets for the next year. The status of ESG management in 2024 and the targets of ESG management for 2025 are shown in the table below.

Issues	The current status of ESG management in 2024	Targets of ESG management in 2025
ESG governance	• The Group has further strengthened its ESG governance framework, continuously optimizing the three-tier management structure of the Board of Directors, the Strategy Committee, and the ESG Task Force to enhance oversight and decision-making capabilities on ESG matters.	• The Group continues to enhance its ESG governance framework, expand ESG audit coverage, optimize ESG performance evaluation mechanisms, and further integrate ESG requirements into supply chain management and business processes.
Corporate governance	• The Group has reinforced compliance management and anti-corruption culture by strictly implementing relevant corporate policies and expanding the coverage of key personnel in anti-corruption management. • The Group has enhanced supplier ESG assessments and risk management systems, deepened and broadened ESG audits, and promoted sustainable development across the supply chain.	• We deepen compliance system development, refine the ESG risk management framework for suppliers, improve the accuracy and coverage of supplier ESG audits, and comprehensively strengthen compliance capabilities.
Innovation benefiting the public	• Adhering to the philosophy of "for patients, for life", The Group has accelerated the pace of innovative drug development, continuously expanding its product pipeline in key areas such as oncology, neurology, autoimmune diseases, and anti-infection. • The Group has deepened domestic and international R&D collaborations to enhance the commercialization capabilities of innovative drugs.	• The Group further optimizes its innovative drug R&D strategy, enhances international research collaborations, advances policies to improve drug accessibility, and accelerates the inclusion of more innovative drugs in reimbursement systems to benefit a broader patient population.
Quality assurance	• The Group has continuously optimized its end-to-end quality management system, further expanding the scope of third-party certifications for product safety and quality, strengthening post-marketing quality monitoring and compliance reviews, and reinforcing responsible marketing training to enhance corporate compliance in marketing and drive high-quality industry development.	• We continuously elevate product quality control standards, advance the development of a full lifecycle quality management system, strengthen post-marketing quality monitoring and compliance audits, and ensure drug safety and traceability.
Talent construction	• The Group has continued to refine its talent diversity management system, optimize compensation and incentive mechanisms, and provide a fair and transparent career development path. Increased investment in talent development has facilitated the implementation of diversity management policies, ensuring employees have ongoing growth opportunities.	• The Group further promotes a diversified talent management system, optimizes career development pathways, strengthens leadership training programs, and enhances the overall professional capabilities of our workforce.
Low-carbon operation	• The Group has strengthened its environmental management system, reducing pollutant and waste emissions. The Group has actively promoted energy-saving technological upgrades and the use of clean energy while optimizing carbon emission management to enhance its green competitiveness.	• We set more forward-looking carbon neutrality targets, optimize energy management and carbon reduction strategies, advance green supply chain development, and improve environmental performance across the entire industry value chain.
Caring society	• Leveraging its strengths, the Group has remained committed to public health, advancing social welfare initiatives, and carrying out various philanthropic projects in medical assistance, disease prevention, and rural revitalization to improve healthcare accessibility at the grassroots level and promote health equity.	• The Group strengthens collaborations with governments, nonprofit organizations, and healthcare institutions to expand access to medical resources and enhance primary healthcare services. Through targeted support and diversified philanthropic initiatives, we continuously refine our corporate social responsibility framework, further improve social well-being, and create greater societal value.

Stakeholder Engagement

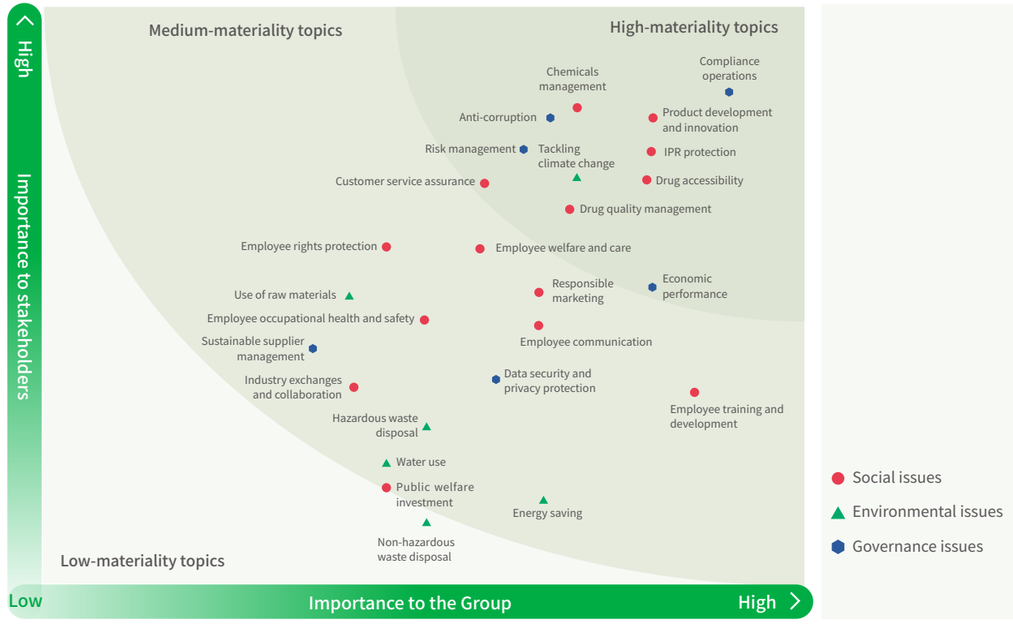
The Group actively engages with governments, shareholders, customers, business partners, employees, industry associations, community representatives, and other stakeholders. We constantly improve the communication and dialogue mechanisms for communicating with stakeholders, actively listen and respond to their concerns, and join hands with all stakeholders for sustainable growth.

Stakeholder	Expectations and demands	Communication methods
Expectations and demands	• Compliance operation • Drug quality and safety • Anti-corruption • Boosting local employment • Clean manufacturing	• Government dialogue • Information disclosure • Government research and inspection
Shareholders /Investors	• Compliance operation • Operating results • Risk management • Information disclosure • Stable Return on Investment (ROI)	• Shareholders' meeting • Performance disclosure conference • Investor research and exchange session • Regular information disclosure
Customers	• Drug safety and quality • Customer rights and privacy protection • Drug development and innovation • Responsible marketing	• Improving pharmaceutical production management system • Customer satisfaction survey • Customer complaints and opinion handling • Regular survey
Partners	• Win-win cooperation • Supply chain sustainability • Product and service quality	• Daily communication and dialogue • Audit and assessment
Staff	• Employee rights protection • Occupational health and safety • Employee training and development	• Employee representative conference and labor union • Occupation, health and safety training • Employee care activities • Internal training and learning
Industry Association	• Fair competition • Promoting industry development • Technology and experience sharing	• Industry exchange seminar • Project cooperation • Industry association training
Community representatives	• Driving local economic development • Community services • Public welfare and charity	• Carrying out public welfare projects • Regional assistance programs • Participating in community building • Volunteer service

Materiality Assessment

In accordance with the requirements of Appendix C2 *Environmental, Social and Governance Reporting Guidelines* of the Main Board Listing Rules released by the Stock Exchange of Hong Kong Limited (HKEX), and referring to relevant international initiatives and standards, as well as ESG issues that are of common concern in the industry, we have collected the material ESG issues related to the Group. In the process, we have also actively sought the opinions of various experts and stakeholders. Taking industry policy trends, group development status, and ESG regulatory requirements into account, we evaluated and identified risks and opportunities under different dimensions of issues in 2024. The matrix of ESG material issues is shown as follows.

The matrix of ESG material Issues in 2024



High-materiality topics	Compliance operations Product development and innovation Chemicals management IPR protection	Anti-corruption Risk management Drug accessibility Tackling climate change	Drug quality management Customer service assurance Economic performance
Medium-materiality topics	Employee welfare and care Responsible marketing Employee rights protection Employee communication Employee occupational health and safety	Employee training and development Use of raw materials Data security and privacy protection Hazardous waste disposal Industry exchanges and collaboration	Sustainable supplier management Water use Energy saving Public welfare investment
Low-materiality topics	Non-hazardous waste disposal		

ESG Governance Structure

The Group continuously improves the corporate governance, optimizes the ESG governance structure, and is committed to achieving the corporate mission of "For Patients, For Life", and creating Simcere value for patients, partners, and society. To ensure the efficient implementation of ESG initiatives, the Group has continuously optimized the ESG governance structure and management system and formed a three-tier ESG governance structure consisting of the Board, the Strategy Committee, and the ESG Working Group to systematically coordinate and promote sustainable development.

ESG Governance Structure	Responsibilities
The Board	The Board, the highest decision-maker of the Group, is responsible for coordinating corporate development planning, keeping a close watch on ESG governance and the development trends of the industry, identifying ESG risks and opportunities, etc. The Board has established four committees: the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy Committee. They are responsible for supervising and guiding different aspects of the Group's operations.
The Strategy Committee	The Strategy Committee is responsible for systematically analyzing ESG development and preparing medium and long-term ESG strategic development plans for the Group. The Committee also coordinates major ESG decision assessments and makes regular reports to the Board. An ESG Working Group under the Strategy Committee has been established, responsible for communicating, finalizing, and implementing ESG-related matters, and defining the responsibilities, rights, and procedures for ESG management.
The ESG Working Group	The ESG Working Group coordinates several business lines and departments of the Group to jointly promote and implement ESG initiatives. It regularly reports to the Strategy Committee on the achievements and progress of ESG work and organizes and prepares disclosure of ESG-related information of the Group.

Active Response to UN SDGs

United Nations Sustainable Development Goals (SDGs)	Actions of the Group in 2024
1 NO POVERTY, 10 REDUCED INEQUALITIES	The Group is committed to fulfilling its corporate social responsibility, always focusing on societal needs, and leveraging its resources and professional advantages to advance philanthropic initiatives in various fields, including healthcare, educational assistance, volunteer services, and community interaction. We actively contribute to the development of a fair, transparent, and sustainable social security system. In 2024, the Group donated **RMB 2 million** to Maizhokunggar County in Lhasa to support cooperation and exchanges between Jiangsu and Tibet in the healthcare sector.
3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	The Group recognizes the crucial role of innovation, R&D, and medical accessibility in improving human health, and continuously optimizes its R&D pipeline to ensure more innovative drugs benefit patients. In 2024, the Group's R&D investment amounted to approximately **RMB 1.523 billion**.
4 QUALITY EDUCATION	We place great emphasis on talent development and, through the "Simcere Academy" training platform, continue to offer employees multi-level, systematic training opportunities to support personal growth and organizational capability enhancement. In 2024, the Group achieved **100%** employee training coverage, with an average of **23 hours** of training per employee.
5 GENDER EQUALITY	The Group adheres to the principle of gender equality and actively promotes a diverse talent strategy, optimizing recruitment and promotion mechanisms, eliminating gender bias in the workplace, and focusing on the career development and rights protection of female employees. In 2024, women made up **51.4%** of the workforce, and women accounted for **43.8%** of mid- to senior-level management positions.
8 DECENT WORK AND ECONOMIC GROWTH	We adhere to a people-centered development philosophy, offering competitive compensation and benefits, ensuring open communication channels, and safeguarding employees' rights. In 2024, the Group did not experience any incidents of forced labor or illegal child labor.
7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 15 LIFE ON LAND	The Group consistently implements a green development philosophy, actively adopting environmental management measures, optimizing energy use, and reducing the ecological impact of operations. In 2024, through energy-saving and emission-reduction initiatives, as well as the application of clean energy, we further improved energy efficiency, achieving a reduction of **10.0%** in greenhouse gas emissions per RMB 10,000 of revenue compared to 2023.

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Strengthening Responsible Operations

The Group is committed to fostering a corporate culture of integrity and transparency, establishing a robust corporate governance and compliance framework, enhancing risk management, and continuously reinforcing its management foundation. Additionally, the Group strengthens communication with suppliers, ensuring a fair and transparent partnership to achieve mutual success.

As of the end of the Reporting Period,
Business ethics training coverage rate

100%

Corruption lawsuits occurred and concluded within the Group

0

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Corporate Governance

The Group continuously enhances its governance standards by building a scientific and efficient Board of Directors, establishing a sound risk management and internal control system, and upholding high ethical standards to drive sustainable development.

Board Structure

The Group complies with relevant laws and regulations in its listing jurisdiction and operational locations, formulating governance operation guidelines and establishing a well-defined governance structure with clear roles and responsibilities. The Board of Directors has set up the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee to delineate the responsibilities of the Board and its committees, ensuring the protection of shareholder interests and the sustainable development of the Corporation.

Name	Position	Committee Type			
		Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
REN Jinsheng	Chairman		✓	✓	✓
SONG Ruilin	Independent Non-executive Director	✓		✓	
WANG Jianguo	Independent Non-executive Director	✓	✓	✓	✓
WANG Xinhua	Independent Non-executive Director	✓	✓		
TANG Renhong	Executive Director				✓
WANG Xi	Executive Director			✓	
SUNG Ka Woon	Independent Non-executive Director		✓	✓	
WAN Yushan	Executive Director		✓		

The Group's Board Structure in 2024

The Group places a strong emphasis on diversity in the selection of directors. In accordance with the established *Board Diversity Policy*, various diversity factors are carefully considered, including gender, industry expertise, professional background, and cultural perspectives. As of the end of the Reporting Period, the Board had a total of 8 Directors, including 1 female Director and 4 independent non-executive Directors, with extensive industry experience and expertise in their respective fields of pharmaceutical, management, accounting, and risk management.

As of the end of the Reporting Period

the Board had a total of **8 Directors**

including female Director **1**

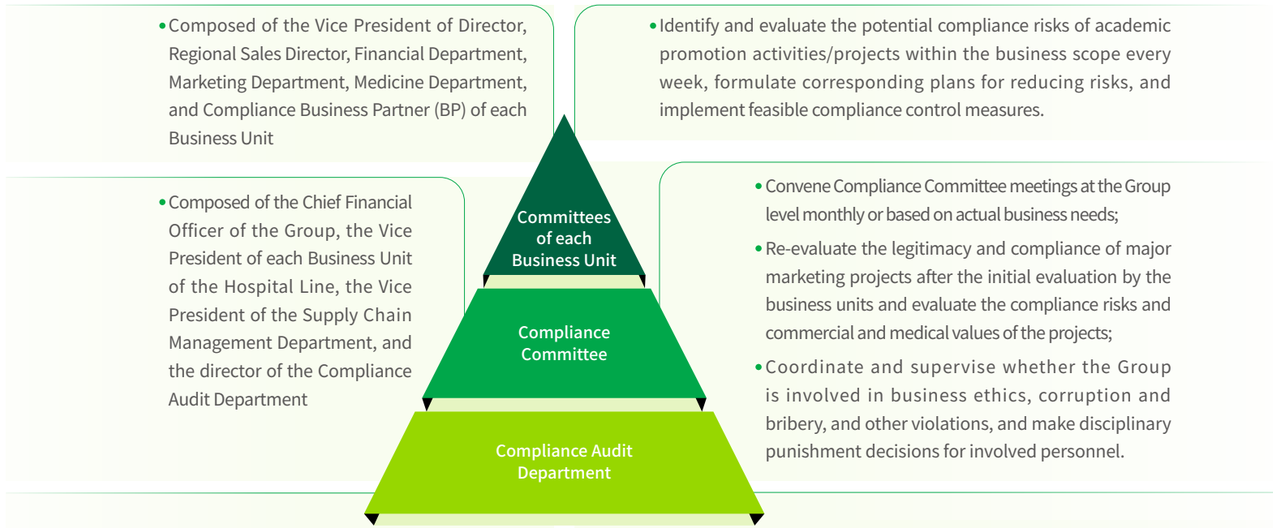
independent non-executive Directors **4**

Risk Management

The Group consistently attaches great importance to risk management and the development and enhancement of its internal control system, regarding it as a core aspect of business operations. Clear responsibilities have been defined for the Board of Directors and various management levels to ensure the effective operation of the Group's risk control system.

Internal Control Management

The Group is dedicated to establishing a comprehensive and scientifically sound internal control system. It continuously implements and optimizes internal policies such as the *Simcere Policy Guidelines on Sponsorship, Donation, and Academic Aids,* the *Simcere Policy Guidelines on Management of Lecturers and Application for Lecture Fees,* and the *Simcere Policy Guidelines on Self-organized Meetings*. Three lines of defense are formed collaboratively by the Committees of Business Unit, the Compliance Committee and the Compliance Audit Department to improve our internal control management system.

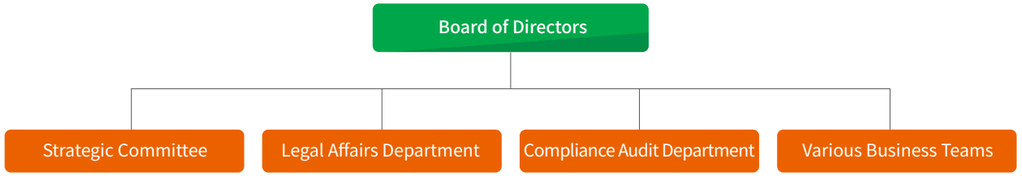


Three Lines of Defense in Internal Control Management

In 2024, to effectively respond to potential risks, the Group's compliance team comprehensively sorted out the Group's business processes, accurately identified risk points, and added control points and authorization approval rights in the system to strengthen internal controls and effectively avoid potential risks. For the identified potential risks, the Group effectively avoids risk events caused by control deficiencies through measures such as improving system settings.

Risk Management

The Group has established a risk management framework composed of the Group's Board, the Strategy Committee, the Legal Affairs Department, the Compliance Audit Department, and various business teams, implementing a risk control mechanism from the Group level to each business level to ensure the quality of risk control and the efficiency and effectiveness of the supervisory system.



Risk Management Framework

The Group combines the *Comprehensive Risk Management System* and other internal systems to regularly identify and assess internal risks, focusing on key risks for targeted control, and developing specific risk response strategies to effectively reduce and avoid the adverse impacts of significant risks on the Group's operations and sustainable development. In 2024, the Group conduct dynamic monitoring of 16 existing identified risk points and continuously track and review the implementation status and operational effectiveness of risk response plans and control measures.

Human resource risks

- Conducted systematic risk identification throughout the entire process from onboarding to offboarding and developed special rectification plans;
- Completed comprehensive updates to all forms, contracts, and other documents involved in the entire employment cycle, establishing a complete set of 37 standard management documents and form templates.

Legal risks of commercial bribery and regulatory investigations of the Company

- Continuously tracked updates on relevant national policies, laws, and regulations, and adjusted internal management policies in a timely manner;
- Clearly stipulated anti-commercial bribery and anti-unfair competition clauses in transaction contracts with clients and suppliers.

Corporate governance risks

- Carried out a comprehensive assessment of the current status of the Group and its subsidiaries based on the new *Company Law*, proposed rectification recommendations, and promoted gradual implementation.

ESG-related Risk Identification and Response Measures of the Group in 2024

The Group is committed to establishing and improving the risk management environment, enhancing the risk management awareness of all employees through various training formats, both online and offline, and continuously improving the Group's risk management capabilities.

The Group Held Legal Compliance Training to Raise Risk Prevention Awareness

In 2024, the Group published legal interpretations, typical cases, and business risk control key points through the "Legal Affairs Online" platform on topics such as legal regulations in the pharmaceutical industry, contract management, project contract management, and labor employment in view of changes in laws, regulations, and policy environments with key internal control points, helping employees improve their risk prevention levels. As of the end of the Reporting Period, the Group has conducted a total of 27 internal and external training sessions, comprehensively enhancing the legal compliance awareness of all employees.

近期医药执法典型案例一览

典型案例一览

《深化医药卫生体制改革2024年重点工作任务》解读

2024政策新动向

"Legal Affairs Online" Series Courses

Business Ethics

The Group has established internal systems such as the *Code of Business Conduct and Ethics*, the *Guidelines on Gift Policy of Simcere Pharmaceutical*, the S*imcere Policy Guidelines on Self-organized Meeting*, the *Policy Guidelines on Management of Lecturers and Application for Lecture Fees of Simcere Pharmaceutical Hospital Marketing System*, and the *Simcere Policy Guidelines on Sponsorship, Donation and Academic Aids*, which clarify our zero-tolerance stance on bribery, extortion, and corruption. In 2024, the Group reviewed and updated the above systems, comprehensively optimized the compliance points reward and punishment mechanism, improved meeting management, added third-party payment nodes, refined the spot inspection mechanism, and further clarified the requirements for business ethics management.

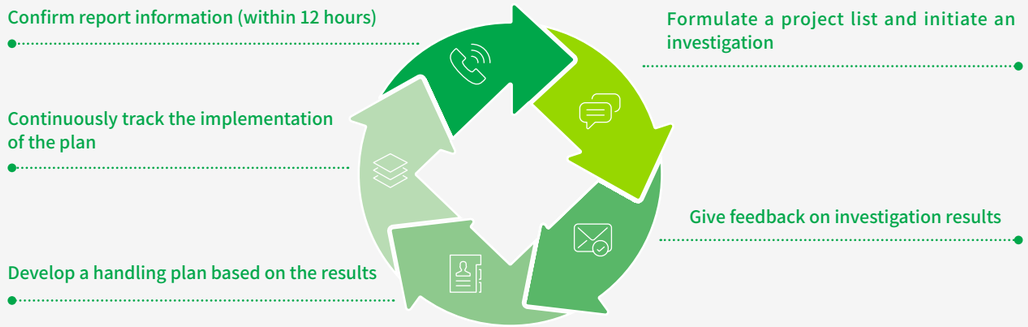
The Group continues to strengthen the top-level design of business ethics supervision and has established a Compliance Committee responsible for business ethics management. The Compliance Committee is chaired by the Chief Financial Officer, with members including vice presidents in charge of various business units related to hospital lines, the vice president of supply chain management, and the head of compliance audit. In addition, each business unit has its own Compliance Committee, consisting of the vice president of the business unit, regional sales directors, and representatives from finance, marketing, medical, and compliance departments. They hold regular meetings to discuss and review the compliance of projects and potential violation risks to eliminate any form of bribery, extortion, fraud, and money laundering. To ensure employee integrity and strengthen compliance awareness, the Group requires employees to sign the *Employee Compliance Commitment*. As of the end of the Reporting Period, 100% of employees have signed the *Employee Compliance Commitment*.

The Group encourages all stakeholders to report any incidents that violate the principles of business ethics management. We rely on the *Policies and Procedures for Handling Whistle-blowing and Complaints* and reporting channels, and in accordance with the requirements of the reporting handling process, we adopt measures such as registering and securely storing each report, strictly controlling the number of personnel who have access to the report information, and concealing the personal information of the whistle-blower to eliminate all forms of retaliation. As of the end of the Reporting Period, 0 reports were received in the internal anti-corruption email.

As of the end of the Reporting Period

The proportion of employees have signed the *Employee Compliance Commitment*

100%



Complaint and Reporting Handling Flowchart

Public Whistle-blowing Channels of the Group

Tel.: 025-85575017

Email: ceo@simcere.com

Other forms deemed appropriate by whistle-blowers

During the Reporting Period, the Group continuously optimized anti-corruption and business ethics training, requiring all projects, directors, employees, and suppliers to learn and adhere to policies and standards such as the *Code of Business Conduct and Ethics*, and to ensure the implementation of relevant policies and standards through various anti-corruption promotional activities, including self-study on online platforms and offline training. In 2024, the Group held 287 business ethics compliance training sessions, with 12,606 participants, achieving a training coverage rate of 100%.

In 2024

The Group held business ethics compliance training	participants	coverage rate
278	**12,606**	**100%**

The Group Held Business Ethics Training for Directors to Strengthen the Integrity Capabilities of Senior Management

In 2024, the Group conducted specialized anti-corruption training for the board of directors, focusing on in-depth discussions and analyses of the *Guidelines for Preventing Commercial Bribery Risks in Pharmaceutical Enterprises (Draft for Comments)* issued by the State Administration for Market Regulation, thereby enhancing the awareness of integrity and compliance capabilities among senior management. As of the end of the Reporting Period, the training coverage rate for anti-corruption among directors reached 100%.

In 2024, the Group implemented the *Guidelines on Audit Project Implementation Process*, further expanding the scope of business ethics audits, and conducted irregular special audits annually to cover all operational areas, including marketing, research and development, factories, and contractors. As of the end of the Reporting Period, 0 lawsuits about corruption, unfair competition, and conflict of interests occurred and concluded within the Group.

Responsible Procurement

The Group is committed to building a green and sustainable supply chain with our partners. We fulfill responsible procurement by integrating ESG risk concepts into supply chain management, empowering suppliers to reduce the social and environmental risks of the overall industry chain.

Supplier Management

The Group, in strict accordance with applicable laws and regulations related to supply chain management, formulated the *Supplier Management System* and the *Procurement, Tendering and Bidding System* applicable to all suppliers and revised the *Second Supplier Development System for Production Materials* to systematically manage the whole process of suppliers' access, cooperation management, and withdrawal, and regularly conducted supply chain risk management evaluation.

Whole Process Management of Suppliers

The Group has established internal systems such as the *Supplier Management System* to clarify supplier management responsibilities and build a complete and standardized full-process supplier management system. The Group continuously optimizes the supplier management process, covering the entire life management cycle from supplier access, qualification audit, and comprehensive evaluation to exit. Based on business needs, suppliers are categorized into production raw and auxiliary materials, packaging materials, non-production materials, equipment, infrastructure, and services, with corresponding entry conditions, management rules, and assessment standards. In June 2024, the Group's Supply Chain Management Department updated the *Supplier Management System* to clarify the consistency of external management by Simcere Pharmaceutical. It implements hierarchical and classified management for production materials, non-production materials, and service suppliers, and refines the management rules for each category of suppliers.

Supplier access

Qualification review

- We examine the business qualification, quality information, and other information provided by new suppliers listed by the departments in need.

Product verification

- We carry out process verification on materials provided by suppliers to strictly control the stability of materials in the production process.

File establishment

- For suppliers that have passed the audit, the supplier management officer establishes and maintains their profiles.
- We prepare a qualified supplier list and a pre-approved supplier list for centralized storage and management.

Supplier cooperation

Formulation of testing standards and methods

- We create a directory of qualified suppliers and a list of pre-approved suppliers to ensure the stability and efficient operation of the supply chain.

Supplier evaluation

- We conduct evaluation and scoring once a year to carefully examine suppliers, make suggestions, and require a supplier whose score for the year is below a certain threshold to rectify problems within a time limit.

Supplier review

- We regularly review supplier quality, change, and management of qualified suppliers through annual supplier review reports, so as to help improve suppliers' delivery quality.

Supplier withdrawal

Supplier blacklist

- The Group will place on our blacklist suppliers who fail to meet the evaluation standards, violate national laws and regulations or industry regulations, or cause significant losses due to serious defects in products or services, and cease business cooperation with them.
- In 2024, blacklisted suppliers were publicized internally every month, with a total of 2 blacklisted suppliers.

Whole Process Management of Suppliers

Number of suppliers	Chinese Mainland	China's Hong Kong, Macao, and Taiwan Regions, as well as Overseas
2,309	**2,271**	**38**

Number of Suppliers by Geographic Region in 2024

Supplier Risk Management

The Group strengthens supply chain risk management by revising the *Second Supplier Development System for Production Materials* to ensure stable material supply and reduce supplier risks. The Group conducts monthly checks on the supply risks of raw and auxiliary packaging materials, focusing on supply cycles and quality stability to identify high-risk suppliers. Meanwhile, we manage suppliers based on the importance of materials, using various auditing methods to determine the audit frequency for key suppliers of raw materials, auxiliary materials, and inner packaging materials based on risk assessment results. During the Reporting Period, the Group did not experience any stock-outs due to an insufficient supply of materials.

Supplier Empowerment

The Group pays close attention to supplier performance and needs in daily operations, actively providing targeted assistance to suppliers. We adhere to the spirit of open cooperation, growing together with suppliers to build a responsible supply chain system. Meanwhile, the Group customizes capability enhancement plans and quantitative improvement indicators for suppliers that require improvement, continuously empowering them through supplier assistance, special improvement projects, process reviews, performance discussions, and supplier training, helping them enhance management levels and compliance awareness, thereby improving supply chain cooperation efficiency.

Sustainable Procurement

The Group implements the concept of sustainable development in supply chain management and establishes close communication and cooperation with suppliers. The Group communicates management requirements to suppliers across multiple dimensions, including labor rights, business ethics, health and safety, and environmental protection, aiming to promote high standards of ESG management practices, deepen suppliers' understanding of the concept of sustainable development, and support the long-term development of a sustainable supply chain.

Aspect	Management initiatives
Quality management	• To improve the supplier quality assessment system, the *Supply Chain Material Quality Standards and Testing Methods* have been established. Suppliers are categorized into key and non-key types for management, with on-site, document, online audits, and survey audits implemented accordingly. Based on audit results, reports are approved in real time and changes are communicated. • In 2024, the Group audited the material quality of 105 suppliers.
Environmental protection	• When selecting suppliers, priority is given to those with good environmental performance and sound environmental management systems and policies. • Encouragement is given to choose suppliers that have obtained third-party management system certifications such as ISO 14001. • During the Reporting Period, approximately 1,800 suppliers have obtained environmental management system certifications. In 2024, an additional 18 suppliers have been certified for environmental management.
Safety management	• The *Contractor Safety Management System* has been formulated to strengthen supplier safety management. EHS audits and graded management are implemented for hazardous chemical suppliers, with key suppliers undergoing a combination of online and offline audit methods, while non-key suppliers are audited using questionnaires. • In daily operations, full-process safety monitoring is implemented for contractor construction projects to reduce supply chain safety risks.
Business ethics	• We have established clear anti-corruption policies for suppliers and required all suppliers to sign documents such as the *Bidding and Tendering Anti-corruption Commitment* and the *Anti-corruption Management Agreement*, maintaining a zero-tolerance attitude towards violations of business ethics by suppliers. Before the opening of bidding projects, suppliers must sign the integrity commitment and participate in systematic training on anti-corruption matters. • We regularly conduct compliance training for suppliers and issue the *Statement of Anti-Corruption to Partners* aimed at all suppliers and partners, continuously enhancing suppliers' awareness of integrity.

Measures for Supplier Sustainable Management

02

Driving Collaborative Innovation

The Group steadfastly upholds the R&D philosophy of "focusing on higher efficiency and adhering to differentiation". Placing patient health and well-being at the core of our research and development, we engage in oncology, central nervous system, autoimmune disease therapeutic and infectious areas, and fully promote the innovation and R&D process. We constantly refine our product development framework, enhance the expertise of our R&D team, and expand drug accessibility to deliver high-quality and efficient products and services to patients and safeguard their health.

As of the end of the Reporting Period,

R&D Investment

RMB1.523 billion

Number of cooperation projects initiated nearly

150

R&D team talent pool of

974 employees

Number of patents granted

417

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

15 LIFE ON LAND

Speeding Up R&D

The Group is fully promoting an innovation-driven development strategy, committed to continuously expanding the reserve of R&D projects, optimizing and upgrading hardware conditions, and actively drawing on cutting-edge industry experiences to comprehensively enhance the Group's innovation capabilities. In 2024, the Group's R&D investment is RMB 1.523 billion, accounting for 23.0% of total revenue.

R&D Layout

The Group has always regarded R&D innovation as the core driving force, steadily achieving a series of innovative breakthroughs and accumulating results. The Group currently has eight commercialized innovative drugs and a pipeline of over 60 innovative drug candidates. Among them, three drug candidates are undergoing NDA review, four are in Phase III clinical trials, and 12 molecules have entered the early clinical stage.

Territory	Product candidate (Target/Mechanism)	Pre-clinical / IND / Phase I / Phase II / Phase III / NDA/BLA
Anti-oncology		
China	Suvemcitug (VEGF)	OC, FTC and PPC (SCORES study)
Global	Endostar® New indication (Angiogenesis)	Thoracoabdominal effusions (COREMAP study)
Global	SIM0270 (SERD BM)	Breast cancer
China(commercialization right)	TGRX-326 (ALK/ROS1)	Non-small cell lung cancer
Global	Docetaxel polymeric micelles for injection (Tubulin inhibitor)	Malignant ascites
Global	SIM0348 (TIGIT/PVRIG bispecific antibody)	Advanced solid tumor
Global	SIM0237 (PD-L1/IL15v bispecific antibody)	Non-muscle invasive bladder cancer (China)
Global	SIM0501 (USP1)	Solid tumors (China and U.S.)
China (Option to license from AbbVie)	SIM0500 (GPRC5D-BCMA-CD3 trispecific antibody)	Multiple myeloma (China and U.S.)
China	SIM0395 (PI3K/mTOR)	Glioblastoma (GBM AGILE study)
Global	SIM0508 (Pol θ)	Solid tumors (China and U.S.)
Global	SIM0505 (CDH6-ADC)	Solid tumors (China and U.S.)
Global	SIM0686 (FGFR2b-ADC)	Solid tumors
Global	SIM0506 (SOS1)	Solid tumors
China	SIM0323 (CD80/IL2)	Solid tumors
Global	SIM0609 (CDH17-ADC)	Solid tumors
Global	SIM0610 (EGFR-cMet ADC)	Solid tumors
Global	SIM0562	Solid tumors
Neuroscience		
China	Quviviq® (DORA)	Insomnia (Marketed in nine countries, such as the U.S. and Europe)
Global	Sanbexin® Sublingual tablets (Free Radicals and Inflammatory Cytokines)	AIS (U.S.)
		PSCI
Global	Sanbexin® New Indications for Injection (Free Radicals and Inflammatory Cytokines)	ICH
China	SIM0800 (AQP4)	Stroke with cerebral edema
Global	SIM0811	AIS, MI etc.
Autoimmune		
China	Rademikibart (IL-4Rα)	Atopic Dermatitis
		Asthma
China (licensed-out to Almirall outside of China)	SIM0278 (IL2muFc)	AD, SLE, etc.
Global	SIM0708 (IL-4Rα ADC)	AD, COPD, Asthma, etc.
Global	SIM0711 (IRAK4 PROTAC)	AD, etc.
Global	SIM0709 (TL1A/IL23p19)	UC, CD etc.
Global	SIM0725	Vitiligo、AA, etc.
China (commercialization right)	LNK01001 (JAK1)	RA and AS
Anti-infection		
China (commercialization right)	Deunoxavir Marboxil (PA)	Influenza (adult/adolescent)
		Influenza (child)
		Post- exposure prophylaxis for influenza A and B (aged 2 years and above)

Development status of the Group / Development status of partner(s)

Construction of R&D Innovation Centers

The Group has always adhered to an international innovation and R&D strategy, continuously strengthening our core competitiveness, actively introducing cutting-edge global technologies, and empowering enterprise research and development. As of the end of this Reporting Period, we have established R&D innovation centers in Shanghai, Nanjing, Beijing, Boston, and Hong Kong respectively as well as a state Key Laboratory of Neurology and Oncology Drug Development.

The State Key Laboratory of Neurology and Oncology Drug Development


Shanghai Innovation Center


Nanjing Innovation Center


Beijing Innovation Center


Boston Innovation Center


Hong Kong Collaborative Innovation Center

Group Key Laboratory and Innovation R&D Centers

To provide global patients with more high-quality treatment options, the Group has established a comprehensive and efficient research and development laboratory system, consisting of three core components: macromolecule laboratories, small molecule laboratories, and non-clinical laboratories, covering the entire lifecycle of drug development. From the early development stage of drugs, we lay a solid foundation for the birth of innovative drugs with a rigorous scientific attitude and cutting-edge technological means. In the preclinical research phase, we utilize advanced experimental equipment and a professional research team to comprehensively evaluate key indicators such as the safety and efficacy of drugs, ensuring that every drug entering clinical trials possesses outstanding potential. Once in the clinical trial phase, we strictly follow international standards to sequentially conduct Phase I, II, and III clinical trials, closely monitoring the drug's performance in the human body and continuously optimizing the treatment regimen. Meanwhile, in the field of process validation, we ensure the stability and reproducibility of drug production processes, providing strong support for the large-scale production of drugs.

R&D Team Building

The Group understands that strong innovation capability is the key to achieving long-term development. To this end, the Group actively attracts outstanding talents with strong market competitiveness and an international perspective to enhance the overall strength of the research and development team. The Group regularly evaluates and organizes the R&D team, selectively recruiting outstanding talents to strengthen R&D capabilities, in order to meet the talent needs for promoting technological innovation and product upgrades.

As of the end of the Reporting Period

R&D team of the Group boasted a talent pool of

974 employees

Proportion of talents hold master's and doctoral degrees

71.8%

Proportion of talents bring international experience

10.1%

In 2024, the Group continued to revise the pharmaceutical R&D project reward system, covering various types of rewards and focusing on core personnel. We distribute bonuses based on project commercial value, adjust milestone payments, and balance innovation with development quality. Meanwhile, we emphasize recruiting innovative talents, expanding R&D resources, optimizing the project pipeline, increasing the outward-oriented performance assessment of managers, encouraging R&D personnel to expand external contacts, improving project initiation quality and success rates, and further empowering the Group's R&D efforts.

Collaborative Development

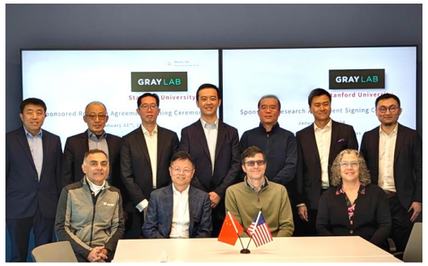
The Group actively collaborates with various sectors of society and is driven by independent R&D and collaborative innovation. We have established strategic partnerships with government organs, industry partners, and research institutions, and continuously explore new cooperation models and innovation mechanisms to jointly promote new drug R&D and the application of innovative technologies. In 2024, we initiated nearly 150 cooperation projects with more than 50 universities and high-level research-oriented medical institutions, and actively participated in the publication of 58 papers, including 25 core papers.

Cooperation Type	Cooperating Universities and Medical Institutions	Project Status
University-enterprise Cooperation	Nanjing Medical University	Guided by clinical and disease needs, with a focus on application, we promote innovation in clinical research and drug development, assist in the independent research and development of Simcere Pharmaceutical, continuously enhance core competitiveness, facilitate the transformation of medical achievements at Nanjing Medical University, and promote the organic connection of the "four chains" of education, talent, industry, and innovation, creating a new situation of deep integration of medical education, research, and production.
	China Pharmaceutical University	Since 2021, the Group has established a joint laboratory for innovative drug discovery in collaboration with China Pharmaceutical University and has set up a full-time master's degree training base. In 2024, the Group's joint laboratory collaborated on 3 projects and applied for 3 patents. The graduate training base is currently collaborating to train 12 professional degree master's students.
Large Academic Expert Conference	Guided by the Department of Science, Education and Health of the National Health Commission and the Hainan Provincial Health Commission, co-hosted by the Hainan Health Development Research Institute, Peking University China Center for Health Development Studies, and the State Key Laboratory of Neurology and Oncology Drug Development, with the Hainan Medical Association and CN-healthcare.com as co-organizers	The Group participated the "Hainan Forum on Health: Technological Innovation Leading Future Health" 2024 Medical Technology Innovation Forum. During the meeting, the Group shared cutting-edge achievements in medical technology, interpreting national medical technology innovation policies and system development, discussing policies for the transformation of medical technology achievements, and drawing on international medical innovation experiences.
	Top experts in the field of neurology from home and abroad	Meeting of the Neuroscience Committee of the State Key Laboratory of Neurology and Oncology Drug Development, the Group jointly discussing research progress in brain cell protection, while conducting in-depth exchanges on the development direction of brain cell protection in the context of Chinese clinical practice.
	Top experts and laboratory researchers in the domestic pharmaceutical field	The Group participated the meeting of the Pharmaceutical Science Committee of the State Key Laboratory of Neurology and Oncology Drug Development: Focusing on building a collaborative innovation ecosystem among industry, academia, and research, and engaging in heated discussions on the development of life sciences.
	Experts from the State Key Laboratory of Neurology and Oncology Drug Development	The Group participated the 2024 Annual Meeting of the Academic Committee of the State Key Laboratory of Neurology and Oncology Drug Development. During the meeting, experts emphasized that the laboratory should strengthen institutional development, increase talent recruitment, expand research and development pipelines, integrate clinical resources, deepen collaboration among industry, academia, and research, and focus on the approval of major innovative drugs to enhance source innovation project initiation and improve conversion efficiency.

Key Industry Collaboration Projects of the Group in 2024

The Group Reached a Research Cooperation Agreement with Stanford University to Develop Innovative Therapies for Parkinson's Patients

In January 2024, the Group reached a cooperative research agreement with Stanford University to jointly promote exploratory research in the field of the nervous system and develop innovative therapies for Parkinson's patients. We fund exploratory research on first-in-class (FIC) new molecules related to Parkinson's disease, and upon success, we authorize the introduction and obtain 100% global rights to the FIC product. Stanford University leverages its expertise in the fields of chemistry and systems biology to research innovative molecules related to the pathogenesis of Parkinson's disease, aiming to provide differentiated and more effective approaches and methods for the treatment of Parkinson's patients. This collaboration reflects the exploratory spirit and shared mission of the joint research teams from both countries in tackling this medical challenge, with the goal of providing differentiated and more effective approaches and methods for the treatment of Parkinson's patients.



Signing Ceremony of the Collaboration between the Group and Stanford University

Intellectual Property

The Group places great importance on intellectual property protection, strictly adhering to the *Patent Law of* the *People's Republic of China,* the *Copyright Law of* the *People's Republic of China,* the *Trademark Law of the People's Republic of China*, and other laws and regulations and has established internal policies such as the *Intellectual Property Management Measures* to continuously standardize the patent application process and clarify the approval processes and models for various patent matters. The Group has established an Intellectual Property Committee, chaired by the chairman, responsible for organizing and leading the Group's intellectual property management work and making decisions on matters related to the Group's intellectual property.

The Group is committed to building a comprehensive intellectual property risk management mechanism to effectively protect various research and technological innovation achievements and enhance the development capacity driven by research and development. We have embedded an intellectual property risk review mechanism into all business segments of the Group's operations, regularly conducting patent risk monitoring and early warning, and collecting patent information intelligence as a reference for the Group's development. The Group has established the position of trademark officer, responsible for regularly monitoring the risks of registered trademarks, closely investigating various intellectual property-related risks, and safeguarding the Group's trademark rights. In addition, the Group entrusts third-party law firms or consulting agencies to conduct risk assessments for key projects using a back-to-back approach, making decisions based on comprehensive risk analysis results from various parties.

Performance	Patent (pieces)	Registered trademark (pieces)	Copyright (projects)
Granted in total	417	1,557	26
Newly applied in 2024	380	70	12
Newly granted in 2024	45	73	12

The Group's IP Applied & Granted in 2024

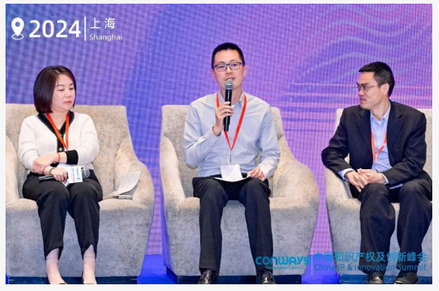
The Group actively conducts training and award-winning knowledge competitions related to intellectual property, regularly updating the knowledge reserves of all employees to enhance the intellectual property protection awareness and application capabilities of the intellectual property team both domestically and internationally. In addition, we actively participate in various conferences related to intellectual property protection and research and development, committed to promoting the consensus on intellectual property protection in the pharmaceutical industry. In 2024, the Group attended 9 intellectual property-related events, working diligently to advance the promotion of consensus on intellectual property protection.

Recent Developments and Classic Case Training in US Patent Law

In 2024, the Group invited US lawyers multiple times for case analysis sharing and discussions, providing knowledge on overseas intellectual property protection and utilization for the intellectual property team, ensuring that the intellectual property layout and protection strategies in the global market can effectively respond to the increasingly complex international legal environment.

In addition, the Group enhanced its connections with international legal experts through training activities, establishing cooperative relationships. This not only helps the Group to quickly obtain professional support in the event of future intellectual property disputes but also provides strong intellectual support for the Group's strategic layout in the international intellectual property field.

2024 Highlight Activities Collection



China IP & Innovation Summit (CIPIS)

CIPIS (Shanghai)

The Ninth IP ForeFront Pharma Forum 2024

R&D Ethics

The Group, in full consideration of the ethical aspects and social value of R&D activities, adheres to laws, regulations, and industrial standards, including. the *Provisions for Drug Registration (2020),* the *Good Clinical Practice (2020)*, the *Declaration of Helsinki and the Guidelines for Construction of Ethical Review Committee for Clinical Studies Involving Human Subjects*. We have established internal systems and management processes, including emergency response plans for laboratory testing and laboratory management, to ensure that all experiments and processes in drug development meet national standards and protect the rights and welfare of research subjects and experimental animals.

The Group attaches great importance to product evaluation and tracking management to provide patients with more detailed and instructive drug information, in the clinical study stage, the Group conducts a detailed study on the indications of drugs, files applications before marketing the product, and obtains supplementary approval from the National Medical Products Administration, including the notice of approval for supplementary applications of adverse reactions, clinical trials, pharmacology, and toxicology, etc., to ensure that the process complies with laws and ethical norms.

Animal Welfare

Ensuring the welfare of experimental animals is a fundamental principle for conducting innovative drug research and development. The Group pays great attention to animal welfare, strictly implementing the 3Rs principle for experimental animals while ensuring the five major welfare aspects[1] for experimental animals. We strictly follow the *Guidelines for the Management and Use of Laboratory Animals,* the *Animal Welfare Assessment System (AWAS),* the *Regulations for the Administration of Affairs Concerning Laboratory Animals,* and relevant requirements and regulations of the Office of Jiangsu Laboratory Animal Management Committee, continuously improving the welfare standards for experimental animals to ensure the rationality, scientificity, and professionalism of animal experiments, as well as the compliance of related experimental work. Since July 2023, the Group's experimental animal center has once again passed the certification of the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC), with the quality of experimental animals and the management level of the 3,600 m^2 animal facility consistently at the international leading level.

[1] The Five Freedoms of Laboratory Animals: the freedom from thirst and hunger, the freedom from discomfort, the freedom from pain, injury and disease, the freedom from fear and distress, and the freedom to express normal behavior.

Product Responsibility

The Group places a high value on the research and development of innovative products, continuously deepening the layout of the entire industry chain and focusing on investment in drug research and development across various fields. To further improve the accessibility and affordability of innovative drugs, we adhere to fair pricing principles, accelerate the launch of new products, and provide high-quality, convenient, and economical drug services to more patients.

Innovation Results

The Group focuses on adopting innovative pharmaceutical technologies to promote the innovation process in drug research and development. We continuously strengthen the ability to translate scientific research achievements, committed to ensuring that innovative products can efficiently transition from the laboratory to the market and achieve significant accomplishments in multiple key areas. As of the end of the Reporting Period, we have 8 globally innovative drugs, and 14 products have been included in over 100 guidelines and protocols issued by government agencies or authoritative academic societies.

Global Innovative Drug Name	Drug Introduction
Xiannuoxin®	It is the first Chinese 3CL targeted ant-SARS-CoV-2 innovative new drug with independent intellectual property rights, working by inhibiting the 3CL protease, which is essential for the replication of coronaviruses, thus preventing the virus from infecting normal cells and spreading.
Sanbexin®	It is the only innovative drug for stroke approved worldwide since 2015 and significantly reduces brain neuron damage caused by acute ischemic stroke.
Iremod®	It is the world's first Iguratimod preparation and the first small molecule disease-modifying anti-rheumatic drug developed independently in China and launched to the market in the last decade.
Endostar®	It is the world's first recombinant human endostatin and the first biological innovative drug approved in China for first-line treatment of non-small cell lung cancer.
Cosela®	It is the world's first "chemotherapy guardian" with a full-range bone marrow protection effect, and when administered prophylactically before chemotherapy, can induce bone marrow hematopoietic stem/progenitor cells to temporarily arrest at the G1 phase of the cell cycle and reduce damage exposed to chemotherapy.
Enweida®	It is the world's first subcutaneously injectable PD-(L)1 antibody drug and China's first immune therapy medication approved for pan-cancer indications.
Enlituo®	It is the first domestically produced EGFR monoclonal antibody, with no black box warning in the prescribing information and a low incidence of infusion reactions.
Sanbexin®: Edaravone and Dexborneol Sublingual Tablets	It is the first drug in the stroke field to receive the "Breakthrough Therapy" designation from the U.S. Food and Drug Administration (FDA), significantly reducing brain cell damage caused by acute ischemic stroke. Sublingual rapid disintegration avoids the first-pass effect, sequentially administered with injection, providing full protection for patients with acute ischemic stroke.

The Group's Global Innovative Drugs

Development and Approval of Sanbexin® Sublingual Tablets

In August 2024, Sanbexin® sublingual tablets received the "Breakthrough Therapy" designation from the U.S. FDA, becoming the first innovative drug to receive this designation in the global stroke treatment field and in China's neuroscience field. Approved for market launch by the National Medical Products Administration of China in December 2024 (National Drug Approval No.: H20240041), indicated for improving neurological symptoms and functional impairments in patients with Acute Ischemic Stroke (AIS).

Sanbexin® sublingual tablets are an important achievement of the National Key Laboratory for the Research and Development of Neurology and Oncology Drugs. This medication is a dual-target neuroprotective agent containing two active ingredients, Edaravone and Dexborneol, which reduce brain cell damage caused by acute ischemic stroke (AIS) through synergistic antioxidant and anti-inflammatory effects. Xianbixin® sublingual tablets can significantly reduce brain cell damage caused by acute ischemic stroke. Its convenient administration method can be extended to pre-hospital emergency care, subacute phase, and chronic phase management, promoting neurological recovery, improving patient prognosis, enhancing treatment accessibility, and helping to lower the risk of stroke-related disabilities and medical burdens.

Inclusive Medical Care

The Group always places patient health at the core of our focus, guided by market demand, based on clinical trials, and aiming to improve the efficiency of market entry, actively promoting the inclusion of drugs in the medical insurance catalog. Meanwhile, we have launched multiple initiatives such as a drug donation program and digital marketing transformation to comprehensively enhance the accessibility of medications, committed to making innovative drugs benefit patients in various regions earlier, and providing patients with a more convenient, efficient, and high-quality medical service experience.

NRDL

The Group continues to enhance the accessibility and affordability of medications, promoting transparency and fairness in drug pricing mechanisms, and ensuring that medical and health services benefit the public. As of the end of the Reporting Period, the Group had over 45 products included in the NRDL. We offer more patients the hope of recovery in a more affordable and quality manner through various accessible channels.

In adherence to relevant policy documents such as the *National Pilot Program for Centralized Drug Procurement*, the Group is committed to reducing the financial burden of medical expenses on patients, ensuring that our products serve patients at reasonable prices and high quality. We actively participate in the national drug centralized procurement work to contribute to the protection of people's livelihoods. As of the end of the Reporting Period, 34 of our products had been included in the national drug centralized procurement list.

As of the end of the Reporting Period

over **45 products**

included in the NRDL

around **34 products**

included in the national drug centralized procurement list

Cosela® Was Formally Included in the NRDL

In November 2024, Cosela®, a breakthrough innovative drug in the field of bone marrow suppression protection, was officially included in the *NRDL(2024)* at the price of RMB 466 per box/treatment course, with a reduction of approximately 92%. Since Cosela was approved for marketing by the National Medical Products Administration in July 2022, it has been committed to providing comprehensive bone marrow protection for patients. As the world's first first-in-class innovative drug that is administered before chemotherapy and has a full-lineage bone marrow protective effect, Cosela® is suitable for patients with extensive-stage small cell lung cancer who have not previously received systemic chemotherapy and can effectively reduce the incidence of chemotherapy-induced bone marrow suppression. In addition, Cosela has also received the FDA's designation as a "Breakthrough Therapy" and is hailed as a 'chemotherapy bulletproof vest' for patients with small cell lung cancer and other tumors.

Enlituo® Was Formally Included in the NRDL

In November 2024, Enlituo®, the first domestically produced anti-EGFR monoclonal antibody drug in the field of colorectal cancer, was officially included in the NRDL(2024), and its price was significantly reduced by about 61%, providing more reliable treatment options for patients.

Benefiting Overseas Patients

The Group actively expands into international markets such as the USA, Europe, Japan, and Southeast Asia, formulating targeted expansion strategies for each region, accelerating product research and development and market launch processes globally, and promoting the Group's international layout. In 2024, the Group invited several renowned stroke experts who have published multiple papers in international peer-reviewed journals to attend the international stroke expert conference, strengthening the exchange of knowledge and experience between stroke experts in China and Southeast Asia in the fields of disease and stroke management, laying a solid foundation for potential future research collaborations and product promotion, and positively contributing to the development of the Group's international business in stroke treatment.

Digital Marketing

The Group adheres to the principle of "customer first", continuously enhancing its comprehensive digital marketing capabilities around the goals of "channel coverage", "innovative communication", and "second curve". We actively explore new paths in digital marketing, aligning with the trends of internet development, and leveraging advanced technologies such as artificial intelligence and big data to enable more patients to receive efficient and rapid treatment. We have carefully created comprehensive patient education and popular science content across all platforms for products like Xiannuoxin® and Iremod®, enhancing patient medication adherence and continuously improving patient satisfaction rates.

Digital Marketing Helps to Increase Patient Medication Accessibility for Xiannuoxin®

In 2024, the Group's digital marketing department continued to optimize the digital marketing chain for Xiannuoxin®. In response to the immediate demand for purchasing medication, the digital marketing department quickly established a presence on O2O platforms such as Meituan, JD Instant Delivery, and Dingdangkuaiyao, connecting over ten chain pharmacies within a month, greatly enhancing the convenience of online medication purchases for patients, and helping Simcere Pharmaceutical become the first Corporation in the industry to establish an O2O sales chain for oral small molecule anti-COVID drugs. Meanwhile, addressing issues faced by patients in online medication purchases, such as complicated consultation processes and unclear purchasing entry points, the digital marketing department of Simcere Pharmaceutical collaborated with the Alibaba platform to promote the inclusion of Xiannuoxin® in Alibaba's self-operated pharmacy, allowing patients to find the purchase link on the homepage by simply searching for Xiannuoxin, thus simplifying the purchasing process. In addition, Sinopharm has collaborated with an internet platform for a respiratory joint testing project to ensure that COVID-19-positive patients can access Xiannuoxin® as soon as possible, benefiting early and reducing the virus's impact on the immune system.

Rheumatoid Arthritis Scientific Popularization Patient Education Project

In 2024, the Group, in collaboration with the Beijing Bethune Charitable Foundation, launched the "Rheumatoid Arthritis Scientific Popularization Program" to address the trend of younger and more frequent rheumatoid diseases and the issue of insufficient medication adherence among patients. We designed engaging questions and invited doctors from top-tier hospitals to provide answers. As of the end of the Reporting Period, 6 doctors have participated. In the future, we combine online and offline resources to digitally promote educational content, enhancing social awareness of rheumatoid diseases. Meanwhile, the Group follows up with patients who purchase Iremod products, collaborating with doctors and pharmacists from Internet hospitals to establish WeChat communication groups for interactive Q&A and doctor lectures, improving patients' medication adherence and disease awareness, reflecting the Company's social responsibility.

03

Putting Patients Foremost

Quality underpins the business of a pharmaceutical enterprise. The Group places great importance on product responsibility, providing patients with safe medicines and services to the highest standards. We have established a quality system that covers the entire value chain and product lifecycle, adhered to responsible marketing, actively listened to customer feedback, and built long-term stable trust relationships.

As of the end of the Reporting Period,

The Group conducted comprehensive internal audits

42 times

Average training duration of responsible marketing

23 hours

Proportion of employees received quality training

100%

Information security training assessment passing rate

100%

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Quality Control

Upholding the quality policy of "the Best Products, the Pursuit of Excellence", the Group puts a tight rein on quality. We have established a comprehensive quality management system that encompasses a quality monitoring system covering the entire lifecycle of drug clinical research and development, production, operation, market launch, and post-marketing supervision, with risk management integrated throughout to ensure product quality is safe and controllable.

Quality System

The Group strictly complies with laws and regulations such as the *Product Quality Law of the People's Republic of China* and the *Drug Administration Law of the People's Republic of China* and has formulated internal documents such as *Tracking for Revision of Current Regulations, Standards and Guidelines* to continuously track laws, regulations, and guidelines related to the entire lifecycle of production quality, and formulate management system documents covering various modules.

The Group has built a comprehensive quality management system. In 2024, all running production facilities have passed Chinese GMP compliance inspection or complied with GMP requirements. Simcere Pharmaceutical and Hainan Simcere have passed the ISO 9001:2015 quality management system certification, Simcere Pharmaceutical has achieved zero defects in the re-examination by the US FDA and the audit by the Philippines FDA, and Jiangsu Simcere Biologics has passed the due diligence investigation by MNC clients.

The Group has established the *SOP for Self-inspection* to conduct internal audits and self-inspections covering the entire scope of production quality management, with corrective measures proposed for identified defects and regular follow-ups. In 2024, the Group conducted 42 internal audits according to the self-inspection plan and carried out a comprehensive GMP self-inspection. In addition, in 2024, the Group has accepted more than 50 audits and inspections from the Center for Food and Drug Inspection of NMPA, including GMP compliance checks, customer audits, and third-party audits, with all of them qualified and passed.

In 2024

Conducted comprehensive internal audits	Accepted external audits and inspections more than
42 times	**50** times

Quality Monitoring

The Group has established a quality management plan that covers the entire product lifecycle and integrates risk management throughout the process to assess, control, and review product quality risks. Meanwhile, the Group has established a comprehensive quality testing and monitoring system to ensure product quality stability and patient medication safety.

Quality Risk Management

The Group has formulated the *Quality Risk Management System* and the *Post-marketing Risks Management Plan (RMP)* to standardize the quality risk management process, evaluating quality from the dimensions of drug research and development, production, operation and transportation, and pharmacovigilance. The Group has established a quality leadership team and a risk assessment management team, using risk management tools to assess, control, and address identified risks, creating a risk assessment summary table that is reviewed and reported regularly to prevent quality incidents.

Drug R&D	• Develop the *Quality Risk Management Procedure* to ensure compliance during the preclinical and clinical trial phases of drug development; • Continuously revise quality risk-related systems to ensure that the clinical trial process for drugs is standardized and that results and data are authentic and reliable, thereby reducing research and development quality risks.
Drug Manufacturing	• Establish a comprehensive monitoring and evaluation system for drug production, inspecting the quality of raw and auxiliary materials as well as the operational conditions of factories, facilities, equipment, and systems according to product production requirements; • Add multiple evaluation and control points based on the *Production in Shared Facilities Management Procedure* to reduce the risks associated with the co-line production of products.
Distribution and Transportation	• Enhance inspections and implement measures such as fire valve point indication and emergency response training to prevent equipment failures from affecting stored drugs; • Continue to conduct audits of carrier licenses to reduce cold chain transportation risks.
Pharmacovigilance (PV)	• Revise documents such as the *Post-Marketing Safety Monitoring and Signal Management Operating Procedures* and conduct quality risk assessments by the Group's drug safety management team and other organizations, employing methods such as real-time monitoring of safety information and trend analysis to mitigate risks.

Full-process Quality Risk Management Measures of the Group

R&D Quality

The Group complies with the requirements of laws and regulations such as the *Good Clinical Practice* and has newly formulated and revised 67 SOP documents and procedural processes, continuously improving the quality management system for research and development to ensure that the trial process is standardized and that data and results are scientifically reliable. We regularly audit the laboratory to ensure that the management of instruments, reagents, reference materials, and other materials is conducted in accordance with institutional requirements.

Manufacturing Quality

The Group strictly controls the quality of pharmaceutical raw materials, formulates the *Material Testing Strategy Management Process*, establishes clear quality inspection standards for suppliers' raw and auxiliary materials, packaging materials, and key consumables, and strengthens supplier audit work, which includes auditing personnel, facilities, equipment, quality assurance and control, material management, validation management, and production management. Meanwhile, the Group conducts supplier material reviews to evaluate the quality management situation of its suppliers.

The Group attaches great importance to manufacturing quality management and has developed systems and SOPs covering each module in line with laws and regulations such as the *Good Manufacturing Practice* and the *Marketing Authorization Holder (MAH) System*. We have formulated a *Quality Handbook* and required all employees of the Group to adhere to the provisions to ensure the production of safe and effective drugs with controllable quality. The employee performance is assessed based on the *Quality Handbook*, with 100% coverage.

We have set clear quality-related objectives in the *Quality Handbook*, namely:

- **Ex-factory passing rate100%**
- **Timely handling rate of deviation controls 100%**
- **Completion rate of verification plans 100%**
- **to strengthen internal quality awareness**

The Group values quality testing and regularly conducts preventive testing for potential quality or safety issues. The Group has established a quality control system, with laboratories equipped with comprehensive testing instruments, conducting inspections based on quality standards. The inspection varieties cover all products of the Group, including testing of raw and auxiliary materials, packaging materials, intermediate products, and formulations, ensuring that materials and products at all stages of the production process meet quality standards and that planning and execution comply with regulations. In addition, the Group conducts inspections of entrusted pharmaceutical production in accordance with drug registration requirements to fully grasp product quality.

Distribution and Transportation

The Group strictly adheres to the *Good Supply Practice for Drugs*. In 2024, we updated documents such as the *Drug Sales Management System* and the *Drug Quality Review System*, implemented strict quality control, and the quality department published quarterly management status. The Group emphasizes proper storage and safe transportation of products, establishing regulations for warehouse fire safety, equipment maintenance, and other aspects.

The Group has established the *Carrier Management System* and signed quality assurance agreements with carriers. For products with special storage requirements, we utilize refrigerated and cold chain transportation and set up an automatic monitoring system to monitor temperature data in real time. In 2024, the Group underwent 2 GSP compliance inspections by the drug regulatory authority and made corrections based on the inspection feedback. We regularly conduct on-site audits of carriers to ensure that all carriers are audited every three years. In 2024, we conducted on-site audits of 5 carriers, all of which passed, enhancing the quality assurance of finished pharmaceuticals.

Pharmacovigilance

The Group has established a comprehensive drug safety monitoring quality system and process, deploying drug safety management throughout the entire lifecycle. The Group strictly follows laws and regulations such as the *Provisions for Adverse Drug Reaction Reporting and Monitoring* and the *Good Pharmacovigilance Practice*, updating internal documents like the *Drug Safety Monitoring Quality Management System* and the *Drug Safety Committee Management System*, thereby improving drug safety monitoring management throughout the entire lifecycle of pharmaceuticals within the Group. The Group has established the Drug Safety Committee, which holds committee meetings to deploy key tasks and improve the drug vigilance management process.

The Group carries out comprehensive drug vigilance work throughout the entire process from "clinical trials - approval for marketing - post-marketing". During clinical trials, we conduct dynamic safety assessments to continuously control risks as early as possible based on safety information. For all drugs with approved marketing licenses, the Group promptly identifies drug safety information to comply with legal and regulatory requirements. For post-marketing safety monitoring, we collect adverse drug reaction reports through various channels to conduct signal monitoring, continuously ensuring the safety of patient medication.

Reporting by Patients

The Group continuously improves the methods for collecting suspected adverse drug reaction information and conducts safety signal detection. Employees and the public can report drug safety information through the Company's 24-hour drug vigilance online mini-program, the public email for PV, and the "Adverse Drug Reaction Information Report" link on the official website, enhancing the convenience of reporting and further increasing the quantity and proportion of self-collected reports.

PV Safety Database

During the Reporting Period, the Group upgraded and integrated the PV Argus safety database, enhancing the safety risk assessment and risk control throughout the entire lifecycle from drug research and development, production, and distribution to usage and regulation, enabling one-click generation, submission, and tracking of adverse event reports, providing more advantages and conveniences for the Group's international development.

XIANNUOXIN® ADR Report Mini-Program

As the first oral antiviral drug for COVID-19 in China to receive regular approval, the Group has launched the XIANNUOXIN® public ADR report mini-program, allowing the public to independently query drug-drug interactions (DDI) between concomitant medications and Xianuoxin through the mini-program, thereby ensuring medication safety.

XIANNUOXIN® ADR Report Mini-Program DDI Query

The Group Continues to Conduct Post-marketing Safety Monitoring

The Group emphasizes the importance of pharmacovigilance awareness, and continuously conducts internal audits and accepts relevant inspections and audits. During the Reporting Period, the Group conducted an internal audit of pharmacovigilance, comprehensively reviewing the integrity, compliance, and effectiveness of the Group's pharmacovigilance. In addition, the Group regularly undergoes special inspections and audits by regulatory agencies regarding pharmacovigilance, covering the pharmacovigilance system, monitoring and reporting, quality management, and documentation, with no significant deficiencies found in the inspection results.

The Group actively conducts pharmacovigilance training. During the Reporting Period, the Group organized pharmacovigilance awareness training for all employees with the theme "Responsibilities for Reporting Drug Safety Information", achieving a coverage rate of 98.25%. For dedicated pharmacovigilance personnel and staff from relevant departments supporting pharmacovigilance activities, we continuously conduct training courses that include legal and regulatory interpretations, sharing of best practices, and practical process explanations, deeply studying and discussing pharmacovigilance knowledge to enhance the Group's quality management capabilities.

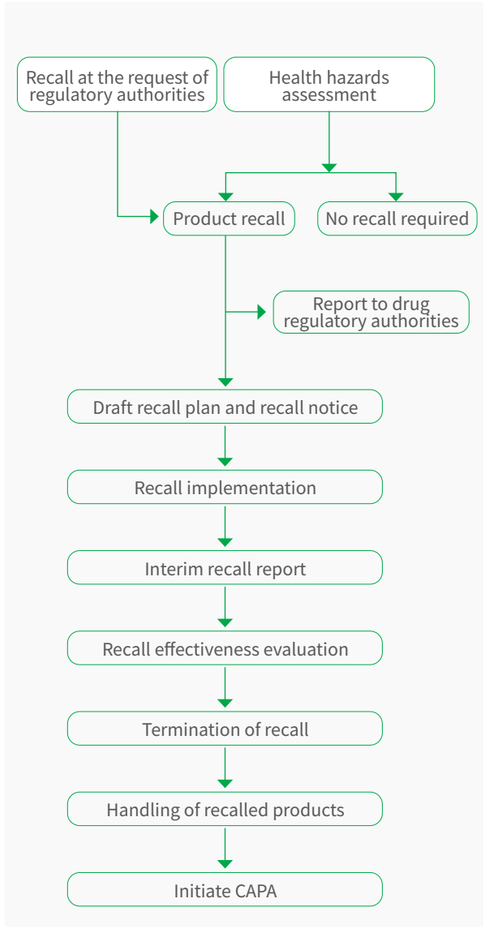
Practical Training for Pharmacovigilance Empowerment

Product Recall

The Group strictly abides by the *Drug Administration Law of the People's Republic of China* and the *Provisions for Drug Recall* and has developed the *Management Procedure for Drug Recall* to define the duties of relevant personnel and the recall procedure, and ensure that the drugs are traceable and recall events are handled promptly. During the Reporting Period, the Group had no product recalls due to quality.

> To ensure the traceability of products throughout the entire process, all products of the Group use the "Drug Code Trace" traceability code. Both internal personnel and consumers can scan the drug traceability code or log into the Code for Assurance system to verify the authenticity of the product.

In order to ensure the effectiveness of the Group's product recall process and the ability to handle emergencies, we regularly conduct simulated product recall drills, meticulously recording the details and content of the drills, and testing the effectiveness and feasibility of the Group's contingency plans through a series of simulated processes such as notifications, records, and customer receipts. During the Reporting Period, the Group conducted 4 simulated product recall drills involving various drugs, thoroughly testing the Group's ability to respond to emergencies.



Product Recall Process

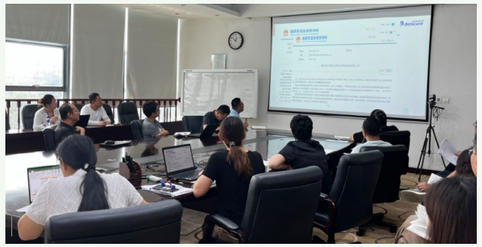
Quality Culture

The Group places great importance on building a quality-centered culture, actively conducting diverse quality training and activities to enhance the quality awareness of all employees. Each year, the Group provides all employees with interpretations of quality-related laws and regulations, as well as training and assessments on quality-related knowledge, ensuring that everyone deeply learns and internalizes quality awareness, with a training coverage rate of 100%. The Group offers training courses for new employees, quality assurance personnel, and operational staff, covering topics such as the R&D system, various modules of GMP, and the operation and use of pharmaceuticals, to improve the Group's quality management level.

The Group encourages employees to participate in various external training programs, such as online training organized by regulatory authorities and pharmaceutical industry associations. We regularly track the training plans conducted by the National Medical Products Administration and periodically send employees to attend offline courses. In addition, we actively promote the concept of quality culture by organizing activities such as the "Quality Month" knowledge competition and quality inspection capability contests, creating a positive and uplifting quality culture atmosphere.

- The Group conduct onboarding quality training for new employees, covering pharmacovigilance-related knowledge and data integrity requirements. The evaluation combines theoretical and practical assessments, and employees can only begin operations after passing the assessment.

- The Group has signed training agreements with external organizations to promptly arrange online training courses for various departments. Additionally, employees actively participate in online training programs organized by the NMPA CDE e-Classroom, drug regulatory authorities, and pharmaceutical industry associations.



- During "Quality Month", the Group enhances employees' quality awareness through engaging activities such as knowledge competitions.

Simcere Pharmaceutical

2024 National Pharmaceutical Industry QC Group Presentation and Exchange Conference:

1	1	1
National First Prize	Best Presentation Award	National Excellence Award

2024 Nanjing Pharmaceutical Industry QC Group Presentation and Exchange Conference:

5	2
Nanjing Excellence Awards	Written Presentation Achievements

2023 and 2024 Excellent Management Unit by Nanjing Quality Association for Pharmaceuticals

Hainan Simcere

"Union Cup" High-Tech Zone Pharmaceutical Industry Labor Skills Competition

First Prize in the "Quality Strengthens Enterprises" Knowledge Competition

Jiangsu Simcere

2024 Organizing Award in the "Quality Month" Quality Management Knowledge Competition

Outstanding Achievements in the National Pharmaceutical Industry QC Group Activities

The Group's Quality-Related Highlight Awards in 2024

Awards from the National Pharmaceutical Industry QC Group Presentation and Exchange Conference

Service Assurance

The Group adheres to the patient-foremost philosophy, building a bridge of trust with customers, practicing responsible marketing, actively listening to customer feedback, emphasizing privacy protection, and providing a high-quality service experience.

Responsible Marketing

The Group strictly abides by the *Drug Administration Law of the People's Republic of China*, the *Advertising 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 *Measures for the Administration of Medical Advertising* and other relevant laws, regulations and industrial standards, formulates internal systems such as the *Management System of Sales Personnel and Sales Behavior*. Based on the principle of integrity and compliance, we ensure the legality of all marketing activities and the accuracy of information dissemination. For any potential exaggerated and excessive publicity, we carry out immediate investigation and verification and adopt corresponding corrective and preventive measures or hold them accountable in accordance with laws. During the Reporting Period, the Group had no violations related to product labeling and marketing.

The Group has established a comprehensive marketing compliance management system, focusing on five key dimensions, including "false expense", "false sales", "cash rebate", "employee engaging in the part-time job" and "compliance training", to formulate red line behaviors for marketing management, ensuring the delivery of effective and truthful product information to customers. In 2024, the Group increased the assessment of the values of all marketing personnel, and the assessment results served as an important basis for employee promotions and rewards or penalties. If an employee violates the responsible marketing regulations, the Group takes appropriate action based on the severity of the situation, up to and including termination of the employment contract.

Marketing Training and Inspection

To enhance employees' awareness of responsible marketing and help them fully understand the compliance requirements related to promotion, advertising, and advocacy, the Group has conducted comprehensive responsible marketing training, covering the neuroscience division, autoimmunity, integrated division, collaborative innovation division as well as product marketing-related departments, achieving a 100% participation rate. During the Reporting Period, the Group organized a total of 287 marketing training sessions, with 12,606 participants and an average training duration of 23 hours. The content included the latest developments in the pharmaceutical industry, interpretations of the latest regulations and policies, case analysis, and learning, ensuring that all marketing employees possess the relevant awareness and capabilities.

During the Reporting Period

Organized marketing training sessions
287 times

Participation rate of responsible marketing
100%

Number of participants
12,606

Average training duration per employee
23 hours

Responsible Marketing Training for Group Divisions Training of New Hires in the Marketing System

The Group has established a strict monitoring and assessment mechanism for responsible marketing. This includes conducting irregular internal audits, supplier audits, compliance audits of outsourced marketing teams, and annual third-party audits to manage and evaluate the compliance of sales personnel, project execution, outsourced marketing teams, and suppliers. In 2024, the Group optimized the responsible marketing spot inspection mechanism, refined the spot inspection criteria, and continuously improved the marketing environment. In addition, all marketing promotional materials of the Group undergo strict review to ensure that the content meets Group requirements, allowing for continuous operation in a standardized and compliant manner.

Customer Service

The Group places great importance on user needs. We adhere to a patient-first service philosophy, promptly address customer demands, and strive to enhance customer experience and satisfaction.

Customer Communication

The Group consistently enhances customer service quality and formulates such internal procedural documents as the *Customer Service Hotline Handling Procedure* and the *Procedures for Collecting the Reporting of Drug Safety Information*, to constantly improve customer communication mechanisms. The Group customer service team members have all received training in pharmaceutical knowledge, and understand the Group's products and services, and the customer service team collaborates with product managers, medical managers, and PV professionals to ensure that patient inquiries receive the most professional answers promptly. In addition, we regularly organize and categorize customer feedback, promptly relay difficult issues to relevant departments, and establish standard scripts and quick response channels to address customer inquiries as quickly and effectively as possible. In 2024, the Group customer team received a total of 3,818 customer inquiries, with an average response time of 2 minutes and 17 seconds, achieving a 100% response rate.

The Group places great importance on enhancing customer service capabilities and continuously conducts customized training activities for customer service. In 2024, the Group conducted trainings on common customer service Q&A, professional skills for pharmacists, and medication safety and precautions for special populations to improve overall customer service levels.

In 2024

Number of inquiries the customer team received
3,818

Average response time
2 minutes and 17 seconds

Response rate
100%

Customer Complaints

The Group has established documents such as the *Quality Complaint Handling Procedure* and the *User Complaint Handling Management Procedures*, creating diverse customer feedback channels to respond to customer demands promptly. We have set up a 24-hour complaint hotline, and all team members have received professional pharmaceutical knowledge training, familiarizing themselves with the Group's products and services to ensure they can quickly and accurately identify customer issues. Once a complaint is received, we require professionals to conduct timely investigations and provide written reports, offering effective solutions to users. In 2024, we received a total of 120 patient and customer complaints, with a 100% response rate.

In 2024

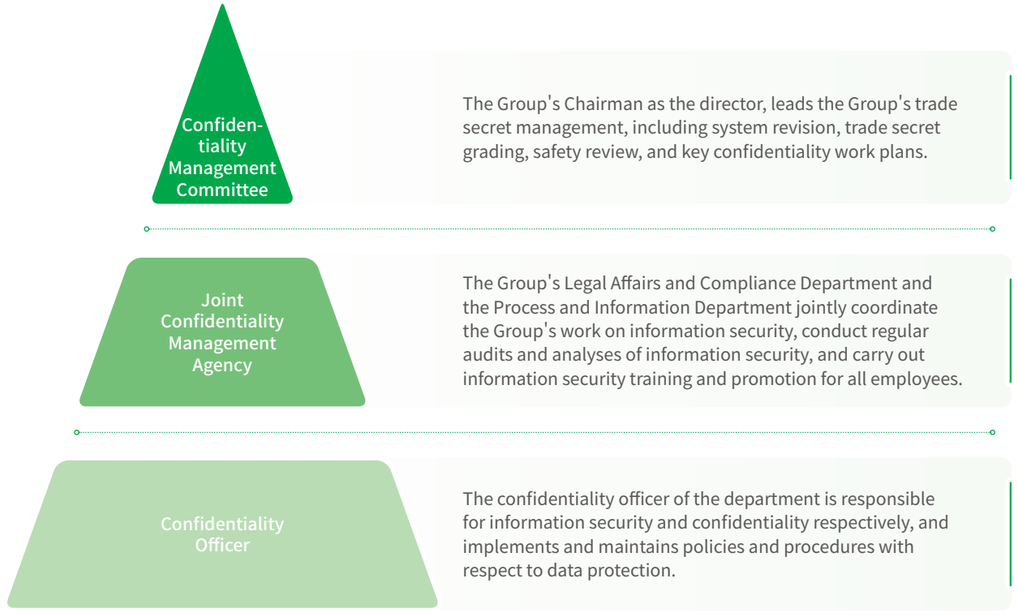
Response rate of patient and customer complaints

100%

Information Security and Privacy Protection

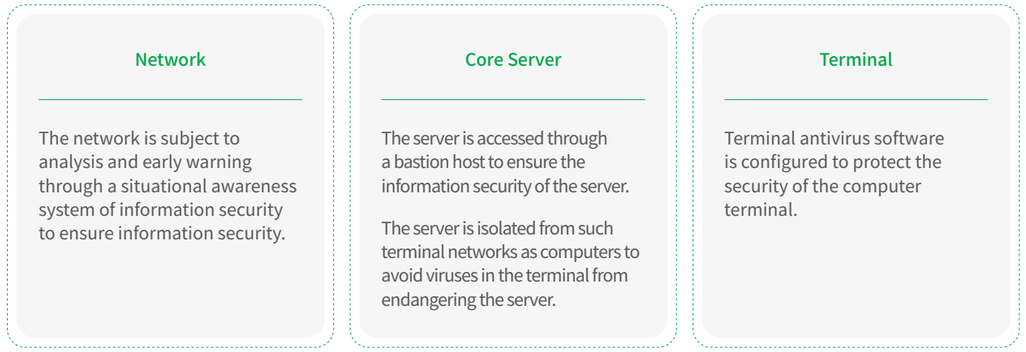
The Group adheres to the bottom line of digital security and privacy protection, strictly complying with laws and regulations such as the *Network Security Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We have formulated the *Group Confidentiality Management System* and other internal systems to define protection responsibilities and requirements as well as personal information protection measures.

The Group has established a three-level management architecture for information security and privacy protection, clearly defining the responsibilities of each level and department. To strengthen the responsibilities of confidentiality management positions, we conduct quarterly evaluations of relevant personnel, with the evaluation results serving as important criteria for performance and promotion.



Management Architecture for Information Security and Privacy Protection

In terms of information security management, we have established a three-level defense system consisting of a network, core server, and terminal to protect the Group's network security and data assets in an all-round way. In 2024, the Group had no information security breach or privacy breach accident.



Three-level Information Security Defense System

To effectively protect customers' privacy, a *Non-disclosure Agreement* is reached between the Group and every employee. Furthermore, security drills and information security trainings are provided to all employees. During the Reporting Period, the Group conducted email phishing drills, covering 100% of group employees, helping employees identify dangerous information and enhancing awareness of information risk prevention. In terms of information training, the Group provides information security training for all employees, covering obligations for privacy protection, case interpretations, etc., and requires employees to participate in assessments, with a 100% passing rate. In addition, for employees in confidential positions, two special information security training sessions were conducted in 2024, covering all relevant position employees.

The Group values information security audits to ensure the effectiveness of information security and privacy protection efforts. In 2024, the Group's Process and Information Department conducted a monthly online information security audit among all employees of the Group based on data in the terminal security management system, covering all employees in the R&D system, with a total workforce of 858 and a monthly audit of about 180,000 entries. Additionally, the Group conducted a review of relevant operating systems and successfully passed in 2024. For suppliers involved with customer privacy information, we require them to have comprehensive information security protection qualifications and measures and to sign confidentiality clauses that clearly outline the requirements for maintaining customer privacy, jointly ensuring the security of customer privacy.

During the Reporting Period

Email phishing drills cover employees of the Group

100%

Information security training assessment passing rate

100%

Information security training sessions for employees in confidential positions

2 times

Online information security audit cover all employees in the R&D system

858 person

Number of entries audited monthly

180,000

04

Creating a Healthy Workplace

The Group always pursues a resonance between its development and the progress of its employees, focusing on their well-being and career development. The Group provides a platform for employees to showcase their talents and unleash their potential, promoting their health and vitality, and creating a diverse, equal, and inclusive workplace environment.

As of the end of the Reporting Period,

The proportion of female employees

51.4%

Scholarship granted more than

RMB 485,500

The proportion of female employees in middle and senior management

43.8%

Average score of employee satisfaction survey

4.51

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Human Capital

The Group is committed to establishing a human resource system that aligns with global development, continuously building a hub that attracts various professional talents, maximizing employee well-being, and ensuring the Group's long-term competitiveness.

Diversity and Equality

The Group strictly adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other applicable laws and regulations, and has formulated internal regulations such as the *Recruitment Management System*, the *Resignation Management System (for Trial implementation)*, the *Employee Handbook (for Trial implementation)* and the *Recruitment Standards and Recruitment Quality Management*, which stipulate that no discrimination based on gender, age, religion, ethnicity, family, or health status shall occur during the recruitment process, prohibiting child labor and forced labor, and ensuring labor rights from multiple dimensions. As of the end of the Reporting Period, neither child nor forced labor employment was found.

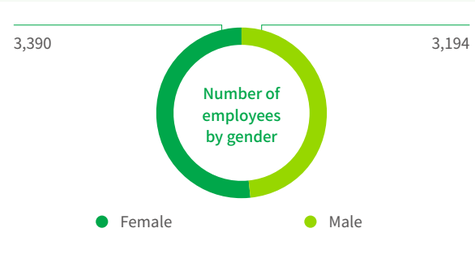
The Group adheres to the principle of "Equal Employment", hiring suitable talents based on diverse factors such as job qualifications, experience, and skills. We commit to not using discriminatory selection criteria unrelated to work, such as geographic location (nationality), race, ethnicity, religion, political party affiliation, custom, appearance, gender, age, disability, and marital status. We have set diversity goals for employees and conduct monitoring and evaluation annually. As of the end of the Reporting Period, the Group's diversification goals have been exceeded, with a total of seven employees with disabilities currently employed.

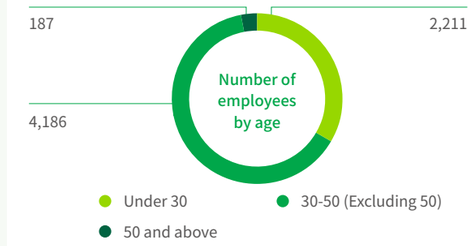
Targets	Completion
The proportion of female employees is not less than **50%**	The proportion of female employees **51.4%**
The proportion of female employees in promoted personnel is not less than **50%**	The proportion of female employees in promoted personnel **54.9%**
The proportion of female employees in middle and senior management is not less than **35%**	The proportion of female employees in middle and senior management **43.8%**

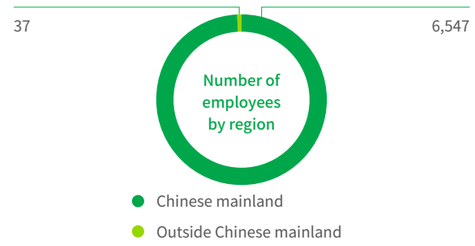
Employee Diversity Targets and Progress

As of the end of the Reporting Period

In 2024







Employee Composition of the Group in 2024

In 2024

Total employee turnover rate

17.96%

Employee turnover rate by gender

Male	18.01%
Female	17.90%

Employee turnover rate by age

Under 30	22.77%
30-50 (Excluding 50)	15.24%
50 and above	16.44%

Employee turnover rate by region

Chinese mainland	17.93%
Outside Chinese mainland	25.58%

Employee Turnover Rate of the Group in 2024

Focusing on Intergenerational Leadership to Promote Employee Diversity

In November 2024, Jiangsu Simcere held an "Intergenerational Leadership" training to promote communication and collaboration among employees. This training focuses on the growth backgrounds and behavioral characteristics of employees from different age groups. Through expert analysis, case studies, and interactive discussions, it helps managers identify the needs and expectations of employees from various age groups, enabling them to adopt personalized management approaches and establish good trust and communication between management and employees, jointly promoting the harmonious development of the Group.

Intergenerational Leadership Training

Talent Attraction

The Group understands the importance of talent and actively attracts outstanding individuals from diverse backgrounds and fields. We are committed to respecting and safeguarding employees' rights, maintaining a fair and transparent recruitment process, supporting employees' career development, providing equitable compensation that matches contributions, and striving to unlock the potential of every employee.

Talent Recruitment

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other laws and regulations. We have established internal systems such as the *Recruitment Standards and Recruitment Quality Management* and the *Talent Evaluation/Inventory Plan and Operational Guidelines* to carry out employee recruitment. Through talent inventory, combined with diverse recruitment channels such as campus recruitment and social recruitment, we can accurately predict the demand for recruitment positions, creating more job opportunities for society while injecting vitality into the Group's long-term development. In 2024, we adopted a model of "prioritizing internal transfers and supplementing with external recruitment" and recruited a total of 1,095 regular employees. There were 495 employees promoted internally.

Recruitment channels		Specific recruitment measures
External recruitment	Campus recruitment	We continue to advance our collaboration with external universities. We facilitate visits from faculty and students, host seminars, and offer customized career planning courses tailored to the characteristics of target universities to enhance students' career competitiveness. In 2024, we established new university-enterprise partnerships with four universities.
	Talent introduction	We encourage employees to actively leverage their personal networks, recommend suitable talent through internal platforms, and have introduced the "Talent Scout Award" to boost enthusiasm for internal referrals.
Internal mobility	Internal mobility	For any job vacancies, we prioritize internal transfers, ensuring a steady pipeline of talent for the Group's mid-to-senior management teams. In 2024, internal referrals accounted for over 30% of external hires, marking a 7% increase from the previous year.

Main Talent Recruitment Channels of the Group

Focusing on University-enterprise Cooperation to Achieve Win-win Collaboration

In 2024, to reserve and cultivate future talent, the Group conducted on-campus recruitment presentations. This event covered a total of 43 key universities nationwide, including Peking University, Tsinghua University, and Fudan University. In each offline presentation event, we engage in in-depth discussions with students who are about to enter the workforce, helping them to develop their career plans. By the end of the event, we reached over 3,000 students in person and collected more than 20,000 resumes.

Fudan University Presentation

China Pharmaceutical University Presentation

Compensation and Performance

The Group continues to improve the compensation incentive system, establishing internal compensation management policies such as the *Annual Salary Adjustment Operation Guidelines* and the *Marketing Bonus Adjustment Operation Guidelines*, as well as performance evaluation systems like the *Timely Reward and Punishment Management Measures (for Trial implementation)*, the *Performance Management System Details - Regarding the 2024 Quarterly Performance Assessment Plan* and the *Operational Guidelines for Performance Evaluation*. The Group's compensation system consists of five components: basic pay, variable bonuses, allowances and subsidies, medium- and long-term incentives, and benefits. Among them, the basic pay is determined by reference to market conditions, cognitive qualification assessment, annual salary adjustment matrix, and other factors, while variable bonuses comprise marketing commission bonuses, performance bonuses, and project bonuses.

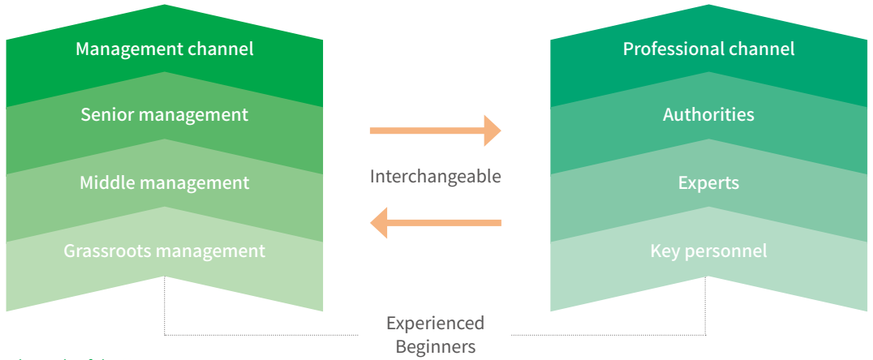
In addition, we have formulated an equity incentive plan for all employees to attract managers at the grassroots level and above in all systems of the Group, key personnel in pharmaceutical systems, core personnel in R&D systems, and outstanding employees in front-line marketing positions. By the end of the Reporting Period, we had granted 67.6321 million shares of restricted stock units to employees.

The Group has established the *Performance Management System* and built a two-way performance evaluation mechanism, implementing flexible and diverse quarterly and annual assessment cycles based on the characteristics of each business system and the job levels of employees. In 2024, we optimized the quarterly performance evaluation plan, adjusting the quarterly performance bonus to a one-time payment to ensure timely feedback. Meanwhile, the Group widely implements a normalized continuous performance communication (Conversation, Feedback, Recognition (CFR)) process, expanding from the marketing system to various departments such as functions, R&D, and pharmaceuticals, using real-time reports to strengthen performance communication management and improve feedback efficiency. In the annual performance evaluation, the CFR process fully covers online employees, and for those who need to improve their performance, we implement a *Commitment of Performance Counseling and Improvement Plan* system to promote both personal growth and team effectiveness.

Employee Promotion

The Group has established a comprehensive promotion mechanism, formulating internal systems such as *the Headquarters Promotion Management Regulations*, the *Management Regulations for Promotion of Hospital-line Cadres in Marketing System* and the *Management Regulations for Promotion of Non-hospital-line Cadres in Marketing System*, and the *Simcere Pharmaceutical Group Succession Management System*, to promote talent mobility and advancement through an open and transparent promotion channel, effectively encouraging employees to actively engage at the grassroots level, enhance their overall capabilities, and broaden their career development paths.

The Group strengthens team building by establishing a reserve cadre pool and prioritizing the selection of internal talent. We implement a talent succession plan, managing it in layers and levels, focusing on cultivating management and technical personnel for key positions, continuously supplying talent to the middle and senior management team, and incorporating the turnover of such employees into the performance evaluation of management personnel. In 2024, the Group identified 1,822 employees with high potential and performance.



Promotion Channels of the Group

In 2024, the Group provided diverse development pathways for employees, emphasizing not only internal promotion mechanisms but also actively advancing succession training programs. Through job rotation and cross-departmental mobility, we broaden employees' career paths, assisting them in achieving personal growth and professional development.

Internal Promotion	• We encourage employees to progress step by step within the job level system, while also creating a green channel for exceptional high-performance and high-potential talents to achieve accelerated promotions, establishing a flexible and efficient internal mobility mechanism that allows for upward and downward movement. • In 2024, there were 495 internal promotions, covering both position and level advancements.
Succession Training	• Through the "Evergreen Career" program, we provide outstanding employees with opportunities to be included in the succession list and career planning. • In 2024, 75% of the changes in the key position list were promoted from the succession pipeline.
Job Rotation/ Cross-Departmental Mobility	• We advocate for managers and high-potential employees with successful business experience or rich practical experience in their fields to participate in job rotation, promoting orderly and positive career mobility, and achieving a zigzag career development path. Meanwhile, we provide various development opportunities such as dual positions and expanded responsibilities to broaden employees' career perspectives and growth space. • In 2024, the Group has a total of over 120 employees who have taken on dual roles or expanded responsibilities.

Talent Mobility and Promotion Channels

Talent Development

The Group has comprehensively upgraded the training management system, establishing the *Simcere E-Course Management System* and the *Lecturer and Course Management System* to standardize the development of online and offline courses and lecturer management. We have also revised the *Group New Employee Management System* and the *Internal and External Staff Training Management System* to clarify the training requirements for new employees and the processes for internal training and external training applications, laying a solid foundation for the Group's continuous learning and talent development.

During the Reporting Period, the Group continued to promote a diversified employee growth mechanism, creating three types of employee development programs tailored to different levels, functions, and formats for all employees, covering various scenarios to meet the continuous learning needs of all staff.

Managers	• Group Senior Executive Training Program: Through external consultant interviews, executive team co-creation, thematic workshops, management consulting, and teaching sharing, we promote alignment of goals within the executive team, support management of group cadres, marketing management, etc., and enhance the combat effectiveness and cohesion of teams guided by core values. • Group Management Optimization Seminar: Through executive mentor guidance, case teaching, external visits, and other methods, management empowerment and leadership enhancement is provided to 35 high-potential backup cadres across the Group's various systems, promoting the optimization of group management.
Middle and grassroots managers and employees	• Based on the business needs of R&D, pharmaceuticals, marketing, and functional systems, as well as employee development needs, targeted talent development, and professional knowledge and skills training programs are designed through centralized face-to-face training, self-study, and external learning.
New hires	• A 4+X training model is adopted, including four days of group public courses and X days of specialized courses, taught by executives and key business personnel focusing on corporate culture, industry awareness, site visits, systems, role transitions, and business understanding.
Interns and outsourced personnel	• With the goal of job competency, training is provided on corporate culture and values, group systems and processes, and essential knowledge and skills for the position, in accordance with regulations and job requirements, to ensure work safety, compliance, and effective execution.

The Group's Training by Employee Type in 2024

A New Cadre Mentorship Program Was Organized to Accelerate the Integration and Growth of New Cadres

In 2024, the Group assigned three mentorship partners for new cadres who have joined within the last 90 days: a business partner, a cultural mentor, and a transition partner. The business partner will be their direct supervisor, helping the new cadre align on business direction and providing work support and feedback. Cultural mentors are outstanding cadres who help understand organizational culture and share work experiences. New role partners are HRBPs who provide support for new cadres in the transition process, assisting with task handling and processes to accelerate their integration and growth.

New Cadre Training

Promoting Equal Training for All Employees

In 2024, Simcere Pharmaceutical conducted eight training sessions on Good Supply Practice (GSP) for outsourced and part-time employees involved in quality management, sales, logistics, and other work. During the training, Simcere Pharmaceutical organized relevant knowledge points and enriched employees' professional knowledge through lectures, questions, and other forms, supporting the growth and development of each employee.

Business line	Training content
Marketing line	• The Group's Medical Skills Enhancement Program is aimed at medical-related personnel, focusing on core medical work scenarios such as medical advancements, clinical research, and information communication. It invites professional lecturers from the medical field to empower participants and support professional marketing to meet patient needs. • The Group conducts training courses for regional marketing managers based on their job responsibilities, covering topics such as team management, market access, data insights, and Amoeba management practices, as well as special lectures on marketing to enhance the management and leadership skills of regional managers. As of the end of the Reporting Period, a total of two sessions have been conducted, covering 60 regional managers. • The Group, in conjunction with the talent pipeline development and business growth of various divisions, conducts training camps and budding classes aimed at middle and grassroots marketing management reserves, as well as various marketing-themed workshops to enhance business development capabilities.

Marketing System Training

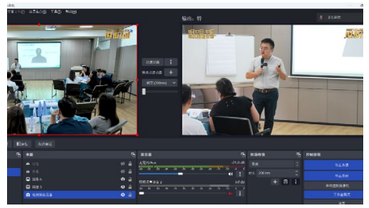
R&D line	• The R&D First-Line Management Development Plan (FMDP) project is a collaborative initiative between the First Sound Academy and R&D managers, aimed at empowering and selecting middle and grassroots R&D managers through a combination of training and practical experience. This project enhances the comprehensive management capabilities of middle and grassroots R&D managers through case studies, scenario simulations, and other methods, helping to achieve high performance. As of the end of the Reporting Period, a total of 42 middle and grassroots R&D managers have participated in the training.
Pharmaceutical line	• The grassroots management improvement class in the pharmaceutical system is a training program aimed at solidifying the management hierarchy in the pharmaceutical system and enhancing the management capabilities of key personnel at the grassroots level. The training content covers topics such as management role recognition, lean manufacturing, performance, and goal management, which broadens the management perspective of the participants and ensures the effectiveness of the training. As of the end of the Reporting Period, a total of six intensive training sessions have been held, covering 75 participants.
Headquarters functional line	• The supply chain and pharmaceutical system management capability enhancement training will be held in January 2024 at the Nanjing campus. The training invites professors from the Business School of Nanjing University to lecture on management recognition, effective decision-making, and communication. A total of 53 management personnel participated in the training through offline classes and online "Air Classrooms", effectively promoting functional and business learning exchanges.

Training for Middle and Grassroots Managers

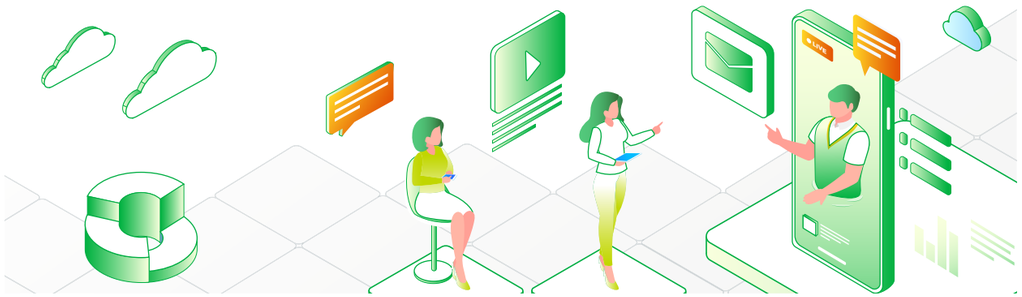
Grassroots Management Improvement Class in the Pharmaceutical System

Management Capability Enhancement Training

The Group's Training by Functional Systems in 2024

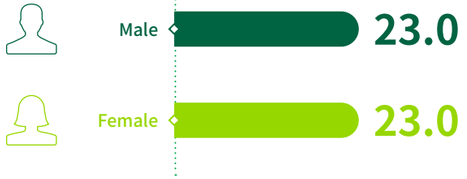
Form	Training content	
Online: Air Classroom and Simcere E-Course	In 2024, Simcere Academy launched the Simcere E-Course platform, allowing students to watch and interact online through the "Air Classroom" format. This includes ten live-streaming programs such as the Group "Expert Lecture Hall", Marketing "KnowChat", R&D "Research Intelligence Exchange", and Pharmaceutical "Manufacturing Wisdom", enhancing the learning experience for employees and expanding the coverage of training. As of the end of the Reporting Period, a total of 188 courses have been launched, with 24,498 participants in live sessions and 44,405 course views.	 Simcere E-Course Platform
Offline	The Marketing Representative and Manager Advancement Training Program combines "offline classroom instruction with simultaneous online live streaming" to provide continuous advancement empowerment for all academic representatives and regional managers in the Group's marketing system. As of the end of the Reporting Period, a total of nine project sessions have been conducted, covering 16 provinces with 43 marketing courses held.	 Offline Classroom for Marketing Representative and Manager Advancement Training Program
Joint school	In 2024, Simcere College collaborated with Shenyang Pharmaceutical University Yeehong Business School to conduct a training program aimed at enhancing drug registration management capabilities. The training covers four major modules and more than ten specialized courses, including international drug registration systems, non-clinical research, clinical development and market strategies, and lifecycle management, strengthening employees' understanding of drug registration regulations and improving the effectiveness of application and clinical development strategy formulation. As of the end of the Reporting Period, a total of 11 external experts and ten internal group lecturers were invited to conduct 4 series of training sessions, covering 120 relevant employees, with a participant satisfaction rating of 94/100.	

The Group's Training by Forms in 2024



In 2024

Average number of training hours of employees by gender/hour



Average number of training hours of employees by rank/hour

Percentage of employees trained by gender

Percentage of employees trained by rank

Employee Training of the Group in 2024

The Group encourages all employees to pursue continuing education, establishing a continuing education scholarship to support employees in further studies and obtaining professional technical qualifications and nationally registered practitioner qualifications, along with providing scholarships. In 2024, various national registered practitioner qualifications, professional technical qualifications, and external training were provided for 204 individuals, including licensed pharmacists, special operations and equipment operation, new drug research and development, clinical trial design and data analysis, production management, quality control, marketing, customer management, and human resource management. As of the end of the Reporting Period, a total of RMB 485,500 was allocated for various scholarships and external training expenses.

Employee Care

The Group is committed to enhancing employee well-being, encouraging active interaction among employees, and using flexible communication channels to gain a deeper understanding of employee needs while providing comprehensive welfare guarantees to enhance employees' sense of happiness and satisfaction.

Employee Communication

The Group encourages employees to interact at all levels and maintain open communication channels. Through communication exchanges, employee hotlines, satisfaction surveys, and complaint reporting, we break down communication barriers, incorporate employee suggestions, and strive to meet employee needs.

Communication channel	Specific content
Communication	• The Group regularly carries out activities such as "Zero Distance with Senior Management", the "Face to Face with Board Chairman" and the "Face to Face with Senior Management" and organizes personnel to engage in face-to-face communication and discussions with employees, allowing management to genuinely understand the difficulties and suggestions of frontline employees. • In 2024, the Group's chairman conducted in-depth research at the frontline through discussions and interviews, directly communicating with local grassroots employees to listen to their voices and opinions. During the Reporting Period, more than 20 such communication activities were conducted, promoting improvements in group management.
Employee hotline	• The Group has set up "Employee Hotlines", including the Service Hotline and the Enterprise WeChat Hotline. Employees' inquiries, complaints, requests for assistance, suggestions and reports can be reported via the Employee Hotlines. Hotline service personnel follow the *Employee Hotline Management Provisions* throughout the process to ensure that all issues are effectively addressed. Those who violate confidentiality principles will be dealt with seriously.
Employee satisfaction	• The Group conducts annual engagement and satisfaction surveys for all employees through anonymous questionnaires, providing important references for sustainable development and management optimization. In the 2024 engagement survey, 6,543 questionnaires were distributed, 6,428 were returned, and 5,400 were valid, with an overall score of 4.51.
Complaint and whistle-blowing	• The Group has an exclusive complaint email address of the CEO and the compliance departments on the official website, as well as a dedicated complaint channel in the office management system. Employees have the right to directly email the chairman, executives, and the party committee to provide feedback on any unfair or other incidents that occur. All feedback and complaints will be handled within one week with an investigation report issued within one month. • The Group has established the *Employee Handbook (for Trial implimentaion)* and other systems to ensure strict confidentiality for all complaints and reports. No organization or individual may retaliate against or discriminate against the whistle-blower or complainant.

The Group's Employee Complaint and Communication Channels

2024 Employee Satisfaction Survey

In December 2024, we conducted a satisfaction survey focusing on four core dimensions: "The SupportlCan Receive", "My Contribution", "My Belonging", and "My Development". We distributed the survey questionnaire to all contract employees and retired rehired staff, deeply exploring their genuine feelings, achieving a response rate of 98.2%. The survey results showed an overall average score of 4.51 out of 5, an increase of 0.14 points compared to the previous year, reflecting employees' high recognition of the corporation's development plans and management measures.

The Group is committed to continuous optimization of systems and evaluation mechanisms, always starting from the employees' perspective and paying meticulous attention to their needs and experiences. To this end, the Group has established dedicated committees and teams responsible for handling matters related to employees' vital interests, ensuring that the decision-making process is transparent and fair. Meanwhile, we are promoting the establishment of complaint and correction mechanisms aimed at providing employees with a fair and respectful working environment.

Employees' Benefits

The Group provides a comprehensive benefits system for all employees, helping them better achieve a balance between work and life, ensuring that all employees can enjoy statutory benefits and other non-monetary benefits, and enhancing their sense of belonging and happiness.

Physical and mental health benefits

Statutory benefits

- Five social insurance and one housing fund (pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund)
- Statutory annual leave

Special benefits

- Analyze key sub-health areas based on employee health check results, adjust health check packages annually, and provide customizable employee health check services
- Traffic accident insurance and accidental injury medical insurance
- Develop employee psychological care and assistance programs, and establish employee mental health consultation rooms
- Provide self-purchased commercial insurance services, allowing employees to enjoy company discounts
- Provide personalized medication genetic testing services for cardiovascular diseases for employees, in conjunction with diagnostic companies in the park

Benefits for female employees

Statutory benefits

- Maternity leave
- Parental leave
- Breastfeeding leave
- Family planning leave
- Paternity leave for male employees
- Childcare leave

Special benefits

- Regular distribution of daily medications to all employees, with additional health supplements for female employees
- Reimbursement for childcare expenses and children's medical expenses within the limit
- International Women's Day activities

Work-place benefits

Special benefits

- Flexible work
- High temperature allowance
- Holiday and birthday benefits
- Provide express delivery services, set up takeout self-pickup cabinets, and snack and beverage self-purchase cabinets
- Provide sports parks, gyms, football fields, basketball courts, tennis courts, climbing walls, table tennis halls, etc., to enrich employees' cultural and sports life
- Provide massage rooms to offer convenience for employees to relieve fatigue
- Provide reimbursement policies for private car fuel, electricity, tolls, and parking fees to enhance work convenience
- Provide a guaranteed hotel accommodation policy to address insufficient travel and accommodation budgets

Employee Benefits System

Focusing on Workplace Management to Support Employees' Physical and Mental Health Development

In September 2024, Simcere Zaiming held a conference themed "Workplace Energy Management: From Stress to Vitality" to help employees learn effective workplace stress management methods, enhance their personal energy levels, and achieve a positive transformation from workplace stress to work vitality, promoting employees' physical and mental health.

HR Roundtable Promotion Poster

The Group encourages employees to participate in various cultural and sports activities to enrich their leisure lives. During the Reporting Period, we organized a variety of activities such as Family Day, Parent-Child Park Day, New Year Goods Festival, Knowledge Competition, and Basketball Competition to enhance organizational cohesion and allow every employee to experience care and warmth.

Goddess Day Beauty Salon

Basketball Competitions

Family Day Activities

Parent-Child Park Activities

Safety Management

The Group understands the importance of the joint development of employee production safety and occupational health safety. Through comprehensive security measures and supervision of safety goals, we create a safe, healthy, comfortable, and warm working environment suitable for every employee.

Production Safety

The Group follows the *Law of the People's Republic of China on Work Safety* and other relevant laws and regulations related to the operating locations. We have established internal system documents such as the *Assessment System for Safe Production Accountability*, the *Management System of Safe Production Targets*, the *Safe Production Reward and Punishment Management System*, the *Contractor Safety Management System*, and the *Occupational Health Management System*. We have also set up an EHS Management Committee to implement safety management for all workplace facilities.

Work safety objective	2024 Objective achievement status	Responsible level linked to performance
Zero fatality and major injury accidents	Achieved	General Manager Deputy General Manager Deputy Director Responsible Persons of Departments
Zero major fire and explosion accidents	Achieved	
Zero major environmental pollution incidents	Achieved	
Zero acute poisoning incidents	Achieved	
Zero incidence of occupational diseases	Achieved	
Zero incidents of mass petitioning	Achieved	
Zero administrative penalties	Achieved	

The Group's Main Work Safety Objectives in 2024

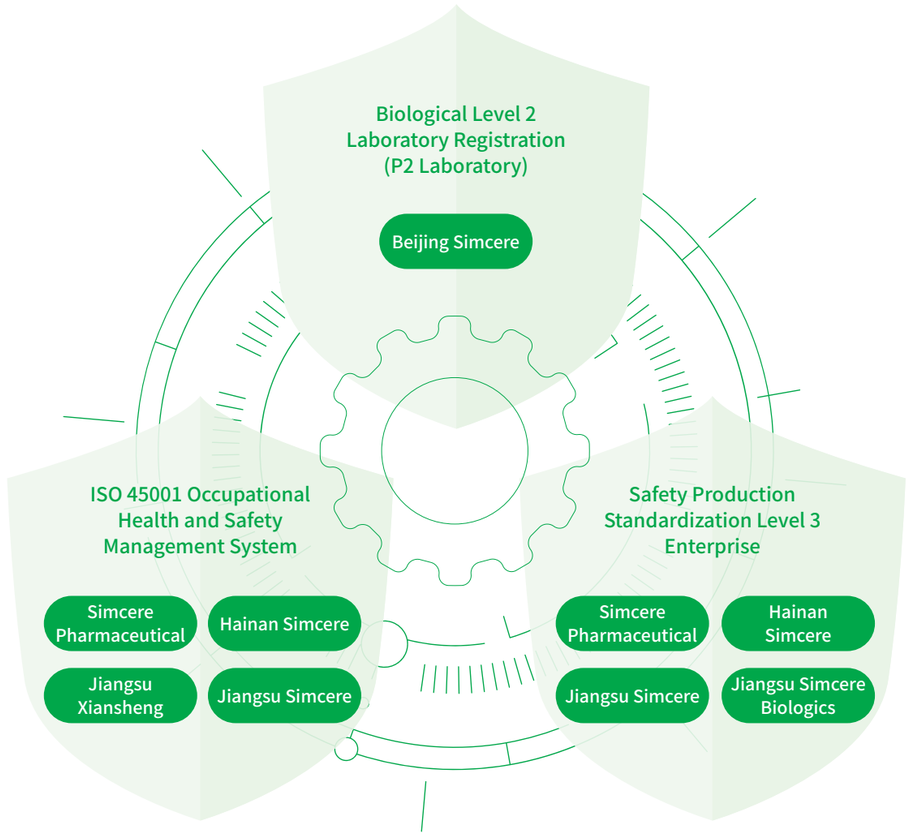
To prevent dangers and harmful factors in production and business activities, the Group identifies and controls safety production risks in the operations. We conduct hazard identification in areas such as safety behavior, environmental factors, and management deficiencies, analyze causes based on the identification results, and develop countermeasures. Meanwhile, we assess the levels of identified safety risks and create a risk matrix to implement graded control.

The Group conducts emergency drills in various fields, including confined space drills, chemical leak emergency drills, and fire emergency drills, to standardize the procedures of each department in handling emergency incidents and enhance employee's awareness of safety precautions.

Special Drill for Asphyxiation Incidents to Strengthen Safe Response Capabilities

In 2024, to effectively prevent and control safety incidents such as poisoning and asphyxiation, the Group conduct special drills for asphyxiation incidents in confined spaces. This drill simulates a scenario where an employee faints due to breathing difficulties while working in the workshop, allowing relevant staff to experience the rescue process firsthand, effectively enhancing employees' ability to respond quickly, execute efficiently, and manage orderly in emergencies.

During the Reporting Period, the Group's pharmaceutical subsidiaries have passed occupational health and safety-related certifications, details of which are set out below:



The Group values the health and safety of contractor employees. The *Contractor Safety Management System* details the specific provisions of the contractor health and safety management policy, outlining the requirements for contractors in areas such as safety qualification pre-assessment, safety management system training and evaluation, construction site management, and project acceptance evaluation. We also sign the *On-site Construction Safety Management Agreement* to supervise the implementation of occupational safety protection measures and clarify the safety responsibilities of contractors.

Occupational Health

The Group implements relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used*. We have developed systems and standards such as the *Work Plan and Implementation Program for the Prevention and Control of Occupational Diseases* and the *Safety Responsibility System for Special Equipment Positions* to achieve targeted safety guidance for occupational health. As of the end of the Reporting Period, the number of working days lost due to industrial injury in the Group was 301 days[2] and no work-related deaths occurred.

The Group's Work-related Fatalities in the Past Three Years

2024	2023	2022
0	0	0

The Group sets work objectives for occupational health and safety performance, driving the continuous improvement of safety management measures to ensure that all safety measures accurately align with the objectives, effectively preventing the occurrence of occupational diseases and work-related injuries.

Work safety objective	2024 Objective achievement status	Responsible level linked to performance
0% occupational disease rate	Achieved	General Manager Deputy General Manager Deputy Director Responsible Persons of Departments
100% certification rate for special operations personnel	Achieved	
100% qualification rate for employee EHS training	Achieved	
100% rate of occupational health check-ups for employees exposed to occupational hazards	Achieved	

The Group's Main Occupational Health and Safety Objectives in 2024

The Group focuses on the physical and mental health of employees, establishing a health enterprise construction team led by the general manager and executed by the deputy general manager. We have developed a plan and implementation scheme for occupational disease prevention and control in 2024 and allocated special funds for health check-ups, health education, health assessments, and the establishment and maintenance of health-related facilities. The Group actively creates a healthy working environment, providing occupational health services for all employees and conducting occupational health training, fully integrating the creation of a healthy enterprise into corporate culture and management philosophy.

[2] The data includes an R&D employee who broke his bone during team-building and had to stop working for 158 days with payment.

Healthy Environment

- Implement pre-evaluation of occupational disease hazards, design of occupational disease protection facilities, and evaluation of the control effects of occupational disease hazards upon completion acceptance;
- Provide labor protection supplies and on-site first aid supplies;
- Entrust a third party to assess the occupational disease hazards of the Group and issue the "Occupational Disease Hazard Status Evaluation Report" to identify safety risks and hidden dangers.

Health Services

- Conduct employee health check-ups at least once a year, covering 100% of employees;
- Provide psychological counseling services for employees;
- Conduct special health check-ups for female employees.

Health Culture

- Carry out diverse health knowledge dissemination and educational activities;
- Organize basketball games, sports meetings, and other enriching health activities.

Occupational Health Management Measures in 2024

Being Awarded the "Ankang Cup" for Outstanding Teams, Demonstrating High-quality Safety Management

In 2024, the Nanjing Municipal Federation of Trade Unions, Emergency Management Bureau, and Health Commission launched the "Ankang Cup" competition themed ‘Identifying and Rectifying Safety Hazards, Promoting Safe and Healthy Development Together', aimed at enhancing employees' awareness of production safety and improving the safety management level of enterprises and institutions. In the competition, the Group was awarded the Nanjing "Ankang Cup" for outstanding teams, reflecting the Group's consistent high-quality safety management level.

Safety Management Training for Hazardous Chemicals

The use of hazardous chemicals directly relates to the personal safety and health of employees. In 2024, the Group conducted training on the definition of hazardous chemicals, usage processes, storage management, emergency response, and regulatory learning, effectively enhancing employees' operational standards and emergency handling capabilities, thereby reducing the likelihood of accidents.

05

Adopting Green and Low-Carbon Practices

The Group deeply recognizes the profound impact of the environment and climate on business activities, implementing the concept of green development throughout the entire operational process, promoting a green operating model, improving production efficiency while reducing resource consumption, actively responding to climate change, and contributing to sustainable development.

The water consumption per 10,000 RMB of revenue in 2024 decreased compared with 2020

30.89%

The purchased electricity usage per RMB 10,000 of revenue decreased compared with 2020

42.89%

The group saved water throughout the year through equipment renovation

4,500 tons

The greenhouse gas emissions per 10,000 RMB of revenue decreased compared with 2020

41.24%

Environmental Management

The Group continuously improves the construction of the environmental management system, committed to reducing the impact of its operations on the environment, enhancing environmental performance, setting sustainable development environmental goals, and achieving harmonious coexistence with the natural environment.

Environmental Management System

The Group strictly complies with the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*, revising and improving internal environmental management systems such as the *Environmental Protection Management System*, the *EHS Management System* the *Environmental Protection Reward and Punishment Management System*, and the *Environmental Protection Position Responsibility System*, integrating environmental management into all aspects of group management to practice green development through concrete actions. In 2024, the Group had no major environmental pollution incidents.

The Group continues to improve the construction of the environmental management system, establishing an EHS Management Committee responsible for the overall planning of environmental management-related work and the formulation of Group EHS management goals. The Group EHS Management Committee has an EHS Office, responsible for the implementation and supervision of environmental management work, composed of various functional departments from the headquarters, the R&D system, and the pharmaceutical system, guiding subsidiaries in environmental protection actions. Meanwhile, each subsidiary of the Group establishes a EHS Management Committee, responsible for setting business-related management goals and promoting the effective execution of environmental management-related work. The Group links environmental protection indicators to the salaries of senior management, continuously improving the efficiency of environmental protection.

The Group regularly conducts internal inspections related to the environment and external environmental audits, strictly monitoring various environmental indicators. During the Reporting Period, the Group headquarters and all factories, including Hainan Simcere, Shandong Simcere, and Jiangsu Simcere Biologics, have successfully obtained ISO 14001 Environmental Management System certification.

Environmental Targets

The Group is comprehensively promoting energy conservation and emission reduction in the operational process. We have developed the five-year environmental protection goals (2020-2025), clarifying emission reduction tasks for each stage, and continuously optimizing environmental management direction.

Goals

Pollutants discharge

- Achieve a 15% reduction in solid waste discharge per RMB ten thousand by 2025, with 2020 as the baseline year
- Limit the annual increase in hazardous waste emissions per RMB ten thousand to no more than 10%

Reducing the use of resources

- Achieve a reduction of no less than 10% in water usage per RMB ten thousand of revenue by 2025, with 2020 as the baseline year
- Achieve a reduction of no less than 10% in purchased electricity usage per RMB ten thousand of revenue by 2025, with 2020 as the baseline year

Implementation

Progress and performance in 2024

- Continue to take pollutant emission reduction measures, and the discharge per RMB ten thousand of revenue of solid waste in 2024 will increase by 36.99% compared with 2020[3]

Resource usage savings target execution status for 2024

- In 2024, the water consumption per RMB ten thousand of revenue will decrease by 30.89% compared with 2020
- In 2024, the purchased electricity usage per RMB ten thousand of revenue will decrease by 42.89% compared with 2020

Environmental Goals and Implementation

[3] In 2024, Simcere Pharmaceutical (Dongyuan)'s business was adjusted, and the amount of pharmaceutical residue generated will increase, resulting in an increase in the total amount of general solid waste discharged.

Green Operation

The Group continuously innovates and improves green operation management, committed to achieving environmentally friendly development in daily operations. We strictly manage waste gas, wastewater, and waste, enhancing operational efficiency and sustainability. To strengthen the atmosphere of green operations, the Group regularly conducts environmental protection training, actively promotes green office practices, advocates for energy conservation and emission reduction, and orderly advances the construction of a green operation system.

Emissions Management

The Group strictly complies with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China,* the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* and other laws and regulations, and improves internal systems such as the *General Waste Management Procedures* and the *Management System for Hazardous Wastes*, reducing pollution at the source, adhering to the principles of "reduction, recycling and safe disposal", and continuously strengthening the control of wastewater, waste gas, and waste.

Waste Gas Management

The Group's atmospheric pollutants mainly include sulfur dioxide (SO_2), nitrogen oxides (NO_x), smoke, and volatile organic compounds (VOCs). The Group has established the *Standard Operating Procedures for Workshop Exhaust Gas Treatment* to regulate exhaust gas emission management, support air pollution prevention and control, and achieve green production. We implement special treatment measures for various gaseous pollutants, collecting them through a fume hood system. The collected exhaust gas is treated through an "alkaline liquid spraying + activated carbon adsorption" exhaust gas treatment system, effectively reducing the emission of gaseous pollutants.

Indicators	Unit	2024	2023	2022
Total exhaust emissions[4]	m^3	1,175,253,457.57	740,549,458.29	566,027,454.98
Exhaust emissions intensity	m^3/RMB 10,000 revenue	1,771.29	1,120.69	895.74
SO_2 emissions[5]	Tonnes	0.18	0.06	0.06
NO_x emissions	Tonnes	1.84	2.30	2.66
Soot emissions[6]	Tonnes	0.04	0.06	0.08
VOCs emissions[7]	Tonnes	3.24	71.08	58.57

Waste Gas Emissions of the Group in 2024

[4] In 2024, two new exhaust gas outlets was added to Simcere Pharmaceutical (Dongyuan)'s plant to be included in the exhaust gas monitoring, so the total exhaust gas emissions will change significantly compared with previous years.

[5] In 2024, Hainan Simcere carry out technological transformation and new projects will be put into operation, and environmental protection facilities will be adjusted accordingly, so sulfur dioxide emissions will change greatly compared with previous years.

[6] In 2024, Hainan Simcere carry out technological transformation and new projects will be put into operation, and environmental protection facilities will be adjusted accordingly, so the amount of soot emissions will change greatly compared with previous years.

[7] In 2024, Hainan Simcere carry out technological transformation and new projects will be put into operation, and environmental protection facilities will be adjusted accordingly, so the emission of volatile organic compounds will change greatly compared with previous years.

Wastewater Management

The wastewater generated by the Group comes from daily production and operational activities, primarily consisting of chemical oxygen demand (COD), suspended solids (SS), and ammonia nitrogen. The Group strictly manages the source control and end treatment of wastewater, conducting full-process monitoring and deep treatment of various types of sewage and wastewater generated during production and operations, ensuring that all types of sewage and wastewater meet discharge standards.

Indicators	Unit	2024	2023	2022
Total wastewater discharge	Tonnes	464,553.74	436,299.00	418,149.48
Wastewater discharge intensity	Tonnes/RMB 10,000 revenue	0.70	0.66	0.66
COD emissions	Tonnes	19.98	20.43	14.60
Suspended solids (SS) emissions	Tonnes	7.25	8.04	6.66
Ammonia nitrogen emissions	Tonnes	0.77	1.81	0.87

Wastewater Discharge of the Group in 2024

Waste Management

The Group's waste consists of general solid waste and hazardous waste. General solid waste generated during industrial production mainly includes all kinds of packaging that are not contaminated with chemical and biological reagents produced during the unpacking of equipment, and raw and auxiliary materials, such as cartons, packaging bags, sealing films, metals, as well as waste equipment, waste lighting materials, etc. Hazardous waste mainly includes medical waste, laboratory waste, etc. The Group standardizes the management of waste to ensure that the storage, transfer, and transportation of solid waste comply with national laws, regulations, and standards, preventing pollution of the environment by solid waste.

For hazardous waste generated during production, research and development, and testing processes, the Group has established strict handling procedures. Professional operators are required to collect and sort hazardous waste according to classification, regularly transferring it to designated storage locations and handing it over to qualified third parties for processing, while accurately recording waste generation logs.

Creating a Zero Waste Factory

The Group is committed to achieving zero waste and zero emissions in the production process by optimizing production processes, improving waste recycling systems, and using environmentally friendly materials, significantly reducing resource consumption and waste generation. We have also established an environmental monitoring system to assess the impact of production on the environment in real time and enhance employee training on environmental protection. In September 2024, we were awarded the title of "Zero Waste Factory" by Nanjing City.

Indicators	Unit	2024	2023	2022
Total amount of general solid waste generated	Tonnes	2,972.19	2,152.18	1,574.04
Total amount of general solid waste density generated per unit of revenue	kg/RMB 10,000 revenue	4.48[8]	3.26	2.49
Total amount of Hazardous waste generated	Tonnes	1,885.34	1,896.69	1,826.24
Total amount of hazardous waste density generated per unit of revenue	kg/RMB 10,000 revenue	2.84	2.87	2.89

Waste Discharge of the Group in 2024

Noise Control

The main source of noise pollution in the Group comes from the noise generated during the operation of equipment in the production workshop. The Group strictly complies with the *Regulations on the Noise Pollution Prevention and Control of the People's Republic of China* and other relevant laws and regulations, installing soundproof panels and barriers around noise sources for physical noise reduction, and regularly monitoring noise levels along the factory boundary to create a good environment for the surrounding community.

Use of Resources

The Group always regards resource management and usage as an important part of sustainable development, actively exploring methods to improve resource efficiency, optimizing resource usage efficiency, and regularly updating water resource usage targets in line with our business characteristics and daily operations to contribute to the construction of a resource-saving and environmentally friendly society.

The Group attaches great importance to water resource management, complies with the *Water Law of the People's Republic of China* and other laws and regulations, and carries out water-saving renovation projects to improve water resource utilization efficiency. The Group's water resource usage includes water for production and domestic use, with sources being municipal water supply and rainwater reuse. The Group encourages employees to use recycled water in their production and daily lives, promoting the reuse of reclaimed water to improve water resource utilization. The Group achieves water resource recycling through equipment renovation, connecting the concentrated water discharge from the purification equipment in the extraction workshop to the exhaust gas treatment system for replenishing the tertiary water spray tower, saving approximately 4,500 tonnes of water annually.

Renovation of Condensate Water Equipment for Water Resource Recycling

In June 2024, Hainan Simcere completed the renovation of the vacuum pump cooling system in the comprehensive and montmorillonite powder workshop. The system originally used tap water as the cooling medium, which was discharged after cooling; after renovation, the condensate water is recycled through a reused water tank for cooling the vacuum pump. After the renovation, it can save RMB 110,000 in water fees annually and conserve 21,000 tonnes of water. Meanwhile, the cooling water for the spray drying blower and exhaust fan has been changed from drinking water to recycled air conditioning cooling water, saving 15 tonnes of water daily, which totals 4,200 tonnes of water saved annually.

Renovation of Hainan Simcere Condensate Water Equipment

[8] In 2024, Simcere Pharmaceutical (Dongyuan)'s business was adjusted, and the amount of pharmaceutical residue generated will increase, so the total amount of general solid waste discharge will change significantly compared with previous years.

Indicators	Unit	2024	2023	2022
Total water consumption	Tonnes	995,024.42	1,178,901.14	1,109,243.84
Water consumption intensity	Tonnes/RMB 10,000 revenue	1.50	1.78	1.76

Group Water Resource Usage Performance

The Group places a high emphasis on the sustainability of packaging materials in the core processes of drug formulation research and development, repackaging, and sealing. We are committed to reducing resource consumption and minimizing environmental impact by optimizing the selection and use of packaging materials. During the clinical product production phase, we introduced reusable black boxes, using them for product storage directly, and final packaging is done only when clinical demand arises, effectively avoiding waste from secondary packaging. The Group uses a box-insert method for clinical packaging and transportation, which reduces the use of small boxes while ensuring transportation stability, saving 40,000 paper boxes annually.

Optimizing Packaging Design to Save Raw Materials

In 2024, Hainan Simcere Pharmaceutical's Pharmaceutical Valley plant conducted a comprehensive optimization of drug inner packaging materials. By adjusting the dimensions, 6.68 kg of aluminum foil was saved per batch, leading to an annual savings of RMB 300,000. In the montmorillonite powder workshop, the mandatory packaging bags for export were eliminated, which reduced excessive external packaging and saved RMB 27,000 and 19,000 material bags.

Environmental Protection Training

The Group practices the concept of green development, regularly conducting and organizing special training on environmental protection and emergency drills for environmental safety, enhancing employees' awareness of environmental protection, improving their ability to respond to environmental accidents, and creating a good green, and environmentally friendly work environment. In 2024, based on actual operating conditions, the Group has developed an annual EHS training plan for all employees, covering various aspects including environmental management system training and hazardous waste accident warning education. Meanwhile, we regularly conduct environmental safety accident drills, such as emergency response drills for hazardous waste leaks and emergency response drills for chemical burns in laboratories.

Shandong Simcere Conducted Hazardous Waste Environmental Safety Warning Education Training

Green Office

The Group advocates the concept of green environmental protection and practices green office. In 2024, the Group revised internal management systems such as the *Office Management System*, strengthened energy-saving and environmental protection publicity, and carried out special actions to reduce energy consumption, integrating the concept of green office throughout the entire operation process.

Energy Conservation and Consumption Reduction

- The Group is carrying out an air conditioning energy-saving renovation project, which automatically adjusts the switch time, temperature range, and air volume through a control system. Additionally, the Group utilizes its established photovoltaic power generation, with a total photovoltaic power generation of about 1.2 million kWh throughout 2024.

Utilization of Renewable Energy

- The Group actively builds and applies wind power generation facilities, with an annual power generation of approximately 1,421 kWh.
- The Group has installed a total of 12 solar streetlights in the park, generating 7,884 kWh of electricity annually.
- In addition, to facilitate the use of new energy vehicles, the Group has installed a total of 214 charging piles.

Resource Utilization

- The Group has established a resource-sharing platform to enable the sharing of resources such as equipment and materials. Meanwhile, the Group conducts regular monitoring and evaluation of resource usage, continuously adjusting and optimizing resource utilization strategies and methods based on the results to achieve ongoing improvement and optimization in energy management.
- The Group encourages employees to propose innovative and improvement suggestions, establishing a reward mechanism to recognize and reward employees who make outstanding contributions to improving resource utilization efficiency.

The Group's Specific Measures of Green Office

In 2024

The annual power generation capacity of wind power generation facilities is approximately

1,421 kWh

The annual power generation of solar streetlights in the park is

7,884 kWh

Installed charging piles

214

Climate Change

The Group actively responds to the national strategies of "carbon peak" and "carbon neutrality", regularly identifying and analyzing the impacts of climate change on business development, formulating action plans, enhancing the ability to respond to climate change risks, seizing development opportunities, and promoting green and low-carbon transformation, thereby contributing to global climate action through practical measures.

Governance

The Group places great importance on climate change issues, establishing a corresponding climate change governance system according to the ESG governance framework, clarifying management responsibilities at all levels, and implementing climate change response work.

Board of Directors

The Board of Directors of the Group is the highest management level responsible for addressing climate change and has ultimate responsibility for matters related to climate change.

Strategic Committee

The Strategic Committee is responsible for coordinating, managing, and regularly reviewing the implementation of climate risk identification, energy usage management, and other related tasks, and reports to the Board of Directors on a regular basis.

ESG Working Group

The ESG Working Group is responsible for coordinating the implementation of climate change risk identification and organizing the preparation of the Group's climate change-related information disclosure.

Group Climate Change Governance Framework

Strategy

The Group actively assesses climate-related risks and opportunities, flexibly adjusts operational strategies based on analysis results, and optimizes resource allocation to ensure effective responses to various risks posed by climate change. Meanwhile, we seize the opportunities brought about by climate change, so as to practically contribute to the global climate change initiatives.

Risk Management

The Group comprehensively establishes bottom-line thinking and risk awareness regarding climate change, pays attention to the actual and potential impacts of climate change on the Group's operations, and systematically advances climate change risk management, integrating it into the Group's risk management framework. We collaborate with various functional departments and subsidiaries to gradually carry out the identification and analysis of climate change risks and opportunities, establish response measures, and continuously improve the climate risk management system.

Risk type		Risk name	Risk description	Our response
Transition risk	Policy risk	Tightened climate change policies	The central government has issued implementation actions for achieving the "Dual-carbon" targets. Government authorities such as the Ministry of Ecology and Environment have raised requirements for GHG emissions of enterprises and it is expected such requirements will be further tightened in the future, increasing the cost of enterprises in law-compliant operation.	• Require the EHS team to continuously monitor and follow up on updates to relevant laws and regulations, and adjust work plans promptly. • Establish clear carbon emission targets and conduct a comprehensive identification and analysis of the main sources of carbon emissions. • Enhance the energy utilization efficiency and reduce energy consumption through the implementation of energy-saving technology renovations and projects. • Require all subsidiaries to improve their refined management levels, optimize resource allocation, and increase resource utilization efficiency. • Vigorously promote the use of low-carbon fuels and renewable energy. • Strengthen publicity efforts to enhance employees' awareness of resource conservation. • Reasonably plan logistics routes to shorten transportation distances, improve vehicle loading rates, and reduce carbon emissions during transportation. • Publicly disclose the Group's greenhouse gas emission data and low-carbon operation achievements in the ESG report, demonstrating commitment to sustainable development and actively maintaining its corporate image.
	Market risk	Changes in market demand	Customers changed their preference to ask for more environmentally friendly and low-carbon products.	
	Reputation risk	Stakeholders' concerns	Stakeholders demand higher response requirements in terms of climate issues. Failing to respond to such demand effectively may affect the reputation of the Group.	
Physical risk	Acute risk	Extreme weather	More frequent, intense extreme weather events such as typhoons, rainstorms, floods, and droughts may cause damage to the Group's operating assets and equipment and threaten employees' lives and health.	• Establish an emergency response team in the EHS department based on specific circumstances, monitor meteorological conditions, and prepare extreme weather warning systems and emergency response plans to prevent potential issues. • Consult professional third parties on extreme weather issues in the early stages of new projects, and entrust them to provide response plans, risk assessments, and feasibility reports. • Continue to examine suppliers' emergency response capability, and improve the resilience of supply chains.
	Chronic risk	The continued rise in average temperatures	Long high-temperature periods in summer lead to increased energy consumption, lower operation efficiency, abnormal power supply, fire accidents, etc.	• Guide EHS teams of all subsidiaries to strengthen inspection of the plants and ensure safe operation by installing reliable facilities.
		Water shortage	Climate change will affect the distribution of precipitation, and water resources will become increasingly strained with the uneven distribution[9]. Water is needed in the production of the Group, and it may face increased operating costs due to the price increase of tap water against the background of water shortage.	• Increase water use efficiency and carry out water-saving activities. • Require subsidiaries to promote the concept of saving water, so as to increase the awareness in the Group.

List of Climate Change Risks of the Group

[9] Source: IPCC www.ipcc.ch

Aspects	Name	Description of opportunities
Demand	Public health demand	Scientific research has proved that air pollution caused by climate change and greenhouse gas emissions will aggravate the symptoms of many chronic diseases, directly threaten public health, and lead to increased demands to protect public health[10]. The Group closely monitors health risk trends and actively promotes relevant layouts to meet patient needs.
Operation	Support from green finance	With the release of policies such as the *Green Bond Endorsed Projects Catalogue (2021 Edition)* [11], pharmaceutical companies will be more likely to receive support from green financial instruments such as green bonds in the future, providing support for their sustainable development.
	Efficiency in resource use	We can employ energy-saving technologies in production, distribution, buildings, and other aspects to increase efficiency in energy and resource consumption, so as to lower cost and increase efficiency.
	Clean energy usage	We can keep increasing the use of green and clean energy, accelerate the deployment of renewable energy applications, and make full use of superior lighting conditions in low-latitude provinces to facilitate the implementation of photovoltaic projects.

Climate Change Opportunities of the Group

Metrics and Goals

The Group regards greenhouse gas emissions as an important indicator for measuring climate change and clearly defines short- and medium-term greenhouse gas reduction targets and key reduction efforts, setting specific goals within the five-year environmental protection targets (2020-2025). The Group practices green operations, promotes energy conservation and emission reduction, and actively strives to achieve its goals.

Targets

Comparing with 2020, lower greenhouse gas emissions per RMB 10,000 of revenue by no less than 10% by 2025

Progress and performance in 2024

The Group continued to carry out relevant low-carbon initiatives, and its greenhouse gas emissions per 10,000 RMB of revenue in 2024 decreased by 41.24% compared with the base year

Indicators	Unit	2024	2023	2022
Scope 1: Direct greenhouse gas emissions[12]	tCO_2e	8,459.21	4,996.50	5,280.74
Scope 2: Indirect greenhouse gas emissions	tCO_2e	49,996.38	62,636.18	63,969.77
Total greenhouse gas emissions	tCO_2e	58,455.59	67,632.68	69,250.51
Intensity of total greenhouse gas emissions	tCO_2e per 10,000 RMB revenue	0.09	0.10	0.11

Greenhouse Gas Emissions of the Group

[10] Source: Climate change: the public health response https://pubmed.ncbi.nlm.nih.gov/18235058/

[11] Source: Notice of the People's Bank of China, the National Development and Reform Commission, and the China Securities Regulatory Commission on the Issuance of the *Green Bond Endorsed Projects Catalogue (2021 Edition)* http://www.gov.cn/zhengce/zhengceku/2021-04/22/content_5601284.htm

[12] In 2024, Shandong Simcere Park carried out equipment renovation to stop industrial steam supply and switch to natural gas, which will increase the use of natural gas, resulting in a large change in direct Scope 1 greenhouse gas emissions compared with previous years.

The Group strictly complies with the *Energy Conservation Law of the People's Republic of China* and adheres to the concept of low-carbon control and energy conservation throughout our operations. We scientifically manage the types of energy used in our production and business activities, including electricity, steam, natural gas, diesel, and gasoline.

Shandong Simcere

In daily maintenance work, Shandong Simcere reasonably selects spare parts to replace original factory parts and repairs and reuses the replaced spare parts.

Simcere Pharmaceutical

Simcere Pharmaceutical is undertaking an air conditioning renovation project, which can reduce energy consumption by 104,000 kWh/year by increasing the fresh air ratio in winter and decreasing it in summer.

Jiangsu Xiansheng

Jiangsu Simcere optimizes the operation modes of the air supply, exhaust, and exhaust gas treatment systems, implementing measures such as frequency reduction, inspection and control, and parameter adjustments, which is expected to save 153,000 kWh of electricity annually.

Hainan Simcere

Hainan Simcere has completed the parallel connection of the compressed air pipeline between the synthesis workshop and the office building. After the renovation, only one set of compressed air systems needs to be activated to meet the simultaneous use of both sides. After the renovation, it can save 127,000 kWh of electricity annually.

Highlights of the Group's Resource Utilization Efficiency Increasing Initiatives

Indicators	Unit	2024	2023	2022
Gasline	Tonnes	74.15	87.14	79.79
Diesel	Tonnes	29.53	26.92	117.38
Natural gas[13]	m^3	3,707,747.00	2,109,132.00	2,117,523.00
Liquefied petroleum gas	Tonnes	8.64	10.44	10.67
Purchased electricity	kWh	59,974,883.44	80,061,679.53	83,650,656.87
Purchased steam	Tonnes	61,111.00	58,240.15	55,793.50
Renewable energy	kWh	2,724,036.43	2,068,310.40	876,613.10
Total comprehensive energy consumption	tce	17,994.69	18,227.83	18,448.44
Comprehensive energy density	tce per RMB 10,000 revenue	0.027	0.028	0.029

Energy Utilization of the Group

[13] In 2024, Shandong Simcere Park carried out equipment renovation, stop industrial steam supply, and switch to natural gas, so the use of natural gas will change greatly compared with previous years.

06

Co-creating a Better Future

As a responsible corporate citizen, the Group is always concerned about social development, fully leveraging the advantages of our products and services to benefit patients around the world. We are deeply engaged in various fields such as healthcare, educational assistance, and volunteer services, continuously putting corporate social responsibility into practice.

In 2024,
The Group was awarded the
"Top 10 Pharmaceutical Companies in Public Welfare"
at the Ninth Annual Medical Scientist Conference.

Sponsor
146 **orphans from the Yushu Bayi Orphan School**

Donate a total of
RMB 175,200

Public Health

The Group continuously pays attention to and responds to community needs by conducting charitable clinics, donating medicines, and promoting health knowledge, providing pharmaceutical support to economically disadvantaged groups and those in remote areas with insufficient medical resources, demonstrating the Group's sense of responsibility and compassion through practical actions. In 2024, the Group was awarded the "Top 10 Pharmaceutical Companies in Public Welfare" at the Ninth Annual Medical Scientist Conference.

In July 2024, under the theme "Caring for Healthcare with Boundless Love", the Group donated RMB 2 million to Maizhokunggar County in Lhasa, supporting cooperation and exchanges in the healthcare field between Jiangsu and Tibet, and helping to enhance the skills of grassroots medical staff.

In addition, Simcere Pharmaceutical also donated medicines worth RMB 274,000 for the treatment of stroke and other diseases to several hospitals through the Tibet Red Cross, supporting the daily medical work of these hospitals.

In June 2024, Jiangsu Simcere partnered with the Hubei Health Insurance Research Association to donate over RMB 100,000 worth of medicines to several medical institutions in Anlu City, covering various drugs suitable for the treatment of common diseases such as cardiovascular, gastrointestinal, and infections.

Drug Donations of the Group in 2024

World Stroke Day: Experts Popularize Stroke Knowledge

On the 19th World Stroke Day in 2024, the Group, in collaboration with the Aging Communication Branch of the China Association of Gerontology and Geriatrics, the China Association of Health Promotion and Education, and several other organizations, held a popular science interview for World Stroke Day. We invited television commentators, hospital directors, and other guests to engage in in-depth discussions on topics such as stroke prevention, characteristics of high-risk groups, early detection of stroke signs, emergency response to sudden strokes, as well as treatment and rehabilitation of strokes. We provided suggestions to the public, advocating for a correct understanding of strokes and encouraging proactive measures to prevent the harm caused by strokes.

The World Stroke Day Popular Science Interview

Public Welfare

The Group is enthusiastic about participating in public welfare initiatives, encouraging employees to actively engage in volunteer services, practice charitable donations, and integrate industry resources and strengths to give back to society through practical actions.

Donation

Hainan Simcere donated

RMB 2 million

to the Hainan Charity Federation for disaster relief and recovery efforts following Typhoon Yagi.

Education Assistance

For 15 years, we have been supporting orphans from the Yushu earthquake in Qinghai. In 2024, we sponsor

146 orphans

from the Yushu Bayi Orphan School

donating a total of

RMB 175,200

Rural Revitalization

Actively responding to the rural revitalization strategy, we donated commonly used medicines worth

RMB 59,225.62

to the Shaanxi Province Ankang City Zhenping Charity Association.

Volunteer Action

The Group encourages employees to participate in voluntary blood donation activities, in 2024, 73 volunteers donated a total blood of

19,100 ml

Highlights of the Group's 2024 Public Welfare Activities

"Simcere Open Day" Educational Activity

In July 2024, the Group organized a unique educational visit in collaboration with the local community, leading children to Simcere Pharmaceutical to enrich their summer experience and broaden their horizons.

Group Photos of the Educational Activity and Visit

"Spreading Warmth in Double-Ninth Festival, Building Health Together"

On the Double-Ninth Festival in October 2024, elderly residents from Hongshan Park Community visited Simcere Pharmaceutical. Through a field visit to the national key laboratory, we enhanced the elderly's understanding of innovation and research in modern pharmaceutical companies and raised their health awareness.

Group Photos of "Spreading Warmth in Double-Ninth Festival, Building Health Together" Activity and Visit

Future Outlook

Looking forward to 2025, amid industry transformation and new trends in sustainable development, the Group will remain committed to its core principles of responsible operations, collaborative innovation, patient-foremost, talent-driven growth, green and low-carbon practices, and shared social value. We integrate ESG principles across the entire corporate development chain, continuously enhancing our sustainability management practices. We strengthen responsible operations by refining corporate governance structures, improving risk management capabilities, and optimizing sustainable supply chain management, working alongside partners to build a responsible industrial ecosystem. Accelerating research and development innovation, we deepen international and domestic collaborations to drive the implementation of cutting-edge advancements while improving drug accessibility and expanding healthcare coverage, ensuring that innovation benefits more patients. Upholding a patient-first philosophy, we reinforce quality management across the full lifecycle of our products, enhance responsible marketing and customer service systems, and provide safer, more effective, and accessible healthcare solutions. We foster a healthy workplace by advancing a diverse talent development system, optimizing employee care mechanisms, and continuously improving career development environments and safety management standards. In alignment with our green and low-carbon development strategy, we enhance pollution control and resource efficiency, strengthen climate risk management, and promote green supply chain initiatives, facilitating the Group's sustainable transformation. We also deepen our commitment to social responsibility by leveraging innovation to improve public health and expanding philanthropic efforts into broader areas. Working hand in hand with all sectors of society, we advance initiatives in healthcare assistance, educational support, and community care, making meaningful contributions to society and building a brighter future together.

Appendix

HKEX ESG Reporting Code Content Index

Subject Area	Aspects	General Disclosures and KPIs	Page
A. Environment	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	P71-72
		A1.1 The types of emissions and respective emissions data	P71-72
		A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P73
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		A1.5 Description of emission target(s) set and steps taken to achieve them	P70-72
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	A2 Use of Resource	General Disclosure : Policies on the efficient use of resources, including energy, water and other raw materials	P73
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		A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	/
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	B3 Development and Training	General Disclosure: Policies on improving knowledge and skills for discharging duties at work. Description of training activities	P55
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	B4 Labor Standards	General Disclosure: relating to preventing child and forced labor: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P50
		B4.1 Description of measures to review employment practices to avoid child and forced labor	P50
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		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	P21-22
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		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P23
	B6 Product Responsibility	General Disclosure: relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P34-35, P38-45
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		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	P46-47
	B7 Anticorruption	General Disclosure: relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P19-20
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	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	P82-83
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Definitions

"AAALAC"	Refers to	Association for Assessment and Accreditation of Laboratory Animal Care International
"GMP"	Refers to	Good Manufacturing Practice, guidelines and regulations issued from time to time pursuant to the *Drug Administration Law of the PRC* as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled inconformity to the quality and standards appropriate for their intended use
"NMPA"	Refers to	National Medical Products Administration, formerly known as China Food and Drug Administration ("CFDA") or State Food and Drug Administration ("SFDA") or China's Drug Administration ("CDA"); references to NMPA include CFDA, SFDA and CDA
"NRDL"	Refers to	China's National Reimbursement Drug List, also known as Drugs Catalogue for the National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, which was published by MOHRSS on November 27, 2009 and amended from time to time
"PRC"	Refers to	the People's Republic of China
"Stock Exchange"	Refers to	the Stock Exchange of Hong Kong Limited
"The U.S."	Refers to	the United States of America
"Company" or "Our Company"	Refers to	Simcere Pharmaceutical Group Limited (formerly known as Simcere Pharmaceutical (Hong Kong) Limited and Sound & Sincere Investment Limited), a private company limited by shares incorporated under the laws of Hong Kong on November 30, 2015
"EHS"	Refers to	Environment, Health and Safety
"Group", "our Group", "we" or "us"	Refers to	Simcere Pharmaceutical Group Limited and its subsidiaries
"Hainan Simcere"	Refers to	Hainan Simcere Pharmaceutical Co., Ltd. (formerly known as Sanya Haifu Pharmaceutical Co., Ltd.), Hainan Haifu Pharmaceutical Co., Ltd. and Simcere Pharmaceutical Co., Ltd., a limited liability company established in the PRC on April 28, 1993 and a subsidiary of our Company
"Jiangsu Simcere"	Refers to	Jiangsu Simcere Pharmaceutical Co., Ltd. formerly known as Jiangsu Chengong Pharmaceutical Co., Ltd. a limited liability company established in the PRC on March 28, 1995 and a subsidiary of our Company
"Jiangsu Simcere Biologics"	Refers to	Jiangsu Simcere Biologics Co., Ltd., a limited liability company established in the PRC on July 10, 2017 and a subsidiary of our Company
"Shandong Simcere"	Refers to	Shandong Simcere Biopharmaceutical Co., Ltd. (formerly known as Yantai Rongchang Bioengineering Limited, Yantai Rongchang Bioengineering Co., Ltd.Yantai Maidejin BioengineeringLimited, Yantai Maidejin Bioengineering Co., Ltd. and Shandong Simcere Maidejin Biology Pharmaceutical Co., Ltd). a limited liability company established in the PRC on June 30, 1999 and a subsidiary of our Company
"Shanghai Simcere"	Refers to	Shanghai Simcere Pharmaceutical Co., Ltd. (formerly known as Shanghai Haciyi Pharmaceutical Co., Ltd., Shanghai Simcere Haifu Pharmaceutical Co., Ltd. and Simcere Merck Sharp&Dohme (Shanghai) Pharmaceutical Co., Ltd.), a limited liability company established in the PRC on July 20, 2000 and a subsidiary of our Company
"Simcere Pharmaceutical"	Refers to	Simcere Pharmaceutical Co., Ltd. (formerly known as Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd. and Nanjing Dongyuan Pharmaceutical Co., Ltd.), a limited liability company established in the PRC on September 10, 1998 and a subsidiary of our Company
"Jiangsu Xiansheng"	Refers to	Jiangsu Xiansheng Bio-medical Technology Co., Ltd., (a pharmaceutical ingredient base), a limited liability company established in the PRC on March 11, 2022 and a subsidiary of our Company
"Simcere Zaiming"	Refers to	Hainan Simcere Zaiming Pharmaceutical Co., Ltd. (formerly known as Simcere Zaiming Pharmaceutical Co., Ltd.) and each of its subsidiaries

Feedback from Readers

Dear readers,

Thank you for reading the 2024 ESG Report of Simcere Pharmaceutical Group Limited. We value and expect your feedback on the Group's ESG management, practice and reporting. Your comments and suggestions are the important basis for us to promote ESG management and practice. We look forward to your reply!

1. Which category of stakeholder does your organization belong to?

☐ Shareholders and investors ☐ Employees ☐ Suppliers ☐ Customers ☐ Governments and regulatory authorities ☐ Communities ☐ Business partners ☐ Industry associations/NGO ☐ Others (please specify) _____

2. What do you think of the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

3. What do you think of the clarity, accuracy and completeness of the information and data disclosed in the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

4. What do you think of the comprehensiveness of the economic responsibility fulfilled by the Group and reflected in the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

5. What do you think of the comprehensiveness of the environmental responsibility fulfilled by the Group and reflected in the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

6. What do you think of the comprehensiveness of the social responsibility fulfilled by the Group and reflected in the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

7. What do you think of the readability of the report?

☐ Pretty Good ☐ Good ☐ Not very good ☐ Poor

8. Are there any information you would like to have but the report has not disclosed?

9. Do you have any comments and suggestions to the Group's ESG work and the preparation of the report? If yes, please provide them here.

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